



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

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GOVERNOR

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STATE SUPERINTENDENT

**FOOD SERVICE**

**ADMINISTRATIVE MEMO NO. 5  
SCHOOL YEAR 2021-2022**

**SUBJECT:** State School Aid Act – Sections 31a, 31d, and 31f

**DATE:** May 25, 2022

**The purpose of this memo is to:**

- **Provide guidance for State School Aid Act-Sections 31a, 31d, and 31f related to School Meals Programs**
- **Communicate coding requirements for those funds**
- **Share reporting expectations**

**Section 31a (6) At Risk**

Section 31a (6) of the State School Aid Act, MCL 388.1631a(5), relates to funds provided to eligible school districts and eligible public-school academies that run a school breakfast program under Section 1272a of the Revised School Code. An amount, not to exceed \$10.00 per eligible pupil, must be used to pay for costs necessary to run the school breakfast program. The amount of the funds for school food service from Section 31a (6) is determined by multiplying \$10.00 by the adjusted free eligible count reported by the Office of State Aid. This amount must be properly allocated to the School Meals Program, Non-profit Food Service Account (NFSA).

Funds received under Section 31a (6) should be regarded as State Restricted Revenue in the School Meals Program, NFSA (Food Service Fund 25, Major Class 312 Restricted-State Revenues, and Suffix 0020). For financial reporting purposes, record expenditures of the Section 31a (6) to the At-Risk grant code (306x) in Food Service Fund 25.

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### **Section 31d Reimbursement to Districts Providing School Lunch Programs**

Section 31d of the State School Aid Act, MCL 388.1631d, relates to funds provided to school districts and other eligible entities under this section. K-12 public school districts are reimbursed for 6.0127% of the necessary costs of running the state mandated school lunch program. The current year allowance payments are estimates and paid in eleven (11) equal installments. These funds must be properly allocated to the School Meals Program, NFSA. After determining the actual total amount of the payment in the spring of the following year, a positive or negative adjustment is made to Section 31d and listed on the State Aid Financial Status Report under Prior Year Adjustments.

Intermediate School Districts (ISDs), public school academies, and non-K-12 districts are not mandated under Section 1271a of the Revised School Code, MCL 380.1272a, to run a school lunch program. Payments made under Section 31d are limited to an amount not to exceed \$10.00 per 31a eligible pupil, plus up to \$0.05 for every free lunch, and up to \$0.02 for every reduced-price lunch, if costs exceed verified revenues, up to the statewide average. The current year allowance payments are estimates and paid in eleven (11) equal installments.

These estimates are reconciled every year, and the reconciliation amount is paid annually. This reconciled amount can be positive or negative and is reflected on the State Aid Financial Status Report under Prior Year Adjustments.

Funds received under Sections 31d should be recorded as State Restricted Revenue in the School Meals Program, NFSA (Food Service Fund 25, Major Class 312 – Restricted State, and Suffix 0110 – School Food).

Districts must report costs under the proper state grant code for each school meal program it runs. For financial reporting purposes, record expenditures of the 31d funds to the grant code (310x) in Food Service Fund 25.

### **Section 31f Breakfast Program Costs; Reimbursement Payments**

Section 31f of the State School Aid Act, MCL 388.1631f, relates to funds provided to eligible school districts, ISDs, and public-school academies as supplemental reimbursement for the cost of providing breakfast. Payment under this section is at a per meal rate equal to the lesser of the district's actual costs or 100% of an efficiently run breakfast program, as determined, and approved by the department, less federal reimbursement, participant payments, and other state reimbursement (see 31a (6) above). These funds are paid annually as a prior year adjustment and must be properly allocated to the School Meals Program, NFSA.

Funds received under Section 31f should be recorded as State Restricted Revenue in the School Meals Program, NFSA (Food Service Fund 25, Major Class 312 – Restricted State, and Suffix 0110 – School Food). Entities must report costs under the proper state code for each school meal program it runs for financial reporting purposes, record expenditures of the 31f funds to the grant code (311x) in Food Service Fund 25.

### **Monitoring of Sections 31a (6), 31d, and 31f**

Funds from Sections 31a (6), 31d, and 31f must be used for the general operation and improvement of the National School Lunch Program and School Breakfast Program. According to federal United States Department of Agriculture (USDA) regulation 7 CFR 210.14 (a), revenues received by the School Meals Program, NFSA are to be used only for the operation or improvement of such food service. Michigan Department of Education (MDE) will monitor the Financial Information Database (FID) School Meals Report Fund 25 data reported to ensure supplemental expenditures are accurately accounted for.

### **Implications of Improper Reporting of Sections 31a (6), 31d, and 31f**

Expenditures of federal funds received under the National School Lunch Program (NSLP) should be coded to the federal NSLP grant code (851x). Federal expenditures received under the School Breakfast Program (SBP) should be coded to the federal SBP grant code (850x).

Proper coding is essential to maximize potential State Aid Funding. Expenditures improperly coded for Sections 31a (306x), 31d (310x), and 31f (311x), in addition to expenditures for the SBP (850x) and NSLP (851x) may result in a reduction or complete loss of Section 31d allowance, and a calculation of zero for Section 31f.

If you have questions about these funds, please contact the Fiscal and Administrative Services Team at [MDE-Fiscal@michigan.gov](mailto:MDE-Fiscal@michigan.gov) or 517-241-5380.