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# Overcoming the Unpaid Meal Challenge

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*Proven Strategies from  
Our Nation's Schools*

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USDA-FNS

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## Acknowledgement

The United States Department of Agriculture's (USDA) Food and Nutrition Service (FNS) would like to acknowledge the school administrators and food service professionals working every day to address the challenge of unpaid meal charges. We recognize that meal charges represent a difficult and complex issue directly impacting the schools participating in our programs and the children they serve. We are sensitive to the fact local officials must balance their desire to provide for hungry children lacking the means to pay for meals with the demands of maintaining the financial viability of their school food service operation. FNS greatly appreciates the efforts of local officials working to address the challenge of unpaid meal charges in a way to meets the needs of schools, families, and children.

Many local program operators participated in the development of this guide by sharing their ideas during FNS' open comment period on unpaid meal charges and during the two public webinars we hosted on the topic in February 2016. Throughout the guide, readers will hear from superintendents, principals, food service directors, and other school officials who shared their own challenges and successes addressing unpaid meal charges. These stories contributed greatly to our understanding and appreciation of this issue.



*Thank you for all you do!*

## Introduction

The school meal programs aim to provide nutritious meals to children during the school day. Children may receive breakfast and lunch at no charge if they are categorically eligible for free meals or if they qualify for free meals based on Federal poverty guidelines.<sup>1</sup> Children who do not qualify for free meals may purchase meals at a subsidized cost, at either the reduced price or paid rate.<sup>2</sup>

Sometimes, however, children who do not qualify for free meals would like a breakfast or lunch, but do not have money in their account or in hand to cover the cost of the meal at the time of the meal service. Because student breakfast and lunch payments are local revenue, FNS' traditional position has been to allow State and local program operators to develop meal charge policies to address their unique circumstances. Allowing local discretion is important, given the wide variation in communities and the scope of this issue. For example, an effective charge policy in a small, rural district with few students may not be effective for a large, urban district with many students.



FNS does, however, recognize the importance of instituting an official policy and clearly communicating the policy to all stakeholders. Such a policy ensures school food service professionals, administrators, families, and students have a shared understanding of expectations. **Given this, no later than July 1, 2017, all school food authorities (SFAs) operating the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) must have a written unpaid meal charge policy.** The policy must be communicated to all families with children within the SFA and all school or district-level staff members responsible for policy enforcement. State agencies and SFAs retain the authority to establish the specifics of their policies based on local conditions. More information on this requirement may be found in [Local Meal Charge Policies](#) and [SP 46-2016: Unpaid Meal Charges: Local Meal Charge Policies](#).

SFAs in communities across the country have developed a diverse array of approaches to address the challenge of unpaid meal charges, and many SFAs established official local meal charge policies prior to FNS instituting this requirement. Over the past several years, FNS has made a concerted effort to learn from and build on the success of school nutrition directors, principals, and food service professionals with direct experience in managing meal charges.

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<sup>1</sup> Children may qualify for free or reduced price meals if their household income is below the Federal threshold: [USDA-FNS Website - School Meals Income Eligibility Guidelines](#).

<sup>2</sup> The maximum cost for reduced price meals is established by statute: [USDA-FNS Website - Reimbursement Rates](#).

## Background

Addressing unpaid meal charges is a longstanding priority for FNS, and the Agency has worked extensively to support schools with unpaid meal debt through a number of approaches. For example, a series of policy memoranda issued beginning in 2013 provided flexibility in establishing the effective date of eligibility for free and reduced price meals.<sup>3</sup> Use of this option could assist school districts experiencing challenges with unpaid meal charges, as often, charges are accrued by children later determined to be eligible for free meals. This flexibility can result in increased Federal reimbursement for SFAs, while relieving families of debt.

In January 2014, FNS gave participating schools flexibility (at the discretion of the SFA) to offer meals at no cost to children who would otherwise qualify for reduced price benefits.<sup>4</sup> This flexibility allows SFAs to proactively budget for meal charges children eligible for reduced price meals may incur.

Also in 2014, in a letter to Chief State School Officers, FNS highlighted a variety of positive steps schools could take to alleviate stigma when children do not have money to purchase a meal.<sup>5</sup> The letter encouraged schools to consider using a more robust notification system to prevent meal charges by notifying families of low account balances.

Section 143 of the Healthy, Hunger-Free Kids Act (HHFKA, Public Law 111-296; December 13, 2010) required USDA to take a closer look at unpaid meal charges by examining and reporting on the current policies and practices of State agencies and SFAs regarding meal charges and alternate meals.<sup>6</sup> HHFKA also required USDA to report on the feasibility of establishing national standards for such policies and, if applicable, make recommendations for implementation.

To begin this process, FNS included questions about charge and alternate meal policies in a multi-year, nationally representative study designed to provide a snapshot of current school meal program operations.<sup>7</sup> The study, conducted in SY 2011-2012, found:

- 58 percent of SFAs surveyed incurred unpaid meal costs during SY 2010-2011.
- Of this subset, over 93 percent still served a meal (reimbursable or alternate) to children unable to pay for their meal at the time of the meal service.
- Only 35 percent of the State Directors surveyed reported they had a State-established policy or standard practice regarding the service of meals to children without funds to pay for their meals. A majority of these States indicated they allowed SFAs to determine whether and how to provide a meal to children unable to pay, based on local conditions.

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<sup>3</sup> See: [SP 11-2014](#); [CACFP 06-2014](#); [SFSP 11-2014](#): *Effective Date of Free or Reduced Price Meal Eligibility Determinations* and [SP 51-2014](#): *Eligibility Effective Date for Directly Certified Students*.

<sup>4</sup> See: [SP 17-2014](#): *Discretionary Elimination of Reduced Price Charges in the School Meal Programs*

<sup>5</sup> See: [Letter from Former USDA-FNS Undersecretary Kevin Concannon to Chief State School Offices](#)

<sup>6</sup> See: [USDA-FNS Website - School Meals - Healthy Hunger-Free Kids Act](#).

<sup>7</sup> See: [Special Nutrition Program Operations Study - State and School Food Authority Policies and Practices for School Meal Programs School Year 2011-12](#).

FNS subsequently issued a Request for Information (RFI) notice entitled *Unpaid Meal Charges* to address the HHFKA mandate.<sup>8</sup> The Agency received 462 comments during the comment period (October 2014 through January 2015). Of the comments received, 95 percent came from local officials with direct experience managing unpaid meal charges.

The RFI notice included 17 questions and requested commenters representing a school or district with an unpaid meal charge policy in place include their written policy or provide a link to the website they use to distribute their policy to families. Questions included in the RFI notice sought to determine:

- Which school officials were responsible for the policy's development;
- Whether there were age/grade group differences for charge and/or alternate meal procedures;
- How overt identification of eligibility status or lack of funds was minimized;
- How families were notified of low or negative balances; and
- Whether the school food service received outside funding (e.g. community donations) to reduce outstanding debt.



In February 2016, FNS hosted two webinars to share State and local best practices related to charge and alternate meal policies uncovered through the study and the Agency's review of comments submitted in response to the RFI notice.<sup>9</sup> School food service professionals, administrators, and other local stakeholders were included among the 1,500 webinar participants. Many participants shared their own success stories using the webinar's "chat" feature.

In March 2016, FNS invited representatives from professional associations and advocacy groups to participate in a roundtable discussion to give a broad, national perspective to the challenge of unpaid meal charges. Participants shared the impact of unpaid meal charges on their key constituencies and offered ideas for developing effective charge and alternate meal policies.

This guide summarizes the best practices FNS collected. Along with FNS' unpaid meal charges policy memoranda, this guide is intended to assist local program operators in their efforts to find workable solutions to overcome the unpaid meal challenge in schools and districts nationwide.

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<sup>8</sup> See: [Request for Information - Unpaid Meal Charges](#).

<sup>9</sup> See: [Webinar - The Challenges of Unpaid Meals: Proven Strategies from Our Nation's Schools](#).

The guide shares specific strategies program operators can use in their efforts to:

- Reach all eligible children;
- Assist families with the school meal application process;
- Make payment convenient;
- Send payment reminders;
- Get buy-in for a local unpaid meal charge policy;
- Provide alternate meals, when necessary; and
- Find alternative funding sources.

FNS recognizes a successful strategy in one community may not have the same result in another. SFAs should consider the scope of the problem and their own specific circumstances when developing an unpaid meal charge policy. This guide is designed to give decision makers a variety of strategies to use as a starting point when designing a policy to meet their unique needs, rather than prescribe a single solution.

### Looking Ahead

FNS will continue to gather input from the State and local agencies administering the school meal programs, and will use this input to update and enhance guidance on unpaid meal charges. FNS intends to engage stakeholders through public conferences, webinars, collaboration with partner organizations, and communication with State agencies and SFAs. The overarching goal is to bring together the many different pieces of this issue and to do what is in the best interest of schools, families, and children.



FNS is committed to supporting schools and districts in their efforts to balance the financial solvency of the food service operation with the importance of ensuring all children continue to have access to the healthy meals they need to grow, learn, and thrive.



## Policy Overview

The policy guidance outlined in this section is current as of **May 2017**. To view more recent FNS policy, please visit the [FNS School Programs Policy Page](#). State agencies and SFAs are responsible for ensuring current FNS policy is followed.

## Local Meal Charge Policies



All children attending schools participating in the NSLP and SBP may receive reimbursable school meals.

[7 CFR 245.5](#) states parents or guardians of children in attendance at schools participating in the school meal programs must be informed of the availability of reimbursable school meals and must be provided information about applying for free or reduced price meals. This is consistent with the Richard B. Russell National School Lunch Act (NSLA), which states SFAs

shall publicly announce the income eligibility guidelines for free and reduced price meals on or before the opening of school annually ([42 U.S.C. 1758\(b\)\(2\)\(A\)](#)). In addition, [7 CFR 210.12](#) requires SFAs to promote activities to involve families in the school meal programs (i.e. menu planning) and inform families about the availability of the SBP and the Summer Food Service Program (SFSP).

Based on these provisions, and consistent with current practice at many schools, FNS has determined children and their families also must be informed about how children who pay the full-price (paid rate) or reduced price for a reimbursable meal are impacted by having insufficient funds on hand or in their account to purchase a meal.

Therefore, no later than July 1, 2017, 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. The policy must be clearly communicated to families and all school or district-level staff members responsible for policy enforcement. More information about communication methods may be found in [Policy Communications](#).

[SP 46-2016: Unpaid Meal Charges: Local Meal Charge Policies](#) provides an overview of the policy requirement. As stated in the memorandum, State agencies and SFAs have discretion in developing the specifics of individual policies, including the level (State or SFA-level) of the policy's development. Policies developed at the SFA-level must be provided to the State agency during the Administrative Review. SFAs must also maintain documentation of the methods used to communicate the policy to households and school or SFA-level staff responsible for policy enforcement. If a State-level policy is implemented, the SFA must maintain records to demonstrate how the policy was implemented and communicated to households by the SFA.

**If all schools in the SFA operate a non-pricing special assistance Provision (such as the Community Eligibility Provision or Provision 2) the SFA is not required to develop a meal charge policy, as no children would be charged for meals. However, if even one school in the**

SFA operates standard counting and claiming, the SFA must develop a meal charge policy. Meal charges would not occur at non-pricing schools within the SFA, but the SFA is still required to develop an SFA-wide policy for those schools operating standard counting and claiming. For low-income schools that qualify, adopting a special assistance Provision is often an effective solution to the challenge of unpaid meal charges, as special assistance Provisions reduce administrative burden, increase access to school breakfast and lunch, and eliminate student charges. For more information, see [Appendix F: Special Provisions](#).

Though not required to do so, SFAs currently operating a special assistance Provision district-wide may consider developing a meal charge policy and keeping it on file. This way, the policy will be available and ready for implementation in situations where a school (or schools) in the district return to standard counting and claiming.

## Unpaid Meal Charge Policy Requirements

While State agencies and SFAs have discretion in developing their policies, they must meet certain requirements. Children who qualify for free meals may never be denied a meal, even if they have accrued a negative balance from other purchases in the cafeteria. SFAs may prohibit a child **certified for free meals** from charging à la carte or “extra” items (e.g., a second milk or additional entrée) if the child’s account is negative, but may not deny the child a reimbursable meal. To prevent the overt identification of children eligible for free meals, SFAs may consider adopting a charge policy that prohibits the charging of à la carte or extra items by any child with a negative balance, regardless of the child’s eligibility status.

## Unpaid Meal Charge Policy Considerations

As mentioned, State agencies and SFAs have discretion in developing the specifics of individual meal charges policies. Some State agencies may choose to develop a State-level policy to be implemented by all SFAs throughout the State. If the State agency does not develop a State-level policy, SFAs must develop and implement an SFA-level policy. In developing an unpaid meal charge policy, FNS encourages the adoption of policies that allow children to receive the nutrition they need to stay focused during the school day, minimize identification of children with insufficient funds to pay for school meals, and maintain the financial integrity of the nonprofit school food service account (NSFSA).

However, State agencies and SFAs, as applicable, have discretion in developing their specific policy. Policies may allow children to:

- Charge all available reimbursable meals to the child’s account,
- Charge a limited number or type of meals to the child’s account,
- Receive an alternate meal, or
- Neither charge a meal nor receive an alternate meal.

Additionally, policies may apply consistently for all age/grade groups or vary based on student age/grade groups. A checklist of the encouraged unpaid meal charge policy components is included in [Appendix B: Unpaid Meal Charge Policy Checklists](#).

SFAs are not required to provide alternate meals to children with unpaid meal charges. Some SFAs, however, choose to provide alternate meals. If a meal is offered to one child in this situation, it should be offered to all children. SFAs opting to provide alternate meals are encouraged to explain in their meal charge policy the meal service(s) during which alternate meals are offered, the duration of the provision of alternate meals (e.g., no more than 10 per school year), if children must pay for alternate meals, and if so, whether the cost of the alternate meal is added to the child's delinquent account. For more suggestions, please see [Alternate Meal Policy](#).

SFAs should also include policies regarding the collection of delinquent debt in the written meal charge policy. In establishing policies regarding collection of delinquent debt, SFAs efforts should not have a negative impact on the children involved, and should instead focus primarily on adults in the household responsible for providing funds for meal purchases. SFAs are also encouraged to consider whether the benefits of potential collections outweigh the costs which would be incurred to achieve those collections. For more ideas, see [Appendix B: Unpaid Meal Charge Policy Checklists](#).

## Policy Communications

Clearly communicating meal charge policies prevents confusion for families and promotes effective financial management of the school meal programs. Whether developed at the State or SFA level, SFAs must ensure the policy is provided in writing to all families at the start of each school year and to families transferring to the school **during the school year**. SFAs are encouraged to use multiple methods to disseminate the policy on an ongoing basis throughout the school year. For example, SFAs may:

- Include a letter to households explaining the meal charge policy when sending out “back-to-school” packets with student registration materials;
- Post the policy on school or district websites;
- Include the policy in print versions of student handbooks if provided to families annually;
- Share the policy with the family the first time the policy is applied to a specific child;
- Mention the charge policy on reminder calls and include the policy in written notices of low or negative account balances; and
- Include the written policy when using existing notification methods to inform households about applying for free or reduced price meals, such as distributing household applications at the start of the school year.

SFAs also must provide the unpaid meal charge policy to all school or district-level staff responsible for policy enforcement. This includes school food service professionals responsible for collecting payment for meals at the point of service, staff involved in notifying families of low or negative balances, and staff involved in enforcing any other aspects of the policy. School social workers, school nurses, liaisons for homeless, migrant, and/or runaway students, and other staff members assisting children in need also should be informed of the policy. Unpaid meal charges may suggest that a family is facing a financial set-back, and coordinating with support service personnel may help ensure policies are sensitive to children's needs during a potentially challenging time. FNS also encourages SFAs to involve principals, vice principals, and other administrators to ensure they are supportive of the policy.



As with all aspects of school meal program operations, food service management companies (FSMCs) must operate in compliance with meal charge policies established by the State agency or SFA. The SFA should inform the FSMC of their role with regard to implementation of the unpaid meal charge policy. If applicable, consideration must be given to alternate meals and how they will be billed to the SFA.

## Clarification on Collection of Delinquent Meal Payment

Unpaid meal charges can create challenges for schools because the NSFSFA relies on payment from families, in addition to Federal reimbursements at the paid, reduced price, and free rates, to provide nutritious meals to children. In the past, there has been confusion about how unpaid meal charges must be handled when all of a school or district's collection efforts have been exhausted.

FNS issued [\*SP 47-2016: Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments\*](#) to clarify:

- The process of designating delinquent debt determined to be uncollectable as bad debt,
- The process of obtaining assistance to offset bad debt losses, and
- How Federal regulations and the definition of bad debt applies to the NSFSFA when unpaid meal charges are not collected.

### Classifying Unpaid Meal Charges as Delinquent Debt

Unpaid meal charges are considered “delinquent debt” when payment is overdue as defined by State or local policies. The debt is classified as delinquent as long as it is considered collectable and efforts are being made to collect it. A debt owed to the NSFSFA (an account receivable) is an asset. As such, the debt remains on the accounting documents until it is either collected or is determined to be uncollectable and written off.



SFAs must make reasonable efforts to collect meal charges classified as delinquent debt and the cost of these efforts is an allowable use of NSFSFA funds. A reasonable timeframe and methods for collecting unpaid meal charges may be established at the State or local level. FNS does not define “reasonable” collection methods or regulate how long a debt may be considered delinquent. Instead, FNS expects SFAs to rely on State and local policies for such determinations. For more information, see [\*Establishing a Delinquent Debt Policy\*](#).

Unpaid meal charges may be carried over at the end of the school year (beyond June 30); therefore, collection efforts may continue into the new school year. This allows SFAs to work with families to establish longer repayment plans (see [\*Payment Options\*](#)) and to continue pursuing collection efforts when children change schools within the district or move to a new school outside the district.

## Establishing a Delinquent Debt Policy

In establishing policies regarding collection of delinquent debt, State agencies and SFAs should consider options that will not negatively impact the children involved, but instead focus on the adults responsible for providing funds for meal purchases. State agencies and SFAs also are encouraged to consider whether the benefits of potential collections outweigh the costs incurred to achieve those collections. Policies regarding the collection of unpaid meal charges should be included in the written meal charge policy, required of SFAs no later than July 1, 2017. For more information, see [Local Meal Charge Policies](#). A list of encouraged delinquent/bad debt policy components is included in [Appendix B: Unpaid Meal Charge Policy Checklists](#).

## Reclassifying Delinquent Debt as Bad Debt

When local officials determine delinquent debt is uncollectable and no further collection efforts will be made, the debt must be reclassified as “bad debt.” Debts are initially considered assets because they represent money due to the NSFSFA. However, once a delinquent debt is reclassified as a bad debt, it is no longer considered an asset because it is, by definition uncollectable ([2 CFR 200.426](#)). Therefore, bad debts must be written off as operating losses.

NSLP and SBP regulations require SFAs to “comply with the requirements to account for all revenues and expenditures of [the] nonprofit school food service” and to “meet the requirements for allowable nonprofit school food service expenditures in accordance with this part and 2 CFR 200, Subpart E” [[7 CFR 210.19\(a\)\(1\)](#) and [7 CFR 220.13\(i\)](#)]. Therefore, expenditures from the NSFSFA must meet the standards for allowable costs set out in the Federal cost principles at [2 CFR Part 200, Subpart E](#).



[Section 200.426](#) of the subpart states “Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable.” Therefore, NSFSFA resources may not be used to cover costs related to the bad debt, such as continued legal and collection costs.

Additionally, while bad debt must be written off as an operating loss, an operating loss related to conversion of unpaid meal charges to bad debt status may not be absorbed by the NSFSFA.

Repayment of bad debt resulting from unpaid meal charges is an unallowable cost; therefore, the NSFSA must be restored using non-Federal funds. These funds may come from:

- The school district's general fund,
- Special funding from State or local governments, or
- Any other non-Federal sources.

For more potential options, see [\*Alternative Funding Sources\*](#).

### **Recordkeeping Requirements for Bad Debts**

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\(b\)](#). The following records should be maintained to document the appropriate establishment and handling of 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 NSFSA using non-Federal sources.

## Ensuring Access to School Meals

FNS recognizes the importance of making families aware of the NSLP and SBP, minimizing barriers to participation, and ensuring proper certification of children eligible for free or reduced price meals. Improving access to the school meal programs and increasing participation not only helps children and families; it can also help secure the financial stability of the school meal programs, since Federal reimbursement is provided based on the number of free, reduced price, and paid meals served. Further, improving certification rates for children eligible for free and reduced price meals can reduce unpaid meal charges incurred by low-income families unable to pay for school meals.

On August 10, 2016, FNS issued [\*SP 43-2016: Ensuring Access to Free and Reduced Price School Meals for Low-Income Students\*](#) to outline key steps State agencies and school administrators can take to improve the school meal program application, certification, and verification processes so all eligible children are certified for free or reduced price meals. Specifically, the memorandum outlines strategies in the following categories:



- **Improving the application process.** For example, use USDA's *Prototype Application for Free and Reduced Price School Meals*, encourage families to apply, and provide materials in a language and at a reading level families can understand.<sup>10</sup>
- **Strengthening the direct certification process.** For example, expand direct certification systems beyond mandatory Supplemental Nutrition Assistance Program (SNAP) matching; increase matching frequency; and refine the match engine to account for errors in birthdates, surname format, and the use of nicknames.
- **Improving the verification process.** For example, use direct verification to reduce gaps in meal benefits for eligible students caused by non-response; provide clear, plain-language instructions on the verification notice; and follow-up with families who do not respond.<sup>11</sup>

More detailed policy guidance to assist State and local administrators in ensuring accurate and timely certification of eligible children is available in [\*SP 43-2016\*](#).

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<sup>10</sup> Under Title 6 of the Civil Rights Act of 1964, States, school districts, and schools have a responsibility to be aware of the language needs of households with limited English proficiency and must take reasonable steps to ensure that these households have meaningful access to benefits. For more information, see [\*SP 37-2016: Meaningful Access for Persons with Limited English Proficiency in the School Meal Programs: Guidance and Q&As\*](#).

<sup>11</sup> In accordance with [42 U.S.C. 1758\(b\)\(3\)\(G\)\(iii\)](#), at least one attempt must be made to contact any household that does not respond or provides insufficient documentation in response to a verification request.

## Effective Date of Eligibility

Often, unpaid meal charges are accrued by children who are later determined to be eligible for free or reduced price meals. FNS has issued policy memoranda clarifying the flexibility available to local educational agency (LEA) officials for establishing the effective date of eligibility for children certified for free or reduced price meals in the NSLP and SBP based on household applications or direct certification, respectively.



Use of this flexibility is at the LEA's discretion; however, an LEA implementing this flexibility must notify its State agency. These LEAs would submit their current month claims normally and follow State agency procedures for adjusting claims after initial submission. State agencies must work with LEAs to ensure the proper implementation of this flexibility and the accuracy of the LEA's adjusted claims. This flexibility is discussed in more detail below.

### Flexibility for Household Applications

LEAs may establish the date of an application's submission as the effective date of eligibility, rather than the date the official approves it. This flexibility applies only to complete applications containing all required information at the time of submission (see *The Eligibility Manual for School Meals*). LEAs may use this flexibility when processing household income applications and when waiting for documentation of other source categorical eligibility (e.g., for homeless or migrant children) indicated on a household application. LEAs exercising this flexibility must have a method to document the date the application was submitted, such as a date stamp. See [\*SP 11-2014; CACFP 06-2014; SFSP 11-2014: Effective Date of Free or Reduced Price Meal Eligibility Determinations\*](#) for more details.

### Flexibility for Direct Certification

LEAs may consider the effective date of eligibility for free school benefits to be the date of the automated data matching file (or benefit recipient file) which first identifies the child as eligible for direct certification, rather than the date the LEA accesses and processes the file into their local point of service system. To be used for this purpose, the data file must have been generated and received by the LEA in the current school year.

The letter method and lists or other forms of documentation may also be used to complete the direct certification process. This option is available for Temporary Assistance for Needy Families (TANF), Food Distribution Program on Indian Reservations (FDPIR), and other source categorically eligible programs (i.e., foster child, homeless child, migrant child, runaway child,

and Head Start participant). LEAs may consider the effective date of eligibility to be the date the household or appropriate State or local agency submits the letter, list, or documentation to the LEA, rather than the date the school official approves the documentation.

LEAs exercising this flexibility must do so consistently for all the direct certification methods (i.e., automated data matching, letter method, and lists or other forms of documentation) and must apply the flexibility to all children directly certified across all participating schools and school meal programs within the LEA. In addition, LEAs must have a method to document the effective date used.



FNS encourages LEAs opting to use this flexibility to resolve and implement direct certification matches as early as possible upon receipt of appropriate documentation. This will help to ensure eligible children receive free benefits as early as possible and adjusted claims are submitted accurately during claim submission timeframes.

See [\*SP 51-2014: Eligibility Effective Date for Directly Certified Students\*](#) for more details.

## Discretionary Elimination of Reduced Price Charges

At the discretion of the SFA, NSFSA funds may be used to lower or eliminate the reduced price meal category. In this way, schools not operating a special assistance Provision may offer meals at no cost to children who would otherwise qualify for reduced price benefits. See [SP 17-2014: Discretionary Elimination of Reduced Price Charges in the School Meal Programs](#) for more information.

SFAs are permitted to implement this option selectively between the programs (NSLP and SBP) and the serving sites they operate. Schools electing to take advantage of this flexibility will continue to receive the reduced price reimbursement (rather than the free reimbursement) for meals claimed for children certified as eligible for reduced price meals.



The expenditures associated with **lowering or eliminating** the reduced price student payments may be funded from the NSFSA. However, any operating losses incurred from meals charged by children participating at the reduced price rate prior to the policy change must be restored using non-Federal funds, and may not be subsidized by the NSFSA. For examples, see [Non-Federal Funding Sources](#). Only meals purchased by children participating at the reduced price rate after the policy change may be funded by the NSFSA.

Lowering or eliminating the reduced price category will lessen or remove any financial barriers to meal access this particular group of children may experience and will allow SFAs to proactively budget for meal charges reduced price students may incur. This strategy also may provide an incentive for families eligible for reduced price meals to submit an application. SFAs considering this option are advised to conduct a thorough analysis of their current and projected operating costs to ensure they will be able to maintain operations and meal quality without student payments for reduced price meals.



## **Best Practices and Lessons Learned**

## Identify Eligible Children

Ensuring children who qualify for free or reduced price school meals are properly certified is helpful for families, financially beneficial for schools, and fundamental to overcoming the challenge of unpaid meals charges. As outlined in [7 CFR 245.6](#), children can qualify for free school meals through categorical eligibility or based on household income and size. An in-depth overview of eligibility requirements may be found in *The Eligibility Manual for School Meals*. This section includes strategies that can connect more eligible children with free or reduced price school meals.

### Application Outreach

Households with children who are not directly certified for free meals can establish eligibility for free or reduced price meals by submitting a household application for meal benefits. This makes connecting potentially eligible children with an application at the start of the school year very important.

FNS strongly encourages use of the paper [Prototype Application for Free and Reduced Price School Meals](#) to support access to school breakfast and lunch. The current paper prototype application, which meets all statutory and regulatory requirements, was tested by three focus groups made up of parents from low-income households, including a dedicated Spanish-speaking focus group that tested a translated version of the prototype. The input provided by the focus groups resulted in a more streamlined and accessible product when compared to previous versions of the paper prototype.

LEAs are also encouraged to use the [Web-Based Prototype Application for Free and Reduced Price School Meals](#) to improve access among eligible children. This model, first released on November 30, 2016, incorporates research-backed design features intended to reduce applicant error that may lead to mistaken denial of program benefits. State and local agencies may choose to adapt the web-based prototype for their own use, or may borrow design features from the prototype when developing their own web-based applications.

Please note the web-based prototype materials are not structured for direct or immediate use by households. These materials must be adapted and integrated with appropriate data management systems maintained at the State and/or local levels prior to household use. The web-based prototype will require some initial investment before it is ready to use, and the cost will vary depending on a number of factors, including any systems already in place and capabilities of available information technology (IT) resources. More information may be found on the [Web-Based Prototype Application for Free and Reduced Price Meals](#) website.

SFAs have developed a variety of strategies to ensure families are aware of the school meal application and the benefits of completing it. This section outlines three outreach strategies schools may use to reach more eligible children.

### Summer Outreach

Schools may encourage families to submit their student's application before the first day of class to ensure eligible children are certified prior to the first day reimbursable meals are offered. The official start of the school year is July 1; as long as an application is submitted after this date, it is considered current for the first day of school. SFAs operating the SFSP or Seamless Summer Option (SSO) may consider distributing applications to participating children at sites after July 1.



### School Year Outreach

Schools may incorporate application outreach into fall registration or encourage families to apply during open house events or school conferences. See [Assistance at School Events](#) for best practices for reaching eligible students during school events.

It is also important to share the application with children who transfer to the school during the school year. When a child transfers to a new school within the same LEA, the new school must accept the eligibility determination from the child's former school. When a child transfers to a new LEA, the new LEA is permitted to accept the individual eligibility determination from the child's former LEA. While this is not required, it is encouraged and will ensure there is no break in the child's meal access. The new LEA may accept the former LEA's eligibility determination without incurring liability for the accuracy of the determination. Please note, the eligibility transfer policy is different for children transitioning from a school operating a special assistance Provision. See [Mid-Year Eligibility Determinations](#) for more information on reaching transfer students.

#### **Public Announcement Requirement**

LEAs must publicly announce eligibility criteria for free and reduced price school meals at the beginning of each school year. The requirements for the public announcement, which are outlined at [7 CFR 245.5](#), include a requirement to distribute a letter of notice and application to families. On or around the beginning of each school year, the same information must also be shared with local media, the local unemployment office, and any major employers contemplating large layoffs in the area from which the school draws its attendance.

## Community Outreach

Incorporating school meal outreach into other efforts to reach low-income families (such as outreach for SNAP or Medicaid) can help schools identify eligible families and ensure those families submit an application for school meal benefits. Some schools post fliers and distribute applications in job offices, WIC clinics, public libraries, and food pantries to encourage eligible families to apply. When conducting community outreach, schools should provide contact information for a staff member families may call for assistance with the application.



## Mid-Year Eligibility Determinations

Although most eligible families will submit a household application for school meals in August or September, families may submit an application at any point during the school year. It is important that families are aware of this flexibility and encouraged to submit a mid-year application if their household income or size changes during the school year. This section outlines three situations where children could benefit from a mid-year eligibility determination.



## Carryover of Eligibility

As stated in [7 CFR 245.6\(c\)\(2\)](#), children determined eligible for free or reduced price meals carry over their eligibility status for up to 30 operating days into the subsequent school year or until a new eligibility determination is made, whichever comes first. Carryover allows schools adequate time to collect and process applications. The carryover period is not, however, intended to delay the processing of applications. A detailed explanation of carryover is included in *The Eligibility Manual for School Meals*.

Carryover policy varies, depending on whether a student is transitioning from a school operating standard counting and claiming or a school operating a special assistance Provision (i.e., the Community Eligibility Provision). The policy also varies, depending on whether the student is moving within or between LEAs. Please see the chart on the following page for an overview of carryover policy for the school meal programs.

<b>Carryover Policy for the School Meal Programs</b>		
	<b>Within an LEA</b>	<b>Between LEAs</b>
<b>Standard Counting and Claiming School → Standard Counting and Claiming School</b>	Carryover is <b>mandatory</b> , whether a child is continuing in the same school or will attend a different school within the LEA. The new school <b>must</b> carry over the child’s eligibility status for up to 30 operating days or until a new eligibility determination is made, whichever comes first.	Receiving schools are <b>encouraged</b> to use the former LEA’s eligibility determination for up to 30 operating days or until a new eligibility determination is made, whichever comes first. The new school may accept the former school’s eligibility determination during the carryover period without incurring liability for the accuracy of the determination.
<b>Provision School → Standard Counting and Claiming School</b>	State agencies <b>may</b> permit children moving within an LEA to receive free meals for up to 30 operating days or until a new eligibility determination is made, whichever comes first.	State agencies <b>may</b> permit children moving between LEAs to receive free meals for up to 30 operating days or until a new eligibility determination is made, whichever comes first.

FNS strongly encourages State agencies to implement the discretionary carryover provision for children transitioning from Provision schools to ensure these children do not experience a gap in school meal access. FNS also strongly encourages schools receiving a new student from a standard counting and claiming school in a different LEA to accept the former school’s eligibility determination during the carryover period. As stated in [7 CFR 245.6\(a\)\(4\)](#), the receiving school may accept the former school’s eligibility determination without incurring liability for the accuracy of the determination. Though the receiving school would not be liable, if the child’s eligibility status is determined to be incorrect during an Administrative Review or as part of verification, the child’s eligibility status would change.

Families failing to submit a new application after the carryover period ends may risk accruing unpaid meal charges. Schools should clarify for families that the carryover will end after 30 operating days, and families can submit a new application for meal benefits to re-establish their child’s eligibility at the end of the carryover period. While schools are not required to notify parents and guardians when their child’s carryover benefits will end, school officials are encouraged to provide general information in the application packet or contact families that have not submitted a new application via email, auto-dialed calls, or mailed notices. In response to the RFI notice *Unpaid Meal Charges*, school officials using these methods indicated the additional encouragement helped prevent children eligible for free or reduced price meals from accumulating charges by ensuring continuation of benefits once the carryover period ended.

## Change in Household Circumstances

According to [7 CFR 245.5\(a\)\(1\)\(vi\)](#), schools **must** inform families they may submit applications at any point during the school year and remind families their child may become eligible for free meals if the household unit experiences a change in financial circumstances (i.e., household size goes up or income goes down). It is very important for schools to reach out to families experiencing an acute financial setback, such as a job loss, which may result in a change in eligibility status for their child.

*“Families may get applications at the school or the School Nutrition office. There is an online application system. And we will assist parents over the phone if they have questions.”*

*- Food Service Professional, Texas*

Many low-income families lack sufficient savings, making them extremely vulnerable to financial emergencies. Families are also challenged by income volatility, or the variation of income level over time. For example, retail workers may see an increase in income over the holidays when overtime is available, only to see their hours cut at other points during the year. This instability can create stress for low-income families and is associated with higher rates of school suspension and

expulsion among children. Additionally, income volatility is a strong predictor of food insecurity. This makes connecting eligible families facing financial instability with school meal benefits very important.<sup>12</sup> To ensure families in need are reached throughout the year, schools are encouraged to distribute household applications each semester and **must** make applications available to families at any time, as needed.

As described at [7 CFR 245.6\(c\)\(3\)](#), however, once children are certified for free or reduced price meals, their eligibility status remains in effect for the duration of the school year. This means a child will remain eligible for meal benefits through the end of the school year, even if the family’s financial circumstances change (e.g., the family is no longer receiving SNAP benefits).

## Student Transfers

While most school-age children will change schools at least once, data from the Department of Education shows low-income children change schools more often than their peers.<sup>13</sup> School changes can be disruptive to learning, but by ensuring eligible children do not have a break in their access to free and reduced price meals, State and local agencies can support children and families during their transition.

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<sup>12</sup>Anderson, Virginia, Sarah Austin, Joel Doucette, Ann Drazkowski, and Scott Wood. "Addressing Income Volatility of Low Income Populations." *The Financial Clinic*, 2015, 1-4. Accessed August 3, 2016.

<https://www.lafollette.wisc.edu/images/publications/workshops/2015-income.pdf>.

<sup>13</sup>U.S. Government Accountability Office. (2010). *Many Challenges Arise in Educating Students Who Change Schools Frequently*. (GAO Publication No. 11-40). Washington, D.C.: U.S. Government Printing Office.

Further, by accepting eligibility determinations for transfer students, schools will receive proper reimbursement for eligible meals. Schools that fail to accept a student’s former eligibility determination could miss out on earned reimbursements. For more information, see [SP 51-2016: Ensuring Year-long Eligibility in the School Lunch and School Breakfast Programs](#).

Similar to carryover, transfer policy varies depending on the type of school a child transfers from and whether the child transfers within an LEA or between LEAs. **Transfer policy is codified at 7 CFR 245.6(a)(4) and 7 CFR 245.9(I)**. Please see the chart below for an overview of transfer policy in the school meal programs.

<b>Transfer Policy for the School Meal Programs</b>		
	<b>Within an LEA</b>	<b>Between LEAs</b>
<b>Standard Counting and Claiming School → Standard Counting and Claiming School</b>	Eligibility status <b>must</b> transfer with the child when a child moves to a new school within an LEA.	Receiving schools are <b>encouraged</b> but not required to accept the eligibility determination from the child’s former district. The receiving school may accept the eligibility determination without incurring liability for the accuracy of the determination.
<b>Provision School → Standard Counting and Claiming School*</b>	Children transferring from a Provision school <b>must</b> receive free meals for up to 10 days or until a new eligibility determination is made, whichever comes first. State agencies <b>may</b> permit children transferring from Provision schools to receive free meals for up to 30 days.	Schools are <b>encouraged</b> to provide free meals to children transferring from Provision schools for up to 10 days. Effective July 1, 2019 (SY 2019-2020), schools <b>must</b> provide children transferring from Provision schools free meals for up to 10 operating days or until a new eligibility determination is made, whichever comes first. State agencies <b>may</b> permit transfer students to receive free meals for up to 30 days.

FNS strongly encourages State agencies to provide children transferring from a Provision school to a standard counting and claiming school with free meals for up to 30 days. In addition, FNS strongly encourages schools receiving a new student from a standard counting and claiming school in a different LEA to accept the former school’s eligibility determination when the student transfers.<sup>14</sup>

<sup>14</sup> As outlined in [42 USC 1758\(b\)\(6\)\(A\)](#) and [7 CFR 245.6\(f\)\(3\)\(i\)](#), the disclosure of household information to other administrators of the school meal programs in order to determine a student’s eligibility is permitted, without prior notice or consent. A thorough review of the applicability of disclosure protections for individual student eligibility information collected for purposes of the Child Nutrition Programs is available in [SP 16-2016](#), [CACFP 06-2016](#), [SFSP 10-2016](#); *Disclosure Requirements for the Child Nutrition Programs*.

Given the technology available to most LEAs, the transfer of student eligibility information can normally be achieved with minimal effort and at little or no cost to the receiving school. As with carryover, the receiving school may accept the former school's eligibility determination without incurring liability for the accuracy of the determination. Though the receiving school would not be liable, if the child's eligibility status is determined to be incorrect during an Administrative Review or as part of verification, the child's eligibility status would change.

*“Most of the uncollectable debt that accumulates each year comes from the very same students who later become free or reduced price qualified.”*

*- School District Representative,  
California*

If the receiving school does not accept the child's previous eligibility determination, determining the child's eligibility status should be a priority. Schools can ensure the process moves quickly by including an application in the new child's welcome packet or registration folder and by emphasizing that households can submit a new application to establish their child's eligibility at the new school. Promptly connecting eligible transfer students with free school meals helps

to ensure students do not accrue unpaid meal charges before a new eligibility determination is made. Children who are eligible but not certified for free or reduced price meals may be unable to afford meals at the “paid” rate, which may result in unpaid meal charges and an unnecessary loss of funds for the NSFSA.

## **Notifying Households of Eligibility Determinations**

[7 CFR 245.6\(c\)\(6\)](#) requires LEAs to notify households of their children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household. Likewise, households approved for benefits through direct certification or categorical eligibility must be notified, in writing, of their child's eligibility for free meals or free milk.

Notification of eligibility status is particularly important if benefits are denied or reduced from the level of the previous year, or a household submits an incomplete application. Prompt notification provides adequate time for the household to make appropriate arrangements for payment and may prevent the household from accumulating meal charges. A new eligibility determination reducing benefits (e.g., free to reduced price) should be implemented only after the household has been notified. The notice must remind parents or guardians they may reapply for free or reduced price benefits at any time during the school year.

## Application Assistance

Local program operators are strongly encouraged to provide assistance to potentially eligible families who may struggle to complete the application independently. This assistance is especially important for families facing language or literacy barriers.

LEAs and schools operating the NSLP and/or SBP must ensure language is not a barrier to receiving school meal benefits and must take reasonable steps to ensure meaningful access for individuals with limited English proficiency (LEP). More information about how to meet these requirements may be found in [Language Assistance](#).

### Assistance at School Events

Offering application assistance at school events provides school officials an opportunity to ensure families complete the application correctly. Schools can host a “School Meals Booth” during back-to-school night and other school events, or choose to provide assistance during student conferences. Schools are encouraged to share their SFA’s charge policy with families during school events. As outlined in [Policy Communications](#), SFAs must ensure families receive the written meal charge policy annually.

*“We encourage families to fill out [the application] at registration and send additional copies home to families whose students are in arrears.”*

*- Superintendent, Missouri*

Local program operators should review USDA’s confidentiality requirements prior to conducting outreach and offering families application assistance. Generally, LEAs may disclose individual household information only to those individuals/organizations specifically authorized by the [NSLA](#) who have a “need to know.” As stated at [7 CFR 245.6\(f\)](#), the disclosure of student eligibility information for purposes other than establishing program eligibility is generally not permitted without written household consent. For more information, please see [SP 16, CACFP 06, SFSP 10-2016: Disclosure Requirements for the Child Nutrition Programs](#).

### Assistance through Community Partners

Schools may create partnerships with trusted community organizations, such as places of worship, social service organizations, or military community services offices, to provide application assistance. Some families may be more comfortable walking through the application with an organization they have visited for assistance in the past and providing an assistance option outside the school may help reach a new group of eligible families. Regardless of the person and/or organization providing assistance, it is important schools ensure families have consented to this assistance to ensure the family’s privacy is maintained throughout the application process.

## Completing the Application on Behalf of the Child

Local school officials may complete an application for a child known to be eligible for meal benefits if the child’s parent or guardian has not applied. When exercising this option, the school official must complete the application based on the best household size and eligibility information known to the official. This option, described at [7 CFR 245.6\(d\)](#), is intended for limited use in individual situations and must not be used to make eligibility determinations for categories or groups of children. For more information, see *The Eligibility Manual for School Meals*.

## Language Assistance

A person with LEP is someone who does not speak English as their primary language and who has a limited ability to read, speak, write, or understand English. LEAs and schools are required to communicate school meals eligibility information, including letters, applications, instructions, notices, and verification materials, to LEP persons in a language they can understand. Schools failing to provide services to LEP persons may be discriminating on the basis of national origin and be in violation of Title VI of the Civil Rights Act of 1964.<sup>15</sup> Findings indicating probable noncompliance must be handled in accordance with the procedures for resolving noncompliance contained in [FNS Instruction 113-1: Civil Rights Compliance and Enforcement – Nutrition Programs and Activities](#).

*“We provide constant marketing on applying for meal benefits. An annual marketing brochure is sent out that details the application process.”*

*- School Representative,  
Florida*

This section outlines steps LEAs and schools can take to ensure meaningful access to school meals for eligible children from households comprised of LEP individuals. More information may be found in [SP 37-2016: Meaningful Access for Persons with Limited English Proficiency \(LEP\) in the School Meal Programs: Guidance and Q&As](#).

## Identify LEP Persons

FNS recommends identifying LEP individuals prior to the distribution of household applications and when additional eligibility information, such as approval or denial, is sent. To address this need, schools may:

- Work with local organizations (such as migrant or refugee assistance agencies) to determine which translations are needed,
- Conduct a Home Language Survey during school enrollment, or
- Share USDA’s “I Speak” document (which can be downloaded from the FNS [Translated Applications](#) webpage) with parents and guardians during school conferences to determine which language they are most comfortable speaking.

<sup>15</sup> USDA’s Implementing Regulation for Title VI is included at [7 CFR Part 15](#) (Subpart A and Subpart C).

After identifying LEP persons, schools may store language information in a central, online database. This helps to ensure communications (such as meal payment reminders) sent to LEP persons throughout the school year are sent in the appropriate language. Using a central database may also reduce administrative burden for the school food service staff.

### Provide Translations

The FNS website has application translations available to assist schools in their effort to connect more eligible children with healthy meals. Currently, 49 non-English language translations are available for the *Prototype Application for Free and Reduced Price School Meals*. The translations and related materials are available on the FNS [Translated Applications](#) webpage. The application package includes all materials included with the English language version:

- The application,
- FAQs,
- The letter to households,
- Application instructions,
- Information sharing requests (for Medicaid, CHIP, and other programs),
- The notification of selection for verification of eligibility, and
- The letter of verification results.



### Develop LEP Partnerships

Partnering with advocacy groups, social service agencies, and other community organizations may help schools in their effort to deliver accurate, cost-effective language services. Local organizations may be willing to share written language assistance materials or have bilingual staff available to act as oral interpreters in schools. Schools in communities without access to oral interpreters may consider using telephonic and video conferencing interpretation services.

#### School Meals Application Video

A district official from the Midwest who commented on the RFI notice *Unpaid Meal Charges* said their district plans to release a video to explain the application process to families that may find it confusing or complicated. The video will be uploaded in English and Spanish, and will complement the district's other outreach efforts, which include sending regular payment reminders to families with debt and providing hands-on assistance to families struggling to repay a negative balance.

## Meal Payments

Simplifying payment systems, offering multiple payment options, and reminding families before a balance is due can help schools reduce unpaid meal charges. This section highlights strategies schools can use to encourage families to keep their child's account balance positive.

### Payment Options

Taking steps to make payment more convenient for families, such as offering an online payment option, can help reduce unpaid meal charges. However, SFAs cannot exclusively use an online system. SFAs using an online payment system must provide an alternative option to meet the needs of families who do not have access to a computer or who prefer to make their payment in person.

In addition, as stated in [SP 02-2015: Online Fees in the School Meal Programs](#), SFAs must include at least one no-cost method of payment. For example, an SFA could allow children to bring money to the cafeteria to purchase a meal at the time of the meal service. SFAs also may consider covering any fees associated with using the system for low-income families.

Families must be notified about all payment systems used by the SFA, including any fees associated with specific payment options. This section describes four payment strategies SFAs and schools could use to simplify the payment process for families.

### Pre-Payment Systems

Encouraging families to pre-pay for meals at the paid or reduced price rate can help to ensure children have consistent access to meals without accruing unpaid meal charges. The pre-payment system could include a feature to allow for parental restrictions limiting a child's spending at the point of service. For example, the system could allow families to place specific limits on à la carte purchases.

Some SFAs provide incentives, such as prize drawings, for families opting to pre-pay for meals. Any incentives offering discounts for families who pre-pay for meals at the paid rate must meet paid lunch equity (PLE) pricing requirements.<sup>16</sup> PLE aims to ensure the revenue brought in from the sale of lunches served to students not certified eligible for free or reduced price meals (i.e., "paid meals") is adequate to cover the cost of providing those meals.

Likewise, pre-payment systems for children approved for reduced price meals must ensure that all meals paid for are actually received or that the funds are carried over or are refunded. Federal regulations are clear that reduced price lunches may not exceed 40 cents and reduced price breakfasts may not exceed 30 cents. Payment for any meals not received by a child approved for reduced price meals must be refunded to the household.

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<sup>16</sup> See: [SP 09-2016: Paid Lunch Equity: School Year 2016-2017 Calculations and Tool](#).

## Online Payment

Allowing families to add money to their child's account from a computer or mobile device has made payment more convenient for families nationwide. According to some school food service professionals who commented on the RFI notice *Unpaid Meal Charges*, online payment options also may decrease unpaid meal charges.

*"I make every effort to keep parents informed of their account status. This includes having a free online system for monitoring meal accounts, emailing families, and calling families on the phone."*

*- Food Service Professional, California*

Often, even families who do not opt to pay using the online system can access the system to check their child's account balance. Some families may not realize how much their child is spending in the cafeteria each day, especially if the child is purchasing à la carte items in addition to their reimbursable breakfast and lunch. Encouraging families to regularly check their account balance and track their child's spending can help prevent households from accruing unpaid meal charges.

## Automatic Payment

Many online payment platforms include an optional feature families may use to automatically add money to their account when they reach a set dollar amount. Families using these systems may also set up a "low balance warning" to ensure they are notified promptly when a payment is needed. According to comments submitted in response to the RFI notice, some families wait for a negative balance letter to arrive before adding funds to their child's account. Encouraging use of automatic payment and payment reminders may prevent families from accruing debt. For more information on this strategy, see [Payment Reminders](#).

## Repayment Plans

Unpaid meal charges may be carried over at the end of the school year (beyond June 30) as a delinquent debt and collection efforts may continue into the new school year. This allows SFAs to work with families to establish repayment plans and makes the process of paying back meal charges more manageable for families. Repayment plans are especially helpful for households just above the threshold for free or reduced price meals and households where the primary income earner is a seasonal worker who may collect more income at certain times of the year. For more information, see [Clarification on Collection of Delinquent Meal Payment](#).

## Payment Reminders

Proactively reminding families of their child’s low account balance was consistently cited as a best practice during FNS’ examination of unpaid meal charges. When sending payment reminders, FNS encourages SFAs to communicate in a variety of ways to ensure the reminder reaches all families.

Several payment reminder ideas are discussed in the table below. Many SFAs use multiple payment reminders, trying a different approach if families do not respond or do not make a payment following the initial reminder. For example, the school food service may send a written notice to all families with an account balance of +\$5 to \$0; send a formal letter to families with an account balance of \$0 to -\$5; make a personal phone call to families with an account balance of -\$5 to -\$10; and refer excessive negative balances to the school principal or school finance director, who may provide additional follow up as appropriate. Regardless of the strategy used, FNS strongly encourages SFAs to communicate directly with adults in the household if a payment is overdue, rather than communicating with or through the child.

Payment Reminder Options	
Written	SFAs may send discreet payment notices directly to a family’s email account. General payment reminders for all families may be included in the school newsletter, on the lunch menu, or with student “take-home folders.” A <a href="#">Sample Outstanding Balance Letter</a> is included in the appendix.
Verbal	School officials may call families on the telephone to remind them to refill their child’s account. Many SFAs choose to communicate payment reminders using a “robo-call” system to contact families on a weekly or bi-weekly basis, as needed. <a href="#">Sample Robo-Call Scripts</a> are included in the appendix.
Automated	SFAs using an online payment system may send automated alerts when a child’s balance reaches a low level, such as \$5 or \$10. With household authorization, SFAs may also send automated text message alerts.
In Person	A trusted school official may reach out to families with unpaid meal debt in person. Meal charges may be a sign of other challenges facing a family. Having a trusted school official assess the situation firsthand can help the school determine the appropriate response for each individual family.
With Other Payment Reminders	Schools may include all outstanding payments, including fees for books, school uniforms, and unpaid meal charges, when sending notices to families. This streamlines communications, helps families track their payments, and was cited as a best practice during the FNS webinar <a href="#">The Challenges of Unpaid Meals: Proven Strategies from Our Nation’s Schools</a> .

## Local Meal Charge Policy Buy-In

No later than July 1, 2017, all SFAs operating the NSLP and/or SBP are required to have a written and clearly communicated unpaid meal charge policy to ensure a consistent and transparent approach to the issue of unpaid meal charges. More information about the local charge policy requirement may be found in [Local Meal Charge Policies](#).

When developing a charge policy, it is important for SFAs to give all stakeholders a voice in the process. Opening the conversation to include school administrators, food service professionals, school social workers, and families helps to ensure all ideas are adequately explored and no viable options are overlooked. Once a policy is finalized, the SFA must ensure the policy is provided in writing to all families. School or district-level staff responsible for policy enforcement also must be informed of the policy. See [Policy Communications](#) for more information.

### Working with Stakeholders

A representative from a charter school in the southwest who submitted a comment to the RFI notice *Unpaid Meal Charges* said they invited school administrators, the lunch coordinator, office and kitchen staff, and the district's homeless liaison to give input during their policy development. The representative also described the importance of communicating the policy to families and said the school sends families an information packet with a policy overview at the start of each school year.

### Policy Development

To ensure the policy meets the needs of the community, FNS encourages principals, teachers, school board officials, food service professionals, and families to share ideas about how to address the challenge of unpaid meal charges and how to communicate the policy once it is finalized. It is particularly important to include school and district-level staff members who will be carrying out the policy early in the process, as they will bring an important perspective to the issue. Including children, families, and the school community in developing a communication plan for the meal charge policy complements the public announcement requirement in [7 CFR 245.5](#) and is consistent with the community involvement required in [7 CFR 210.12](#).

Once finalized, the meal charge policy must be communicated to all school or district-level staff responsible for policy enforcement. This includes staff members responsible for:

- Collecting payment for meals at the point of service,
- Notifying families of low or negative balances, and
- Enforcing any other aspects of the meal charge policy.

FNS also encourages SFAs to include an overview of the meal charge policy in their professional development training, as this will help ensure the policy is applied consistently in all situations. School nurses, social workers, **homeless and migrant liaisons**, and other staff members outside the school food service who assist children in need also should be aware of the policy. FNS encourages SFAs to involve principals, vice principals, and other school administrators to ensure they are aware and supportive of the policy.

As stated in [\*SP 46-2016: Unpaid Meal Charges: Local Meal Charge Policies\*](#), all families must receive the policy, in writing, at the start of each school year. Families transferring to the school **during the school year** also must receive the policy in writing. The written policy should be provided again to the household (e.g., by mail, email, or a note home) the first time the policy is applied to a specific child. For more information, see [\*Local Meal Charge Policies\*](#).



## Policy Updates

Although it is not required, SFAs are encouraged to revise their policy on a regular (e.g., annual or bi-annual) basis. Regularly reviewing the policy, assessing its effectiveness, and incorporating new feedback **from all stakeholders** will allow the policy to evolve to better meet the needs of schools, families, and children.

## Preventing Student Distress

What became clear when reviewing responses to the 2014 RFI notice *Unpaid Meal Charges* was the empathy school administrators and food service professionals felt for children with unpaid meal charges. In their comments, local level officials noted children were often distressed and embarrassed when they realized they did not have adequate funds to purchase a meal.

These comments and additional feedback from stakeholders at the national level demonstrated the importance of sharing strategies and best practices SFAs can use to prevent the embarrassment of children with unpaid meal charges. This section highlights several key strategies to prevent student distress and provides positive alternatives to actions that clearly identify students unable to pay for their breakfast or lunch.

*“Using electronic communication has eliminated conversation with the child eradicating the stigmas associated with eligibility and account status. Teachers and other staff are not privy to student’s account.”*

*- School Official, New York*

FNS has previously issued guidance on the requirement to prevent the overt identification of children participating in the school meal programs at the free or reduced price rate. For more information on this requirement, please see [SP 45-2012: Preventing Overt Identification of Children Certified for Free or Reduced Price School Meals](#).

### Communicate Discreetly

In addition to the requirement to keep free and reduced price eligibility status confidential, many school food service professionals recommended keeping low or negative account balances confidential. SFAs should remind food service professionals not to notify children of their meal charge debt in front of other students. During FNS’ examination of unpaid meal charges, school food service professionals suggested children can easily discern, based on these communications, which children are eligible for free meals and which children are required to pay for their meals. Whenever possible, FNS encourages SFAs to communicate low accounts balances with the family privately ahead of time, or to notify children of their low or negative balance before they get to the serving line.

SFAs and schools may not enlist the assistance of unauthorized persons, such as parent or guardian volunteers, to follow up with debt collection efforts related to unpaid meal charges. For example, if a school calls families with unpaid meal charges to remind them to replenish their accounts, only authorized persons can make the phone calls. For more information, please see [SP 16, CACFP 06, SFSP 10-2016: Disclosure Requirements for the Child Nutrition Programs](#).

## Move the Point of Service

FNS encourages schools to provide regular reimbursable meals to all children who want one. Some schools, however, opt to serve children unable to pay for their meal an alternate meal. Many food service professionals from schools opting to provide an alternate meal shared their concern about having to replace a child's regular reimbursable meal with an alternate meal after realizing the child had an outstanding balance at the point of service. To avoid this situation and minimize the risk of student embarrassment, SFAs may move the point of service to the beginning of the lunch line. This helps the cashier determine which children, if any, are unable to pay for their meal, and allows the cashier to address the issue discreetly before the child has chosen a meal.

As part of the State agency agreement outlined at [7 CFR 210.9\(b\)\(9\)](#), SFAs must agree to count the number of free, reduced price, and paid reimbursable meals served to eligible children at the point of service, or through another counting system if approved by the State agency. The point of service is defined at [7 CFR 210.2](#) as the "point in the food service operation where a determination can accurately be made that a reimbursable free, reduced price or paid lunch has been served to an eligible child." SFAs moving the point of service must have a monitor or other assurance that students have the required components for a reimbursable meal after passing through the lunch line. SFAs also should check with their State agency before moving the point of service, as State agencies may have a specific State-level policy regarding its location. SFAs must comply with any State-level requirements for alternative point of service locations.

*"Our point of service is at the front of the line, so we never take food away from a child. This is the best method and surprisingly not used often."*

*- Food Service Director,  
South Dakota*

In addition, SFAs must ensure that rosters, computer screens, or other equipment used at the point of service cannot be viewed by anyone who does not need access to the information, especially other children. The information should be masked or coded to prevent children or other visitors from viewing any student's account balance or status. For more information, see [SP 45-2012: Preventing Overt Identification of Children Certified for Free or Reduced Price School Meals](#).

## Method of Payment

SFAs must prevent the overt identification of children through the method of payment. Meal cards, tickets, tokens, or other methods of payment cannot be coded or colored in a manner overtly identifying children based on eligibility status. Instead, SFAs are encouraged to use prepayment systems to limit the exchange of money in the cafeteria. Publicizing prepayment systems and encouraging their use by families can help ensure children who can afford to pay do not accrue unpaid meal charges. More information may be found in [Payment Options](#).

## Alternatives to Singling Out Students

The chart below provides preferred alternatives to actions that single out children with unpaid meal charges or low account balances. The encouraged actions are consistent with the disclosure provisions in Federal regulations. As outlined in [7 CFR 245.8](#) and in the footnotes below, many of the “discouraged” actions are prohibited when applied specifically to children eligible to receive free or reduced price meals.

Discouraged Actions	Encouraged Actions
Announcing or publicizing the names of children with unpaid meal charges <sup>17</sup>	Communicating privately with individual families about their child’s outstanding balance
Requiring children with unpaid meal charges to use a different serving line to pick up an alternate meal <sup>18</sup>	Serving children with unpaid meal charges the regular reimbursable meal (or a low-cost, reimbursable alternate meal) in the same serving line
Using hand stamps, stickers, or other physical markers to identify children with meal charge debt <sup>19</sup>	Communicating payment reminders directly to adults in the family over the phone or via email
Sending clearly marked notices home with children who have an outstanding balance	Sending discrete reminders in a plain, white envelope, or sending reminders with other communication materials sent to all families
<b>PROHIBITED:</b> Enlisting volunteers, especially the parents or guardians of other students, to request payment from a family with unpaid meal charges	<b>REQUIRED:</b> Allowing only appropriate officials trained on USDA’s confidentiality requirements who have a need to access a child’s account balance or eligibility information to request payment from families with unpaid meal charges unless the family gives approval <sup>20</sup>
Suggesting or requiring children with unpaid meal charges to work for a meal or to pay back their debt <sup>21</sup>	Working with families to develop a payment plan to pay back meal charge debt
Throwing a child’s meal in the trash if they are unable to pay	Serving children who are unable to pay the regular reimbursable meal or discreetly providing a low-cost, reimbursable alternate meal
Serving unappealing alternate meals as a strategy to embarrass children with unpaid meal debt	Ensuring the alternate meal (if opting to provide one) is a healthy meal and does not single out children with unpaid meal charges*
*For suggestions, see <a href="#">Alternate Meal Options</a> .	

<sup>17</sup> This is prohibited when applied to children eligible for free or reduced price meals. See [42 U.S.C. 1758\(b\)\(10\)](#) and [7 CFR 245.8\(a\)](#).

<sup>18</sup> This is prohibited when applied to children eligible for free or reduced price meals. See [7 CFR 245.8\(d\)](#).

<sup>19</sup> This is prohibited when applied to children eligible for free or reduced price meals. See [42 U.S.C. 1758\(b\)\(10\)](#) and [7 CFR 245.8\(b\)](#).

<sup>20</sup> See: [42 U.S.C. 1758\(a\)\(6\)](#).

<sup>21</sup> This is prohibited when applied to children eligible for free or reduced price meals. See [7 CFR 245.8\(c\)](#). Additionally, requiring or allowing children to work to repay a school debt may be a violation of Federal, State, or local labor laws or State or local curriculum policies. Any schools considering this policy should first consult with legal counsel or with the State labor and education departments.

## Providing Alternate Meals



FNS encourages SFAs to provide regular, reimbursable meals to all children who want one. Many school food professionals choose to provide all participating children, including those with unpaid meal charges, the regular reimbursable meal. Providing the regular reimbursable meal prevents the embarrassment of children with unpaid meal charges and ensures schools receive some funding for the meal in the form of a Federal reimbursement at the reduced price or paid rate.

For example, for SY 2016-2017, in addition to any student payments, SFAs received up to 38 cents plus an additional 23 cents in donated USDA Foods for every reimbursable school lunch served at the paid rate.<sup>22</sup> If a child participating at the paid rate did not have money to pay for lunch, the school would still receive up to 61 cents in cash and in-kind assistance for serving the child a reimbursable lunch.

Many SFAs reported that serving alternate meals is not an effective way to address unpaid meal charges. Some emphasized that providing an alternate is costly, as alternate meals are often not reimbursable and require extra staff time to prepare. School officials also suggested alternate meals stigmatize children, embarrassing them and negatively impacting the rest of their school day. One official from a district with an alternate meal policy stressed that “every effort must be made” by schools in their district to collect student’s unpaid meal debt in order to avoid the use of alternate meals.

Some SFAs, however, choose to provide children unable to pay for their breakfast or lunch an alternate meal. Alternate meals usually involve allowing selections of lower cost items, such as a sandwich entrée, a fruit/vegetable, and unflavored milk. Alternates are most often offered without charging children, though SFAs have discretion to charge when providing an alternate, as long as certain requirements are met. For more information, see [Pricing of Alternate Meals](#).

*“We provide a limited number of duplicate extra hot entrées. Those entrees are exactly the same as every other student gets and are provided first. When we run out of those, we offer a shelf-stable entree along with fresh fruit or vegetable and milk.”*

*- School District Official, California*

<sup>22</sup> See: [School Meals - Rates of Reimbursement](#)

While in some situations an “alternate meal” refers to a meal substitution provided to a child with a disability, unless otherwise stated, this guide refers to alternate meals provided to children with unpaid meal charges.

## Alternate Meal Policy

As outlined in [Local Meal Charge Policies](#), SFAs opting to provide alternate meals to children unable to pay for a meal are encouraged to include information about alternate meals in their local meal charge policy. FNS recommends explaining:

- The meal service(s) during which alternate meals are offered;
- The duration of the provision of alternate meals (e.g., no more than 10 per school year);
- If children must pay for alternate meals, and, if so, whether the cost of the alternate meal is added to the child’s delinquent account;
- When alternate meals are offered (i.e., immediately in lieu of charging, or after a child’s negative balance dips to a certain level); and
- How alternate meals are presented (i.e., a sack lunch or a low-cost reimbursable meal regularly included on the menu).

A checklist of the recommended policy components for SFAs opting to provide alternate meals is included in [Appendix B: Unpaid Meal Charge Policy Checklists](#).



## Alternate Meal Options

According to the general meal requirements at [7 CFR 210.10](#), “Schools must offer nutritious, well-balanced, and age-appropriate meals to all the children they serve to improve their diets and safeguard their health.” By providing a reimbursable breakfast or lunch to all students who want one, SFAs can ensure all children have access to a nutritionally adequate meal.

FNS encourages SFAs choosing to provide a non-reimbursable alternate meal to meet the MyPlate guidelines and connect children with the nutrition they need to stay focused during the school day. SFAs should also ensure the alternate meal does not single out children with unpaid meal charges (see [Preventing Student Distress](#)). This section highlights two options for SFAs choosing to provide alternate meals.

### Low-Cost Reimbursable Meals

SFAs may offer a simple, low-cost reimbursable alternate meal as a regular menu item. Having the alternate as a menu item available for purchase every day will help ensure children unable to pay will not be the only children eating the alternate. In addition, SFAs opting to provide a reimbursable alternate will continue to receive Federal reimbursement at the reduced price or paid rate, helping to lessen the financial impact of unpaid meal charges. To claim an alternate meal that limits choices to lower cost entrées and other components, schools must offer children at least two different types of fluid milk.

In addition, a school participating in the Offer versus Serve (OVS) provision must offer children five food components for the NSLP and four food items (and three food components) for the SBP. Alternate meals that do not allow children to select all food components/items are not reimbursable. For more information about OVS, please see:

*SP 41-2015: Updated Offer vs Serve Guidance for the National School Lunch Program and School Breakfast Program Beginning School Year 2015-16.*



### Alternate Sack Lunches

Schools may instruct children with unpaid meal charges (or the child’s teacher, for very young children) to pick up a “brown bag” alternate in the nurse’s office prior to entering the cafeteria, or deliver the alternate to the child in class before lunch in an insulated lunch bag. This option gives the appearance the child forgot their lunch at home and a family member dropped it off at the school later in the morning.

### Proactive Distribution of Alternates

Several SFA representatives who commented on the RFI notice *Unpaid Meal Charges* expressed concern about having to take away a child’s reimbursable meal and replace it with an alternate meal when the charge limit was reached. This practice is costly for the SFA, embarrassing for the child, and unpleasant for the cashier.

To prevent this from happening, commenters recommended notifying the child they will receive the alternate meal prior to the meal service, preventing the unfortunate circumstance of having to take the “regular” meal away from the child at the point of service. For more information about preventing student distress at the point of service, see [Move the Point of Service](#). Schools may also contact parents or guardians at the beginning of the school day, allowing time for families to submit payment or provide a lunch from home prior to the meal service.

## Pricing of Alternate Meals

Many SFAs providing alternate meals to children with unpaid meal charges choose to offer alternate meals for free. However, some SFAs charge students for alternate meals. There is wide variation in how alternate meals are provided and the amount (if any) children are charged for the meals. The FNS requirements that apply to alternate meals will vary depending on the way an SFA chooses to offer them.

The cost of providing non-reimbursable alternate meals to children with unpaid meal charges must be covered using non-Federal funds. If the SFA charges a child for a non-reimbursable alternate meal, then the meal is subject to the Smart Snacks requirements (7 CFR 210.11) and the requirements for revenue from non-program foods (7 CFR 210.14(f)).

Reimbursable alternate meals, by contrast, are considered a program food and would be treated like a program food cost. The PLE requirements (7 CFR 210.14(e)) apply to reimbursable alternate meals served to children participating at the paid rate. However, unless an SFA is providing a large number of reimbursable alternate meals at a very low cost (or no cost) to children eligible for paid meals, FNS would not expect the provision of reimbursable alternate meals to impact the PLE calculation.

## Meal Accommodations for Alternate Meals

SFAs must ensure children with disabilities have access to the same benefits and services provided to other children. SFAs opting to provide alternate meals to children with unpaid meal charges must ensure children with disabilities have access to an alternate meal that is safe to consume, and must provide a modified alternate when necessary to accommodate a child's disability. For example, if an SFA provides children with unpaid meal charges an alternate meal that includes a peanut butter sandwich, a child with a peanut allergy would require a modified alternate meal.

If an SFA limits the availability of alternate meals, or does not provide reimbursable or alternate meals to children with unpaid meal charges, the SFA must consult with the LEA's Section 504 Coordinator before denying children with disabilities a meal. Schools are reminded that they may have additional obligations to children with disabilities under Federal law, beyond the scope of FNS guidance.

For more information, see: *SP 59-2016: Policy Memorandum on Modifications to Accommodate Disabilities in the School Meal Programs*, September 27, 2016.

## Alternative Funding Sources

*“(We have) a generous community that provides annual donations to support families who cannot pay for the cost of school meals. Families may apply for use of these funds to assist with short term need.”*

*- School Representative, Wisconsin*

SFAs may use an alternative funding source to offset costs incurred from unpaid meal charges. As stated in [Clarification on Collection of Delinquent Meal Payment](#), bad debt resulting from unpaid meal charges may not be absorbed by the NSFSFA, and must instead be restored using non-Federal funds. These funds may come from the school district’s general fund, special funding from State or local governments, and other non-Federal sources.

### Non-Federal Funding Sources

When local officials determine further collection efforts for delinquent debt are ineffective or too costly, the debt must be reclassified as “bad debt,” and must be written off as an operating loss. These losses must be restored using non-Federal funds. Allowable sources of non-Federal revenue include:

- State revenue matching funds in excess of the State revenue matching fund requirement;
- State or local funds provided to cover the price of student meals;
- Local contributions provided by community organizations or individuals;
- Revenue from adults meals prepared using resources outside the food service, and not funded through the NSFSFA;
- A la carte revenue and profit from foods not purchased using funds from the NSFSFA, and funded from an account separate from the NSFSFA; and
- Revenue from catering or contracting services that operate using an account separate from the NSFSFA.



In arrangements where the school food service labor is used to prepare goods for an outside entity (e.g., catering and vending), the school food service must ensure all costs are covered by the entity served by the school food service operations. For more information, see [SP 13-2014: School Food Service Account Revenue from the Sale of Non-Program Foods](#), and [SP 20-2016: Nonprofit School Food Service Account Nonprogram Food Revenue Requirements](#).

## Charitable Funding Sources

SFA and school officials shared an array of charitable funding options with FNS through the RFI notice *Unpaid Meal Charges*, with wide variation depending on their unique community circumstances. This section describes four alternative funding options shared by local program operators with direct experience managing unpaid meal charges.

### Community Funding

Many schools have worked with their school board to find a community funding source to make donations to cover the cost of unpaid meal charges. Schools have found success working with the local United Way, Kiwanis Clubs, school volunteer organizations, and other local charities to collect donations.

### “Random Acts of Kindness” Funding

Some schools have created a “Random Acts of Kindness Fund” or “Angel Fund.” These funds, often provided by families with children at the school, are placed in a general lunch account which may be tapped by children unable to pay for a meal.



### School Fundraisers

Some schools have found success holding fundraisers to raise money to assist children with unpaid meal charges. [USDA’s Team Nutrition’s Healthy Meals Resource System](#) includes links to brochures, issue briefs, fact sheets, and other resources with healthy school fundraiser ideas from the State and local level.

### End of the Year Donations

At the end of the school year, schools may invite families with excess funds in their child’s account to donate the remaining funds to a general lunch fund. A few dollars from many families, especially those with graduating seniors who will be closing their accounts, may help to cover the cost of meals charged by children during subsequent school years. Households approved for reduced price benefits, however, must receive a refund. There is a Federal requirement that children eligible for reduced price meals pay a maximum of 40 cents per lunch and 30 cents per breakfast; retaining the unused funds would result in the per meal price exceeding this amount.

## Develop a Distribution Plan

When using an alternative funding source, it is important for SFAs and schools to develop a policy or standard practice for distribution. This helps to ensure the funds are shared equitably between schools and/or among children in need. For example, SFAs may consider working with school counselors or social workers to determine which children would benefit from short-term funding support, and what additional interventions could be helpful for the family.

*“There is a donation program per school. Each principal is in charge of allocating those funds. Most schools will match payments from families up to \$50 per year.”*

*- Food Service Supervisor,  
Wisconsin*

In addition, SFAs using an alternative funding option may develop a repayment plan for families relying on the funds. During FNS’ examination of unpaid meal charges, one school food service professional reported parents and guardians were more responsive to paying back the Parent-Teacher Organization, rather than paying back the school cafeteria, making Parent-Teacher Organization funds a viable short-term funding source at this particular school.

School food professionals also recommended looking at the “whole picture” when evaluating a family’s ability to pay back unpaid meal charges, and suggested giving special consideration to the cost of living in the community and any personal hardship the family may be facing, when deciding how to distribute and re-collect funds.

## Funding Strategies to Avoid

While alternative funding options can help supplement other efforts to prevent or alleviate unpaid meal charges, FNS does not view alternative funding as a long term solution for schools. SFAs should continue to pursue other strategies, such as connecting all eligible students with an application and making payment convenient for families, in their efforts to address unpaid meal charges.

In addition, teachers, food service professionals, cashiers, and other school staff members should never be expected to pay for children’s meals.



# Appendices

## Appendix A: FNS Policy

March 23, 2017	SP 23-2017: Unpaid Meal Charges: Guidance and Q&A <a href="https://www.fns.usda.gov/school-meals/unpaid-meal-charges-guidance-and-q">https://www.fns.usda.gov/school-meals/unpaid-meal-charges-guidance-and-q</a>
September 30, 2016	SP 61-2016: Fall 2016 Edition: Community Eligibility Provision: Planning and Implementation Guidance <a href="http://www.fns.usda.gov/fall-2016-edition-community-eligibility-provision-planning-and-implementation-guidance">http://www.fns.usda.gov/fall-2016-edition-community-eligibility-provision-planning-and-implementation-guidance</a>
September 27, 2016	SP 59-2016: Policy Memorandum on Modification to Accommodate Disabilities in the School Meal Programs <a href="http://www.fns.usda.gov/policy-memorandum-modifications-accommodate-disabilities-school-meal-programs">http://www.fns.usda.gov/policy-memorandum-modifications-accommodate-disabilities-school-meal-programs</a>
August 8, 2016	SP 43-2016: Ensuring Access to Free and Reduced Price School Meals for Low-Income Students <a href="http://www.fns.usda.gov/ensuring-access-free-and-reduced-price-school-meals-low-income-students">http://www.fns.usda.gov/ensuring-access-free-and-reduced-price-school-meals-low-income-students</a>
August 5, 2016	SP 51-2016: Ensuring Year-long Eligibility in the School Lunch and School Breakfast Programs <a href="http://www.fns.usda.gov/ensuring-year-long-eligibility-school-lunch-and-school-breakfast-programs">http://www.fns.usda.gov/ensuring-year-long-eligibility-school-lunch-and-school-breakfast-programs</a>
July 29, 2016	SP 50-2016 CACFP 19-2016 SFSP 17-2016: Eligibility Manual for School Meals <a href="http://www.fns.usda.gov/2016-edition-eligibility-manual-school-meals">http://www.fns.usda.gov/2016-edition-eligibility-manual-school-meals</a>
July 8, 2016	SP 46-2016: Unpaid Meal Charges: Local Meal Charge Policies <a href="http://www.fns.usda.gov/unpaid-meal-charges-local-meal-charge-policies">http://www.fns.usda.gov/unpaid-meal-charges-local-meal-charge-policies</a>
July 8, 2016	SP 47-2016: Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments <a href="http://www.fns.usda.gov/unpaid-meal-charges-clarification-collection-delinquent-meal-payments">http://www.fns.usda.gov/unpaid-meal-charges-clarification-collection-delinquent-meal-payments</a>

- December 23, 2015 SP 20-2016: Nonprofit School Food Service Account Nonprogram Food Revenue Requirements  
<http://www.fns.usda.gov/sites/default/files/cn/SP20-2016os.pdf>
- December 7, 2015 SP 16-2016; CACFP 06-2016; SFSP 10-2016: Disclosure Requirements for the Child Nutrition Programs  
<http://www.fns.usda.gov/disclosure-requirements-child-nutrition-programs-0>
- November 13, 2015 SP 09-2016: Paid Lunch Equity: School Year 2016-2017 Calculations and Tool  
<http://www.fns.usda.gov/paid-lunch-equity-school-year-2016-2017-calculations-and-tool>
- March 31, 2015 SP 23-2014 (V. 3): Questions and Answers Related to the “Smart Snacks” Interim Final Rule  
<http://www.fns.usda.gov/q-and-related-smart-snacks-interim-final-rule>
- March 30, 2015 SP 32-2015; CACFP 13-2015; SFSP 15-2015: Statements Supporting Accommodations for Children with Disabilities in the Child Nutrition Programs  
<http://www.fns.usda.gov/statements-supporting-accommodations-children-disabilities-cnp>
- October 8, 2014 SP 02-2014: Online Fees in the School Meal Programs  
<http://www.fns.usda.gov/online-fees-school-meal-programs>
- June 19, 2014 SP 51-2014: Eligibility Effective Date for Directly Certified Students  
<http://www.fns.usda.gov/eligibility-effective-date-directly-certified-students>
- January 22, 2014 SP 17-2014: Discretionary Elimination of Reduced Price Charges in the School Meal Programs  
<http://www.fns.usda.gov/discretionary-elimination-reduced-price-charges-school-meal-programs>
- December 3, 2013 SP 11-2014; CACFP 06-2014; SFSP 11-2014: Effective Date of Free or Reduced Price Meal Eligibility Determinations  
<http://www.fns.usda.gov/effective-date-free-or-reduced-price-meal-eligibility-determinations>

- August 24, 2012 SP 45-2012: Preventing Overt Identification of Children Certified for Free or Reduced Price School Meals  
<http://www.fns.usda.gov/preventing-overt-identification-children-certified-free-or-reduced-price-school-meals>
- November 8, 2005 FNS Instruction 113-1: Civil Rights Compliance and Enforcement – Nutrition Programs and Activities  
<http://www.fns.usda.gov/sites/default/files/113-1.pdf>

## Appendix B: Unpaid Meal Charge Policy Checklists

The following pages include optional checklists SFA officials may use to ensure their meal charge policies address key components recommended by FNS. For more information about the required unpaid meal charge policy and policy communication requirements, please see [\*Local Meal Charge Policies\*](#). For more information about the recommended components of an alternate meal policy, please see [\*Alternate Meal Policy\*](#).

## 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		<i>If yes, which meals may be charged?</i> <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		<i>If yes, what is the number or dollar amount for the charge limit(s)?</i> _____
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		<i>If students will receive an alternate meal, what will the meal contain? (Include all meals that apply.)</i> <ul style="list-style-type: none"> <li>• Breakfast: _____ _____</li> <li>• Lunch: _____ _____</li> <li>• Afterschool Snacks: _____ _____</li> </ul>
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		<i>If yes, what are the limitations?</i> _____ _____ _____

<p>5. Where can families find assistance with applying for free or reduced price school meals?</p>	<p><i>Information for families:</i></p> <p>_____</p> <p>_____</p> <p><i>Contact information for an SFA or school official:</i></p> <ul style="list-style-type: none"> <li>• <i>Name:</i> _____</li> <li>• <i>Phone:</i> _____</li> </ul>
<p>6. How will the SFA notify households of low or negative balances?</p>	<p><i>Low balance notification policy:</i></p> <p>_____</p> <p>_____</p> <p><i>Negative balance notification policy:</i></p> <p>_____</p> <p>_____</p>
<p>7. What resources are available to assist families with paying for their children’s meals or debt?</p>	<p><i>List of resources for families (i.e., repayment plans):</i></p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>8. How will delinquent meal charges be managed by the SFA?</p>	<p><i>Delinquent charges management policy:</i></p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>9. Which office or personnel will be responsible for managing the charges?</p>	<p><i>Contact information for SFA or school official:</i></p> <ul style="list-style-type: none"> <li>• <i>Name/Office:</i> _____</li> <li>• <i>Phone:</i> _____</li> </ul>
<p>10. What are the consequences for families that fail to repay a debt?</p>	<p><i>Consequences for families:</i></p> <p>_____</p> <p>_____</p>

## Local Meal Charge Policy Communication Requirements 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 in place a written meal charge policy, and to communicate that policy to families and school and/or district-level staff members, as appropriate.

**On an annual basis, SFAs must ensure the policy is communicated as required, and may use the following questions as a guide:**

1. Have all families received a written copy of the meal charge policy?		
<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>Describe how the policy is communicated:</i> _____ _____	
2. Have all families of transfer students received a written copy of the meal charge policy?		
<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>Describe how the policy is communicated:</i> _____ _____	
3. Have all school and/or district-level staff members responsible for policy enforcement received a written copy of the meal charge policy?		
<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>Describe how the policy is communicated to staff members (i.e., during annual training) and which staff members are included:</i> _____ _____ _____	
4. Is there a system in place to notify families of the meal charge policy when sending the initial notification of delinquent debt?		
<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>Describe how families are reminded of the policy when the notification is sent:</i> _____ _____ _____	
5. Do schools share information about the policy in other communications with families?		
<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>Explain any other ways families are informed of the policy (i.e., student handbooks and/or in online portals households use to access student accounts):</i> _____ _____ _____	

## Alternate Meal Policy Considerations for SFAs Opting to Provide Alternate Meals

*SFAs are not required to provide alternate meals to children with unpaid meal charges. As provided in [SP 46-2016](#), SFAs opting to provide alternate meals should include information about alternate meals in their local meal charge policy.*

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

1. Which meal service(s) offer alternate meals?		
	<input type="checkbox"/> Breakfast <input type="checkbox"/> Lunch <input type="checkbox"/> Afterschool Snacks	
2. How long will alternate meals be provided?		
	<i>Duration of the provision of alternate meals:</i> _____	
3. Are students required to pay for alternate meals?		
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>If students must pay for the alternate, what is the cost? (Include all meals that apply.)</i> <ul style="list-style-type: none"> <li>• Breakfast: \$_____</li> <li>• Lunch: \$_____</li> <li>• Afterschool Snacks: \$_____</li> </ul>
4. When are alternate meals offered?		
	<i>Explain when meals are provided (i.e., immediately in lieu of charging, or after a child's negative balance dips to a certain level):</i> _____ _____ _____ _____	
5. How are alternate meals presented?		
	<i>Explain how alternate meals are presented (i.e., a sack lunch or a low-cost reimbursable entrée regularly included on the menu):</i> _____ _____ _____ _____	

## Recommended Topics for Delinquent/Bad Debt Policies for 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 in place a written meal charge policy. Within that required policy, FNS recommends SFAs explain the collection methods the SFA will use and the conditions under which each will be initiated.

**Specific topics recommended by FNS include the following:**

1. How many days will a household's debt be delinquent before the SFA requests payment?

*Number of Days:* \_\_\_\_\_

2. What procedures are in place for determining if children with delinquent meal charges are eligible for free or reduced price meal benefits?

*Provide examples (i.e., encouraging the child's household to submit an application):*

\_\_\_\_\_

\_\_\_\_\_

3. How will households be notified of unpaid meal charges, expected payment dates, and collection efforts?

*Describe household notification strategies:*

\_\_\_\_\_

\_\_\_\_\_

4. How will repayment plans, with payment levels and due dates appropriate to a household's particular circumstances, be established?

*Describe establishment of repayment plans, including any key considerations (i.e., a job loss in the household):*

\_\_\_\_\_

\_\_\_\_\_

5. Will children with a small number of charges, in terms of dollars, be permitted to accumulate a larger debt before the SFA pursues recovery?

Yes

No

*If so, what is the threshold?*

\_\_\_\_\_

\_\_\_\_\_

6. What efforts will be made to collect household debt?

*Describe debt collection efforts:*

\_\_\_\_\_

\_\_\_\_\_

<p>7. Who will initiate household debt collection procedures?</p>	<p><i>Explain who is responsible for initiating collection procedures (e.g., food service manager, school principal, superintendent's office, etc.):</i></p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>8. Who will determine whether the achievement of program purposes would be jeopardized by the diversions of staff time and effort to collect payment?</p>	<p><i>Explain who is responsible for assessing debt collection efforts (e.g., food service manager, school principal, superintendent's office, etc.):</i></p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>9. Is there a cumulative dollar threshold beyond which the SFA will escalate the collection method?</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%; vertical-align: top;"> <input type="checkbox"/> Yes   <input type="checkbox"/> No         </td> <td style="vertical-align: top;"> <p><i>If so, what is the threshold?</i></p> <p>_____</p> <p>_____</p> </td> </tr> </table>	<input type="checkbox"/> Yes  <input type="checkbox"/> No	<p><i>If so, what is the threshold?</i></p> <p>_____</p> <p>_____</p>
<input type="checkbox"/> Yes  <input type="checkbox"/> No	<p><i>If so, what is the threshold?</i></p> <p>_____</p> <p>_____</p>		
<p>10. How will funds be obtained to restore the unallowable bad debt to the NSFSA?</p>	<p><i>Explain from where funds to restore the NSFSA will be obtained:</i></p> <p>_____</p> <p>_____</p> <p>_____</p>		

## **Appendix C: Sample Materials**

The optional sample reminder materials on the following pages, including a sample outstanding balance letter and sample robo-call scripts, may be used by schools under the jurisdiction of SFAs operating the Federal school meal programs to assist in debt collection efforts.

## Sample Outstanding Balance Letter

[PARENT/GUARDIAN NAME(S)]

[ADDRESS]

[CITY, STATE, ZIP CODE]

[MM/DD/YEAR]

Dear [NAME(S)],

The goal of [NAME OF SCHOOL'S] breakfast and lunch program is to provide healthy meals to children during the school day. In order to serve healthy, high-quality meals to all children, we must make sure we are financially secure. You play a key role in this effort, and are responsible for purchases made by your child in our school cafeteria.

As of [DATE], your child has a negative balance of \$[X.XX]. We strongly encourage you to pay this amount as soon as possible. Your response to this request is important. Paying back a debt shows your personal responsibility. It also keeps our food service program strong and ensures all children at our school have access to the healthy food they need to focus in the classroom.

To review [NAME OF SCHOOL'S] Meal Charge Policy, and the penalties for failing to pay back your child's negative balance, please visit *[include web address here, or include a copy of the Unpaid Meal Charge Policy in the letter]*. We understand that mistakes happen. But meal payments are important to our program, and we must collect your cafeteria debt.

Please contact [NAME OF SCHOOL OFFICIAL] if you have questions. If you think your child may qualify for free or reduced price school meals, please see the next page.

Thank you for your quick payment.

Sincerely,

[NAME], [TITLE]

CC: [NAME OF TEACHER, PRINCIPAL, SUPERINTENDENT, ETC. AS APPROPRIATE]

**INCLUDE  
PHOTO OF  
SCHOOL  
OFFICIAL  
WRITING THE  
LETTER**

## HOW TO MAKE A PAYMENT TO [NAME OF SCHOOL'S] CAFETERIA:

*[Include only those options available at the school]*

[NAME OF SCHOOL] has many simple payment options for you to choose from. No matter which payment option you choose, **please remember that the current negative balance must be paid as soon as possible.**

- **Pay Online:** Make an online payment to your child's account using your credit or debit card at [WEB ADDRESS]. *[Make note of any fees associated with online payment and add any log-in instructions, as necessary.]*
- **Pay in the Mail:** Send a check to [SCHOOL ADDRESS]. Checks should be made payable to [NAME/OFFICE]. Please include your child's name and student ID number when sending a payment. *[IF POSSIBLE, ADD: "For your convenience, we have enclosed an envelope you may use to make your payment."]*
- **Pay in Person:** Stop by [LOCATION] between [AM HOUR] and [PM HOUR] Monday through Friday to pay by cash or a check. You may also send cash or a check to school with your child. Checks should be made payable to [NAME/OFFICE].

After paying back your debt, we encourage you to create a "safety net" for your child. Pre-paying for your child's meals is a simpler way of managing their account, and prevents unpaid meal charges. Paying for meals before the meal service also helps lunch lines move more quickly, giving children more time to enjoy their meal.

If your family is experiencing a financial setback, please contact us so we can help. We are willing to work with you to develop a payment plan for your debt. We can also assist you in applying for free or reduced price meal benefits.

## HOW TO APPLY FOR FREE OR REDUCED PRICE MEALS:

If you think your child may be eligible for free or reduced price meals, please submit a school meal application. You may do this at any time during the school year. Applications are available at [SCHOOL OFFICE] between [AM HOUR] and [PM HOUR] Monday through Friday. *[IF POSSIBLE, ADD: "Applications are also available any time at WEB ADDRESS."]*

You must submit an application each year to be considered for free or reduced price meals. Even if your child received free or reduced price meals last year, you must submit a new application this year.

It is important to us that all eligible children receive free or reduced price school meals. We are happy to help you complete the application. If you have any questions or need help, please contact [NAME] at [PHONE NUMBER].

## Sample Robo-Call Scripts

### Sample Robo Call: Low Balance

Hello, this is [NAME]. I am the [POSITION/TITLE] at [NAME OF SCHOOL]. I am calling to let you know that [NAME OF STUDENT] has a low balance of [\$XX.XX] in their school meal payment account. To ensure your child has enough money to purchase school meals, please add funds to their account as soon as possible. You may do so by [ADD OPTIONS].

If you have questions, please call [OFFICE] at [XXX-XXX-XXXX].

If you wish to hear this message again, please press [KEY] now.

Thank you.

### Sample Robo Call: Outstanding Balance

Hello, this is [NAME]. I am the [POSITION/TITLE] at [NAME OF SCHOOL]. I am calling to let you know that [NAME OF STUDENT] has a negative balance of [\$XX.XX] in their school meal payment account. In order to continue to serve nutritious, high-quality meals to all of our students, we must collect your child's debt. Please add funds to your child's account as soon as possible. You may do so by [ADD OPTIONS].

If you have questions or think your child may qualify for free or reduced price school meals, please call [OFFICE] at [XXX-XXX-XXXX].

If you wish to hear this message again, please press [KEY] now.

Thank you.

### Sample Robo Call: Outstanding Balance, Follow-Up

Hello, this is [NAME]. I am the [POSITION/TITLE] at [NAME OF SCHOOL]. I am calling a second time to inform you that [NAME OF STUDENT] has a negative balance of [\$XX.XX] in their school meal payment account. Please add funds to your child's account as soon as possible. You may do so by [ADD OPTIONS]. [NAME OF SCHOOL] has an Unpaid Meal Charge Policy, which you can find [ON OUR WEBSITE, IN HANDBOOK, ETC.]. If you do not pay back your child's meal charge by [DATE], [STATE CONSEQUENCES].

If you have questions or think your child may qualify for free or reduced price school meals, please call [OFFICE] at [XXX-XXX-XXXX].

If you wish to hear this message again, please press [KEY] now.

Thank you.

## Appendix D: Glossary of Terms

**Assistance Programs:** Receipt of benefits by any household member from certain Assistance Programs conveys categorical (automatic) eligibility for free school meals to all children in the household. The determination is made through direct certification for Assistance Programs or through an application with appropriate case numbers. The Assistance Programs that convey categorical eligibility to all children in the household are:

- Supplemental Nutrition Assistance Program (SNAP)
- Food Distribution Program on Indian Reservations (FDPIR)
- Temporary Assistance for Needy Families (TANF)

**Carryover of Eligibility:** A child's eligibility for receipt of benefits from the previous school year is carried into the current school year for up to 30 operating days, beginning on the first operating day of school. Prior year's eligibility remains in effect until a new eligibility determination is made or, if no determination is made, for up to 30 operating days.

**Categorical Eligibility:** Allows children to automatically qualify for free school meals without a school meal application. Here are the ways children may be classified as "categorically eligible:"

- Participation in Assistance Programs: a child (or any member of the child's household) receives benefits from SNAP, FDPIR, or TANF (as determined either through direct certification or through a school meal application with the appropriate case number) or a child receives Medicaid and is determined to have a familial income meeting the Federal standard for their State.
- Other Source Categorically Eligible Designation: a child is enrolled in a Federally-funded Head Start or comparable State-funded Head Start or pre-kindergarten program, or is a homeless, runaway, migrant, or foster child.
- Approval by Local Officials: a child is a non-applicant, but is identified by local officials through means other than a school meal application.

**Community Eligibility Provision (CEP):** A meal service option for qualifying LEAs and schools in low-income areas. Rather than collecting school meal applications to make individual eligibility determinations, schools that adopt CEP are reimbursed using a formula based on the percentage of students who are normally certified for free school meals without an application, such as students who participate in the Supplemental Nutrition Assistance Program and homeless students. See the [Community Eligibility Provision Resource Center](#) and [Appendix F: Special Provisions](#).

**Direct Certification:** Allows children to establish eligibility for free school meals without a school meal application. Direct certification is based on documentation obtained directly from the appropriate State or local agencies or other authorized individuals. Children can be "directly

certified” through participation in another Assistance Program or through an “other source categorically eligible” designation.

***Extension of Categorical Eligibility for Assistance Programs:*** A child or other household member’s receipt of benefits from an Assistance Program automatically extends eligibility for free benefits to all children who are members of the household.

***Food Distribution Program on Indian Reservations (FDPIR):*** FDPIR is a Federal program that provides USDA Foods to low-income households living on Indian reservations and to Native American families residing in designated areas near reservations and in the State of Oklahoma. Children from households that receive FDPIR benefits are deemed categorically eligible for free school meals.

***Foster Child:*** A foster child is a child formally placed in foster care by a court or a State child welfare agency. This definition does not apply to informal arrangements or permanent guardianship placements that may exist outside of State or court-based systems. Foster children are “directly certified” for free school meals based on “other source categorical eligibility.”

***Free Meal:*** A meal served in that NSLP or SBP to a child eligible for such benefits under 7 CFR 245. Neither the child nor any member of the household pays or is required to work in the school or in the school’s food service to receive a free meal.

***Head Start:*** Head Start is a Federally-funded early childhood education program. Participants in Head Start, or any State-funded pre-kindergarten program that uses identical or more stringent eligibility criteria, are “directly certified” for free school meals based on “other source categorical eligibility.”

***The Healthy, Hunger-Free Kids Act (HHFKA):*** The HHFKA (Public Law 111-296; December 13, 2010) authorized funding and set policy for USDA’s core Child Nutrition Programs, and allowed the USDA to improve nutrition standards for the school meal programs. The HHFKA also mandated that USDA examine and report on the current policies and practices of State agencies and LEAs regarding meal charge policies and alternate meals, and required USDA to report on the feasibility of establishing national standards for such policies and, if applicable, make recommendations for implementation.

***Homeless Child:*** A Homeless Child is a child who is identified by the LEA homeless liaison or by an official of a homeless shelter as lacking a fixed, regular, and adequate nighttime residence. This includes children receiving assistance from programs under the Runaway and Homeless Youth Act (RHYA) or the McKinney-Vento Homeless Assistance Act. Homeless children are “directly certified” for free school meals based on “other source categorical eligibility.”

***Household:*** A group of related or nonrelated individuals who are living as one economic unit. The term “family” has the same definition as “household” in 7 CFR 245.2.

***Income Eligibility Guidelines (IEGs):*** The family-size income levels prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced price meals and free milk. The free guidelines are 130 percent of the Federal poverty guidelines. The reduced price guidelines are 185 percent of the Federal poverty guidelines.

***Limited English Proficiency (LEP):*** A limited ability to read, speak, write, or understand English. LEAs, schools and other entities that receive Federal financial assistance, including reimbursements for meals from USDA, must take reasonable steps to ensure meaningful access to their programs and activities by persons with LEP.

***Local Educational Agency (LEA):*** Refers to the entity that has administrative control of a school district or a group of schools. LEAs can be a public board of education, a public or private nonprofit, an administrative agency, or a State education agency.

***Migrant Child:*** A Migrant Child is a child who is enrolled in the Migrant Education Program (MEP) as determined by the State or local MEP coordinator. Migrant children are “directly certified” for free school meals based on “other source categorically eligibility.”

***The National School Lunch Program (NSLP):*** The NSLP is a Federally-assisted lunch program operating in public and nonprofit private schools and Residential Child Care Institutions. Participating school districts and independent schools receive cash subsidies and foods from the USDA for each reimbursable meal they serve.

***Non-Reimbursable Meals:*** Non-reimbursable meals are meals or food items that are not eligible for Federal reimbursement. This may include meals in which a student declined the necessary components for a reimbursable meal, single-items purchased from à la carte sales, alternate meals served at no cost, and extra servings of food purchased from à la carte sales.

***Other Source Categorically Eligible:*** Categories which make children automatically eligible for free benefits, either through direct certification or application. A child’s eligibility for free benefits under Other Source Categorical Eligibility does not extend to any other child in the household.

A child is Other Source Categorically Eligible if they are:

- Enrolled in Federal Head Start;
- Enrolled in State-funded pre-kindergarten programs that use eligibility criteria that are identical or more stringent than Federal Head Start;

- Determined to be homeless by the LEA’s homeless liaison or by an official of a homeless shelter;
- Determined to be a migrant by the State or local MEP coordinator or homeless liaison;
- Determined to be a runaway who is identified by the local education liaison as receiving assistance through a program under the Runaway and Homeless Youth Act;
- Determined to be a foster child whose care and placement is the responsibility of the State, or who is formally placed by a court with a caretaker household through which the State retains legal custody of the child.

***Overt Identification:*** Any action that may result in a child being recognized as potentially eligible to receive or be certified for free or reduced price school meals or free milk. LEAs and SFAs must assure that a child’s eligibility status is not disclosed at any point in the process of providing free or reduced price meals or free milk, including:

- When the child or household is notified of the availability of free or reduced price benefits;
- During certification and notification of eligibility;
- During the provision of meals in the cafeteria;
- At the point of service;
- During the provision of additional services, such as educational services to low income children; or
- When the child pays for their meals.

***Paid Lunch Equity (PLE):*** PLE refers to the requirement that SFAs participating in the NSLP have sufficient funds in the NSFSA to provide paid meals to students not eligible for free or reduced price meals.

***Reduced Price Meal:*** A lunch priced at 40 cents or less, an afterschool snack priced at 15 cents or less, or a breakfast priced at 30 cents or less, served to a child certified as eligible for such benefits under 7 CFR 245.

***Runaway Child:*** A Runaway Child is a child who is identified by the LEA’s homeless liaison or a program official as receiving assistance from a program under the Runaway and Homeless Youth Act. Runaway children are “directly certified” for free school meals based on “other source categorically eligibility.”

***School:*** School means (a) An educational unit of high school grade or under, recognized as part of the educational system in the State and operating under public or nonprofit private ownership in a single building or complex of buildings; (b) any public or nonprofit private classes of preprimary grade when they are conducted in the aforementioned schools; or (c) any public or nonprofit private Residential Child Care Institution, or distinct part of such institution, which

operates principally for the care of children, and, if private, is licensed to provide residential child care services under the appropriate licensing code by the State or a subordinate level of government.

***School Breakfast Program (SBP):*** The SBP is a Federally-assisted meal program operating in public and nonprofit private schools and Residential Child Care Institutions. Participating districts and independent schools receive cash subsidies from the USDA for each reimbursable meal they serve.

***School Food Authorities (SFAs):*** SFAs are the governing bodies responsible for the administration of the school meal programs at one or more school(s).

***School Meal Application:*** The School Meal Application is the traditional application for free and reduced price School meals. The School Meal Application is sometimes referred to as the “household application.”

***School Year (SY):*** The period from July 1 through June 30.

***The Supplemental Nutrition Assistance Program (SNAP):*** SNAP, formerly known as Food Stamps, is a Federal nutrition program offering assistance to millions of eligible, low-income individuals and families. SNAP is the largest program in the domestic hunger safety net. Children who participate in SNAP are “categorically eligible” for free school meals.

***Temporary Assistance for Needy Families (TANF):*** TANF is a Federal assistance program that provides assistance, including wage supplements, child care support, and transportation aid, to families in need. Children whose families participate in TANF are “categorically eligible” for free school meals.

## Appendix E: Glossary of Acronyms

<b>CEP</b>	Community Eligibility Provision
<b>FDPIR</b>	Food Distribution Program on Indian Reservations
<b>FNS</b>	Food and Nutrition Service
<b>FSM</b>	Food Service Management Company
<b>HHFKA</b>	Healthy Hunger-Free Kids Act of 2010
<b>IEGs</b>	Income Eligibility Guidelines
<b>ISP</b>	Identified Student Percentage (for CEP schools and school districts)
<b>LEA</b>	Local Educational Agency
<b>LEP</b>	Limited English Proficiency
<b>NSFSA</b>	Nonprofit School Food Service Account
<b>NSLA</b>	National School Lunch Act
<b>NSLP</b>	National School Lunch Program
<b>PLE</b>	Paid Lunch Equity
<b>RFI</b>	Request for Information
<b>SBP</b>	School Breakfast Program
<b>SFA</b>	School Food Authority
<b>SFSP</b>	Summer Food Service Program
<b>SSO</b>	Seamless Summer Option
<b>SMP</b>	Special Milk Program
<b>SNAP</b>	Supplemental Nutrition Assistance Program
<b>SY</b>	School Year
<b>TANF</b>	Temporary Assistance for Needy Families
<b>USDA</b>	United States Department of Agriculture

## Appendix F: Special Provisions

### The Community Eligibility Provision (CEP)

The Community Eligibility Provision (CEP) was established by Congress through the Healthy, Hunger-Free Kids Act of 2010. CEP is a meal service option that allows high-need schools and LEAs to provide breakfast and lunch at no charge to all enrolled children. CEP eliminates the burden of collecting household applications to determine eligibility for school meals, relying instead on information from other means-tested programs.

Eligibility for CEP is based on the percentage of identified students enrolled in the school, group of schools, or district considering a CEP election. Identified students are children who are directly certified or categorically eligible for free meals because they participate in an eligible Assistance Program, or are homeless, runaway, foster, or migrant children. The identified student percentage, or ISP, must be at least 40 percent in order for a school, group of schools, or district to participate in CEP. The ISP is calculated by dividing the number of identified students by the number of enrolled students, and multiplying by 100.

The ISP is then multiplied by a factor of 1.6 to determine the total percentage of meals reimbursed at the Federal free rate, which means the financial viability of CEP increases as the identified student number increases.

For districts and schools that qualify, CEP is a great solution to the challenge of unpaid meal charges because it allows schools to serve breakfast and lunch at no charge to all children, without the need to collect applications or establish individual student eligibility. To learn more about CEP, please visit the [FNS CEP Resource Center](#).

### Provision 1

Provision 1 has been an option for schools since 1980. This Provision reduces school meal application burdens by allowing free eligibility to be certified for a two year period.

In schools where at least 80 percent of the children enrolled are eligible for free or reduced price meals, annual notification of program availability and certification of children eligible for free meals may be reduced to once every two consecutive school years. All other households must be provided a school meal application and are allowed to apply for meal benefits each school year. There is no requirement to serve meals at no charge to all children.

Schools must continue to record daily meal counts of the number of meals served to children by type as the basis for calculating reimbursement claims.

For more information, please see [Provisions 1, 2, and 3](#).

## **Provision 2**

Provision 2 has been an option for schools since 1980. This Provision reduces school meal application burdens and simplifies meal counting and claiming procedures. Provision 2 allows schools to establish claiming percentages and to serve all meals at no charge for a four year period.

Provision 2 schools must serve meals to all participating children at no charge for a period of four years. During the first year (or “base year”) the school makes eligibility determinations and tracks meal counts by type (free, reduced price, and paid). During the next three years, the school makes no new eligibility determinations and tracks only the total number of reimbursable meals served each day. Reimbursement during the second, third, and fourth years is determined by applying the percentages of free, reduced price and paid meals served during the base year to the total meal count for the claiming month. The base year is included as part of the four years. At the end of each four year period, the State agency may approve four year extensions if the income level of the school’s population remains stable compared to the base year.

Schools electing this alternative must pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from non-Federal funding sources.

For more information, please see [Provisions 1, 2, and 3](#) and USDA’s [Provision 2 Guidance](#).

## **Provision 3**

Provision 3 has been an option for schools since 1995. This Provision reduces school meal application burdens and meal counting and claiming procedures. It allows schools to receive the same level of Federal cash and commodity assistance each year, with some adjustments, for a four year period.

Schools must serve meals to all participating children at no charge for a period of four years. These schools do not make additional eligibility determinations. Instead, they receive the level of Federal cash and commodity support paid to them for the last year in which they made eligibility determinations and meal counts by type, which is the base year. For each of the next four years, the level of Federal cash and commodity support is adjusted to reflect changes in enrollment, inflation and operating days. The base year is not included as part of the four year cycle. At the end of each four year period, the State agency may approve four year extensions if the income level of the school’s population remains stable compared to the base year.

Schools electing this alternative must pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from non-Federal funding sources.

For more information, please see [Provisions 1, 2, and 3](#).

## Appendix G: USDA Resources

- National School Lunch Program Website: <http://www.fns.usda.gov/nslp/national-school-lunch-program-nslp>
- School Programs Policy Page: <http://www.fns.usda.gov/nslp/policy/all>
- School Meals - Unpaid Meal Charges Webpage: <http://www.fns.usda.gov/school-meals/unpaid-meal-charges>
- Federal Regulations (Electronic Code of Federal Regulations): [http://www.ecfr.gov/cgi-bin/text-idx?SID=9babc4135dda33212075af535496491f&mc=true&tpl=/ecfrbrowse/Title07/7cfrv4\\_02.tpl#0](http://www.ecfr.gov/cgi-bin/text-idx?SID=9babc4135dda33212075af535496491f&mc=true&tpl=/ecfrbrowse/Title07/7cfrv4_02.tpl#0)
- 2016 Edition of Eligibility Manual for School Meals: <http://www.fns.usda.gov/2016-edition-eligibility-manual-school-meals>
- The Healthy, Hunger-Free Kids Act (HHFKA, Public Law 111-296, December 13, 2010): <http://www.fns.usda.gov/school-meals/healthy-hunger-free-kids-act>
- Special Nutrition Program Operations Study - State and School Food Authority Policies and Practices for School Meal Programs School Year 2011-12: <http://www.fns.usda.gov/sites/default/files/SNOPSISYear1.pdf>
- Request for Information - Unpaid Meal Charges (Comments): <http://www.regulations.gov/#!docketBrowser;rpp=25;po=0;D=FNS-2014-0039;dct=PS>
- Unpaid Meal Charges: Local Charge Policy Requirement (Webinar Recording): <https://www.fns.usda.gov/school-meals/unpaid-meal-charges-local-charge-policy-requirement>
- Unpaid Meal Charges: Local Charge Policy Requirement (Webinar Slides and Notes): <https://www.fns.usda.gov/sites/default/files/cn/LocalChargePolicyRequirement.pdf>
- The Challenges of Unpaid Meals: Proven Strategies from Our Nation's Schools (Webinar): <http://origin-qps.onstreammedia.com/origin/usda/%5BInbox%5D/webinars/022316/FNS%20Madelin%20Becker%202-23-16CAPSFINAL.mp4>

- Letter from Former USDA-FNS Undersecretary Kevin Concannon to Chief State School Offices:  
[https://schoolnutrition.org/uploadedFiles/News\\_and\\_Publications/News/UnpaidMealCharges.pdf](https://schoolnutrition.org/uploadedFiles/News_and_Publications/News/UnpaidMealCharges.pdf)
- School Meals - Income Eligibility Guidelines: <http://www.fns.usda.gov/school-meals/income-eligibility-guidelines>
- School Meals - Reimbursement Rates: <http://www.fns.usda.gov/school-meals/rates-reimbursement>
- School Meals - State Agency Contacts: <http://www.fns.usda.gov/school-meals/school-meals-contacts>
- FNS Limited English Proficiency (LEP) Webpage: <http://www.fns.usda.gov/cr/limited-english-proficiency-lep>
- School Meals - Translated Applications: <http://www.fns.usda.gov/school-meals/translated-applications>
- Community Eligibility Provision (CEP) Resource Center:  
<http://www.fns.usda.gov/school-meals/community-eligibility-provision-resource-center>
- Provisions 1, 2, and 3: <http://www.fns.usda.gov/school-meals/provisions-1-2-and-3>
- School Meals - NSLP Afterschool Snacks: <http://www.fns.usda.gov/school-meals/afterschool-snacks>
- School Meals - Special Milk Program: <http://www.fns.usda.gov/smp/special-milk-program>
- Best Practices for Healthy School Fundraisers: <http://www.fns.usda.gov/best-practices-healthy-school-fundraisers>