



BUSINESS OF NUMBERS & NUTRITION

CHILD NUTRITION DIRECTORS
AND BUSINESS OFFICIALS

Charge Policy

Challenges & Solutions

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Overview

Why Implement a Local Charge Policy?

All CEs must have a written charge policy to address student charges

Policy must be clearly communicated

Policy requirements – federal, state and local

Local Meal Charge Policy

All SFAs operating NSLP and/or SBP must have in place a written policy to address situations where children participating at the reduced price or paid rate do not have money to cover the cost of a meal at the time of the meal service.

SP 46-2016



Clearly Communicated

- **The policy must be clearly communicated**
 - In writing
 - All families at the start of the year and who transfer in mid-year
 - All school or district-level staff members responsible for policy enforcement
- **Encouraged to use multiple methods to dissemination**



Policy Requirements- Federal, State, Local

Federal

- Policy should be reviewed and updated as appropriate to the CE's needs
- Policy must include policies regarding collection of delinquent meal charge debt
- Same standards for all grades or apply different standards for different grades or grade groups
- Cannot deny a reimbursable meal to a student that qualifies for free meals



Policy Requirements- Local, State, Federal

State

- Public and charter school policies must be **approved** by the CE's board of trustees or governing board
- Must allow students using a meal card or account to purchase meals to have a grace period for each school year
- Policy must include a grace period for each school year that allows students to accumulate a negative balance



Policy Requirements- Local, State, Federal

State

- Notification to student's parent or guardian when meal card or account balance is exhausted or has a negative balance for the year
- CE must not apply a fee over the price of the meal or apply interest during grace period for the year



Policy Requirements- Local, State, Federal

Local

- CE must develop and implement a CE level policy for each NSLP and SBP site
- Policy may vary by grade level



Policy Requirements- Local, State, Federal

Local Policy may:

- Allow students to charge all available reimbursable meals
- Allow students to charge a limited number or types of meals
- Provide the lowest cost reimbursable meal available as long as the meal is offered to all students as a choice



Key Policy Considerations

- Maintain the **financial integrity** of the Programs
- Provide children with **adequate nutrition** to focus on school
- Minimize **stigmatization** of children with meal charges



Policy Checklists

Found in the Appendix of
"Overcoming the Unpaid
Meal Challenge: Proven
Strategies from Our
Nation's Schools"

<https://www.fns.usda.gov/school-meals/unpaid-meal-charges>

Local Meal Charge Policy Considerations for All SFAs

As provided in [SP 46-2016](#), no later than July 1, 2017, all SFAs operating the Federal school meal programs are required to have a written meal charge policy. An SFA may have a consistent policy for all students in the school district or choose to apply the policy differently based on student grade level.

For each entity or grade level that has a different policy, FNS encourages SFAs to explain in the policy:

1. Are students unable to pay for their meal at the time of the meal service allowed to charge a meal?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, which meals may be charged? <input type="checkbox"/> Breakfast <input type="checkbox"/> Lunch <input type="checkbox"/> Afterschool Snacks
2. If students are allowed to charge a meal, is there a limit to the number of charges or dollar limit allowed before requiring payment of the debt?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, what is the number or dollar amount for the charge limit(s)? _____
3. If students are allowed to a charge meal, will they receive reimbursable or alternate meals?	<input type="checkbox"/> Reimbursable <input type="checkbox"/> Alternate <input type="checkbox"/> N/A	If students will receive an alternate meal, what will the meal contain? (Include all meals that apply.) <ul style="list-style-type: none">• Breakfast: _____• Lunch: _____• Afterschool Snacks: _____
4. If students are allowed to charge a meal, will they have limitations on the foods they may select for a reimbursable meal?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	If yes, what are the limitations? _____ _____ _____



Collection of Delinquent Meal Payments

What is Delinquent Debt?

Unpaid meal charges are considered “**delinquent debt**” when payment is overdue as defined by State or local policies.

Delinquent Debt vs Bad Debt

- If payment is not reasonably probable or likely to occur, the debt must be reclassified as bad debt
- Outstanding bad debt resulting from nonpayment for school meals or milk cannot be absorbed by the nonprofit school food service account

ARM Section 14

Collecting Delinquent Debt Policy

- Consider options that will not negatively impact the children involved (focus on adults)
- CE must have written procedures/policies
- Consider costs vs benefits of debt collection efforts
- CE option to apply a one year or two year collection period

Record Keeping Requirement for Bad Debt

Once delinquent debts are converted to bad debts, records relating to those charges must be maintained in accordance with the record retention requirements outlined in 7 CFR 210.9(b)(17) and 7 CFR 210.15(b).



Record Keeping Requirements for Bad Debt



- Evidence of efforts to collect unpaid meal charges in accordance with the State or local unpaid meal charge policy;
- Evidence the collection efforts fell within the timeframe and methods established by the State or local meal charge policy;
- Financial documentation showing when the unpaid meal charge(s) became an operating loss; and
- Evidence any funds written off as bad debt were restored to the NSFSFA using non-Federal sources.



What challenges have you faced in implementing the policy as it is written from site to site within the CE?

1. Describe and discuss one challenge you have faced in implementing the local charge policy.

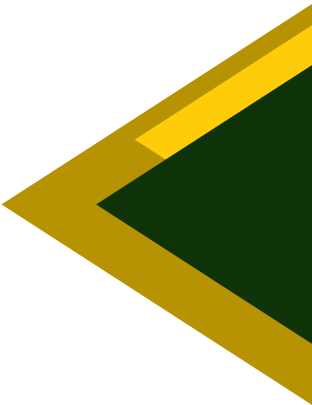


What challenges have you faced in implementing the policy as it is written from site to site within the CE?

Identify solutions to the challenge identified by the group.



What challenges have you faced in collecting delinquent debt?



2. Describe and discuss one challenge you have faced in collecting delinquent debt.



What challenges have you faced in implementing the policy as it is written from site to site within the CE?

Identify solutions to the challenge identified by the group.

Resources

Policy Guidance Best Practices



- ✓ SP 46-2016 Local Charge Policies
- ✓ SP 47-2016 Clarification on Collection of Delinquent Meal Payments
- ✓ SP 23-2017 Guidance and Q&A
- ✓ Overcoming the Unpaid Meal Challenge
Proven Strategies from Our Nation's Schools
- ✓ www.squaremeals.org – ARM Sections 14 &15
- ✓ Unpaid Meal Charges: Local Charge Policy Requirement (Webinar Recording)

<https://www.fns.usda.gov/school-meals/unpaid-meal-charges>



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