

Office of Health and Nutrition Services

Fiscal and Administrative Services Monitoring Team

Completing the Excess Fund Balance Spend Down Plan of Action Form

This document provides instructions to assist Sponsors with completing the Spend Down Plan Action process for an Excess Fund Balance.

Introduction

Because Child Nutrition Programs must operate a Non-profit Food Service Account (NFSA), Sponsors are required to limit their fund balance and invest the proceeds back into the food service program to benefit children. Three-months average expenditures are allowed in what is called the Net Cash Resources or a Sponsor's Allowable Fund Balance. An Excess Fund Balance (EFB) occurs when the NFSA Fund Balance exceeds three months average expenditures (Allowable Fund Balance) at year end.

Spend Down Plan of Actions (POA) are required by the Michigan Department of Education (MDE) for all Sponsors with an EFB at year end. Sponsors must take steps to reduce its Net Cash Resources through an acceptable Spend Down POA for at least the entire amount in excess funds. Since program funds must be used only for food service program purposes, excess funds must be reduced by investing in the program through improving the quality of food served, purchasing needed supplies, services, or equipment, or by adding staffing. Feel free to inquire about additional ways to reinvest back into your program.

This help guide is intended to assist Sponsors as they complete the Spend Down POA form in the Grant Electronic Monitoring System / Michigan Administrative Review System (GEMS/MARS).

This guide will cover:

- I. Timeline for the Excess Fund Balance Notification
- II. Completing EFB Spend Down Plan of Action form in GEMS/MARS
- III. Carryover Request
- IV. Document Upload Section
- V. Completing the Certification Section
- VI. Requesting a Carryover Extension after the Spend Down POA has been Approved
- VII. Resources
- VIII. Contact Information

I. Timeline for the Excess Fund Balance Notification

MDE assesses Net Cash Resources (Fund Balance) through the Financial Information Database (FID) School Meals Report or the Child Nutrition Program Year End Report (CNP-YER) each fall to determine the amount of excess funds a Sponsor has.

EFB notices are typically sent out in January/February each year from the GEMS/MARS system. The email notices are sent to the Sponsor's Superintendent, Business Manager, Food Service Director, and Partnership Agreement Liaison (PAL) (if applicable). For Public School Academies, notices are also sent to School Board Presidents and Chartering Authorizers.

The Spend Down POA must be completed and submitted by **March 14, 2023**.

II. Completing EFB Spend Down POA form in GEMS/MARS

1. Log into GEMS/MARS

- [MILogin - Login \(michigan.gov\)](https://milogin.michigan.gov)ⁱ

2. Completing the EFB Spend Down (POA) form along with a Carryover Extension if necessary.

- A carryover extension request can be submitted the same time as the Spend Down POA form by following the steps outlined.
- All sponsors who received an EFB notice are required to complete a Spend Down POA form per regulation.

3. Spend Down POA form

A. **District Name:** This field is prepopulated

B. **District Agreement Number:** This field is prepopulated

At the bottom of the page, you can save your progress and return later or submit when finished.

Response

This form must be completed, saved, and submitted on the Submit Documents Page within two (2) weeks of MDE's notification letter.

District name

District Agreement Number:

C. **How many items are you purchasing?** - Use the drop down to select the number of items the sponsor is purchasing.

Districts with excess funds remaining at the end of the school year should use the funds for allowable expenses, such as improving feeding sites or food preparation facilities, improving the food quality or expenses related to Child Nutrition Programs operated by the agency.

How many items are you purchasing?

- i. Do not select more lines than needed. A description and amount are required for each open line item.
- ii. The number of lines you select will open in the “Items to be purchased” section.

D. **Will all items be purchased and paid for by June 30, 2023? If not, you will need approval to carryover all or a portion of the Spend Down POA** – Use the drop down to select **Yes** or **No** to request a carryover extension.

- i. Select **Yes** if items will be purchased and paid for by June 30, 2023.
 - a. If Sponsor answers “Yes” you do not need to check the “Carryover Boxes” in the next section.

Will all items be purchased and paid for by June 30,2023? If not, you will need approval to carryover all or a portion of the spend down plan of action.

- b. Select **No** if items will **not** be purchased by June 30, 2023.
- c. If Sponsor answers “No” you will need to select the “Carryover Boxes” in the next section for each item that needs to be carried over into the next school year.
- d. If Sponsor answers “No” enter the date you plan to resolve the excess fund balance. **Enter a date no later than June 30, 2024.**

Will all items be purchased and paid for by June 30,2023? If not, you will need approval to carryover all or a portion of the spend down plan of action.

Date you plan to resolve the excess fund balance:

E. Enter Item descriptions and amounts. In the line(s) provided, identify the areas in which excess funds will be spent for Child Nutrition Programs during the school year 2022-2023.

- i. Enter the description of items to be purchased. Multiple like items can be combined on the same line with the quantity indicated. Use separate lines to differentiate between unlike items. For example: two steam kettles or three convection ovens can be placed on the same line.

Item(s) to be purchased	Estimated Cost	Food Service Exclusive	FS Amount
Two Steam Kettle	\$12,600.00	<input checked="" type="checkbox"/>	\$12,600.00
Three Convection Oven	\$22,500.00	<input checked="" type="checkbox"/>	\$22,500.00

- ii. Enter the estimated cost of the items to be purchased.
- iii. Check the box if the item will be used exclusively by food service.
 - a. Exclusive to food service items are items used only by food service and are not shared with other programs.
 - b. If items are shared with another program or will benefit another program other than food service do not check the exclusive box.
 - c. Enter the amount of the purchase which applies to Food Service (FS) and the amount that applies to the General Fund (GF) if the items are shared. FS cannot pay for the portion of items that benefit other programs. The Total of the FS Amount plus the GF Amount should equal the Estimated Cost.

F. The Total Cost of items must be equal to or greater than the excess fund balance.



Only enter new items on the POA. Items carried over from prior school year are included in the MDE Approved Carryover from prior school year amount, therefore they don't need to be entered on the plan or carried over again.

See the example of a shared cost below:


In this example, the Cafeteria Tables and Chairs are shared with other programs. The cost of the furniture is covered by both FS and the GF (FS amount \$32,000 and GF amount \$3,000).

Item(s) to be purchased	Estimated Cost	Food Service Exclusive	FS Amount	General Fund Amount	Check if item will not be expended by June 30th	Carryover Amount
Steam Kettle	\$6,300.00	<input checked="" type="checkbox"/>	\$6,300.00		<input type="checkbox"/>	
Convection Oven	\$7,500.00	<input checked="" type="checkbox"/>	\$7,500.00		<input type="checkbox"/>	
Cafeteria Tables and Chairs	\$35,000.00	<input type="checkbox"/>	\$32,000.00	\$3,000.00	<input type="checkbox"/>	
Walk In Freezer	\$23,000.00	<input checked="" type="checkbox"/>	\$23,000.00		<input type="checkbox"/>	


III. Carryover Extension

1. **Check the box if the items will not be expended by June 30, 2023.** By checking this box, you are requesting a carryover extension which allows Sponsors to purchase items up to one additional year. Check the carryover extension box:
 - A. If you know right away that the items will not be purchased or paid for by June 30, 2023.
 - B. If you answered “No” to “Will all items, be purchased and paid for by June 30, 2023?”
 - C. If multiple like items are listed on the same line but carryover is only needed for some of the items, they should be separated on different lines to properly capture the exact item and amount needed for carryover purposes.
 - D. The amount in the FS Amount field will automatically populate in the Carryover Amount field if the box is checked.

Item(s) to be purchased	Estimated Cost	Food Service Exclusive	FS Amount	General Fund Amount	Check if item will not be expended by June 30th	Carryover Amount
Steam Kettle	\$6,300.00	<input checked="" type="checkbox"/>	\$6,300.00		<input checked="" type="checkbox"/>	\$6,300.00
Convection Oven	\$7,500.00	<input checked="" type="checkbox"/>	\$7,500.00		<input checked="" type="checkbox"/>	\$7,500.00
Cafeteria Tables and Chairs	\$35,000.00	<input type="checkbox"/>	\$32,000.00	\$3,000.00	<input checked="" type="checkbox"/>	\$32,000.00
Walk In Freezer	\$23,000.00	<input checked="" type="checkbox"/>	\$23,000.00		<input checked="" type="checkbox"/>	\$23,000.00



Your Estimated Costs – the amount(s) will automatically format to currency

 The form will error if the fields in the “Items to be Purchased” section are left blank

Item(s) to be purchased	Estimated Cost	Food Service Exclusive	FS Amount	General Fund Amount	Check if item will not be expended by June 30th	Carryover Amount
Steam Kettle	\$6,300.00	<input checked="" type="checkbox"/>	\$6,300		<input checked="" type="checkbox"/>	\$6,300.0
Convection Oven	\$7,500.00	<input checked="" type="checkbox"/>	\$7,500		<input checked="" type="checkbox"/>	\$7,500.0
Cafeteria Tables and Chairs	\$35,000.00	<input type="checkbox"/>	\$32,000	\$3,000	<input type="checkbox"/>	\$32,000.0
		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
You must fill out the entire line.		You must enter in currency format like: \$3,456.12				

IV. Document Upload Section

1. Use the Training Documentation upload section to submit training certificates received by the Business Contact and Food Service Director for completing the [EFB Online Training](#) course.
2. Use the Supporting Documentation upload section to attach supporting documentation for the items on the Spend Down Plan.
3. To upload documents, drag and drop files in the space provided or select the “Upload” link to browse and attach supporting documents.

Training Documentation:

Online training is required for all Sponsors with an EFB. The training must be completed by both your Business Contact and Food Service Director. Please complete the training here: [Excess Fund Balances \(EFB\)](#)

Upload the training certificates below for both contacts before submitting the Spend Down Plan of Action.

Upload your Training Documentation for your Business Contact Here:

Drop files here or click to upload

File Name	File Size	
Business Manager EFB certificate.pdf	82.8 KB	Remove

Upload your Training Documentation for your Food Service Director:

*Drop files here or click to upload

File Name	File Size	
FSM EFB Certificate.pdf	82.5 KB	Remove

Supporting Documentation:

Upload additional supporting documentation (if applicable)

Drop files here or click to upload

File Name	File Size	
FS Staff Wage Plan Bonus 2023-24.pdf	82.5 KB	Remove



Additional details or supporting documentation is required when the following items are included on the Spend Down POA.

- **Kitchen, Serving Line, or Cafeteria Renovations or Remodels:** Scope of the project, are there any shared costs, etc.
- **Increasing food quality** must be quantified and explained to support the determined estimated additional cost. What food quality changes are planned to increase food cost over and above your existing menu offerings?
- **Food Service staff wage increases and/or bonuses** - Provide details to outline the wage increase or bonus program including position, amounts, date implemented, and/or date of pay out. Typically, bonuses are not allowed to be paid retroactively. Wage increases and bonuses must meet the following to be allowable: pre-determined, measurable, reasonable, with metrics and terms set in advance, and structured in a way that is not detrimental to the quality or intended purpose of the program.
- **Unique items:** provide the scope/purpose for MDE to assess allowability

V. Completing the Certification Section

1. **Save and Close**
2. **Return to the previous page to “Submit” the Spend Down Plan of Action form to MDE.**

Certification

By typing my name in the box below, I certify that to the best of my knowledge and belief, this information is true and correct in all respects and that records are available to support this statement if requested. I certify there were no excess funds at the end of the school year and the funds will be spent by June 30, 2023, as identified in the form above.

Certifying Official*

Title

Email Address

Date

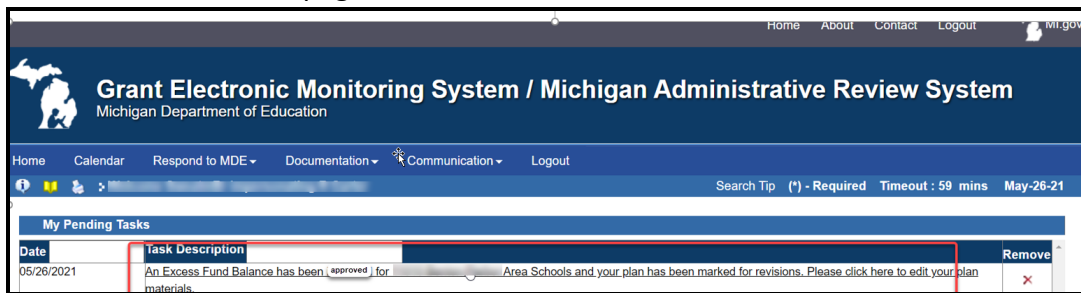
*Cannot be an FSMC employee

Once you have completed the above form, please make sure that you click the “submit” button on the previous page. You will first click the “save/close” button on this page, and then click the “submit” button on the previous page.

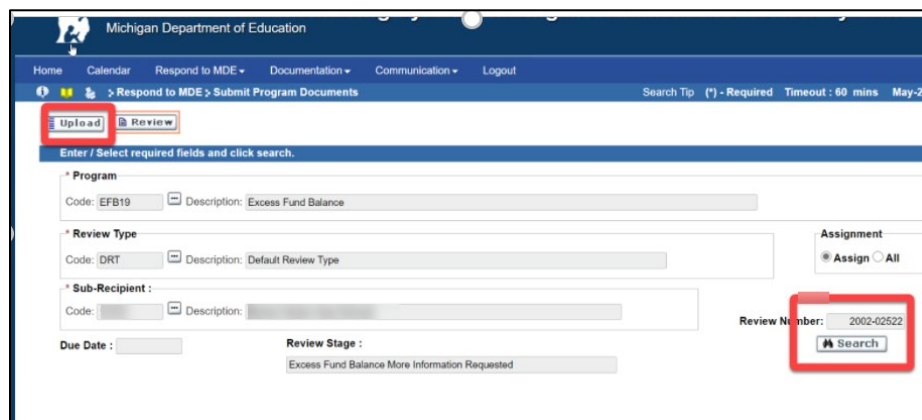
VI. Requesting a Carryover Extension after the Spend Down POA has been Approved

If you determine that items on the plan will not be purchased by June 30, 2023, after the Spend Down Plan is already approved, Sponsors can return to the form later to request a carryover extension. Carryover Extensions must be submitted by June 15, 2023, to be reviewed and approved by MDE prior to the spend down deadline of June 30, 2023.

1. Go to the link that says “Excess Fund Balance has been approved” by following the link on the GEMS/MARS home page.



2. On this page select “Upload” then select “Search”



3. Select the Plan of Action link.

Submission of Documents			
#	Type	Document	Document Name
1		Attachment	Miscellaneous
2		Questionnaire	Plan of Action (2022-2023)

4. Check the Box next to each item that requires a carryover extension.

Item(s) to be purchased	Estimated Cost	Food Service Exclusive	FS Amount	General Fund Amount	Check if item will not be expended by June 30th	Carryover Amount
Steam Kettle	\$6,300.00	<input checked="" type="checkbox"/>	\$6,300.00		<input checked="" type="checkbox"/>	\$6,300.00
Convection Oven	\$7,500.00	<input checked="" type="checkbox"/>	\$7,500.00		<input type="checkbox"/>	
Cafeteria Tables and Chairs	\$35,000.00	<input type="checkbox"/>	\$32,000	\$3,000.00	<input type="checkbox"/>	

5. **Save and Close**

6. **Return to the previous page to “Submit” the plan.**

VII. Resources

Check out our Fiscal Monitoring Team’s resources for Equipment and Excess Fund Balances at [MDE - Equipment and Excess Fund Balance \(michigan.gov\)](https://mde.state.mi.us/mdedocuments/NutritionTrainingFiles/FASTExcessFundBalances/index.html#/)ⁱⁱⁱ for guidance, requirements, training and reinvestment ideas for Spend Down POA.

VIII. Contact Information

Please contact the Fiscal and Administrative Services Monitoring Team at:

MDE-Fiscal@michigan.gov

517-241-5380

ⁱ <https://milogintp.michigan.gov/eai/tplogin/authenticate?URL=/>

ⁱⁱ <https://mdoe.state.mi.us/mdedocuments/NutritionTrainingFiles/FASTExcessFundBalances/index.html#/>

ⁱⁱⁱ https://www.michigan.gov/mde/0,4615,7-140-66254_72817-544743--,00.html