



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

BRIAN J. WHISTON
STATE SUPERINTENDENT

FOOD SERVICE

**ADMINISTRATIVE POLICY NO. 11
SCHOOL YEAR 2016-2017**

SUBJECT: Guidance for a School Food Authority Requiring An Alternate Agreement with Local Educational Agency For Public and Non-public Schools Participating in the National School Lunch and School Breakfast Programs

DATE: February 28, 2017

The Michigan Department of Education (MDE), Office of School Support Services (OSSS), is providing additional information to assist School Food Authorities (SFAs) in using MDE's Alternate Agreement. This agreement is between a Local Educational Agency (LEA) and an SFA in which the SFA agrees to operate the School Meals Program for the LEA which is not under its jurisdiction. With this agreement, the LEA relinquishes its authority to operate its School Meals Program and transfers all legal and financial authority to the SFA.

The two parties of this agreement agree to fully cooperate, work in good faith, and mutually assist each other in the performance of this agreement. When an agreement is executed, the SFA will have the fiduciary responsibility, authority, power, and obligation, to act on behalf of the LEA. All sites of the LEA will be incorporated under the SFA and shall be considered equal to the other sites of the SFA.

Under this agreement, the SFA assumes legal responsibility and financial authority for these sites and must follow program regulations of 7 CFR 210.2, 210.14(a), 210.14(b), 210.19(a)(1) and federal cost principles of 2 CFR Part 200. The use of the nonprofit school food service account revenues set forth in 7 CFR Part 210.14 and related costs that are necessary, reasonable, and allowable to the School Meals Program as set forth in 2 CFR Part 200 should be treated consistently between all sites. Furthermore, all other areas of compliance must be met. This includes, but is not limited to, the following: self-monitoring reviews, health inspections, water access, verification, local wellness policy, program outreach, professional standards, smart snacks compliance, and Buy American provision.

STATE BOARD OF EDUCATION

CASANDRA E. ULBRICH – CO-PRESIDENT • RICHARD ZEILE – CO-PRESIDENT
MICHELLE FECTEAU – SECRETARY • TOM MCMILLIN – TREASURER
NIKKI SNYDER – NASBE DELEGATE • PAMELA PUGH
LUPE RAMOS-MONTIGNY • EILEEN LAPPIN WEISER

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • 517-373-3324

When SFAs enter an Alternate Agreement, the MDE Alternate Agreement template is the only document to be used. The process of approval for Alternate Agreements will take place in the Michigan Electronic Grants System Plus (MEGS+) School Nutrition Programs (SNP) Application and will be approved by MDE's SNP on a case by case basis. The SFA must upload all pages of the fully executed Alternate Agreement into their application. The MDE Alternate Agreements are valid for no more than one (1) school year, example - July 1, 2017, through June 30, 2018.

The SFA agrees to follow all of the guidance related to Professional Standards including both training aspects and hiring guidelines. Professional standards has different training requirements depending on an employee's position and/or number of hours worked per day. In regards to hiring school food service management staff, the hiring requirements are based on the number of students in the entire SFA. The different categories for number of students are a) less than or equal to 2,499, b) 2,500 to 9,999 and c) 10,000 or more. The SFA student total must include ALL students being served through the SFA including those schools being served utilizing an alternate agreement.

To determine meal prices, the SFA must complete the Paid Lunch Equity (PLE) tool for all of its sites, including all of the newly added LEA sites, in its calculation and must adhere to the PLE provision under 7 CFR Part 210.14(e). The LEA must accept the SFA's policy for meal charges as long as the SFA's calculated weighted minimum average paid lunch price is equal to or greater than the reimbursement difference. The SFA is not required to make any adjustments in lunch prices or to add revenue to the nonprofit school food service account as long as it continues to charge a weighted minimum average paid lunch price that is not less than the amount of the reimbursement difference between paid and free.

The SFA must ensure that revenues from the sale of nonprogram foods generate the same proportion of SFA revenues as expenses from the purchase of nonprogram foods to the SFAs food costs as outlined in 7 CFR Part 210.14(f). Nonprogram foods include a la carte, adult meals, second entrees, and items purchased with nonprofit school food service account funds for vending machines, fundraisers, school stores, and catered or vended meals.

In reference to indirect costs, the SFA must use their unrestricted indirect cost rate approved by MDE. If rate exceeds the 15% limit, use 15%. If the SFA is a non-public school, it must use the 10% de minimis indirect cost rate as defined in 2 CFR Part 200.414(f).

When the SFA assumes full responsibility for the LEA sites School Meals Program through an MDE Alternate Agreement, all program and nonprogram revenues must accrue to the SFA. As a result, the SFA is responsible to cover all expenditures in the School Meals Program. The SFA is responsible for filing the annual financial report(s) in the Financial Information Database (FID) which encompasses their MDE Alternate

Agreement(s). The LEA must not have financial data to report in the School Meals Program Report, as the SFA has full responsibility for operating the School Meals Program.

This memo is not all-inclusive and is not used in place of MDE or USDA regulations.

Questions regarding the MDE Alternate Agreement requirement may be directed to the School Nutrition Programs unit by phone 517-373-3347 or e-mail to MDE-SchoolNutrition@michigan.gov. Include Alternate Agreement in the Subject Line.

Questions regarding the financial reporting for the MDE Alternate Agreement requirement may be directed to the Fiscal and Administrative Services unit by phone 517-373-1073 or e-mail to MDE-SchoolNutrition@michigan.gov. Include Alternate Agreement in the Subject Line.

Under an Alternate Agreement, the contract must state that the Local Educational Agency (LEA) is relinquishing its authority to operate the specified School Meals Program(s) to the listed School Food Authority (SFA). The contract between the SFA and LEA must state that the SFA is accepting total legal and financial responsibility for the newly incorporated LEA's School Meals Program(s) at the specified sites as indicated. This includes paying overclaims as a result of administrative reviews, distributing United States Department of Agriculture (USDA) Foods (formerly known as "Commodities"), and complying with the Child Nutrition Program regulations.

Alternate Agreements are valid for no more than one school year, July 1 through June 30, and must be approved by the Michigan Department of Education (MDE) prior to the start of the agreement.

Upon approval from MDE's Office of School Support Services, School Nutrition Programs, an Alternate Agreement requires the SFA to incorporate additional specified LEA sites into its SFA school nutrition programs operation.

NOTE: This agreement can be used only for one LEA to transfer to an SFA the administration of the School Meals Program in **all** of the LEA sites. For example, if the relinquishing LEA has five sites, it must transfer the School Meals Program(s) for all five of its sites to the acquiring SFA.

Application Process

The SFA must upload the Alternate Agreement in their School Nutrition Programs application for each site for which it has obtained authority.

Required Documents to Upload into SFA Application for Approval

All pages must be completed by the both the LEA and the SFA and uploaded into the SFA's School Nutrition Program (SNP) Michigan Electronic Grants System Plus (MEGS+) application for MDE's approval. **This is the only document that can be used for the Alternate Agreement.**

Administrative Reviews

During the Administrative Review process, at least one (1) Alternate Agreement site will be required to be visited by an MDE analyst.

Professional Standards

When a new food service director is hired, this person must meet the hiring standards for the current SFA student enrollment category, plus the student enrollment of all LEA sites under the Alternate Agreement. Existing food service directors will be grandfathered in their current positions, regardless of whether they meet the new USDA hiring standards for their SFA.

Contact the School Nutrition Programs unit at 517-373-3347 for further instructions or for information about specific situations.

School Food Authority (SFA) Alternate Agreement Terms of Agreement

Check all that apply:

- | | |
|--|--|
| <input type="checkbox"/> National School Lunch Program | <input type="checkbox"/> Fresh Fruit and Vegetable Program |
| <input type="checkbox"/> School Breakfast Program | <input type="checkbox"/> Special Milk Program |
| <input type="checkbox"/> Afterschool Snack Program | <input type="checkbox"/> Child and Adult Care Food Program |

1. Who will distribute the Free and Reduced-Price School Meal Applications to each household?
2. Who will process the applications including determining eligibility (Approval Official), notifying applicants, completing verification requirements (Verification Official), providing a Hearing Official, and updating eligibility changes?
3. Where and how will point-of-service counts by eligibility category be obtained and who will record and report these counts?
4. How will the SFA compile the monthly claim for reimbursement for the LEA sites before it is submitted to Michigan Department of Education? Who will perform the required attendance-adjusted eligible edit check?
5. How will meal prices be set and the Paid Lunch Equity policy be implemented?
6. How will Nonprogram Foods be implemented and monitored?
7. Who will collect money/sell tickets to students and adults? And how will those daily deposits be handled by the SFA? What will be the policy for meal charges and is this policy acceptable to both SFA sites and the additional LEA sites?

8. What will be the policy for reconciling any differences that may exist between days that school is in session and how meal service may be affected?

9. School Meals Program records and Free and Reduced-Price School Meal Applications must be kept on file for three years plus the current school year. Where will records be stored?

10. How will student required involvement in the school meals programs (e.g., advisory groups, taste panels, surveys, menu planning) be handled?

11. Food Safety Program/Food Safety Inspections
Who will be responsible for the overall written Food Safety Plan, based on Hazard Analysis Critical Control Point (HACCP) principles, in all locations outside of the cafeteria where food is stored, prepared, or served?

12. Who will be responsible for obtaining two food safety inspections for each licensed site each school year?

13. Who will be responsible for posting the most recent inspection in a publicly visible location at each licensed building site?

14. Professional Standards
Who is responsible for assuring all hiring and training standards meet USDA Professional Standards requirements?

Terms regarding cancellation rights by either the SFA or LEA should be discussed, should an unforeseen problem arise.

In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, disability, and reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.)

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible State or local Agency that administers the program or USDA's TARGET Center at **(202) 720-2600** (voice and TTY) or contact USDA through the Federal Relay Service at **(800) 877-8339**. Additionally, program information is available in languages other than English.

To file a complaint alleging discrimination, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [USDA Office of Assistant Secretary for Civil Rights Discrimination Complaint Filing¹](#), or at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call **(866) 632-9992**. Submit your completed form or letter to USDA by:

Mail:

U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410

Fax:

(202) 690-7442; or

Email:

program.intake@usda.gov.

This institution is an equal opportunity provider.

The School Nutrition Programs are federally-funded through the USDA and administered by MDE.

¹ <https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer>