

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

**SESSION LAW 2013-235  
HOUSE BILL 57**

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 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 program has a minimum of one month's operating balance. One month's operating balance shall be derived from net cash resources divided by one month's operating costs. "Net cash resources" means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities. When calculating the average month's operating balance, the Department of Public Instruction shall use the complete and final figures obtained from the annual financial report from each child nutrition program's operation. An average month's operating balance 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 years' monthly operating balances. If complete and final financial reports 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 operating balance once complete and final financial reports 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 "net cash resources" is as defined in 7 C.F.R. § 210.2.

**SECTION 2.** The North Carolina Procurement Alliance shall promote optimal pricing for child nutrition program foods and supplies.



**SECTION 3.** This act becomes effective July 1, 2013.

In the General Assembly read three times and ratified this the 24<sup>th</sup> day of June,  
2013.

s/ Daniel J. Forest  
President of the Senate

s/ Thom Tillis  
Speaker of the House of Representatives

s/ Pat McCrory  
Governor

Approved 10:32 a.m. this 3<sup>rd</sup> day of July, 2013