

ACTION BY: State Agencies

Matching of Funds

I PURPOSE

This Instruction provides information for State Agencies with respect to the matching requirements of Section 210.6 of the National School Lunch Program Regulations as they pertain to State revenues.

II AUTHORITY

Section 7 of the National School Lunch Act, as amended by Public Law 91-248 states, in part, that State revenues must make up a specified percentage of the total matching of Section 4 funds from sources within the State and that such State revenues shall be disbursed to schools, to the extent the State deems practicable, in such manner that each school receives the same proportionate share of such revenues as it receives of the funds apportioned to the State for the same year under Sections 4 and 11 of the National School Lunch Act and Sections 4 and 5 of the Child Nutrition Act of 1966.

III STATE REVENUES USED FOR ADMINISTRATIVE EXPENSES

State revenues used to finance State administrative costs are not eligible to be counted as State revenue matching funds. This extends to State revenues used to pay the salary and other personnel costs of State Agency employees even though such employees are stationed in the field or their work involves the supervision or review of individual school operations.

IV STATE REVENUES TRANSFERRED TO THE SCHOOL'S NONPROFIT LUNCH PROGRAM BY SCHOOL FOOD AUTHORITIES

Subparagraph (2) of Section 210.6(d) of the Regulations provides that any portion of State revenues made available to local schools under minimum foundation grants or other programs and transferred to the school's non-profit lunch program are eligible to be counted as State revenue matching.

DISTRIBUTION: AD, F1, FNS-E	MANUAL MAINTENANCE INSTRUCTIONS: New Instruction. Insert in Manual.	Page 1 November 15, 1971
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State Agencies must insure that the accounts of the school district and the school lunch program are maintained in such a manner that transfers of State revenues can be distinguished from transfers of local governmental revenues. Such accounts shall also identify the date of such a transfer of State revenues. Unless otherwise required by an existing accounting procedure, such transfers of funds are to be considered to be expended in connection with the school lunch program in the fiscal year in which the transfer is authorized.

V DISBURSEMENT OF STATE REVENUES

The National School Lunch Act and Section 210.6(e) of the Regulations provide that the State (as distinguished from the State Educational Agency) can determine the extent to which it is practicable for the State to disburse State revenue matching funds in such a manner that each school food authority receives the same proportionate share of such revenues as it receives of specified Federal assistance funds. The following situations can be deemed a State determination as to the practicability of disbursing State revenues pursuant to Section 210.6(e) of the Regulations:

A A State statute which prohibits the disbursement of State revenues to any class of School Food Authorities.

B A State statute which expressly sets forth the specific manner in which State revenues will be expended for school lunch purposes.

C State revenues made available under subparagraph (2) of Section 210.6(d) of the Regulations which are under the control of the School Food Authorities or local school officials.

D The amount of available State revenues which exceed the State matching requirement pursuant to paragraph (b) of Section 210.6 of the Regulations.

E The amount of available State revenues are considered too small on a per meal or per child basis to make differential allocations to schools practicable.


Deputy Administrator