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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Martell Menlove, Ph.D.
Chief Executive Officer

DATE: April 4, 2014

ACTION: Model Policy Recommendations Regarding Child Nutrition Program Charges

Background: Due to recent concerns by the general public, the Utah State Office of Education Child Nutrition Programs recommends state guidelines to assist schools in developing a charge policy for federally-funded school nutrition programs. Currently, there are no regulations or policies required at the federal or state level. Local Education Authorities (LEAs) have discretion to have a local policy regarding the issue. Recommendations have been researched by the Utah State Office of Education Child Nutrition Program staff.

Key Points: Currently the state has 107 sponsors operating the National School Lunch Program. The state office has compiled policy information from local school districts, states, and the USDA to gather information about current practices and regulation requirements. Areas of the model policy include key areas of: 1) Definitions, 2) Notification Methods, 3) Payment Methods, 4) Debt Collection.

Anticipated Action: It is proposed that the Finance and Audit Committee consider the model policy, and if approved, recommend the policy to the full Board for approval, and direct the USOE to distribute the policy to all LEAs participating in the National School Lunch Program.

Contact: Bruce Williams, Associate Superintendent, 801-538-7514
Kathleen Britton, Child Nutrition Programs Director, 801-538-7513
Kimberly Loveland, Assistant Director, 801-538-7684

Disclaimer: The Utah State Office of Education (USOE) model policies and procedures provide general guidelines. These model policies are suggested best practices, and LEAs are not required to use or adopt specific policies. LEAs are encouraged to modify policies and procedures to adapt to the current environment of each specific LEA. LEAs should determine if a single policy applies to all schools within an LEA or if schools may establish their own policies.

Child Nutrition Program Charges Model Policy

A. Purpose and Background

- (1) National School Lunch, Breakfast, Special (Kindergarten) Milk and the After School Snack Program are federal programs in which this school participates. Pricing policies for school meals are determined at the local level, including decisions about whether or not to extend credit to parents who do not have meal money in their students' accounts or whether or not to provide alternate meals to such students.
- (2) Schools receive partial reimbursement for meals served to students who do not qualify for free meals. Parents must make payments to a student's account to make up the difference between the federal reimbursement and the cost of the meal. This policy applies only to school meal payments, not a la carte sales.
- (3) If students qualify for free or reduced-price school lunch, their meals are reimbursed in whole or in part with federal funds. Otherwise, the meal reimbursement is minimal and parents are expected to pay for their student(s)' meals. Schools should adopt policies which minimize unpaid accounts and ensure students are not subject to punishment or stigmatization when parents fail to make school meal payments.
- (4) The purpose of this policy is to explain how _____ LEA/School will notify parents/guardians about: money owed for student meals; of the school's procedures for providing meals if students' accounts are delinquent; and to assure and remind parents and school employees that students will never be confronted or embarrassed about money owed for school meals.

B. Scope

This policy applies to all local education agencies (LEAs) that participate in the National School Lunch, Breakfast, Special (Kindergarten) Milk and the After School Snack Programs. The policy is informative for parents whose students participate in the National School Lunch Program. The scope includes requirements and direction for delinquent meal accounts.

C. Definitions

- (1) "Alternate Meal" means a meal served to students that is different than the meals served to other students because the student does not have adequate funds in the student's lunch account. The alternate meal, such as a sandwich and milk, allows the student to have something to eat while limiting the cost to the school lunch program. The LEA or the school determines the components of the alternate meal. In most cases, an alternate meal does not meet the USDA requirements and may not be claimed for reimbursement. **The cost to provide this meal is not an allowable cost to the food program and must be paid for from non-federal funds.**

- (2) "Automated Meal Payment System" means a web based system which allows parents to deposit funds in students' meal accounts, informs parents of account balances and student meal payments and sends messages to the parent when funds in the account are low. Some systems allow parents to control the use of the funds (i.e., allow the parents to choose if the funds can be used for reimbursable meals only or if they may also be used for the purchase of a la carte or vending items).
- (3) "Collection Efforts" means a collection agency or other means that an LEA uses to collect delinquent lunch balances or contacts to parents by phone, mail, or other efforts to recoup unpaid meal balances. **Schools may not withhold student records for unpaid school meal balances.**
- (4) "Delinquent Account" means a student's meal fund account that does not have adequate funds to cover the meal charges by student/parent. School nutrition programs are responsible for the collection of funds in advance of the meal being served, but the school has the responsibility for the collection of delinquent accounts, if they are allowed.
- (5) "Free Meal" means a meal served to a student whose parents have qualified, based on federal standards, for free meals. The free meal receives the highest federal rate of reimbursement. The meal is served at no cost to the student.
- (6) "LEA" means a local education agency, including local school boards/public school districts and charter schools.
- (7) "Meal Charging" means allowing students who do not have funds in their account to receive a reimbursable meal, with parents or other sources paying for these meals at a later time. Schools are not required by state or federal law to provide meals to students who do not have the funds to pay for the meal.
- (8) "Parent" means a student's parent, legal guardian, or person acting as the parent for school purposes.
- (9) "Paid Meal" means a meal served to a student whose parents have not qualified for reduced-price or free meals. This meal receives the lowest amount of federal reimbursement. The parent must pay the lunch price established by the local school board.
- (10) "Point of Service" means the place at the end of the line where meal payments and counting of reimbursable meals occurs. By regulation, this must be at the end of the meal line, but schools may obtain an exception if they wish to have the point of service at the beginning of the line. Schools must have an adult at the end of the line to assure the meals selected by students meet the requirements and are reimbursable from USDA.
- (11) "Reduced-Price Meal" means a meal served to a student whose parents qualify (following income review and documentation) for reduced-price meals. The federal rate of reimbursement for a reduced-price meal is less than for a free meal, but more than for a paid meal. The parent must pay \$.40/lunch and \$.30/breakfast (schools may charge less

than these amounts, but may not charge more and only the set amount is reimbursable to the LEA/school).

- (12) "Reimbursable Meal" means a meal which meets the USDA requirements and may be claimed for payment from USDA.

D. Model Policy Components

- (1) Before school begins, parents shall receive information from the student's resident school:
 - about school meals;
 - stating the prices for the meals;
 - informing parents how they may provide payment for meals;
 - informing parents how their students qualify for reduced-price or free meals; informing parents what students will receive if their meal accounts are delinquent; and
 - informing parents of the policy for delinquent accounts.
- (2) Schools will send reminders of the policy throughout the school year. Schools may send letters home, send school newsletter reminders, make announcements, make phone calls or use other reasonable and effective means of communication to contact parents.
- (3) Schools shall provide applications for free/reduced-price meals to parents. The school shall also provide the school's designated meal prices. Accompanying the information about the prices of school meals, parents will receive an application for free and reduced-price meals. The application is available in a variety of languages at: <http://www.fns.usda.gov/school-meals/family-friendly-application-translations> . The school will provide paper applications for parents who do not have access to on-line forms.
- (4) **If the student's family receives benefits from the Special Nutrition Assistance Program (SNAP), the Family Employment Program (FEP) or the Food Distribution Program on Indian Reservations (FDPIR), the household qualifies for meals at no charge, once the school receives notice of student's or family's eligibility, and does not have to complete or submit a free/reduced-price form. Schools will send the household an e-mail/letter informing parents of student(s) eligibility for free meals. If a parent or family qualifies under one of these programs and has not received such a letter before school starts, the parent should contact the school food service.**

E. Payments and School Verification

- (1) A school must verify at some point in each student's meal service, that the meal is reimbursable or non-reimbursable.
- (2) A school will credit meal payments from parents to the student's account before the meal period. This assures all funds are accurately applied to meal accounts in advance of

students selecting school meals. Schools will apply payments to the purchase of the current day's meal first, and the payment of past-due accounts second.

- (3) If a student/family qualifies for free meals, no payments are due.
- (4) If a family qualifies for reduced-price meals, the school will charge no more than \$.40 for lunch or \$.30 for breakfast. The LEA sets the price for reduced-price meals.
- (5) Parent payment options for student meals may include:
 - (a) Parents may use an automated payment system, if available, to make payments for students' meals. Parents may make on-line payments, using debit or credit cards, for one or all of their students, allocating the funds to individual students' accounts. The school may add additional fees for the use of a credit card and will notify parents of added fees.
 - (b) Parents may make payments to the school by mail or hand delivery. Payments should clearly indicate the account to which the funds should be credited (student's name and amount, if several students attend the school). The school will indicate if the school accepts checks, money orders and/or cash. (Parents should note the school policy for checks returned to the school for insufficient funds.)
 - (c) Schools may provide payment incentives for parents who pay in advance for meals. For example, meal prices may be reduced for those who pay for a year, semester or month of meals in advance. A school will provide notice of prices of these options to parents.

F. Identification of Delinquent Accounts

- (1) Schools will identify family or student accounts that do not have adequate balances to pay for student meals. Schools will identify these accounts weekly and notify parents by _____ (time and day) of each week. The school will contact parents, as parents have directed, on the automated meal payment system, or by phone, text or e-mail, to allow parents to indicate how they wish to make payments. Schools may ask students to take notifications addressed to the parent home with them; however, **the school may not tell students to "remind" their parents to send money to the school. It is the parent's responsibility to pay the student's account. Asking students to remind parents is inappropriate.**
- (2) The student will be contacted in advance of the meal service, if the school does not have payment from the parents, to tell the student what action the school will take. The school will take such actions as discretely and sensitively as possible so as not to embarrass the student.
- (3) The school may use any of the following options (or other reasonable options) for student meals if a student's meal account is inadequate:

- (a) Student may bring a sack meal from home.
 - (b) Schools may continue to provide full meals to elementary students and notify parents that the school will use collection efforts to pay for meals. Schools shall maintain documentation of parent notice.
 - (c) School staff may inform students in secondary school (grades 7 – 12) that students cannot choose a school meal because accounts are delinquent.
 - (d) Schools may continue to provide full meals to all students and use appropriate school funding to pay for meals not covered by parents.
 - (e) Schools may notify parents that the school will offer elementary students whose accounts are delinquent an “alternate meal.” Schools will give parents at least a 24 hour notice before giving students alternate meals. The school shall maintain documentation of parent notice.
- (4) LEAs may choose to use any or none of these options in their policies. Options for serving students with delinquent accounts should include confidentiality and sensitivity towards students and adequate meals for all students.
 - (5) The school is not required to provide a meal at no cost if a student does not qualify for a free meal. Because federal funds may not be used for the expenses of these meals, the school must use state, local or other funds to cover the cost of the meals. The school will provide notice to parents at designated times during the school year of the school’s policy for providing meals to students when accounts are delinquent or when delinquent at \$_____ amount. If a student’s account is delinquent, the school may offer the student an alternate meal. The LEA will comply with all applicable state and federal laws in providing meals to students and in notifying parents.

G. Delinquent Balances and School Procedures

- (1) Schools will notify parents of students with delinquent balances in their school lunch accounts by such methods as:
 - (a) the automated school lunch payment system;
 - (b) e-mail or phone text to the parent;
 - (c) written notice sent to the parent by mail or carried home by the student in a sealed envelope;
 - (d) telephone conversation with the parent.
- (2) If parents have been notified, no payment is received, and the amount owed exceeds \$_____, the account may be turned over to a collection agency (no federal funds may be used for the collection of funds). Schools will notify parents at least twice annually concerning their procedures for the collection of past-due accounts.

- (3) The school may complete an application for free/reduced-price meals on behalf of the parents, if school personnel have knowledge of the parent's financial circumstances and parents give permission. The school will notify parents that an application has been completed on their behalf ("Eligibility Manual for School Meals," August, 2013, pg. 36).
- (4) If a student repeatedly has no money in the student's school lunch account and no student meals are provided from home, school officials will consider the circumstances in the home (e.g., potential abuse or neglect, homelessness, etc.) and may contact the LEA's social worker and/or Child Protective Services.
- (5) Schools may use collection agencies to collect on delinquent accounts. They may also set aside or raise funds which may be used for payment of delinquent accounts. Parent organizations may hold fundraisers and individuals may donate funds to be used for such accounts. **Schools will determine and notify all parents of the school's standards for paying for students' lunches with school discretionary funds and/or using collection agencies.**

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Notes:

The United States Department of Agriculture (USDA) provides funds for meals served in schools, including breakfast, lunch, after-school snacks and special milk. Federally funded programs are subject to the cost principles outlined in Title 2 Code of Federal Regulations (CFR) 225, Appendix B (formerly known as Office of Management and Budget Circular A-87), which states “bad debts, including losses arising from uncollectable accounts and other claims, related collection costs and related legal costs are unallowable.” When parents fail to pay for school meals, the school can be hurt financially.

Federal Reimbursement Rates, 2013-14 –

School Breakfast Program

	Free	Reduced-Price	Paid
Basic Breakfast	\$1.58	\$1.28	\$0.28
Severe Need Breakfast	\$1.89	\$1.59	\$0.28

Note: Severe Need Breakfast is for approved sites that served 40 percent or more free and reduced-price lunches in 2011-2012.

National School Lunch Program

	Free	Free+6 cents*	Reduced-Price	Reduced-Price+6 cents*	Paid	Paid+6 cents*
Schools that served less than 60% free/reduced-price lunches in 2011-12	\$2.93	\$2.99	\$2.53	\$2.59	\$0.28	\$0.34
Schools that served 60% or more free/reduced-price lunches in 2011-12	\$2.95	\$3.01	\$2.55	\$2.61	\$0.30	\$0.36

Note: Severe Need Lunch is based on second preceding year data.

Overt identification: no discrimination against any student is allowed because of their eligibility for free or reduced-price meals (7 CFR 210.9 (b) (12)).

All schools participating in the National School Lunch Program have signed a free and reduced-price policy statement. Schools should review the policy to assure they understand the implications and responsibilities of providing meals in the program. The school meal program has additional options for schools located in high poverty areas which eliminate student payment for meals entirely.

According to a study conducted by the School Nutrition Association (SNA) (“School District charge Policy and Procedure Components,” Dec., 2008), the following table shows the number or amount of meal charges allowed before action is taken.

Allowable Charges

	# of Meals	Dollar Amount
Range	1-10	\$4-\$75
Average	3	
Median	3	