



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION



Eric G. Mackey, Ed.D.  
State Superintendent of Education

July 21, 2022

**MEMORANDUM**

**REVISED**

**TO:** City and County Superintendents of Education

**FROM:** Eric G. Mackey *EGM*  
State Superintendent of Education

**RE:** Guidance on Local Education Agencies (LEAs) Unpaid Meals Charge Policy

Alabama Child Nutrition Programs (CNP) provided meals to all children over the last two years because of increased federal funding during the pandemic. As we return to normal food service operations with the new school year, the Alabama State Department of Education (ALSDE) has updated its guidance regarding the unpaid meals charge policy established by each LEA School Food Authority (SFA). The intent of the changes is to set basic parameters but still allow for local decision making. Programs must still meet all requirements of the U. S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) related to the unpaid meals policy. USDA has required that all SFAs have a written policy since July 1, 2017, and be reviewed during an Administrative Review. This memorandum supersedes all prior state guidance and memoranda regarding the unpaid meals charge policy.

Although ALSDE CNP is not establishing a statewide policy, there are a few recommendations that should be considered when establishing or updating the local policy. It is highly recommended that the local policy cover each school within the LEA and include provisions to provide a reimbursable meal to each child in the school who wants one, even if the child is not able to pay at the point of service.

The guidance applies to all sponsors of the National School Lunch Program and the School Breakfast Program, including private schools and residential child-care institutions. Please review your local and institutional policies to ensure they meet the USDA requirements. Revised local and institutional policies must be adopted by October 1, 2022, and made available during any Administrative Review scheduled for school year 2023-2024.

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An SFA that operates all schools under a non-pricing provision is not required to have a local unpaid meal charge policy. However, if a single school in the system charges for full or reduced-price meals, then the SFA must have an unpaid meal charge policy.

USDA policy and state guidance include provisions for flexibility. If you have not already done so, I encourage you to explore whether the Community Eligibility Provision (CEP), Provision 2, or Provision 3 is an option for your system. SFAs also have the option of reducing or eliminating the co-pay for students who qualify for reduced-price meals. The SFA would need to conduct a thorough analysis of current and projected operating costs to determine if this is a feasible option.

Attached is a list of best practices to help SFAs consider options for procedures in preventing and addressing unpaid meals. These are only suggestions and will not become part of the Administrative Review process.

If you have any questions or need additional guidance, please contact the School Programs staff member assigned to you or email [cnpslp@alsde.edu](mailto:cnpslp@alsde.edu).

EGM/ATK/GC

Attachment

cc: School Food Authorities (SFA) Child Nutrition Program Directors  
City and County Chief School Financial Officers  
Charter School Heads of Schools  
Private School Administrators  
RCCI Facility Administrators  
Dr. Brandon T. Payne  
Mr. J. Jason Swann  
Mrs. Angelice Lowe

**FY22-3032**

# Alabama State Department of Education

## Child Nutrition Programs

### Guidance for Unpaid Meals

#### Reimbursable Meals for All

1. SFAs are strongly encouraged to provide a reimbursable meal for a child who does not have available funds at the point of sale.
2. SFAs are strongly discouraged from any action that embarrasses or punishes students who have an outstanding debt. Examples of such actions include, but are not limited to, discarding a meal served to a student; publicly identifying the student; requiring the student to do chores; denying participation in activities; and withholding report cards, diplomas, or transcripts.

#### Returned Checks

SFA policies must follow the guidance in the document [Financial Procedures for Local Schools](#) on the ALSDE website. Section 3 addresses procedures for handling returned checks.

#### Local Policies for Unpaid Meal Charges

The SFA policy must:

1. Be a written document explaining how the SFA handles situations when children who do not have money in their account or in hand to cover the cost of their meal at the time of service.
2. Be communicated to parents, guardians, and children at the beginning of each school year and to households that transfer in during the school year.
3. Be shared with school staff who may be responsible for policy enforcement or who may assist students in need.
4. Address whether any child with outstanding balances may purchase or charge extras or a la carte items.
5. Address documentation of how the unpaid meal policy is developed and communicated to households and school or SFA-level staff.
6. Identify when the SFA will notify parents or guardians of low balances. The local policy must indicate the specific amount that will trigger a notification.
7. Identify when the SFA will notify parents or guardians of a negative balance. The local policy must indicate the specific amount or specific number of days since the debt occurred that will trigger a notification.
8. Describe how the SFA will exercise due diligence in the collection of unpaid meal charges. (The cost of such efforts is not an allowable use of Nonprofit School Food Service Account [NSFSA] funds, which is typically called the Child Nutrition Account. It is the fund used for the National School Lunch Program, the School Breakfast Program, and the Afterschool Snack Program.)
9. Explain how monies collected from outstanding debts will be handled.
10. Identify authorized personnel who may contact families or guardians about unpaid meal charges.
11. Specify that non-students may not charge any purchases.

## **Bad Debt**

The SFA policy must:

1. Describe the criteria and deadline that the SFA will use to determine that outstanding debt is not collectible and will be reclassified as bad debt that must be written off as an operating loss (i.e., the end of the school year or the end of the fiscal year and whether debt may be carried over for a specified number of years).
2. The SFA must maintain records relating to bad debt in accordance with federal record retention requirements described in the USDA FNS memo SP23-2017 dated March 23, 2017.
  - a. Evidence of efforts to collect unpaid meal charges in accordance with state and local unpaid meals charge policies.
  - b. Evidence the collection efforts fell within the time frame and method established by the state or local meals charge policies.
  - c. Financial documentation showing when the unpaid meal charge(s) became an operating loss.
  - d. Evidence any funds written off as bad debt were restored to the Child Nutrition Account using non-federal sources.

## **Best Practices for Dealing with Unpaid Meals**

### **Assessing the Local Unpaid Meal Policy**

1. Seek input from key stakeholders.
2. Track unpaid meal charges over time to tailor the policy to the magnitude of the problem.
3. Investigate the reasons for why children are accruing debt.
4. Review USDA guidance materials ([Unpaid Meal Charges | Food and Nutrition Service \(usda.gov\)](#)).

### **Communicating about Low Balances or Outstanding Debt**

- Focus debt collection on the responsible adult(s), not the child.
- Protect confidentiality by not identifying children with debt in front of others.
- Implement discreet payment reminders, such as:
  - Written reminders to parent's or guardian's email or home address.
  - Verbal reminders to personal telephone numbers.
  - Automated reminders through online payment system.
  - Written reminders sent home in a student folder or an unmarked envelope with other school notices or reminders.
- Provide a copy of the unpaid meal policy when communicating with parents or guardians about low or negative balances.
- Include the unpaid meal policy in handbooks and online portals for student accounts.

### **Handling Outstanding Debt**

- Determine if the family needs assistance in applying for free or reduced-price meals (ex., limited English proficiency or disability).
- Determine if the child is eligible for free or reduced-price meals through application or by direct certification through (ex., SNAP, TANF, Medicaid, foster child, migrant child, homeless).
- Check whether the child has an Individual Education Plan, Individual Health Plan, or Section 504 Plan that addresses meals.
- Work with households to create a long-term repayment plan.
- Establish an unpaid meals account fund. Procedures must be established on how funds will be applied to individual student accounts and whether the fund must be reimbursed.
- Solicit community donations (ex., civic organizations, neighborhood associations, churches, PTOs).
- Identify school and community resources available to children with an unpaid balance.