SPECIAL NUTRITION PROGRAMS

Date: July 20, 2007
To: Special Milk Program (SMP) Contractors
Subject: Nutrition Services Incentive Program (NSIP)

Purpose
SMP contractors have the option to enter into agreements with State or Area Agencies on Aging and Indian Tribal Organizations (SAA) and their selected grantees for milk purchases.

Definition
Nutrition Services Incentive Program (NSIP) – A program administered by the Administration on Aging that is intended to provide incentives to States and Tribes for the effective delivery of nutritious meals to older adults.

Procedure
SMP contractors have the option to enter into an agreement to use funds received through the NSIP in which State or Area Agencies on Aging and Indian Tribal Organizations (SAA) and selected grantees (i.e., elderly nutrition projects) pay SMP contractors to make milk purchases, in the commercial market, on behalf of the SAA or a selected grantee. If SMP contractors opt to enter into an agreement through the NSIP, milk purchases must be made in accordance with an agreement between the SAA or selected grantee and the SMP contractor. The agreement may also allow reimbursement to the SMP contractor for related expenses on behalf of the SAA or selected grantee. Related expenses include:

- Transporting;
- Distributing;
- Processing;
- Storing; or
- Handling milk.

SMP contractors are also permitted to use facilities, equipment and personnel to support elderly nutrition projects under the NSIP.

The agreement described above is purely voluntary, however, Special Nutrition Programs (SNP) encourages SMP contractors to enter into such agreements. Agreements between grantees or subgrantees of Federal grants for procurement or use of common goods and services are encouraged in order to promote greater economy or efficiency. SMP contractors must follow state and federal procurement requirements when making such purchases.

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