Food Distribution
National Policy Memorandum

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive

Alexandria, VA 22302-1500

DATE: August 5, 2003

POLICY NO. FD-006: Nutrition Services Incentive Program (NSIP)

SUBJECT: Fiscal Year 2004 Operations

BACKGROUND: The 2003 Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, Public Law 108-7, amended the Older American Act of 1965 (OAA) to transfer the administration of the Nutrition Services Incentive Program (NSIP), authorized by Section 311 of the OAA from the U.S. Department of Agriculture, Food and Nutrition Service (FNS) to the Department of Health and Human Services (DHHS), Administration on Aging (AoA).

AoA is responsible for calculating the total grants and providing that information to State Units on Aging and Indian Tribal Organizations.

States and Tribes should use the 2003 Federal fiscal year NSIP grant as a basis for determining how much of their total funding they wish to commit to buying commodities.

ACTION: By August 25, 2003, State Distributing Agencies must submit their **Cash/Commodity Elections for the 2004 Program Year** to the Food Distribution Division (FDD), Schools and Institutions Branch. Please email all responses directly to **Shirley.Roberts@fns.usda.gov**.

States Electing to Receive Commodities

- States and Tribes are eligible to receive both traditional Group A and Group B entitlement and bonus commodities.
- No changes in the commodity elections will be allowed after February 1, 2004.
- Food Distribution Division (FDD) will monitor commodity entitlement throughout the year and work directly with State Distributing Agencies on any issues related to entitlement levels and ordering options.
- In April 2004, FDD will begin the process to reconcile the commodity entitlement. FDD will contact State Distributing Agencies to discuss options to utilize any remaining entitlement balance. States and Tribes are strongly encouraged to use their commodity entitlement by the end of the third quarter.

- In July 2004, FDD will inform the AoA of States and Tribes that will not use their remaining entitlement by September 30, 2004. FDD will return these funds to AoA. AoA can return the funds to the appropriate State or Tribe with its final allotment in the fourth quarter.

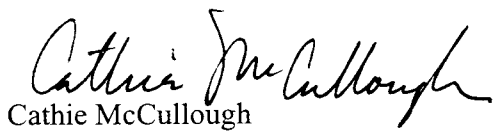
Area Agencies on Aging (AAA) Election Projects

This option encourages the use of commodities and allows flexibility to those States that have annually accepted their NSIP reimbursement in cash. The State Distribution Agency and the State Office on Aging must concur. These programs determine their own cash/commodity election, independent of the State decision.

Commodity Election Format

	State or ITO	**Cash** (Percent or Fixed Dollar Amount)	**Commodity** (Percent or Fixed Dollar Amount)	**Total # Meals Served in FY 2002 (AAAs)**
Title III				
Title III AAA				
Title VI				

If you have any questions or need assistance, please contact Shirley Roberts at (703) 305-2560 or by email at Shirley.Roberts@fns.usda.gov.



Cathie McCullough
Director
Food Distribution Division

Date Originally Issued: 06/19/2002 (Unnumbered policy)