NEBRASKA
RURAL HEALTH TRANSFORMATION

Rural Health Transformation Program
1.3 Farm-to-School Procurement and Policy Technical Assistance (TA)
Frequently Asked Questions

Is an item considered equipment if an entity purchases the components to build equipment that, if purchased as a prefabricated version, would have been $10,000 or greater, even if the individual components are each less than $10,000?

Generally, yes, if the components are integral parts of one completed, functioning asset. CMS defines equipment using the per-unit acquisition cost, with the equipment threshold being the lesser of the recipient's capitalization level or $10,000. Therefore, a walk-in cooler assembled from multiple components may be treated as a single equipment unit based on the cost of the completed asset rather than requiring every individual component to exceed $10,000. Unrelated or independently functioning items should not be combined merely to reach the equipment threshold.

If we retrofit a space to align with program objectives and goals, is that work considered construction? Must the value of each individual item purchased be $10,000 or greater?

A retrofit is not automatically considered construction. CMS allows certain minor alterations or renovations to existing facilities, such as modifications to existing rooms, electrical systems, HVAC, plumbing, partitions, or other existing infrastructure, when they enhance the functionality of the facility and support an approved RHTP initiative. Minor alterations and renovations require prior approval. Major renovation, new construction, building expansion, and significant retrofitting are unallowable.

The $10,000 threshold is used to distinguish equipment from supplies. It is not a requirement that every item associated with a renovation cost at least $10,000.

If I expand my operation to produce, aggregate, process, and/or distribute more local foods to increase accessibility for school meal programs, is this considered "revenue-generating" and therefore unallowable? How can an applicant determine what kind of revenue generation is disallowed?

No. Generating revenue is not, by itself, an unallowable activity under RHTP. In fact, Initiative 1.3 specifically supports farmers, ranchers, producers, cooperatives, and food suppliers in expanding their ability to develop kitchen-ready local foods and enhance supply chains for rural schools and health care facilities. One of Nebraska's intended outcomes is increasing the number of food producers with school purchasing agreements.

However, revenue that is <u>directly</u> generated by the RHTP-supported activity, or earned as a result of the subaward during its period of performance, may constitute "program income." This income must be tracked and handled in accordance with the award terms (usually deducted from or added to the award).

So the relevant question is not simply whether the project generates revenue. Applicants should determine *whether the revenue is attributable to the grant-supported activity*. Existing or unrelated business revenue is not automatically program income, whereas sales made as a direct result of RHTP-funded expansion may be. Grant-attributable program income should be reported and handled according to NDE instructions.

Can I use the RFA-approved vehicle to deliver to entities that are not schools, such as restaurants or hospitals?

It depends on the destination and the approved purpose of the vehicle. Initiative 1.3 describes enhancing supply chains for rural health care facilities, so deliveries to an eligible hospital or other health care facility may be consistent with the approved scope.

Restaurants are not identified as a target of the approved Initiative 1.3 activity. RHTP funds may not pay for goods or services that are not allocable to the project. If NDE permits a grant-funded vehicle to have both RHTP and unrelated business use, only the portion of costs attributable to the RHTP-supported use should be charged to the grant, using a reasonable and documented allocation method.

If I am approved to purchase a delivery vehicle, can I also apply for grant funds to cover licensing, tax, and other fees?

Potentially. Any necessary costs associated with placing an approved vehicle into service should be separately identified in the proposed budget so NDE can determine whether each cost is reasonable, allocable, and allowable under the subaward. Itemize these costs in the application and obtain approval.

May I take out a loan to make purchases of items?

Yes. The grant reimbursement would still be based on the underlying approved and allowable purchase, not on the financing arrangement itself. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the recipient's or subrecipient's own funds are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the requirements of this section.

See the following for more complete details: https://www.ecfr.gov/current/title-2/section-200.449

Are installation and related costs necessary to make an equipment purchase operable allowable costs?

Yes, necessary and reasonable installation costs associated with placing approved equipment into operation may be included in the application, provided they are allocable to the approved project and clearly identified in the budget.

However, installation must be distinguished from a facility renovation. If installation requires modifications to electrical service, plumbing, HVAC, walls, or other building infrastructure, the work may constitute a minor alteration or renovation rather than simply equipment installation. Minor alterations may be allowable with the required approval, while significant retrofitting, major renovation, building expansion, and new construction are unallowable.

Request for Application (RFA) Revisions, as of 8/24/26:

What is the maximum grant award amount for an eligible entity?

The RFA originally identified a maximum grant award amount of $150,000. There is no longer a maximum allowable amount that may be requested.

Are funds only able to be used for the purchase of equipment?

The RFA originally identified equipment items valued at $10,000 or more as the only allowable expense. However, this requirement has been revised. Funds may be used to pay for allowable, allocable, reasonable, and necessary operational costs, installation costs (including minor alterations with NDE approval), supplies, and equipment as identified in the entity's application and for the intended purpose of this grant. Funds may not be used for significant retrofitting, major renovation, building expansion, or construction.

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