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MEMORANDUM

TO: Superintendents, Business Managers, and Principals
FROM: Laurie M. Colgan, Director, Child Nutrition Programs
SUBJECT: Meal Charge Policies/Procedures
DATE: June 13, 2017

Beginning July 1, 2017, USDA will require all school food authorities to have a written and clearly communicated meal charge policy or procedure, which must be distributed to households at the start of each school year. The policy/procedure must clearly articulate how students will be charged for meals, as well as how SFAs will offer alternate meals, set limits on meal charges, manage debt on student accounts, and disallow meal charges or alternate meals when a student's account has insufficient funds.

USDA does not require the local school board to formally adopt this as a Policy/Procedure. However, school food authorities are encouraged to seek feedback prior to finalizing and implementing the policy/procedure. This policy/procedure can be combined with the SFA's Free/Reduced Meal policy/procedure and can follow the same method used by the SFA to create that policy/procedure.

Per USDA guidance, the specific policy/procedure is at the discretion of each school food authority and must include information about how the unpaid meal debt will be collected. It is important that all staff who could be responsible for enforcement, including food service staff, office and school administrative staff, principals, school board members, and contracted management company staff, etc., be aware of the policy/procedure.

When local school officials determine further collection efforts for delinquent debt are useless or too costly, the debt must be re-classified as "bad debt." Once a delinquent debt is reclassified as bad debt, it must be written off as an operating loss. The non-profit school food service account funds may not be used to cover costs related to bad debt. Instead, these losses must be restored using non-Federal funds which may come from the district's general fund, special funding from the state or other local sources, or any other non-Federal sources. SFAs must provide clear documentation of the determination of bad debt and how those funds are restored to the non-profit school food service account.

Attached you will find a draft template to use to develop the policy/procedure for your SFA. As an additional resource for designing the policy/procedure for your SFA, you may refer to the USDA developed handbook "[Overcoming the Unpaid Meal Challenge](#)."

USDA requires that households be provided written notification of the policy/procedure annually. In addition, the SFA may use additional methods of notification for the

policy/procedure to include printing it in the student/parent handbook, including it with the free & reduced price meal application packet, including it in the school newsletter, or posting it on the school or SFA website.

As part of the agreement/application renewal process this year, SFAs are required to submit their Meal Charge Policy/Procedure in the VT-CNP system. The policy/procedure will also be included in the Administrative Review monitoring process.

If you have any questions, please do not hesitate to contact me at laurie.colgan@vermont.gov or 479-1187.