



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

DATE: November 18, 2011

MEMO CODE: SP 05-2012

SUBJECT: Amendment II for Fiscal Year 2010 Request for
Application for Funding for Direct Certification Grants

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

Considering the direct certification performance benchmark requirements in Section 9(b)(4) of the Richard B. Russell National School Lunch Act (as amended by the Healthy, Hunger Free Kids Act of 2010), the Food and Nutrition Service (FNS) is expanding eligibility to apply for direct certification grants in Fiscal Year (FY) 2012 to include States that have direct certification rates ***below 95 percent*** for children in households receiving Supplemental Nutrition Assistance Program (SNAP) benefits, as reported in the 2011 Direct Certification Report to Congress ([Direct Certification in the National School Lunch Program: State Implementation Progress School Year 2010-2011, October 2011](#)). This expansion will open opportunities to additional State agencies (SAs) to fund improvements to direct certification systems to help States reach the required 95 percent SNAP direct certification benchmark for school year 2013-2014, and school years thereafter, as instructed in FNS Memorandum SP 32-2011 ([Child Nutrition Reauthorization 2010: Direct Certification Benchmarks and Continuous Improvement Plans, April 28, 2011](#)).

BACKGROUND

Section 749(h) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2010 (P.L. 111-80) provided \$22 million to FNS to be issued as grants to SAs that administer the National School Lunch Program (NSLP) and have the lowest rates of children directly certified for free meals. The FY 2010 Application for Funding for Direct Certification Grants (referred to as the RFA) was announced in July 2010 and offered multiple opportunities, beginning November 1, 2010, to SAs with direct certification rates at or below 72 percent for children in households receiving benefits under SNAP.

In April 2011, FNS issued Memorandum SP 27-2011 to amend the FY 2010 Direct Certification Grant announcement to expand opportunities to 12 additional SAs with rates above 72 percent but below 80 percent. Now, a second amendment (see attached

Amendment II) is being issued to further expand the opportunity to encompass all SAs that have rates below the 95 percent goal for direct certification with SNAP.

ADDITIONAL OPPORTUNITIES TO APPLY

To allow newly eligible States time to plan improvement projects and prepare grant applications, there will be two new opportunities to apply for direct certification Planning and Implementation grants for **all eligible States** who have not applied previously. The new application deadline dates for Planning grants are January 31, 2012 and April 30, 2012. For Implementation grants, the new application deadlines are April 30, 2012 and July 31, 2012 (in addition to the January 31, 2012 deadline already in place). To be eligible to apply for this funding, the State’s direct certification rate for children in households receiving SNAP must be below 95 percent, as reported in the 2011 Report to Congress. Maximum awards remain at \$75,000 for Planning grants and \$1 million for Implementation grants.

STATES ELIGIBLE TO APPLY

Effective **immediately**, States on the following list are eligible to apply for direct certification grants. States that already have applied for Planning or Implementation grants are identified under the heading, *States That Have Applied*, and should continue with their grant projects as planned, including submission of Implementation grant applications in follow-up to Planning grant activities. Eligible States that have not yet applied will have quarterly opportunities to submit grant applications through July 2012.

States Eligible to Apply for Direct Certification Grants				
States that have Applied		States that have <u>not</u> Applied		
Connecticut	New Mexico	Alabama	Kansas	North Carolina
District of Columbia	North Dakota	Arkansas	Kentucky	Ohio
Florida	Oregon	Arizona	Louisiana	Oklahoma
Idaho	Pennsylvania	California	Maine	South Carolina
Missouri	Rhode Island	Colorado	Maryland	Tennessee
Montana	South Dakota	Delaware	Massachusetts	Texas
New Hampshire	Washington	Georgia	Michigan	Utah
New Jersey	Wisconsin	Guam	Minnesota	Vermont
		Hawaii	Mississippi	Virginia
		Illinois	Nebraska	West Virginia
		Indiana	Nevada	
		Iowa	New York	

Alaska, Connecticut and Wyoming have direct certification rates above 95%, as reported in the 2011 Direct Certification Report to Congress. Alaska and Wyoming are not included in the list of eligible states; however, Connecticut was eligible previously and had already received a grant award. Thus, the State's continued eligibility is not impacted by the 2011 Report to Congress and it remains on the list of eligible States that have applied for direct certification grants.

The following restrictions continue to apply under this direct certification grant opportunity:

- States may hold only one grant at a time under this grant announcement;
- States may not apply for more than one Planning grant and one Implementation grant;
- States that apply for Planning grants must complete the activities of that grant within 210 days of the Planning grant award date (or the date specified in their Planning grant award) and follow up within that same time frame with an Implementation grant application, unless the Planning grant activities indicate that an Implementation grant is not needed; and
- States that apply for an Implementation grant without first applying for a Planning grant will not be eligible to apply for a Planning grant.

APPLICATION DEADLINES

Any eligible State that has not yet applied may apply for grants according to the application deadline schedule given below. Hard copy applications must be received by FNS no later than the stated deadline dates. Applications submitted electronically, via www.grants.gov, must be received no later than 11:59 PM (Eastern Time) on the dates listed. FNS intends to award such grants approximately 90 days thereafter.

Direct Certification	
Grant Type	Deadlines for Receipt of Applications
Planning	January 31, 2012 April 30, 2012
Implementation	January 31, 2012 April 30, 2012 July 31, 2012

Direct Certification	
Grant Type	Deadlines for Receipt of Applications
Implementation Grant Applications Following a Planning Grant Award	<p>States that receive Planning grant awards must submit an application for an Implementation grant within 210 days (or the date specified in their grant award) following their Planning grant award date, unless their Planning grant activities indicate there is no need for an Implementation grant. The due dates for Implementation grant applications will be established with grantees at the time of the Planning grant awards and will fall outside the dates listed for Implementation grant applications above.</p> <p>The approximate dates that the follow-up Implementation grant applications will be due are as follows:</p> <ul style="list-style-type: none"> • December 31, 2011, for Planning grant applications received by February 28, 2011 • May 31, 2012, for Planning grant applications received by July 29, 2011 • August 31, 2012, for Planning grant applications received by October 31, 2011 • November 30, 2012, for Planning grant applications received by January 31, 2012 • February 28, 2013, for Planning grant applications received by April 30, 2012

IMPORTANT: If at any point the total applications received for funding exceed the amount of Federal funds available for this purpose, FNS reserves the right to give preference to applications from State agencies with the lowest direct certification rates, deny grant applications in excess of funds available, and cancel further opportunities to apply under this grant announcement.

CLARIFICATIONS ON POTENTIAL USE OF GRANT FUNDS

1. Using Grant Funds for Demonstration Projects to Evaluate Direct Certification with Medicaid

The direct certification grant funds are intended for the purpose of improving direct certification rates, with a focus on children who are members of households receiving

SNAP. However, funds may be used to improve direct certification in other public programs where there is statutory authority for direct certification, such as Temporary Assistance to Needy Families (TANF), Food Distribution Program on Indian Reservations (FDPIR), foster care, migrants, homeless, etc. Although the main focus for any grant proposal must be improvement in the SNAP rates, SAs that are applying for, or have already been awarded, direct certification Planning and Implementation grants may propose to use a portion of the grant funds for activities related specifically to direct certification with Medicaid. Amendment II of the direct certification grant RFA clarifies that the use of grant funds for this purpose will be restricted to State agencies that meet the following criteria:

- Are eligible and apply for a direct certification grant to improve their SNAP direct certification rate and include in their proposed project activities a clear description and cost estimate for activities related to the demonstration projects to evaluate direct certification with Medicaid; **or**
- Have already received a direct certification Planning or Implementation grant award in an amount less than the \$75,000 cap for Planning grants or the \$1 million cap for Implementation grants, and submit an appropriate request to amend their grant/cooperative agreement to include activities and costs specific to the demonstration projects with Medicaid. In this case, the total direct certification grant amount, including such amendments for the Medicaid demonstration activities, must not exceed the applicable Planning or Implementation grant cap.

AND

- Are selected to participate in the demonstration projects to evaluate direct certification with Medicaid; and
- Receive FNS headquarters approval to use a portion of the direct certification grant funds for activities related to the demonstration projects with Medicaid.

SAs proposing to use a portion of their direct certification grant funds for activities related to the demonstration projects with Medicaid must provide grant applications, or proposed amendments to active grant agreements, that clearly explain proposed grant activities and cost estimates that are related to participation in a demonstration project with Medicaid. If the SA is approved for a direct certification grant award, but is not selected to participate in the demonstration projects with Medicaid, the costs and activities related to the Medicaid projects will be removed from consideration in determining the final grant award amounts for projects to improve direct certification with SNAP, TANF and other public programs. **Submission of proposals that include such costs will have no bearing on a State's eligibility or selection to participate in a demonstration project with Medicaid.**

Procedures for selection of States to participate in the demonstration projects to evaluate direct certification with Medicaid are outlined in FNS Memorandum SP 47-2011, *Request for Applications for Participation in Demonstration Projects to Evaluate Direct Certification with Medicaid*. This memorandum, along with attachments, is located at <http://www.fns.usda.gov/cnd/governance/policy.htm> .

FNS will consider requests to amend a State's previously awarded direct certification grant to add activities and cost estimates related to demonstration projects with Medicaid ***only*** for those States that are selected to participate in the demonstration projects with Medicaid. The maximum amount for a direct certification grant will remain at \$75,000 for Planning grants and \$1 million for Implementation grants. The direct certification grant caps will not be increased to provide additional funding to any State for amended grant activities. States eligible for this option must follow instructions for requesting an amendment, as defined in their Grant Terms and Conditions (Section II-5, Amendments/Revisions and Budget Changes). Requests for amendments must be sent in writing to:

Dawn Addison Washington, Grants Officer
Grants and Fiscal Policy Division
3101 Park Center Drive, Suite 732 Alexandria, VA 22302
Dawn.washington@fns.usda.gov

2. Using Grant Funds for Local Level Expenses

The direct certification grant RFA states in multiple sections that SAs may propose to use grant funds for “new software and/or hardware for their own use, LEAs [local educational agencies] and/or SNAP agencies.” However, Section VIII.B.5, Terms and Conditions, states that “funds cannot be used for local level expenses.” Based on questions received from potential grantees, we are providing clarification that the prohibition on using grant funds for local level expenses stated in Section VIII. B.5, does not apply to changes in hardware or software that are essential for an LEA to connect to, access, or use direct certification data that is necessary for implementing the State's direct certification system or processes. SAs may propose costs and activities related to hardware and software changes necessary to implement direct certification systems at the State level, the LEA level or for the SNAP agency. Such expenses may be allowed to the extent that they are necessary, reasonable and allocable to grant activities for such agencies to implement the State's direct certification system. FNS will review such requests as part of the overall grant application review process.

Regional Directors
State Directors
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GRANT DOCUMENTS AND RESOURCES

Eligible States are encouraged to view the full request for application announcement and amendment documents for detailed information concerning the grant application process. These documents are located at: <http://www.fns.usda.gov/cnd/grants.htm> under the heading “**2010-2012 Direct Certification Grants.**”

The 2011 report, “*Direct Certification in the National School Lunch Program: State Progress in Implementation Report to Congress,*” may be accessed at <http://www.fns.usda.gov/ora/menu/Published/CNP/cnp.htm>. We urge States to review the report in depth to learn not only where States stand currently on direct certification rates, but also to learn about practices in other States that may be helpful in planning for direct certification improvements.

State agencies with questions regarding this memorandum should contact their FNS Regional Office. Regional Offices may contact Vivian Lees at (703) 305-2322 for further assistance.

Sincerely,

Original Signed

Cynthia Long
Director
Child Nutrition Division

Original Signed

Lael J. Lubing
Director
Grants and Fiscal Policy Division

Attachment



USDA FOOD AND NUTRITION SERVICE
Fiscal Year 2010
Application for Funding for Direct Certification Grants

Amendment II

November 18, 2011

This Amendment II to the *FY 2010 Application for Funding for Direct Certification Grants* replaces Amendment I dated April 7, 2011, and makes the following changes to amend the Application for Funding for FY 2012:

1. **Section III. Who May Apply** (pages 5-7) is replaced with updated information on who is eligible to apply for grants going forward under the amended announcement.
2. **Section V. Critical Dates** (pages 9-10) is amended to include additional opportunities and deadlines to apply for Planning and Implementation grants.
3. **Section VIII: Administrative Requirements and Terms and Conditions** (page 16) is amended to include additional information concerning status and confirmation of Central Contractor Registration (CCR).
4. **Appendix B: Potential Uses of Grant Funds** (pages 19-21) is amended to include the following clarifications :
 - Using Grant Funds for Demonstration Projects to Evaluate Direct Certification with Medicaid
 - Using Grant Funds for Local Level Expenses

The full request for application announcement and amendment documents are located at: <http://www.fns.usda.gov/cnd/grants.htm> under the heading “**2010-2012 Direct Certification Grants.**” The document revisions are stated below. All other information in the original announcement remains unchanged.

REVISIONS

Section III. Who May Apply

Per Section 749(h) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2010 (P.L. 111-80), grants are available to State agencies that administer NSLP and have the lowest direct certification rates for children who are members of households receiving benefits under the Supplemental Nutrition Assistance Program (SNAP). FNS obtains the list of States with the lowest direct certification rates for SNAP children from the annual report on direct certification that FNS submits to Congress (*Direct Certification in the National School Lunch Program: State Progress in Implementation Report to Congress*). As of the date of this amendment, lowest rates are defined as **below 95%**, as



reported in the 2011 Report to Congress, covering School Year (SY) 2010-2011. The full report was released October 2011 and may be accessed at:

<http://www.fns.usda.gov/ora/menu/Published/CNP/cnp.htm>

States Eligible to Apply for Direct Certification Grants

Effective **immediately**, States on the following list are eligible to apply for direct certification grants. States on this list that already have applied for Planning or Implementation grants are identified under the heading, *States That Have Applied*, and should continue with their grant projects as planned, including submission of Implementation grant applications in follow-up to Planning grant activities.

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States that have Applied		States that have <u>not</u> Applied		
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Florida	Oregon	Arizona	Louisiana	Oklahoma
Idaho	Pennsylvania	California	Maine	South Carolina
Missouri	Rhode Island	Colorado	Maryland	Tennessee
Montana	South Dakota	Delaware	Massachusetts	Texas
New Hampshire	Washington	Georgia	Michigan	Utah
New Jersey	Wisconsin	Guam	Minnesota	Vermont
		Hawaii	Mississippi	Virginia
		Illinois	Nebraska	West Virginia
		Indiana	Nevada	
		Iowa	New York	

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- States that apply for an Implementation grant without first applying for a Planning grant will not be eligible to apply for a Planning grant.

Section V. Critical Dates

Additional Opportunities to Apply

To allow newly eligible States time to plan improvement projects and prepare grant applications, there will be two new opportunities to apply for direct certification Planning and Implementation grants for **all eligible States** who have not applied previously. The new application deadline dates for Planning grants are January 31, 2012 and April 30, 2012. For Implementation grants, the new application deadlines are April 30, 2012 and July 31, 2012 (in addition to the January 31, 2012 deadline already in place). To be eligible to apply for this funding, the State’s direct certification rate for children in households receiving SNAP must be below 95 percent, as reported in the 2011 Report to Congress. Maximum awards remain at \$75,000 for Planning grants and \$1 million for Implementation grants.

Application Deadlines

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Grant Type	Deadlines for Receipt of Applications
Planning	January 31, 2012 April 30, 2012
Implementation	January 31, 2012 April 30, 2012 July 31, 2012
Implementation Grant Applications Following a Planning Grant Award	States that receive Planning grant awards must submit an application for an Implementation grant within 210 days (or the date specified in their grant award) following their Planning grant award date, unless their Planning grant activities indicate there is no need for an Implementation grant. The due dates for Implementation grant applications will be established with grantees at the time of the Planning grant awards and will fall outside the dates listed for Implementation grant applications above.



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IMPORTANT: If at any point the total applications received for funding exceed the amount of Federal funds available for this purpose, FNS reserves the right to give preference to applications from State agencies with the lowest direct certification rates, deny grant applications in excess of funds available, and cancel further opportunities to apply under this grant announcement.

Section VIII. Administrative Requirements and Terms and Conditions

To provide additional information concerning confirmation of Central Contractor Registration (CCR) status, Section VIII is amended to add the following paragraph “C.”

C. Dun and Bradstreet Universal Numbering Systems (DUNS) Number and Central Contractor Registration (CCR)

In compliance with 2 CFR 25, Appendix A and grants.gov implementation of a real-time confirmation with the Central Contractor Registration (CCR) system, all applicants must have current CCR status at the time of an application submission and throughout the duration of any Federal Award. The Central Contractor Registration will now be checked at the time of every Grants.gov application submission.

In addition, Federal agencies must comply with 2 CFR 25.205 that provide guidance on how to administer the regulation when an applicant or entity has not complied with the requirement described in 2 CFR 25.200. Please visit the following websites to obtain additional information on CCR Registration (www.bpn.gov/ccr) and how to obtain a DUNS number (www.dnb.com).



Appendix B: Potential Uses of Grant Funds

Appendix B, Potential Uses of Grant Funds, is amended to add the following clarifications concerning use of grant funds.

Clarifications on Potential Use of Grant Funds

A. Using Grant Funds for Demonstration Projects to Evaluate Direct Certification with Medicaid

The direct certification grant funds are intended for the purpose of improving direct certification rates, with a focus on children who are members of households receiving SNAP. However, funds may be used to improve direct certification in other public programs where there is statutory authority for direct certification, such as Temporary Assistance to Needy Families (TANF), Food Distribution Program on Indian Reservations (FDPIR), foster care, migrants, homeless, etc. Although the main focus for any grant proposal must be improvement in the SNAP rates, SAs that are applying for, or have already been awarded, direct certification Planning and Implementation grants may propose to use a portion of the grant funds for activities related specifically to direct certification with Medicaid. Amendment II of the direct certification grant RFA clarifies that the use of grant funds for this purpose will be restricted to State agencies that meet the following criteria:

- Are eligible and apply for a direct certification grant to improve their SNAP direct certification rate and include in their proposed project activities a clear description and cost estimate for activities related to the demonstration projects to evaluate direct certification with Medicaid; **or**
- Have already received a direct certification Planning or Implementation grant award in an amount less than the \$75,000 cap for Planning grants or the \$1 million cap for Implementation grants, and submit an appropriate request to amend their grant/cooperative agreement to include activities and costs specific to the demonstration projects with Medicaid. In this case, the total direct certification grant amount, including such amendments for the Medicaid demonstration activities, must not exceed the applicable Planning or Implementation grant cap.

AND

- Are selected to participate in the demonstration projects to evaluate direct certification with Medicaid; and
- Receive FNS headquarters approval to use a portion of the direct certification grant funds for activities related to the demonstration projects with Medicaid.

SAs proposing to use a portion of their direct certification grant funds for activities related to the demonstration projects with Medicaid must provide grant applications, or proposed



amendments to active grant agreements, that clearly explain proposed grant activities and cost estimates that are related to participation in a demonstration project with Medicaid. If the SA is approved for a direct certification grant award, but is not selected to participate in the demonstration projects with Medicaid, the costs and activities related to the Medicaid projects will be removed from consideration in determining the final grant award amounts for projects to improve direct certification with SNAP, TANF and other public programs. **Submission of proposals that include such costs will have no bearing on a State's eligibility or selection to participate in a demonstration project with Medicaid.**

Procedures for selection of States to participate in the demonstration projects to evaluate direct certification with Medicaid are outlined in FNS Memorandum SP 47-2011, *Request for Applications for Participation in Demonstration Projects to Evaluate Direct Certification with Medicaid*. This memorandum, along with attachments, is located at <http://www.fns.usda.gov/cnd/governance/policy.htm> .

FNS will consider requests to amend a State's previously awarded direct certification grant ***only*** for those States that are selected to participate in a demonstration project to evaluate direct certification with Medicaid. The maximum amounts for direct certification grants in FY 2012 will remain at \$75,000 for Planning grants and \$1 million for Implementation grants. The direct certification grant caps will not be increased to provide additional funding to any State for amended grant activities. States eligible for this option must follow instructions for requesting an amendment as defined in their Grant Terms and Conditions (Section II-5, Amendments/Revisions and Budget Changes). Requests for amendments must be sent in writing to:

Dawn Addison Washington, Grants Officer
Grants and Fiscal Policy Division
3101 Pak Center Drive, Suite 732 Alexandria, VA 22302
Dawn.washington@fns.usda.gov

B. Using Grant Funds for Local Level Expenses

The Direct Certification Request for Applications (RFA) states in multiple sections that SAs may propose to use grant funds to “new software and/or hardware for their own use, LEAs [local educational agencies] and/or SNAP agencies.” However, Section VIII.B.5, Terms and Conditions, states that “funds cannot be used for local level expenses.” Based on questions received from potential grantees, we are providing clarification that the prohibition on using grant funds for local level expenses stated in Section VIII. B.5, does not apply to changes in hardware or software that are necessary for an LEA to connect to, access, or use direct certification data that is necessary for implementing the direct certification system or processes in that State. SAs may propose costs and activities related to hardware and software changes necessary to implement direct certification systems at the State level, the LEA level or for the SNAP agency. Such expenses may be allowed to the extent that they are necessary, reasonable and allocable to grant activities for such agencies' to implement the State's direct certification system. FNS will review such requests as part of the overall grant application review process.



GRANT DOCUMENTS AND RESOURCES

Eligible States are encouraged to view the full request for application announcement and amendment documents for detailed information concerning the grant application process. These documents are located at: <http://www.fns.usda.gov/cnd/grants.htm> under the heading “**2010-2012 Direct Certification Grants.**”

The 2011 report, “*Direct Certification in the National School Lunch Program: State Progress in Implementation Report to Congress,*” may be accessed at <http://www.fns.usda.gov/ora/menu/Published/CNP/cnp.htm>. We urge States to review the report in depth to learn not only where States stand currently on direct certification rates, but also to learn about practices in other States that may be helpful in planning for direct certification improvements.