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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **779**

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to education finance; eliminating a requirement for contracted school
1.3 food service vendors to make certain deficit payments; amending Minnesota
1.4 Statutes 2008, section 124D.111, subdivision 3.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2008, section 124D.111, subdivision 3, is amended to
1.7 read:

1.8 Subd. 3. **School food service fund.** (a) The expenses described in this subdivision
1.9 must be recorded as provided in this subdivision.

1.10 (b) In each district, the expenses for a school food service program for pupils must
1.11 be attributed to a school food service fund. Under a food service program, the school
1.12 food service may prepare or serve milk, meals, or snacks in connection with school or
1.13 community service activities.

1.14 (c) Revenues and expenditures for food service activities must be recorded in the
1.15 food service fund. The costs of processing applications, accounting for meals, preparing
1.16 and serving food, providing kitchen custodial services, and other expenses involving the
1.17 preparing of meals or the kitchen section of the lunchroom may be charged to the food
1.18 service fund or to the general fund of the district. The costs of lunchroom supervision,
1.19 lunchroom custodial services, lunchroom utilities, and other administrative costs of the
1.20 food service program must be charged to the general fund.

1.21 That portion of superintendent and fiscal manager costs that can be documented as
1.22 attributable to the food service program may be charged to the food service fund provided
1.23 that the school district does not employ or contract with a food service director or other
1.24 individual who manages the food service program, or food service management company.

2.1 If the cost of the superintendent or fiscal manager is charged to the food service fund,
2.2 the charge must be at a wage rate not to exceed the statewide average for food service
2.3 directors as determined by the department.

2.4 (d) Capital expenditures for the purchase of food service equipment must be made
2.5 from the general fund and not the food service fund, unless two conditions apply:

2.6 (1) the unreserved balance in the food service fund at the end of the last fiscal year is
2.7 greater than the cost of the equipment to be purchased; and

2.8 (2) the department has approved the purchase of the equipment.

2.9 (e) If the two conditions set out in paragraph (d) apply, the equipment may be
2.10 purchased from the food service fund.

2.11 (f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit
2.12 is not eliminated by revenues from food service operations in the next fiscal year, then the
2.13 deficit must be eliminated by a permanent fund transfer from the general fund at the end of
2.14 that second fiscal year. ~~However, if a district contracts with a food service management~~
2.15 ~~company during the period in which the deficit has accrued, the deficit must be eliminated~~
2.16 ~~by a payment from the food service management company.~~

2.17 (g) Notwithstanding paragraph (f), a district may incur a deficit in the food service
2.18 fund for up to three years without making the permanent transfer if the district submits
2.19 to the commissioner by January 1 of the second fiscal year a plan for eliminating that
2.20 deficit at the end of the third fiscal year.

2.21 (h) If a surplus in the food service fund exists at the end of a fiscal year for three
2.22 successive years, a district may recode for that fiscal year the costs of lunchroom
2.23 supervision, lunchroom custodial services, lunchroom utilities, and other administrative
2.24 costs of the food service program charged to the general fund according to paragraph (c)
2.25 and charge those costs to the food service fund in a total amount not to exceed the amount
2.26 of surplus in the food service fund.

2.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.