

# Howard's News From MDE

June 15, 2018



The information in this document helps support Goal 4, Strategy 4.1, of [MDE's Top 10 in 10 Initiative](#) by helping to ensure students receive important nutritional resources to help them learn and grow.

## School Year 2018-2019 Free and Reduced Price Meals Application

Due to feedback from our customers, the School Nutrition Programs unit has fixed the [Family Application for Free and Reduced Price Meals](#)<sup>i</sup> to resolve a couple of concerns that we had received. The version attached to this email has had the school year updated, a field for school added to the student section, the case number field has been updated to only allow for nine digits, and margins have been corrected for accurate printing.

The United States Department of Agriculture (USDA) did not update the Free and Reduced Meals Application for the upcoming school year. If using the [USDA Prototype Application](#),<sup>ii</sup> please be sure to change the date on the top of the form to "2018-2019" prior to printing. In addition, please be sure to adjust your print margins so that the signature boxes on the bottom do not get cut off when you print it.

Either application is acceptable as long as it contains all the required information. Any questions may be directed to [mde-schoolnutrition@michigan.gov](mailto:mde-schoolnutrition@michigan.gov) or 517-241-5374.

## Community Eligibility Provision (CEP)

USDA requires that all districts declare their intentions concerning participation in CEP by June 30. It had previously been stated that the only way to do that was to complete and submit the CNP: School Nutrition 2019 Application. To alleviate any time constraints the following can be done in lieu of completing the application in its entirety:

1. Initiate the CNP: School Nutrition 2019 Application
2. Go to the Sponsor Information Page
3. Complete this page including question #12 concerning CEP participation
4. SAVE the page

If this is done by June 30, the notification will be considered complete and you will have until the end of August to finish and submit the rest of the application. If you have any further questions or need assistance, contact Pam Baker at 517-241-2096 or [BakerP8@michigan.gov](mailto:BakerP8@michigan.gov).

## June Monthly Training Topics

Attached are two monthly training topics: Professional Standards and Indirect Costs in the Nonprofit School Food Service Account. Please note that a separate attachment goes with the Indirect Costs in the Nonprofit School Food Service Account training topic, and a copy of this attachment can be requested by contacting the Fiscal and Administrative Services, by email to [MDE-Fiscal@michigan.gov](mailto:MDE-Fiscal@michigan.gov) or by calling the Fiscal main office line at 517-241-5348. We hope you find this information helpful.

## Summer Food Service Program (SFSP) Newsletter

Visit [SFSP Newsletter](#)<sup>iii</sup> for the latest issue of the SFSP Newsletter.

## School Meals Overview (SMOT) Training

There is still room available in the SMOT Training that will be held at Bay de Noc Community College in Escanaba on August 14-16, 2018. Registration is required.

Important Note: It is highly recommended you make your hotel reservation as soon as possible. This training falls in the middle of the week of the UP State Fair, which is held in Escanaba.

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<sup>i</sup> [https://www.michigan.gov/documents/mde/New\\_Free\\_Lunch\\_Form\\_300pm\\_625611\\_7.pdf](https://www.michigan.gov/documents/mde/New_Free_Lunch_Form_300pm_625611_7.pdf)

<sup>ii</sup> [https://www.michigan.gov/mde/0,4615,7-140-66254\\_50144-194552--,00.html](https://www.michigan.gov/mde/0,4615,7-140-66254_50144-194552--,00.html)

<sup>iii</sup> [https://w3.michigan.gov/documents/mde/Michigan\\_Summer\\_Meals\\_Newsletter\\_June\\_2018\\_625602\\_7.pdf](https://w3.michigan.gov/documents/mde/Michigan_Summer_Meals_Newsletter_June_2018_625602_7.pdf)

## Professional Standards

### What are Professional Standards?

Professional Standards are minimum education and training requirements established by the United States Department of Agriculture (USDA) for school nutrition professionals who manage and operate the National School Lunch and School Breakfast Programs.

Purpose: 1) Create minimum hiring standards for school nutrition directors based on school district or Local Educational Agency (LEA) size, and 2) require minimum annual training for all new and current school nutrition staff.

### Review of Professional Standards Requirements

#### 1. Hiring Standards for a New School Nutrition Program Director

New directors are subject to meeting education requirements based on LEA student enrollment size and categories. As enrollment increases, program demands and complexities require different educational requirements.

Who is considered a new director?

- A person hired on or after July 1, 2015

What documentation is needed to support new director hiring?

- Documentation that supports the highest level of education achieved, e.g., diploma, certificate, school transcripts
- Documentation that demonstrates the actual years of relevant experience

What are the sizes of the three LEA enrollment categories?

- LEAs with a student enrollment of 10,000 or more
- LEAs with a student enrollment of 2,500-9,999
- LEAs with a student enrollment of 2,499 or less
- For LEAs with fewer than 500 students: State agency has discretion to approve hiring of a director with a HS diploma but less than 3 years of experience
  - Contact the Michigan Department of Education (MDE): these types of situations are handled on a case-by-case basis

What if an LEA does not comply with hiring standards?

- Nonprofit school food service account cannot be used to pay the salary of a new director who does not meet the hiring standards
  - USDA memo SP 38-2016 Q and As

### Key Points:

- Current directors may remain in their current positions without meeting the hiring standards. (they are grandfathered)
- Current directors may fill a new director position for the same LEA enrollment category or smaller without meeting the hiring standards
- Current directors must meet the hiring standards for the larger LEA enrollment category when applying for a director position within the larger enrollment category
- For a new director, at least 8 hours of food safety training is required within not more than 5 years prior to their starting date or completed within 30 days of their start date

## 2. Training Standards for All School Nutrition Program Employees

Annual training requirements are needed for directors, managers, and staff. Training needs are best assessed by an employee, in consultation with his/her manager or director.

What are the definitions of the employee categories?

- Program director: individual responsible for day-to-day management of operations of school nutrition programs for all participating schools in a School Food Authority (SFA); regardless of its size, an SFA typically only has one director
- Managers: individuals responsible for day-to-day management of operations of school nutrition programs for a participating school, e.g., a HS cafeteria manager
- Staff: individuals without managerial duties involved in routine operations, e.g. cashiers at point of service, person who processes applications, or a cook

How many hours of training does each employee need in a year?

- Director - 12 hours
- Managers - 10 hours
- Staff working at least 20 hours/week - 6 hours
- Part-time staff (working less than 20 hours per week) - 4 hours
  - Non-program staff (defined as persons who provide support to, but are not specifically involved in, the operation of the school nutrition program, e.g., teacher who counts meals in a classroom, custodian who cleans the cafeteria) – no specified annual training hour requirements but should receive job-specific training related to their duties.

What is considered a year?

- The period of July 1 – June 30

What types of training can be used?

- A variety of formats may be used: virtual/web-based, in-person, in-house, conferences.

Where can I find good sources of training information to use?

- State agency training, Institute of Child Nutrition (ICN), School Nutrition Association (SNA/SNAM)
  - Always vet the training to make sure it is current with USDA regulations and is accurate

Are excess annual training hours allowed to be carried over?

- MDE allows for excess annual training hours to be carried over to an immediately previous or an immediately subsequent school year
- Some training hours must be completed annually
  - All employees need annual civil rights training

How do I track employee training hours?

- USDA Professional Standards Training Tracker Tool
- MDE Excel Tracking Sheet

What documentation is needed to support employee training?

- Keep supporting documentation for all trainings, e.g., agendas, certificate of completion, sign-in sheets

Key Points:

- Training must be job-specific and intended to help employees perform their duties well.
- Training is measured in hours and may include shorter time periods. MDE recommends at least 15 minutes per training segment
- Tracking tools are available to help document completed training
- Employees hired after January 1 only need to complete half of the required annual training hours
- Training standards apply to food service management staff and vended meal staff working at a sponsor's site
- SFA must have available a current list of nutrition staff that shows the following: name of staff person, date hired, title/position, brief description of job duties, employment status (FT, PT), job category (manager, staff, etc.)

For more information about Professional Standards, please review the USDA memo [SP 38-2016: Q & As on Professional Standards](#)<sup>i</sup> and visit the USDA [Guide to Professional Standards for School Nutrition Programs](#)<sup>ii</sup> and [MDE Professional Standards webpage](#).<sup>iii</sup>

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<sup>i</sup> <http://www.fns.usda.gov/sites/default/files/cn/SP38-2016os.pdf>

<sup>ii</sup> [http://www.fns.usda.gov/sites/default/files/tn/ps\\_guide-highres.pdf](http://www.fns.usda.gov/sites/default/files/tn/ps_guide-highres.pdf)

<sup>iii</sup> [http://www.michigan.gov/mde/0,4615,7-140-66254\\_50144\\_76830---,00.html](http://www.michigan.gov/mde/0,4615,7-140-66254_50144_76830---,00.html)

**Michigan Department of Education  
Office of Health and Nutrition Services  
Fiscal and Administrative Services**

Indirect Costs in the Nonprofit School Food Service Account (NSFSA)

**Indirect Costs Summary and Guidance**

Funds in the NSFSA must be spent solely on the School Meals Programs (SMPs). Program regulations at 7 CFR 210.14 and 220.13(i) require a School Food Authority (SFA) to establish a NSFSA, in which all reimbursements and other revenues from all food service operations conducted by the SFA, principally for the benefit of school children, are retained and used **only** for the operation or improvement of the SMPs. Therefore, the SFA must maintain a NSFSA to accomplish two goals:

- 1) To ensure that the school food service operates on a nonprofit basis, and
- 2) To safeguard assets of the school food service and ensure that they are used only for authorized purposes.

An SFA is the steward of the NSFSA and maintains the funds available for the SMPs. In that role, it is important for the SFA to monitor costs charged to this account. The SFA is charged with ensuring that only allowable costs are paid with NSFSA funds and costs are properly classified as direct or indirect.

The current guidance regarding direct and indirect costs is [USDA SP 60-2016](#). It was released September 30, 2016. Additional guidance is found in the Uniform Guidance in 2 CFR Part §200.412-200.415. A cost item must be treated consistently as direct or indirect in all activities of the SFA unless legislation, regulations, or guidance from an awarding agency dictates otherwise. A cost may not be assigned to a Federal award as a direct cost if that same cost, incurred for the same purpose, in similar circumstances, has been allocated to other Federal awards as an indirect cost.

Direct costs are incurred specifically for a program and can be readily identified to a particular objective such as the school food service program. Examples of direct costs include, but are not limited to: food, wages and salaries of staff working in food service, supplies and equipment which are specifically used in food service.

Indirect costs are incurred for the benefit of multiple programs and therefore cannot be readily identifiable specifically for one program. Costs that cannot be exclusively attributable to the SMPs must be treated as indirect costs. Indirect costs typically support maintenance and operations such as custodial, trash and utilities and administrative overhead functions such as accounting, human resources and payroll.

[USDA SP 60-2016](#) appendix D includes a valuable chart that lists typical costs and their classification as either a direct or indirect cost. Costs are required to be treated consistently across all other programs. Here are some questions to help determine if a cost is direct or indirect:

- Does the cost benefit multiple programs or other cost objectives, or solely the school food service?
- Does the cost have a direct relationship to the school food service?
- What guidance do the Federal cost principles provide for this cost?
- How are similar costs treated in other cost objectives of the SFA?
- How has this cost been treated historically by the SFA?

## Calculating Indirect Costs

Indirect costs must be calculated and charged with the approved methodology as outlined in [USDA SP 60-2016](#). To calculate indirect costs the SFA should begin by calculating the modified direct cost base. This is done by beginning with the total of all allowable expenditures for the food service program and then excluding capital outlay, excluding all food costs and items for resale and excluding contracts amounts over \$25,000. To be clear, each contract can be included in the modified direct cost base, but only for a maximum of \$25,000 per contract.

Michigan Department of Education (MDE) publishes a report annually which includes the approved indirect cost rates for all public schools. The unrestricted rate is then applied to the modified direct cost base to determine the maximum allowable indirect costs that can be charged to the food service program. SFAs must use the unrestricted rate published by MDE and limit the indirect cost rate to a maximum of 15% if the approved unrestricted indirect cost rate exceeds 15%.

Non-public schools and residential child care institutions (RCCIs) follow the same calculation but may use a maximum of 10% for the indirect cost rate.

All SFAs must perform these calculations and keep adequate documentation on file if indirect costs are charged to the NSFSAs. MDE is required to ensure that the calculation is being done properly and that the SFA can demonstrate the knowledge on how to calculate the SFA's maximum allowable indirect costs regardless of the actual amount of indirect costs charged to food service program. An SFA does not have to take the maximum allowable amount for indirect costs. However, the SFA cannot exceed their maximum allowable amount. If the maximum allowable amount for indirect costs is exceeded, MDE must require that the SFA reimburse the NSFSAs for the amount in excess.

Included with this training, MDE has developed a template for indirect cost calculations. This template may be used for calculating indirect costs, although the calculation methodology is required this template is not mandatory. An SFA may use other avenues for charging indirect costs provided the calculations are done in accordance with the approved methodology and adequate supporting documentation is maintained on file.

## Monitoring

During a Resource Management (RM) Review in which indirect costs are charged to the NSFSAs, the following will be reviewed:

- Indirect Costs Calculations Supporting Documentation
- Detailed General Ledger to confirm Indirect Costs charged to the NSFSAs
- FID School Meals Report or School Lunch Year End Report (SLYER) to confirm Indirect Costs reported

Findings are typically issued in a RM Review when the following are discovered:

- Direct costs that benefit multiple programs charged to the NFSFA but not treated consistently across all other programs
- Indirect costs charged improperly without the required methodology
- Indirect costs calculations supporting documentation not available
- Indirect costs charged in excess of approved unrestricted rate
- Indirect costs exceeding the maximum allowable

Questions regarding Indirect Costs may be directed to the Office of Health and Nutrition Services, Fiscal and Administrative Services, Fiscal Monitoring Unit, by email to [MDE-Fiscal@michigan.gov](mailto:MDE-Fiscal@michigan.gov) or by calling the Fiscal main office line at 517-241-5348.

### **Resources**

[USDA Policy Memo SP 60-2016](#)

<http://www.fns.usda.gov/sites/default/files/cn/SP60-2016os.pdf>

[Indirect Cost Guidance](#)

Indirect Cost Guidance <https://www.fns.usda.gov/indirect-cost-guidance>