



United States
Department of
Agriculture

Food and
Nutrition
Service

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Center Drive
Alexandria, VA
22302-1500

DATE: August 21, 2009

MEMO CODE: SP 37-2009

SUBJECT: Clarification on Intent of 2009 Equipment Assistance Grants for School Food Authorities

TO: Regional Directors
Child Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The purpose of this memorandum is to provide clarification regarding the intent of the American Recovery and Reinvestment Act of 2009 (ARRA), Public Law 111-5, to purchase equipment through a competitive grant process for school food authorities (SFAs) that participate in the National School Lunch Program (NSLP). As stated in memorandum number SP 18-2009, *2009 Equipment Assistance Grants for School Food Authorities* (issued March 9, 2009), "USDA regulations at 7 CFR 3016.3 and Office of Management and Budget Circular A-87 define equipment for the purpose of NSLP equipment assistance grants as articles of nonexpendable, tangible personal property with a useful life of more than one year and a per unit acquisition cost of \$5,000 (or such lesser amount as the SFA uses when reporting equipment as assets in its financial statements)."

It has come to our attention that there are instances in which an SFA received ARRA grant funds and, when the SFA competitively procured for the approved equipment, the actual net cost was less than the \$5,000 equipment threshold (or the State regulated threshold). This could happen when the lowest responsive responsible bid received is less than \$5,000, or when a manufacturer provides a rebate which lowers the net cost of the equipment below the \$5,000 threshold. In the above indicated circumstances, a net cost below the \$5,000 threshold is acceptable for the purpose of the ARRA equipment assistance grants, as it meets the intent of ARRA.

On a related note, we are aware that many States have questions regarding the handling of unspent ARRA funds. We are presently considering these concerns and will provide guidance shortly.

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State agencies with questions on this memorandum should contact their Regional Offices.
Regional office questions should be directed to Lynn Rodgers-Kuperman.

A handwritten signature in blue ink that reads "Cynthia Long". The signature is written in a cursive, flowing style.

Cynthia Long
Director
Child Nutrition Division