



Georgia Department of Early Care and Learning

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**Nathan Deal**  
Governor

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## MEMORANDUM

To: All Sponsors Participating in the Summer Food Service Program (SFSP)

From: Falita S. Flowers, Nutrition Services Director (*Original Signed*)

Date: June 6, 2016

Subject: Summer Food Service Program Participation by Higher Education Institutions, Hospitals, and other Non-Profit Organizations under Contract with a Food Service Management Company

Legal Authority: USDA Policy Memorandum SFSP 12-2016, 2 CFR § 200, 7 CFR § 225.17

The purpose of this memorandum is to provide updated guidance regarding non-profit organizations, specifically, higher education institutions and hospitals, and other non-profit organizations (referred to collectively herein as “Organizations”), that are under contract with a food service management company (FSMC) to provide food service operations and who are seeking approval to participate in the SFSP. This update applies to institutions/sponsors participating in SFSP after FY 2016.

These Organizations offer a unique opportunity for SFSP participation, as they are found in communities nationwide and already provide meal service year-around to students, patients, and others. As SFSP sponsors operate for a short duration, the reimbursable meals served would likely constitute a small proportion of the overall value of the year-around food service operations contract. Therefore, it would be unlikely that an Organization’s approval to participate in the SFSP would result in a material change to their FSMC contract. However, the Organization needs to consider the change in the context of the solicitation and the resulting contract. The ultimate decision, however, lies with the Organization and the decision must be documented along with the rationale to support their decision. A material change is defined as a change made to a contract after award that alters the terms and conditions of that contract substantially enough that, had other bidders known of these changes in advance, they could have bid differently and more competitively.

The State Agency (SA) must first ascertain whether the Organization has an existing FSMC contract for food service operations. If so, the SA must:

- Confirm that the Organization engaged in a competitive procurement process is in compliance with Federal, State, and local procurement standards.
- Confirm that the organization entered into a fixed-price or cost-reimbursable contract with the FSMC.
- Determine the overall value of the FSMC contract for food service operations.
- Work with the Organization to estimate the potential value of the SFSP meals to be served.
- Work with the Organization to determine if the potential value of the SFSP meals to be served would result in a material change to the existing FSMC contract for food service operations. If a material change is expected, the SA must:
  - Require the Organization to initiate a new procurement for a FSMC to provide food service operations which:
    - Includes service of reimbursable meals under the SFSP, and
    - Complies procurement standards and contains the standard contract provisions in 7 CFR 225.6(h)(2) and 225.15(m)(5-7).

This new procurement could be a separate FSMC contract solely for SFSP or a contract for all specifications under the existing contract plus the SFSP.

- If no material change is expected to result, the SA must:
  - Obtain confirmation from the Organization of an amendment to the existing FSMC contract for food service operations to include service of SFSP unitized meals per 7 CFR 225.6(h)(3) and
  - Consult with the Regional Office to determine when a new procurement process must occur, which must then include the required procurement and SFSP provisions.

For questions concerning this memorandum, please contact the Procurement and Purchasing Compliance Officer at (404) 656-2472.