

# Creating a School Meals Charge Policy

All School Food Authorities (SFAs) participating in USDA's school meal programs are required to have a written and clearly communicated policy that addresses unpaid meal charges by July 1, 2017. When creating your policy, the focus should be on the parents and guardians responsible for providing funds for meal purchases; it should not have a negative impact on the students. A charge policy is **not** required if the SFA does not charge for student meals or if all schools in an SFA participate in the Community Eligibility Provision.

## Charge Policy

- The policy must explain how the SFA will handle situations where children eligible to receive reduced price or paid meals do not have money in their account or in hand to cover the cost of their meal at the time of service.
- SFAs have discretion in the development of their policy; it may vary depending on student grade levels.
- The policy must be provided in writing to all households at the start of each school year and to households transferring to the school district during the school year.
- The policy can be included in a back-to-school mailing with a meal application, the student handbook or online portals households use to access student accounts. It could also be provided again by mail, email or a note home the first time a household falls behind in payment.
- Simply posting the policy to the SFA's website does not meet the written requirement; it does not ensure the information reaches all households.
- The policy must also be provided in writing to all school or SFA-level staff responsible for policy enforcement. SFAs are encouraged to provide information about the policy to administrators to ensure they are familiar with and supportive of the policy.
- The policy should make clear that households can apply for meal benefits any time during the school year.
- The policy should ensure consistency with other SFA policies that address unpaid fees.

## Payment Options & Reminders

- \* Households must be notified of all payment methods used at the school, including any fees associated with specific payment options. At least one payment method must be free of charge.
- \* SFAs cannot exclusively require the use of an online payment system; an alternative option must be available.
- \* Any student who has money to purchase a reduced price or paid meal at the time of meal service must be provided a meal. SFAs may not use the student's money to repay previously unpaid charges if the student intended to use the money to purchase a meal that day.
- \* Involve appropriate staff when communicating with households who have unpaid meal charges. Schools may not enlist the assistance of unauthorized persons, such as parent volunteers, to follow up with payment reminders or debt collection efforts.

## Student Accounts with Remaining Funds

- When a child leaves the district or graduates, SFAs must attempt to return remaining student account funds. However, SFAs may allow households not approved for free or reduced price meals to donate their remaining funds to cover unpaid meal charges that were uncollectable.
- Households approved for reduced price meal benefits must receive a refund. Children approved for reduced price meals pay a maximum of 40 cents for lunch and 30 cents for breakfast; keeping the unused funds would result in the per meal price exceeding these amounts.

## Student Meals

- SFAs are encouraged to provide regular, reimbursable meals to all students who want one; however, USDA does not require SFAs to provide a meal to paid or reduced price students with a negative account balance unless the student has money at the time of meal service.
- An SFA may choose to provide an alternate meal; the alternate meal must accommodate special dietary needs.

Claiming Alternate Meal	Not Claiming Alternate Meal but Charging Student:	Not Claiming Alternate Meal and Not Charging Student:
<ul style="list-style-type: none"> <li>◆ Meal must meet meal pattern</li> <li>◆ The SFA must offer a full meal</li> <li>◆ Lunch: 5 components</li> <li>◆ Breakfast: 3 components/4 items</li> <li>◆ 2 kinds of milk must be offered</li> <li>◆ SFA may limit choices to less expensive options</li> <li>◆ If the student is not charged for the alternate meal, the SFA must pay for the meal with non-Federal funds</li> </ul>	<ul style="list-style-type: none"> <li>◇ Meal not required to meet meal pattern</li> <li>◇ Each item must be priced individually</li> <li>◇ Price charged is subject to non-program food regulations</li> <li>◇ Each item must meet Smart Snack guidelines</li> </ul>	<ul style="list-style-type: none"> <li>◇ Meal not required to meet meal pattern</li> <li>◇ Meal is provided free of charge</li> <li>◇ The cost of the food must be paid for with non-Federal funds</li> <li>◇ The meal does not have to meet Smart Snack guidelines</li> </ul>

## Debt Collection—Delinquent Debt vs. Bad Debt

- The collection of unpaid meal charges should be included in the SFA's policy.
- Unpaid meal charges are classified as "delinquent debt" as long as it is considered collectable and reasonable efforts are being made to collect it.
- A debt owed to the SFA's nonprofit food service account remains on the accounting documents until it is either collected or is determined to be uncollectable and written off.
- Unpaid meal charge debt may be carried over from year to year.
- When local officials determine further collection efforts for delinquent debt are useless or too costly, the debt must be reclassified as "bad debt."
- Bad debt must be written off as an operating loss.
- School food service funds may not be used to cover costs related to the bad debt.
- A transfer using non-Federal funds such as the school district's general fund, special funding from State or local governments or any other non-Federal sources must be made to the nonprofit food service account to cover these losses.
- Once delinquent meal charges are converted to bad debt, records relating to those charges must be maintained in accordance with record retention requirements.

### Resources

- SP 23-2017: *Unpaid Meal Charges: Guidance and Q&A* 03/23/16-  
<https://www.fns.usda.gov/school-meals/unpaid-meal-charges-guidance-and-q>  
 - Public Law 111-296, Section 143; December 13, 2010

- SP 57-2016: *Unpaid Meal Charges: Local Meal Charge Policies* 07/08/16  
<http://www.fns.usda.gov/unpaid-meal-charges-local-meal-charge-policies>  
 - WI Dept. of Public Instruction: *In a "Nutshell" Unpaid Meal Charges*, 11/2016

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# School Meals Charge Policy

## Important Elements

Schools must have a written policy in place by July 1, 2017.

The policy must be made available to **existing** families and **new** families.

It is a school decision whether or not to allow meal charges.

If a student has money in hand for today's meal, they cannot be denied a meal.

Schools are not required to provide a meal to a paid student or a reduced student with a negative account balance.

## Questions to Consider:

1. Are parents aware that they can apply for benefits anytime during the school year if they have a change in income and or household size? Emphasize confidentiality.
2. How do families pay or deposit money (*cash, check, electronic fund transfer, credit or debit card*)?
3. Are there specific rules about when, where and how students can pay?
4. Will cash or checks be accepted in the serving line?
5. How are parents notified of lunch account balances?
6. Who is responsible for tracking accounts?
7. Address à la carte, if applicable. Can à la carte items be charged or must students pay cash?
8. What level of deficit if any will be allowed (*specify a dollar amount or number of charged meals*)?
9. Will the school provide an "alternate" meal? If so, what is it?
10. Are all grades of students treated the same? For example, some districts have a different charge policy for elementary (*more lenient*) than middle school or high school.
11. Who is responsible for interacting with families to resolve unpaid accounts?
12. Will the district utilize a collection agency?
13. How is the debt reconciled at year-end?
14. Make the policy available to existing families and new families.
15. Keep the policy current and revise as needed.



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