DATE: January 27, 2010

MEMO CODE: SP 16-2010


TO: Regional Directors
Child Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States


SP-12-2010 indicated in some instances SFAs have been unable to liquidate the total amount of the award received after completing their procurement process as a result of the actual costs of procurement being lower than originally estimated in their grant application. In addition, some States agencies (SA) have not obligated all the ARRA funds allocated to the State in FY 2009. In order to ensure that SAs will be able to fully expend the ARRA equipment grant funds, FNS is extending the period of performance under the grants to SAs until September 30, 2010. Thus, SAs will have the authority to use unobligated and unliquidated ARRA grant funds in FY 2010.

SFAs that were unable to fully expend their grant amounts must return the unliquidated funds to the SA. The SA should use the available funds (the returned funds and the funds not previously obligated to SFAs) to award the next applicant approved for an ARRA grant that had not received funds during the initial competitive grant application process. This process affords other SFAs that were not granted awards the first time around the opportunity to receive funding. However, the Child Nutrition Division (CND) understands that some SAs have funded all of their eligible SFAs, at least in part. Therefore, CND will allow SAs to follow the steps below:
Regional Directors
Page 2

1. SAs will proceed to the next applicant on the list that had not received funds during the initial competitive grant application process.
2. Upon exhausting the eligible applicant list and submitting a written justification to the appropriate Regional Office (RO) that all eligible SFAs have been given an opportunity to receive funds, the SA will return to the top of the applicant list and begin funding those SFAs that were partially funded during the initial allocation process from top to bottom of the applicant list.

Please note, until we receive further guidance from USDA, this process does not apply to the recently announced FY 2010 NSLP Equipment Assistance Grants as legislation does not allow for such flexibility.

As indicated in SP-12-2010, partial awards may be given, e.g., an applicant applies for $5,000, but only $2,000 remains unobligated; therefore, the applicant is approved to receive $2,000 if the SFA chooses to accept the award. SFAs that are approved and choose to receive the awards as a result of this process must adhere to all previous memorandums issued by the Food and Nutrition Service (FNS) and the Office of Management and Budget (OMB) further clarifying the requirements of the ARRA Act. In addition, SFAs that receive funding under this process will not be eligible for the equipment grants awarded with the funds provided in FY 2010 appropriations.

SAs must complete the process of recovering unliquidated funds from the SFAs by February 5, 2010. Once these funds are recovered, the SA must award the available funds by following the process outlined above prior to February 26, 2010. These deadlines are established to ensure ARRA grant funds provided to the SFA by its SA for the purchase of foodservice equipment are expended by the September 30, 2010 deadline imposed by the ARRA Act. While SFAs have until September 30, 2010 to expend their awarded funds, they are strongly encouraged to liquidate the ARRA grant funds as quickly as possible.

Please disseminate this information as quickly as possible. SAs with questions on this memorandum should contact their ROs. RO questions should be directed to Lynn Rodgers-Kuperman.

Original Signed

Cynthia Long
Director
Child Nutrition Division