



Date: December 9, 2024

Memo code: SP 06-2025

Subject: National School Lunch Program Equipment Assistance Grants:
Installation Expenditures

To: Regional Directors, Child Nutrition Programs, All Regions

State Directors, Child Nutrition Programs, All States

This memorandum expands on guidance previously provided by the Food and Nutrition Service (FNS) in SP 18-2009 Equipment Assistance Grants for School Food Authorities (SFAs), dated March 9, 2009, and on SP 20-2009 Equipment Assistance Grants for School Food Authorities - Questions and Answers, dated March 20, 2009.

The National School Lunch Program (NSLP) Equipment Assistance Grants provide grants to State agencies for distribution to eligible local education agencies (LEAs), School Food Authorities (SFAs), and schools participating in the NSLP. These grants are intended to support the purchase of equipment valued over \$1,000 to serve healthier meals, improve food safety, and to help support the establishment, maintenance, or expansion of the School Breakfast Program (SBP). State agencies must competitively award the funds and ensure all subgrantees comply with Federal procurement regulations.

To make the most effective use of the NSLP Equipment Assistance Grant funds, State agencies should encourage applicants to include in their grant proposals reasonable costs associated with successfully installing and using the new equipment. Reasonable costs include allowable expenses such as acquisition costs necessary for the successful installation and operation of the equipment, such as delivery, installation, testing, and disposal of old equipment. Similarly, reasonable costs for minor kitchen modifications

(e.g., moving electrical outlets, upgrading the electrical voltage, small plumbing upgrades, improving ventilation to support equipment), equipment attachments (e.g., mixer shredder plates, choppers, etc.), and necessary accessories or auxiliary components (e.g., a compressor for a freezer) are also allowable expenses and part of the total acquisition cost. Ancillary charges, such as taxes, freight, and protective in-transit insurance, may be included if allowable under State and local accounting practices.

Construction costs may be allowable expenses if they are directly related to the proper installation and operation of the new equipment. Some examples of allowable expenses include structural adjustments, such as modifying a kitchen layout, which could be allowable if needed to accommodate large equipment or improve its functionality (e.g., moving a wall, widening a doorway, etc.); and, built-in fixtures, such as shelves or counters, may also be funded if they directly contribute to the new equipment's use and operational efficiency.

Example No. 1: An SFA applies for an NSLP Equipment Assistance Grant to purchase a new industrial freezer valued at \$20,000. In their grant proposal, they include the following additional allowable costs:

- **Delivery and installation:** The school needs to cover the delivery of the freezer, as well as the installation, which includes minor electrical work to upgrade an outlet to handle the power requirements of the new freezer (\$2,000).
- **Disposal of old equipment:** The school plans to dispose of their outdated freezer, which requires professional removal and environmentally safe disposal (\$1,500).
- **Minor kitchen modifications:** To fit the new freezer into the existing space, the school needs to increase the size of a doorway. The modification involves widening the door frame to accommodate the larger size of the freezer (\$1,200).
- **Ancillary costs:** The school also includes charges for taxes, protective in-transit insurance, and freight costs associated with the freezer purchase (\$800).

- **Necessary accessories:** In addition, the freezer requires a compressor unit to function properly, which costs \$4,000. This is included as part of the total equipment acquisition cost because the freezer cannot operate without it.

In total, the grant request includes \$20,000 for the freezer itself and \$9,500 for installation, delivery, minor modifications, disposal, and necessary accessories. All these expenses would be under allowable acquisition costs as outlined in the NSLP Equipment Assistance Grant guidelines and the SFA's proposal would include a total grant request of \$29,500.

Example No. 2: An SFA requests funds to purchase a commercial convection oven valued at \$8,000 for the cafeteria. The proposal outlines the following additional allowable costs:

- **Shipping and installation:** The school needs to cover the delivery of the oven, as well as the installation (\$700).
- **Maintenance contract:** The SFA wants to purchase a two-year maintenance plan for the equipment to ensure consistent performance of the new oven (\$900).

In total, the grant request includes \$8,000 for the oven and \$1,600 for additional allowable installation and maintenance expenses to ensure the safety and use of the equipment. The shipping, installation, and maintenance expenses fall under allowable acquisition costs as outlined in the NSLP Equipment Assistance Grant guidelines and the SFA's proposal would include a total grant request of \$9,600.

Purchases using NSLP Equipment Assistance Grant funds must be related to equipment and be reasonable, allocable, and necessary to be considered a permitted cost.

State agencies are reminded to distribute this memorandum to Program operators. Program operators should direct any questions concerning this guidance to their State

agency. State agencies with questions should contact the appropriate FNS Regional Office.

MEGHAN
MACK

Digitally signed by
MEGHAN MACK
Date: 2024.12.06
15:32:35 -05'00'

for

Megan Geiger

Acting Director, Program Monitoring and Operational Support Division

Child Nutrition Programs