



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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PUBLIC INSTRUCTION

February 1, 2008

TO: Local and Intermediate School District Superintendents, Public  
School Academy Directors, and Nonpublic School Administrators

FROM: Carol Wolenberg, Deputy Superintendent *Carol*

SUBJECT: Food Service Management Contracts – Update

On December 18, 2007, a letter was sent to all districts, agencies, and institutions currently contracting with a food service management company (FSMC) or considering establishing a contract for 2008-09. One of the two issues addressed in that letter was related to USDA's final rule on procurement requirements that became effective on November 30, 2007.

When this final rule was issued, MDE intended to no longer approve cost reimbursable contracts but only to issue a fixed price FSMC prototype contract for new contracts that would be awarded for 2008-09.

On January 22, 2008, MDE met as partners with representatives from Michigan School Business Officials (MSBO), Michigan Association of School Boards (MASB), and Middle Cities Education Association (MCEA) to discuss their concerns regarding fixed price contracts and the awarding of such contracts to the lowest bidder.

After much discussion, it was agreed that MDE would allow school districts the flexibility to use either a fixed price RFP or cost reimbursable RFP prototype contract. However, school districts that choose to use a cost reimbursable contract must have specific language in their bid solicitations and final contracts that will require food service management companies to clearly identify allowable and unallowable costs as well as discounts, rebates, and other applicable credits on monthly billing documents.

To help facilitate the development of a cost reimbursable RFP prototype contract, MSBO, MASB, and MCEA will identify individuals to work with MDE in developing such a prototype that will clearly define allowable costs to be paid from nonprofit food service account funds.

MSBO and MDE will conduct a teleconference for business officials and food service directors within the next few weeks. MSBO will also set aside a time at its April 2008 conference to discuss the RFP bid documents for fixed price and cost reimbursable contracts and the new approval process for these contracts to be in compliance with the final USDA rule on procurement.

Questions regarding this may be directed to Cheryl Schubel, Supervisor, Fiscal Management and Food Distribution, at 517-241-2597.

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