

CRITERIA AND PROCEDURE	
BROAD SUBJECT: FINANCIAL MANAGEMENT	NO: FM-01-07
TITLE: Charge Policies	EFFECTIVE DATE: July 1, 2007 (Revised August 14, 2009)

PURPOSE OF THIS CRITERIA/PROCEDURE -

State Rule 160-5-6-.01 STATEWIDE SCHOOL NUTRITION PROGRAM requires the School Food Authority (SFA) to make school meals available to every student in attendance between the hours of 10 a.m. and 2 p.m. Federal regulations prevent the denial of a meal to a student eligible for free meals, except under certain circumstances, such as when the parent has refused the program benefit. Neither state rules nor federal regulations require the service of meals to paid or reduced-price students without payment unless the SFA or school has been approved to be in the Special Assistance Certification and Reimbursement Alternative Provision.

Since charging of meals is addressed in the Free and Reduced-Price Policy as part of the meal counting system, local boards of education are strongly urged to develop a local policy to address this issue. This criteria and procedure outlines best practices for local boards to consider incorporating into their policies.

KEY TERMS AND DEFINITIONS -

Alternate Meals: A meal served at no cost to a child during the meal service period to eliminate hunger.

Bad Debts: Debts, including losses (whether actual or estimated), that arise from uncollectible accounts and other claims. Bad debts and legal costs are unallowable expenses.

Charged Meals: Meals for which the student delays payment past the time of the meal service.

Free and Reduced–Price Policy: A written policy that outlines many of the National School Lunch and School Breakfast Programs' requirements.

Non-profit School Food Service: All food service operations conducted by the SFA principally for the benefit of school children and in which all of the revenue are used solely for the operation or improvement of such food services.

Reimbursable Lunch/Snack: Meals or supplements served to eligible recipients under the School Nutrition Program (SNP) that meet meal pattern requirements for the applicable age/grade groupings.

School Food Authority (SFA): The governing body responsible for the administration of one or more schools, which has the authority to operate the SNP therein. Within the public school system, the SFA is the local board of education.

Unallowable Costs: Claims developed under approved cost allocation plans will be based on allowable costs as identified in OMB Circular A-87. Where unallowable costs have been claimed and reimbursed, they will be refunded to the program that reimbursed the unallowable cost using one of the following methods: (a) a cash refund, (b) offset to a subsequent claim, or (c) credits to the amounts charged to individual awards.

CRITERIA AND/OR PROCEDURES -

1. Charged meals must be recorded at the point of service in the category for which the student was approved, i.e. free, reduced-price or paid and reimbursement claimed by the school accordingly.
2. Charged snacks must be recorded on the daily roster or sign in sheet in the category for which the student was approved, i.e. free, reduced-price or paid and reimbursement claimed by the school accordingly.
3. Develop a charge policy that is widely circulated in the community in which the student population resides.
4. Publish charge policies in student handbooks and post in the central office, cafeteria and on the school's web site, if available.
5. Train school nutrition personnel and staff to consistently enforce the school's charge policy.
6. Do not take food from a child and discard it in their presence.
7. Administer the charge policy with care to avoid embarrassment and invasion of the child's privacy.
8. Establish procedures for school nutrition personnel to follow in an effort to minimize charges and eliminate bad debt, such as sending reminders home with the child. Consider using different colored reminders to indicate when the account balance is low, the account has a zero balance, and a charge has been posted to the account.
9. Financial stability of nonprofit school food service is a major goal.
10. The Office of Management and Budget (OMB) Circular A-87 indicates that bad debts are an unallowable cost to federal program funds.
11. Bank fees and charges for collection agencies are allowable expenses.

Student issues to consider when developing a local charge policy:

1. Compare cost and lost revenue for each of the following situations to determine the most appropriate action:
 - a. Providing students with a reimbursable meal selected by the student without payment.
 - b. Providing students with a reimbursable meal selected by the staff (no choices) and without payment.
 - c. Providing the students with a non-reimbursable alternate meal.
 - d. Disposing of a reimbursable meal selected by the student without receipt of payment.
2. Specify the maximum number of days or the dollar amount that students are allowed to charge.
3. Specify whether students are allowed to charge breakfast, lunch, and/or snack.
4. Specify whether students are allowed to purchase a la carte items if they are charging their meals.
5. Specify whether the money paid by the student will go to paying for a previously charged meal(s) or the meal for the day the money is received.
6. Work with other administrative staff to consider ways to pay for charged meals, such as establishing a fund that would be administered by the principal for use by students who do not have money available for meals.
7. Provide adequate notification to parents prior to refusing a student a meal. In addition to sending reminder notes home, call or leave a message for parents prior to refusing a student a meal.
8. Allow students to use the telephone to call their parents, if there is no money remaining in their school meal account.
9. Evaluate the effect of excessive uncollected charges on the financial stability of the program. Consider denial, as appropriate, of certain student privileges, i.e. parking passes for high school students.
10. Excessive charges may indicate the student is eligible for free or reduced-price meals, therefore, the school may offer a meal application. Request assistance from the principal or counselors, if necessary.
11. Evaluate the effect of policy on the number of future charges.

Adults issues to consider when developing a local charge policy:

As a courtesy and convenience to adults, the SFA may adopt a local policy concerning charged meals. The SFA should consider the following:

1. The maximum number of days or dollar amount that adults will be allowed to charge.
2. Uncollected adult charges must not result in increased costs to students and other adults.
3. Adults must be charged the cumulative full, direct costs of the meal. Funds must be recouped for the commodity items used in a meal that was charged by an adult.
4. The financial stability of the nonprofit school food service must be maintained.

AUTHORITY – FEDERAL

Chapter 7, Code of Federal Regulation (CFR) Parts 210, 220 and 245

USDA *Eligibility Manual for School Meals*, (2008)

OMB Circular A-87

AUTHORITY – STATE

Georgia State Board of Education Rule 160-5-6-.01 STATEWIDE SNP