



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

DAVID P. MASSARON
DIRECTOR

February 11, 2021

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2020-5

Attached please find supplemental recommendations for fiscal year 2020 for the School Aid budget for payments to districts for school breakfast and lunch costs. These payments are made on a reimbursement basis, using actual costs. Due to delayed cost reporting as a result of the pandemic, these costs were not known until after the end of fiscal year 2020. This supplemental increases combined appropriations for school lunch and breakfast by \$8.1 million.

This increase is predominately driven by higher-than-expected breakfast costs. Breakfasts were delivered using a different method compared to previous years, due to the pandemic. In this new model, all meals were served to students in a packaged or boxed form through a pickup or drive thru model, with breakfasts and lunches packed together. This resulted in an increased number of breakfasts served statewide, and carried with it the increased costs of staffing, packaging, and distribution.

If you have any questions regarding this request, please contact Bethany Wicksall at (517) 335-3420.

Sincerely,

David P. Massaron
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff

Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

George Cook, Director of Legislative Affairs
Bethany Wicksall, Acting Deputy State Budget
Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

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Fiscal Year 2020
Supplemental Request 2020-5

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 31d, and 31f (MCL 388.1611, 388.1631d, and 388.1631f), sections
11, 31d, and 31f as amended by 2020 PA 165, and to repeal acts and parts of acts.

The People of the State of Michigan Enact:

Article I

Sec. 11. (1) For the fiscal year ending September 30, 2020, there is appropriated for
the public schools of this state and certain other state purposes relating to education the
sum of ~~\$12,829,470,800.00~~ **\$12,837,526,800.00** from the state school aid fund, the sum of

1 \$104,660,000.00 from the general fund, an amount not to exceed \$75,900,000.00 from the
2 community district education trust fund created under section 12 of the Michigan trust fund
3 act, 2000 PA 489, MCL 12.262, an amount not to exceed \$9,717,800.00 from the talent
4 investment fund created under section 8a of the higher education loan authority act, 1975
5 PA 222, MCL 390.1158a, an amount not to exceed \$31,900,000.00 from the MPERS retirement
6 obligation reform reserve fund, and an amount not to exceed \$100.00 from the water
7 emergency reserve fund. For the fiscal year ending September 30, 2021, there is
8 appropriated for the public schools of this state and certain other state purposes relating
9 to education the sum of \$13,589,621,600.00 from the state school aid fund, the sum of
10 \$50,964,700.00 from the general fund, an amount not to exceed \$77,700,000.00 from the
11 community district education trust fund created under section 12 of the Michigan trust fund
12 act, 2000 PA 489, MCL 12.262, and an amount not to exceed \$100.00 from the water emergency
13 reserve fund. In addition, all available federal funds are appropriated for the fiscal
14 years ending September 30, 2020 and September 30, 2021.

15 (2) The appropriations under this section are allocated as provided in this article.
16 Money appropriated under this section from the general fund must be expended to fund the
17 purposes of this article before the expenditure of money appropriated under this section
18 from the state school aid fund.

19 (3) Any general fund allocations under this article that are not expended by the end
20 of the fiscal year are transferred to the school aid stabilization fund created under
21 section 11a.

22 Sec. 31d. (1) From the appropriations in section 11, there is allocated an amount not
23 to exceed **\$23,800,000.00 for 2019-2020 and an amount not to exceed** \$23,144,000.00 for 2020-
24 2021 for the purpose of making payments to districts and other eligible entities under this
25 section.

26 (2) The amounts allocated from state sources under this section are used to pay the
27 amount necessary to reimburse districts for 6.0127% of the necessary costs of the state
28 mandated portion of lunch programs provided by those districts. The department shall
29 calculate the amount due to each district under this section using the methods of
30 calculation adopted by the Michigan supreme court in the consolidated cases known as *Durant*
31 *v State of Michigan*, 456 Mich 175 (1997).

32 (3) The payments made under this section include all state payments made to districts

1 so that each district receives at least 6.0127% of the necessary costs of operating the
2 state mandated portion of the lunch program in a fiscal year.

3 (4) The payments made under this section to districts and other eligible entities
4 that are not required under section 1272a of the revised school code, MCL 380.1272a, to
5 provide a lunch program must, except for in 2020-2021, be in an amount not to exceed \$10.00
6 per eligible pupil plus 5 cents for each free lunch and 2 cents for each reduced price
7 lunch provided, as determined by the department. For 2020-2021 only, the amount described
8 in this subsection is not to exceed \$10.00 per eligible pupil plus 5 cents for each lunch
9 provided, as determined by the department.

10 (5) From the federal funds appropriated in section 11, there is allocated for 2020-
11 2021 all available federal funding, estimated at \$545,000,000.00 for child nutrition
12 programs and all available federal funding, estimated at \$5,000,000.00 for food
13 distribution programs.

14 (6) Notwithstanding section 17b, the department shall make payments to eligible
15 entities other than districts under this section on a schedule determined by the
16 department.

17 (7) In purchasing food for a lunch program funded under this section, a district or
18 other eligible entity shall give preference to food that is grown or produced by Michigan
19 businesses if it is competitively priced and of comparable quality.

20 Sec. 31f. (1) From the appropriations in section 11, there is allocated an amount not
21 to exceed **\$11,900,000.00 for 2019-2020 and an amount not to exceed \$4,500,000.00** for 2020-
22 2021 for the purpose of making payments to districts to reimburse for the cost of providing
23 breakfast.

24 (2) The funds allocated under this section for school breakfast programs are made
25 available to all eligible applicant districts that meet all of the following criteria:

26 (a) The district participates in the federal school breakfast program and meets all
27 standards as prescribed by 7 CFR parts 210, 220, 225, 226, and 245.

28 (b) Each breakfast eligible for payment meets the federal standards described in
29 subdivision (a).

30 (3) The payment for a district under this section is at a per meal rate equal to the
31 lesser of the district's actual cost or 100% of the statewide average cost of a meal
32 served, as determined and approved by the department, less federal reimbursement,

1 participant payments, and other state reimbursement. The department shall determine the
2 statewide average cost using costs as reported in a manner approved by the department for
3 the preceding school year.

4 (4) Notwithstanding section 17b, the department may make payments under this section
5 pursuant to an agreement with the department.

6 (5) In purchasing food for a school breakfast program funded under this section, a
7 district shall give preference to food that is grown or produced by Michigan businesses if
8 it is competitively priced and of comparable quality.

9 Enacting section 1. In accordance with section 30 of article IX of the state
10 constitution of 1963, total state spending on school aid under article I of the state
11 school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, as amended by 2020 PA 165 and
12 this amendatory act, from state sources for fiscal year 2019-2020 is estimated at
13 \$13,059,704,700.00 and state appropriations for school aid to be paid to local units of
14 government for fiscal year 2019-2020 are estimated at \$12,853,634,900.00 In accordance with
15 section 30 of article IX of the state constitution of 1963, total state spending on school
16 aid under article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to
17 388.1772, as amended by 2020 PA 147, 2020 PA 148, 2020 PA 149, and this amendatory act,
18 from state sources for fiscal year 2020-2021 is estimated at \$13,718,286,400.00 and state
19 appropriations for school aid to be paid to local units of government for fiscal year 2020-
20 2021 are estimated at \$13,546,289,200.00.

21 Enacting section 2. This amendatory act shall be effective immediately.