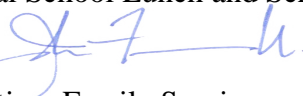




STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



TO: Sponsors of the National School Lunch and School Breakfast Programs

FROM: John Frassinelli, Chief 
Bureau of Health/Nutrition, Family Services and Adult Education

DATE: November 2, 2016

SUBJECT: Operational Memorandum No. 4-17
Guidance on Unpaid Meal Charges and Collection of Delinquent Meal Payments

The U.S. Department of Agriculture (USDA) has issued the following guidance addressing unpaid meal charges:

- [SP 46-2016](#), *Unpaid Meal Charges: Local Meal Charge Policies*;
- [SP 47-2016](#), *Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payment*;
- [SP 57-2016](#), *Unpaid Meal Charges: Guidance and Q and A*; and
- [SP 58-2016](#), 2016 Edition: *Overcoming the Unpaid Meal Challenge: Proven Strategies from Our Nation's Schools*.

This memorandum provides an overview of these USDA memoranda. Please review carefully and share with appropriate staff members.

1. SP 46-2016, *Unpaid Meal Charges: Local Meal Charge Policies*

For the past several years, the USDA has examined policies and practices relating to unpaid meals. This was in response to section 143 of the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296; December 13, 2010), entitled “Review of Local Policies on Meal Charges and Provision of Alternate Meals.”

SP 46-2016 addresses the need for local educational agencies (LEAs) participating in the National School Lunch Program (NSLP) and School Breakfast Program (SBP) to have a policy in place for children who are participating at the reduced-price or paid rate, but do not have money in their account or in hand to cover the cost of the meal at the time of service. This policy memo provides details and clarification on what the charging policy should address and the requirements for policy communication.

No later than **July 1, 2017**, LEAs are required to have a written and clearly communicated meal charging policy that ensures a “transparent approach to the issue.” This policy must include how the LEA will collect unpaid meal charges. The LEA’s policy will be reviewed by the Connecticut State Department of Education (CSDE) during Administrative Reviews.

2. SP 47-2016, *Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments*

The USDA recognizes that it is challenging for LEAs to collect balances that have accrued due to unpaid charges. Therefore, the USDA has issued clarification regarding the collection of unpaid balances and specifically addresses the differences between “delinquent debt” and “bad debt.”

Delinquent Debt

Unpaid meal charges, like any other money owed to the nonprofit school food service account (NSFSA), are considered “delinquent debt” when payment is overdue, as defined by state or local policies. The LEA’s charging procedures must include the definition of “delinquent debt.” *Effective with school year 2017-18, the CSDE requires that the household pays all delinquent student debts no later than June 30 to ensure that students’ accounts are closed. Any delinquent debts that have not been recovered by June 30 will be considered bad debt. These student meal accounts must be at a zero balance for the next school year.*

Bad Debt

“Bad debt” applies to the NSFSA when unpaid meal charges are not collected and are considered a loss. According to 2 CFR Section 200.426 of Subpart E, “Bad debts... 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, NSFSA resources cannot 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, this particular operating loss cannot be absorbed by the NSFSA, but must be restored using nonfederal funds. These funds may come from the school district’s general fund, special funding from state or local governments, school or community organizations, or any other nonfederal sources. Once delinquent meal charges are converted to bad debt, records relating to those charges must be maintained in accordance with the record retention requirements in 7 CFR 210.9(b)(17) and 7 CFR 210.15(b).

Some boards of education (BOEs) subsidize the NSFSA. If the BOE is considering part of this subsidy to cover the cost of bad debt due to unpaid student meals, it must be specifically identified in all records. Additionally, if the household reimburses the food service department for the unpaid meals (after the BOE has covered the cost of the end-of-the-year charged meal debt), the food service department must return those funds to the BOE.

3. SP 57-2016, *Unpaid Meal Charges: Guidance and Q&A*

The USDA provides further guidance to supplement the memoranda issued on unpaid meal charges. The Q&A covers such areas as 1) meal charge policies; 2) student eligibility for free or reduced-price meals; 3) payment options and payment reminders; 4) alternate meals; and 5) debt collections. Additionally, the USDA has developed an [Unpaid Meal Charges](#) Web page dedicated to the topic of unpaid meal charges.

4. SP 58-2016, 2016 Edition: Overcoming the Unpaid Meal Challenge: Proven Strategies from Our Nation’s Schools

The USDA provides this guide to summarize the best practices and strategies collected by the Food and Nutrition Service from state and local program operators with direct experience managing unpaid meal charges. This guide is designed to support program operators in their efforts to find workable solutions to this challenge and ensure children continue to have access to the healthy school meals.

Questions may be directed to your school nutrition consultant.

Consultants for School Nutrition Programs	
County	Consultant
<ul style="list-style-type: none"> • Fairfield County (Includes Region 9) • Litchfield County (Includes Regions 1, 6, 7, 12 and 14) 	<p>Fionnuala Brown fionnuala.brown@ct.gov 860-807-2129</p>
<ul style="list-style-type: none"> • Hartford County (Includes Region 10) 	<p>Teri Dandeneau teri.dandeneau@ct.gov 860-807-2079</p>
<ul style="list-style-type: none"> • Middlesex County (Includes Regions 4, 13 and 17) • Tolland County (Includes Regions 8 and 19) • Windham County (Includes Region 11) 	<p>Susan Alston susan.alston@ct.gov 860-807-2081</p>
<ul style="list-style-type: none"> • New Haven County (Includes Regions 5, 15 and 16) 	<p>Jackie Schipke jackie.schipke@ct.gov 860-807-2123</p>
<ul style="list-style-type: none"> • New London County 	<p>Kelly Mero kelly.mero@ct.gov 860-807-2073</p>

JF:tdd

Important: This is a numbered Connecticut State Department of Education (CSDE) operational memorandum that contains important program information. Please read carefully and retain in a binder for future reference. All CSDE operational memoranda are posted on the CSDE’s [Operational Memoranda for School Nutrition Programs](#) Web page.