

APR 22 2004

SUBJECT: FM - FS Nutrition Education and Outreach Financial Management Issues

TO: Food Stamp Program Directors
Financial Management Directors
All Regions

This policy memorandum is prompted by several financial management issues arising out of the recent Cooperative State Research, Education, and Extension Service (CSREES) nutrition education conference in Ohio.

Financial Management Issues Pertain Both to Food Stamp Program (FSP) Outreach and Nutrition Education. Please note that we are including references both to food stamp outreach and to nutrition education in this memorandum. Since the clarifications provided in this memorandum are not new and are universal applications of standard FSP grants management, they are applicable both to outreach and to nutrition education and should be applied immediately.

Food Stamp Nutrition Education (FSNE) Guidance Serves as a Current Reference Source. The FSNE Guidance provides a fairly comprehensive discussion of financial issues, thus, it frequently can be used to answer questions pertaining to outreach. Referenced sections of the 2005 FSNE Guidance can be found online at <http://www.nal.usda.gov/foodstamp/programplan/05Guidance4.pdf>. Future plans call for a separate financial management document that would clearly apply both to outreach and nutrition education. In the interim, please use the FSNE Guidance as a comprehensive source of allowable cost and financial management information.

Full Cost Accounting. When accounting for the cost of part-time staff, the total cost, including time not worked (annual and sick leave), must be computed and charged. The official accounting system used for grants and funding arrangements must be used in calculating this cost so that official accounting records reflect all of the revenue and costs of FSNE or outreach. The staff person's time spent on FSNE or outreach must be documented as specified in the FSNE Guidance (Appendix C, Section A.10, Time Records).

Contingent Approvals. Regions may grant contingent approvals if:

- 1) Approval of the FSNE or outreach plan appears fairly inevitable and certain. If such a contingent approval is granted, a letter should be sent to the State agency specifying the unallowable or questionable activities seeking clarifications.
- 2) The contingency approval letter makes it clear that reimbursement of funds is not guaranteed until final approval is granted. States should be notified in writing that if

they choose to go forward without final FNS approval, they do so at their own risk, and any costs that are not subsequently approved may not be charged to the FSP.

- 3) The final FSNE report for the current FY has not been received. FNS reserves the right to withhold final approval of a plan pending receipt of the final report for the previous year. (This condition is not applicable to outreach, since no final report is required at this time).

In-kind Contributions. In-kind contributions are addressed in Appendix C of the 2004 and 2005 versions of the FSNE Guidance. Refer to Sections A.4, A.5, A.6, A.9, and B.1 in the 2005 FSNE Guidance and Sections A.4, A.5, A.8, and B.1 in the 2004 FSNE Guidance. Under the OMB Circulars, in-kind contributions are defined as goods and services that are provided without cost to the grantee. They include volunteer services as well as donated goods.

A grantee (the State agency) or sub-grantee **cannot** claim a donated service or a good as an in-kind if:

- 1) It is not allowable, reasonable, or necessary for the delivery of FSNE or outreach;
- 2) Payments are made by the State agency or sub-grantee for any of the goods and services (payments are actual outlays rather than in-kinds); or
- 3) The sub-grantee claiming the in-kind is a *private* organization. As specified under 7 CFR 277.4(e), only public agencies are allowed to claim in-kind charges. Because the value of in-kind donations, including volunteer services to a private entity (private schools, churches, non-governmental entities, etc.), do not represent any State expenditure or outlay, FSP regulations do not permit them to be considered as a cost to the program and thus are not reimbursable.

A grantee or sub-grantee **may** claim a service or a good as an in-kind if:

- 1) It is allowable, necessary, and reasonable for the delivery of FSNE or outreach.
- 2) The sub-grantee claiming the “in-kind” is a *public* organization as specified under 7 CFR 272.4(e). These regulations were written in the interests of maximizing States’ ability to identify allowable matching sources. By extension of logic, FNS has allowed for regulatory support to the concept that the donation

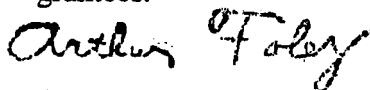
of goods and services to a *public* entity result in a de facto State expenditure or outlay. Thus, they are reimbursable. (Note that regulations do not permit extending this interpretation to private organizations).

- 3) In valuing a volunteer's time or service to a public organization, the following principles apply:
 - a. The volunteer's wages are computed on a reasonable hourly basis in accordance with the duties being performed for FSNE or outreach, or wages are computed based on the federal minimum hourly wage established by the United States Department of Labor;
 - b. The volunteer records time as specified in the FSNE Guidance (Appendix C, Section A.10, Time Records); and
 - c. The value of the volunteer's time is not being used as a match for any other federal grant.

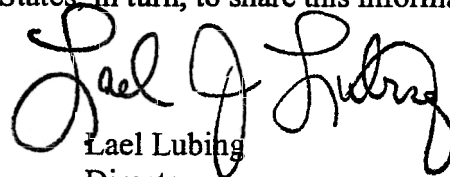
- 4) In valuing donated goods, the following principles apply:
 - a. The value for goods other than government-owned space is computed on reasonable fair market value;
 - b. When valuing space owned by a government agency, depreciation is used for cost computations; and
 - c. The value is not being used as a match for any other federal grant.

Americorps Volunteers. On another note, we frequently get questions as to how to count Americorps "volunteers". Since they are paid and therefore not true volunteers, they cannot be counted as an in-kind contribution to the FSP. Further, since Americorps volunteers are paid, in part, with federal money, none of the costs for their time is reimbursable under FSNE or outreach.

FNS Regional Offices should provide technical assistance, if needed, to State agencies regarding these issues, and encourage States, in turn, to share this information with sub-grantees.



Art Foley
Acting Director



Lael Lubing
Director