

# COPING WITH UNPAID MEAL CHARGES

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School Nutrition Association  
Annual National Conference  
July 10, 2016



Tina Namian  
Branch Chief, School Programs Branch  
USDA's Food & Nutrition Service

# Today's Agenda

- Recent Events
- Policy Update
- Best Practices
- Questions



# RECENT EVENTS

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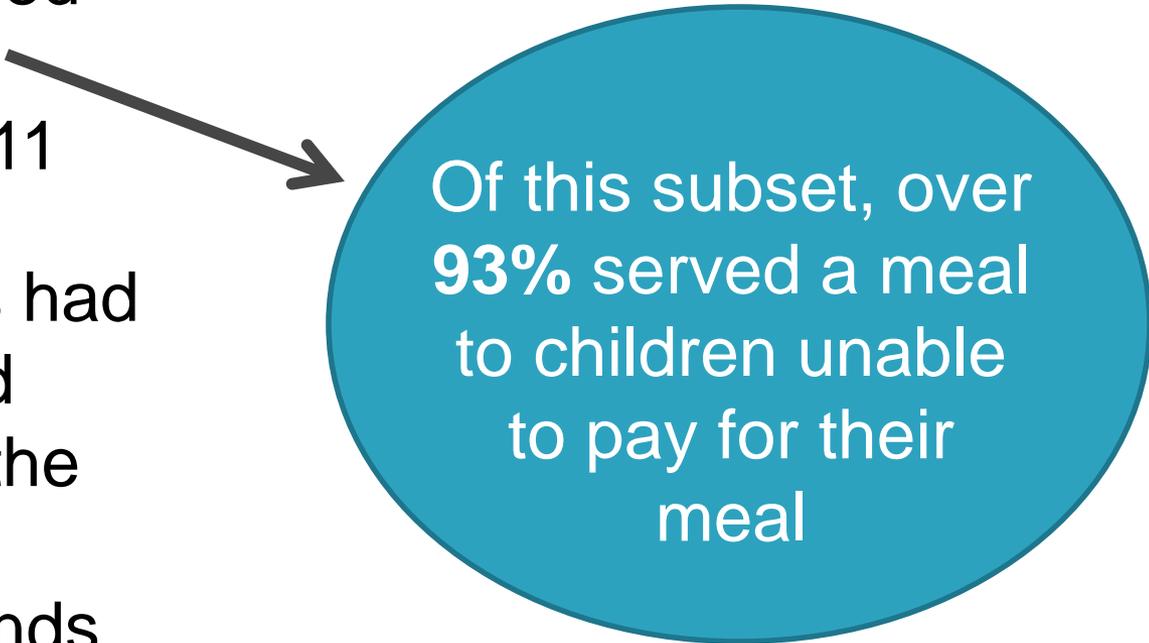
# Healthy Hunger-Free Kids Act of 2010



- Required USDA to examine and report to Congress on current policies and practices around meal charges and alternate meals
- Final report submitted to Congress on July 8.

# Special Nutrition Program Operations Study School Year 2011-2012

- **58%** of SFAs incurred unpaid meal costs during SY 2010-2011
- Only **35%** of States had a policy or standard practice regarding the service of meals to students without funds to pay for their meal



Of this subset, over **93%** served a meal to children unable to pay for their meal

# Request for Information: *Unpaid Meal Charges*

- Comments accepted  
Oct. 2014 to Jan. 2015
- 17 questions
- 462 comments total
- 95% from the local level



# Comment Summary



- Policies **ranged in formality**
- Many **limited the charges**, allowing more or less leniency based on age
- Most indicated that **school officials** were involved in developing the policy
- Preference for **local** policy

# Webinars and Roundtable

- In February, more than **1500 participants** joined two webinars
- Participants submitted additional best practices using the “chat” feature
- Roundtable with national organizations in March



# POLICY OVERVIEW

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# Local Meal Charge Policies

- All SFAs operating the NSLP and/or SBP **must have a meal charge policy in place**
- Made at the State or SFA level
- Discretion in developing policy
- Can vary by grade level
- Implement by SY 2017-2018



**NEW MEMO!** SP 46-2016: Local Meal Charge Policies

# Considerations



- Provide children with **adequate nutrition** to focus in school
- **Minimize stigmatizing** children with insufficient funds
- Maintain the **financial integrity** of the programs
- Must include policy regarding collection of **delinquent debt**

# Policy Communications

- SFAs must communicate policy, in writing, to:
  - All families at the start of the school year
  - Families with students who transfer mid-year
- SFAs must provide the policy, in writing, to any school or district-level staff members responsible for policy enforcement
- Share in multiple ways



# Federal Cost Principles and Delinquent Meal Charges

- Issued to clarify:
  - The process of designating delinquent debt determined to be uncollectable as bad debt
  - The process of obtaining assistance to offset losses
  - How Federal regulations and the definition of bad debt apply when meal charges are not collected

**NEW MEMO!** SP 47-2016: Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments

# Classifying Unpaid Meal Charges as Delinquent Debt

- Unpaid meal charges are considered delinquent debt when payment is overdue as **defined by State and local policies**
- SFAs must make **reasonable efforts** to collect charges classified as delinquent debt
- Charges may be **carried over** at the end of the school year (*i.e., beyond June 30th*)

# Reclassifying Delinquent Debt as Bad Debt

- Uncollectable debt must be reclassified as bad debt and written off as an operating loss
- Bad debt costs are unallowable
  - Nonprofit school food service account funds may not be used to cover costs related to bad debt
  - Bad debt may not be absorbed
- Bad debt losses must be restored using non-Federal funds



# Ensuring Access to School Meals

- **Shares strategies to:**
  - Improve the application process
  - Strengthen the direct certification process
  - Improve verification



**NEW MEMO!** SP 43-2016: Ensuring Access to Free and Reduced Price School Meals for Low-Income Students

# Effective Date of Eligibility

- May establish the application submission date as effective date of eligibility
- For direct certification, may establish the date of the automated data matching file as the effective date
- Must refund any payments received on behalf of the student and/or discharge any debt owed by the student

SP 51-2014: Eligibility Effective Date for Directly Certified Students

SP 11-2014: Effective Date of Free or Reduced Price Meal Eligibility Determinations

# Discretionary Elimination of Reduced Price Charges

- At the discretion of SFAs, schools may serve meals at no cost to reduced price children
- Expenditures associated with covering student payments may be funded from the nonprofit food service account



# BEST PRACTICES

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# NEW! Best Practice Guide

- Topics include:
  - Reaching all eligible children
  - Assisting families with the application
  - Making payment convenient
  - Sending payment reminders
  - Getting buy-in for a local meal charge policy
  - Providing alternate meals, when necessary
  - Finding alternative funding sources



# Community Eligibility Provision

- Allows schools and school district in high poverty areas to offer school meals at no charge to all students
- Saves school districts time and money by streamlining paperwork and administrative requirements
- In 2016, more than half of all eligible schools participated in CEP, reaching 8.5 million students in more than 18,000 high poverty schools
- Eligible schools can still elect to participate in CEP for SY 2016-17 by contacting their State agency ASAP

# Provide Application Assistance



- During school events:
  - Back to school night
  - School conferences
- Through community partners:
  - Advocacy groups, social service agencies, etc.
  - May be able to provide language services for LEP individuals

# Reach All Eligible Children



- Remind families they may submit an application **at any time** during the school year
- Accept prior determinations for children **transferring** during the school year

# Provide Language Assistance

- **Identify LEP Persons:** Share USDA's "I Speak" document
- **Provide Translations:** For SY 2016-2017, 49 translations will be available on the FNS Translated Applications webpage
- **Develop Partnerships:** Partner with community organizations to deliver accurate, cost-effective language services



**NEW MEMO!** SP 37-2016: Meaningful Access for Persons with Limited English Proficiency in the School Meal Programs: Guidance and Q&As

# Provide Payment Options

- Let parents know what the full-year cost will be
- Provide pre-payment options
- Provide on-line payment systems
  - Pre-payment options
  - Ability to track spending
  - Automatic deductions when balances are low
- Provide repayment plans

# Provide Payment Reminders

- Written notices
- “Robo calls”
- Automated text messages when balance is low
- Bundle with other reminders (book fees, field trips, etc.)



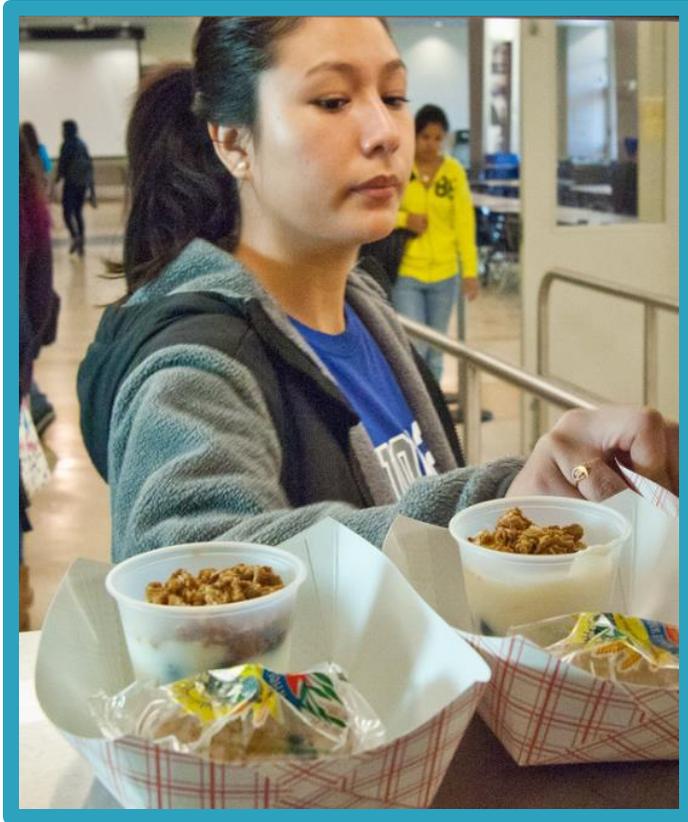
# Prevent Overt Identification



- Move the point of service\*
- Encourage use of prepayment systems
- Communicate with adults, rather than communicating through children

*\*SFAs should check with their State agency before moving the point of service.*

# Alternative Funding Sources



- Community funding
- “Random Acts of Kindness” funding
- School fundraisers
- End of year donations

QUESTIONS?

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