

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 1003\*

Short Title: Child Nutrition Program Solvency and Support. (Public)

Sponsors: Representative Howard (Primary Sponsor).  
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Health and Human Services.

May 21, 2012

A BILL TO BE ENTITLED

AN ACT (1) TO PROHIBIT LOCAL SCHOOL ADMINISTRATIVE UNITS FROM ASSESSING INDIRECT COSTS TO A CHILD NUTRITION PROGRAM UNLESS THE PROGRAM IS FINANCIALLY SOLVENT AND (2) TO APPROPRIATE FUNDS TO PROMOTE OPTIMAL PRICING FOR CHILD NUTRITION PROGRAM FOODS AND SUPPLIES, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE BASED ON RECOMMENDATIONS FROM THE PROGRAM EVALUATION DIVISION.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 115C-450 reads as rewritten:

"§ 115C-450. School food services.

(a) School food services shall be included in the budget of each local school administrative unit and the State Board of Education shall provide for school food services in the uniform budget format required by G.S. 115C-426.

(b) No local school administrative unit shall assess indirect costs to a child nutrition program unless the child nutrition program's food services account balance is greater than an average month's cost of operation for the child nutrition program. An average month's cost of operation shall be calculated and published by the Department of Public Instruction for each child nutrition program and shall be equal to the average of the three prior fiscal year's average monthly cost of operation. When calculating the average month's cost of operation for each child nutrition program, the Department of Public Instruction shall use the complete and final audited figures from each child nutrition program's operation. If complete and final audited figures for a given year are not yet available for a child nutrition program, the Department of Public Instruction may use projected figures but shall update the published average month's cost of operation once complete and final audited figures become available. As used in this subsection, the term "indirect costs" is as defined in the United States Office of Budget and Management Circular A-87, as revised, and the term "cost of operation" is as defined in G.S. 115C-264(c).

**SECTION 2.(a)** There is appropriated from the General Fund to the Department of Public Instruction, Division of School Support, Child Nutritional Services Section, the sum of eighty thousand dollars (\$80,000) in recurring funds for fiscal year 2012-2013. These funds shall be used to provide administrative support for the North Carolina Procurement Alliance to promote optimal pricing for child nutrition program foods and supplies.

**SECTION 2.(b)** Beginning October 1, 2013, and each year thereafter on October 1 for as long as the Department of Public Instruction receives the funding authorized by



1 subsection (a) of this section, the Department of Public Instruction shall report to the Joint  
2 Legislative Education Oversight Committee on the annual savings achieved through the  
3 increased participation of local school administrative units in the North Carolina Procurement  
4 Alliance.

5 **SECTION 3.** This act becomes effective July 1, 2012.