



# Nutrition and Aging Resource Center

## Nutrition Services Incentive Program FAQ

### 1. What is the Nutrition Services Incentive Program (NSIP)?

The NSIP is authorized by Section 311 of the [Older Americans Act \(OAA\)](#). NSIP provides grants to states, territories, and eligible tribal organizations (hereinafter, “state(s)”) to support the OAA congregate and home-delivered nutrition programs by providing an incentive to serve more meals. Grantees can choose to receive their grant as cash, commodities (food) from the United States Department of Agriculture (USDA), or a combination of cash and commodities.

USDA leads a process that allows states to choose cash or commodities prior to the beginning of the next fiscal year. This choice may not be changed during the year. If a state chooses to use commodities, USDA assesses an administrative fee that is taken from the grant.

In 2006, USDA administered the program, and it was commonly known as “cash-in-lieu of commodities” or the “Nutrition Program for the Elderly.” The name was changed in the 2006 amendments to the OAA when the authorization and funding was transferred from USDA to the Administration for Community Living (ACL).

### 2. What are the requirements of NSIP?

The requirements for NSIP are stated in Section 311 of the OAA. There are no other requirements by any other federal agency. NSIP allocations are available to states that provide nutrition services in adherence to the requirements of the OAA which include:

- Serving meals to an individual who is eligible to receive services under the OAA.
- Serving meals to an individual who has not been means-tested to receive services.

- Serving meals that meet the requirements of the OAA, including meals that meet the Dietary Guidelines for Americans (DGAs) and Dietary Reference Intakes (DRIs) as indicated in OAA Section 339.
- Serving meals to individuals who have been provided the opportunity to contribute to the cost of service.
- Are served by an eligible agency, i.e., an agency that has a grant or contract with a State Unit on Aging (SUA) or Area Agency on Aging (AAA).

NSIP meal requirements do not have service delivery type restrictions. NSIP meals may include congregate, home-delivered, grab and go, restaurant, food truck, and other innovative delivery models.

NSIP criteria are listed in the [State Performance Report \(SPR\) Appendix A: Data Element Definitions](#) (Table 3. Additional Definitions) under NSIP qualified meal-Congregate and NSIP qualified meal-Home-Delivered.

### 3. Does ACL have the authority to waive these requirements?

ACL does not have the legal authority to waive these requirements. The OAA requirements that may be waived are listed in OAA Section 316. Section 316 does not list the NSIP requirements in Section 311 or the nutrition requirements in Section 339.

### 4. How is NSIP funded?

NSIP is funded by a Congressional appropriation to ACL. SUAs receive OAA allocations for nutrition services for Title III C1 (congregate), Title III C2 (home-delivered) and NSIP. Of these allocations, NSIP is about 16% of total OAA nutrition services funding before transfers among Titles III B and C occur.

Types of funding sources that may qualify a meal for NSIP funding, if the requirements for NSIP as stated in section 311 of the OAA are met:

- OAA Title III-C1, Title III-C2, Title VI, and/or
- OAA state match, and/or
- other sources of funding, such as public funds (e.g., state, city, county) and private funds (e.g., contributions, fundraising, foundation grants).

The NSIP statute requires states to distribute funds promptly and equitably. All nutrition services providers (congregate and home-delivered) should be considered in the equitable distribution of funding. Additionally, the state should ensure that the distribution of the funding is justifiable to the current needs and, if available, use more recent data on meal counts.

## 5. How may NSIP allocations be used?

NSIP allocations may only be used to purchase [domestically produced food](#), such as milk, fruit, vegetables, protein products, etc., that are used in a meal.

- The allocations may be used to pay for specific food items that make up a portion of each meal, like milk or a protein product.
- Many programs allocate a percentage of funds from NSIP to pay for a portion of the cost of a meal.
- Another way to spend NSIP funds would be to supplement a shelf-stable meal to ensure that it meets OAA nutrition requirements. For example, if a shelf-stable meal does not meet the nutrition requirements of the OAA because it lacks a dairy component or contains insufficient vegetables or fruit, the NSIP funding might be used to supplement the shelf-stable meal with a carton of milk, a packet of non-fat dry milk, or a piece of fresh fruit. Then the meal might meet the OAA requirements and be reported as an NSIP meal.
- A holiday meal that meets the NSIP requirements (which includes meeting one-third of the DRIs/DGAs) may be reported as an NSIP meal, in accordance with the OAA and the state's policies and procedures.
  - Special or holiday meals that do not meet OAA nutritional requirements may be provided with non-OAA funding, and those meals would not count as an NSIP meal.

In all cases, programs must ensure documentation verifies the food purchases made with NSIP allocations meet NSIP requirements (i.e., domestically produced food such as milk, fruit, vegetables, or protein products that are used in a meal).

## 6. Can emergency meals such as shelf-stable meals meet the nutrition requirements for NSIP?

Maybe. If the shelf-stable meal meets the nutrition requirements of the OAA, the meal meets the requirements of NSIP. If the SUA uses an eating pattern similar to the pattern found in [Dietary Guidelines for Americans 2020-2025](#) as its method for determining adherence to the requirements and the shelf-stable meal or other emergency meal meets this menu pattern, the meal probably meets the nutrition requirements. Shelf-stable meals vary in nutrient content such as calories, fat, protein, fiber, vitamins and minerals. Many shelf-stable meals are higher in sodium than recommended in the DGAs or DRIs.

## 7. When should NSIP funds not be used?

NSIP allocations may not be used to pay for administration, indirect costs, or other nutrition services such as education, counseling, oral nutrition supplements, groceries, specialized utensils, etc. NSIP allocations may not be used to buy groceries (food boxes, etc.) for program participants, as these do not constitute a meal.

The OAA neither explicitly includes nor prohibits assisted living facility (ALF) residents from receiving any services. However, SUAs must ensure in accordance with 45CFR1321 that OAA funds supplement, not supplant, any federal, state, or local funds. This means if the resident's cost of placement within the ALF is publicly-funded and if the ALF provides meals as part of their package, then OAA funds (including NSIP) cannot be used for those meals.

## 8. How are NSIP meals reported?

NSIP meals are reported on the regular State Performance Report (SPR) for the states. SUAs determine how the number of meals are reported at the substate level. All meals that meet NSIP requirements – for example meals that meet one-third of the DRIs/DGAs – should be reported under NSIP. Reporting NSIP meals benefits states/territories by ensuring proper NSIP allocation.

[OAAAPS Title III Data Elements and Definitions NSIP](#)

[State Performance Report \(SPR\) Appendix A: Data Element Definitions](#)

## 9. How does a state receive its allocation?

The SUA receives a notice of grant award after the number of meals is reported through the SPR. The SUA determines how to distribute the funding at a substate level. The funding formula for NSIP is based on the total number of eligible meals served by a state or territory in proportion to the total number of eligible meals served by all states and territories in the prior federal fiscal year. If a state or territory serves proportionally more meals than other states or territories, that state or territory receives a higher allocation, which is in keeping with the incentive purpose of NSIP.

## 10. How do states allocate NSIP?

States are required to list a funding formula in their state plans for how they distribute NSIP funds. As an informational piece under Attachment C of the state plan, states must show that they allocate the NSIP in an equitable manner. This implementation should not be burdensome. It could be achieved by stating the

allocated NSIP funds to each AAA is in the same proportion as the proportionate number of meals they served (or could develop other mechanisms that are based on other criteria). SUAs are not required to use the same method. Some states have chosen other methods to equally allocate NSIP funding.

NSIP provides additional funding to states, territories, and eligible tribal organizations that is used exclusively to purchase food and cannot be used to pay for other nutrition-related services or for administrative costs. Funds are awarded to states and tribes based on the number of meals served in the prior federal fiscal year.

[View historic NSIP funding levels for Title III organizations](#)

## **11. Can NSIP allocations be transferred?**

No, NSIP allocations may not be transferred because they are not a part of Title III B, III C, III D, or III E.

## **12. Does USDA provide reimbursement for NSIP commodities lost during a disaster?**

No. However, USDA provides supplemental nutrition assistance in response to numerous types of emergencies and disasters, including, but not limited to, hurricanes, tornadoes, severe storms, and flooding. To qualify, these emergencies must be under a Presidential Disaster Declaration.

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## **Resources**

ACL Older Americans Act Performance System:

- [Title III Services Resources](#)
- [Frequently Asked Questions](#)
- [Domestically Produced Food](#)