



**COMMONWEALTH of VIRGINIA  
Department of Education**

March 10, 2017

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

**SUBJECT: Unpaid Meal Charges, Collection of Bad Debt, and Required Local Policies**


This memorandum provides information and resources to assist school divisions that participate in the U.S. Department of Agriculture (USDA) National School Lunch Program and School Breakfast Program in developing a local policy to address meal charges for students who are eligible for reduced price or full price meals but do not have money on hand or in their account to cover the cost of their meal at the time the meal is served.

USDA is requiring all participating school food authorities (SFAs) to develop a written, consistent and transparent meal charge policy or standard practice guidance by July 1, 2017, and to communicate the policy to all students and households by the beginning of the 2017-2018 school year. School divisions will be required to provide their local policy and evidence of its distribution as part of any review of the school nutrition programs conducted after July 1, 2017.

The National School Lunch Program and School Breakfast Program provide students access to nutritious foods they need to succeed during the school day. Students whose families are determined eligible may receive free meals while others may qualify to receive meals at a reduced price; all other students may pay the full meal price to receive a meal. This required meal charge policy must address how students who pay the reduced or full price for meals will be impacted if they do not have sufficient funds to purchase a meal. Virginia Department of Education (VDOE), School Nutrition Program (SNP) staff first provided information about this required policy to local school nutrition programs directors during the fall SNP regional meetings in October 2016. The USDA Memo SP 46-2016, Unpaid Meal Charges: Local Meal Charge Policies, outlines the requirements of the local policy and is provided in Attachment A. School divisions are encouraged to develop policies that allow students to receive the nutritious foods they need; minimize the identification of students with insufficient funds; and, maintain the fiscal integrity of the school nutrition program.

Policies regarding the collection of delinquent meal charge debt must also be included in the written meal charge policy. School divisions must address the issue of delinquent debt and the conversion of this uncollectable debt to "bad debt" as defined in federal regulations at 2 CFR 200. The policy must include specific practices that will be followed when uncollectable delinquent meal charges are converted to bad debt, as bad debt is not an allowable cost of the nonprofit school food service account. The USDA Memo SP 47-2016, Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments, provided in Attachment B, addresses delinquent debt, bad debt, and allowable vs. unallowable school nutrition program costs associated with unpaid meal charges.

USDA has examined policies and practices on unpaid meal charges for several years and has solicited input from state agencies and local school divisions to develop guidance and best practices. As a result, two resources have been developed. The first, USDA Memo SP 57-2016, Unpaid Meal Charges: Guidance and Q&A, is a question and answer memorandum, provided in Attachment C, to assist school divisions with an overview of unpaid meal charge policies and to address common questions. The second, a summary of best practices and positive approaches to unpaid meal charges and related topics, is provided in USDA Memo SP

58-2016, 2016 Edition: *Overcoming the Unpaid Meal Challenge: Proven Strategies from Our Nation's Schools*, and is Attachment D to this memorandum. These resources and others related to unpaid meal charges, uncollectable debt, alternate meal counting procedures, direct certification, and student eligibility are available on the USDA website, Unpaid Meal Charges page at: <https://www.fns.usda.gov/school-meals/unpaid-meal-charges> .

To assist school divisions in the development of a local policy, a policy template was developed by VDOE school nutrition programs staff. The template includes the topics that must be addressed in the required local policy and examples of best practices. The template is provided in Attachment E to this memorandum. Use of the template is optional. (This paragraph is in draft format pending additional information on the VDOE template).

Please direct questions regarding the information in this memorandum to Sandy Curwood, Ph.D. RDN, Director of School Nutrition Programs, at (804) 371-2339 or by email at [sandra.curwood@doe.virginia.gov](mailto:sandra.curwood@doe.virginia.gov), or to the DOE School Nutrition Program specialist assigned to your division.

SRS/SCC/ag

Attachments:

- A. [USDA Memo SP 46-2016, Unpaid Meal Charges: Local Meal Charge Policies](#) (Word)
- B. [USDA Memo SP 47-2016, Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments](#) (Word)
- C. [USDA Memo SP 57-2016, Unpaid Meal Charges: Guidance and Q&A](#) (Word)
- D. [USDA Memo SP 58-2016, 2016 Edition: Overcoming the Unpaid Meal Challenge: Proven Strategies from Our Nation's Schools](#) (Word)
- E. [Virginia Department of Education Sample Meal Charge Policy Template](#) (Word)