

## Unpaid Student Meal Debt - Guidance

### Overview

Unpaid student meal debt can present challenges to Minnesota school districts and charter schools. Addressing this issue starts by acknowledging the importance of school meal programs on the success of all students, and by recognizing that everyone involved in the discussion has the best interest of students in mind.

When the School Nutrition Association, a national organization of school nutrition professionals, surveyed 964 of its members in February 2015, 53 percent said they had seen increases in the number of students unable to pay for lunch. The survey also found that schools had different strategies to address unpaid meal debt. It is essential a district develop a “meal charge” policy that includes input from district administration, principals, school social workers, food service directors and parents.

“Left unaddressed, these situations reach beyond the cafeteria, potentially threatening district education funds and resources. We all need to work together to develop compassionate policies for responding to children who are unable to pay for their school meals, while managing the cost incurred by the school district,” says Patricia Montague the CEO of the School Nutrition Association.

### State Legislation

In 2014, the Minnesota Legislature passed legislation that addressed school meal payment reminders. Specifically, the statute reads, “The [school food authority] must also ensure that any reminders for payment of outstanding student meal balances do not demean or stigmatize any child participating in the school lunch program.”<sup>1</sup> The governor and Legislature were clear that collecting and asking for meal payments should be done in a respectful manner. In addition, the Minnesota Department of Education (MDE) stated that districts are in the best position to understand their school community’s attitudes, beliefs and cultural sensitivities on methods of reminding and collecting payments. What may work for one district’s community may not work for another. However, at no time should a meal policy target or shame students for financial considerations beyond their control. Districts should exhaust all options to ensure students are not denied a nutritious meal.

### Federal Regulations

Per federal regulations, bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are an unallowable cost to School Nutrition Programs.<sup>1</sup> The local educational agency

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<sup>1</sup> Minn. Stat. § 124D.111, subd. 4 (2015).

(LEA) may determine when debts are considered uncollectable, and a policy should be developed. In addition, the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) states that pricing and charge policies for School Nutrition Programs are left to local discretion.<sup>2</sup> Given that flexibility, districts/schools should develop meal policies that put the needs of students first. Those policies should clearly state if and how the district/school will extend credit for a student's meal or when a nutritious alternate meal will be provided.

USDA regulations require school officials to provide reduced-priced or paid meals to eligible children if they have money "in hand" to pay for the current meal.<sup>3</sup> Students in Minnesota who are eligible for free or reduced-price meals must always be provided a meal even if the student owes money (e.g., for second meals or a la carte items previously purchased). If these children were denied meals, it would violate [FNS Instruction 791-1](#), which prohibits the denial of meals as a disciplinary action. Therefore, even if a student's food service account includes an uncollected amount, the school must provide a meal when the student has money "in hand" (whether provided by the household, the state or the federal reimbursements) for the current day's meal.

Federal regulations allow Minnesota schools to deny a meal to a student who pays full price for meals and who does not provide the required payment for that meal. In other words, the school is not required to extend credit to allow the student to charge meals, but is required to serve a meal when the student has money to pay for it.

If your school or district has 40 percent or more of your students eligible for free meals via direct certification, a school can consider the [Community Eligibility Provision](#) (CEP). CEP can result in all students receiving a breakfast and lunch meal at no cost to the student, thus eliminating the free/reduced-price/paid collection process.

### **Going Forward**

While USDA provides minimal standards in its guidance on charge policies, Minnesota has long been a leader in looking beyond minimum requirements in order to better serve children. Listed below are "best practices" collected from food service directors and managers across Minnesota. You will see that there are a variety of ways of addressing student debt. All of the practices are within federal and state regulations. However, what is acceptable for one district or school's community may not work for another. MDE's guidance that the "districts are in the best position to understand their school communities, attitudes, beliefs and cultural sensitivities on determining methods of reminding and collecting payments," should be the guiding principle on policy development.

For too many of our students, school meals are the only nutritious meals they receive on a consistent basis. Bearing this in mind, a team approach involving district and school administrators, social workers, site staff, nutrition professionals and parents can assist in minimizing the financial burden on families, as well as ensure the food service programs and accounts are financially viable.

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<sup>2</sup> School Programs Memorandum #3, USDA (1994).

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## Meal Charge Policy Development

The first step in addressing student meal debt is by developing a district policy that is flexible and fits a school's philosophy of "every child ready to learn." The policy should clearly define what steps the district will take should a family's negative balance reach a certain point.

It is imperative to have effective communication among all administrative groups in the district/school on the policy. At a minimum, schools should:

- Clarify that households can apply for meal benefits at any time.
- Indicate that there can be no retroactive approvals of free or reduced benefits.
- Identify and disclose charge policy thresholds, either meal or dollar based (for example, three to 10 charges or \$10-\$20).
- Ensure that parents are fully aware of the policy.
- Include multiple ways in which parents will be reminded of the policy when their student does not have meal money in hand or in their account.
- Assure consistency with other school policies addressing unpaid fees, such as athletic fees, overdue library books, and other student fees or events.
- Clarify how communication will be focused on parents rather than students.
- Identify how and when student charges will be monitored and how the district/school will intervene early on.
- Identify the parent notification system for when a student's meal payment account is low and/or when a student has begun charging their meals. The notification should be done in a way that is consistent and does not cause embarrassment to students or create stigma.
- Determine if an alternate meal will be provided when the charge threshold has been reached. Elementary, middle and high school students may have different options.
- Identify the methods of charge account payment and debt collection.
- Involve the school principal and social worker/counselor in meal debt collection strategies. In many situations they are most appropriate staff to communicate with parents and thoroughly evaluate individual student circumstances.
- Inform parents if or when the district/school might take legal action against a household when it has not settled its food service debt.

Regardless of what policy is created, districts should exhaust all options to ensure students are not denied a nutritious meal.

Food service directors across Minnesota were asked to provide input on how their schools and districts were addressing the issue of unpaid student meal debt. MDE will be conducting a more thorough survey in the spring of 2016 of food service directors and administrators to identify best practices in Minnesota. Here are a number of suggestions from different perspectives.

### **School District Administration**

District administration and school principals are key partners with food service staff. A team approach is critical to identifying the scope of debt as well as identifying ways to address debt in a long-term, sustainable manner.

#### **District Values and Special Needs**

- *“Because we felt strongly that students should eat to learn, we have always provided a meal regardless of outstanding balances and just planned a General Fund transfer at the end of the year.”*
- *“Our district developed a video in English and Spanish to provide instructions on filling out the meal application.”*
- *“Each school in our district has a Principals Funds that reimburses the food service for any student who can’t pay for their meals.”*
- *“Certain privileges (such as participating in extra-curricular activities, receiving a student parking pass or receiving caps and gowns for graduation) are denied until debt is paid.”*

#### **Policy Development and Staff Involvement**

- *“We have a district charge policy and have families sign off on the policy each year as part of the regular yearly registration process.”*
- *“When we developed our policy, we included the homeless liaison. She had some good perspectives on how to reach out to households.”*
- *“It’s important that principals understand how free and reduced applications help their compensatory revenue. Our principals help contact parents to get application information.”*

#### **Parent Communication**

- *“We have our principal record a robo-call reminding parents of overdue meal accounts. A male voice works better in our district. He starts off saying, ‘This is an important message from your principal, Mr. \_\_\_\_.’”*
- *“When a student reaches the charge policy limit, I immediately contact the principal and the school social worker to help work out solutions and investigate causes. Sometimes an interpreter is necessary.”*

## Food Service Operations and Point of Service

If your policy includes addressing debt *in the cafeteria line*, make sure that all food service staff understand the procedures. Reminders to students at the cashier stand must be sensitive in nature and cannot demean or stigmatize students.

### Point of Service

- *“I check the overdue account balance each morning. Then I notify the Dean of Students of any students that are over the meal charge limit. She contacts the parents.”*
- *“We feed all students in line and do not have any type of reminder at the point of service. Contacting parents and students is done through the principal’s office.”*
- *“Our students are not allowed to charge or purchase any a la carte items with a negative balance.”*
- *“We find that if we process the direct certification list every week we limit the time that students exceed the charge limit.”*
- *“We established different charge policies for different age/grade groups. Little kids have different needs and responsibilities than middle school or high school students.”*

### Meal Alternatives

A number of directors reported that an alternate meal or nourishment was provided to students when their accounts reached the charge policy limit. Included were:

- *“We supply a peanut butter sandwich, fresh fruit, veggies and milk.”*
- *“We offer a cheese sandwich, fruit, and milk. We do not claim this for reimbursement.”*
- *“Our students are not allowed to charge or purchase any a la carte items with a negative balance.”*
- *“We allow students “all-they-want-to-eat” meal of fruits and vegetables from the salad bar along with a milk.”*

## Student and Household Notification

**Inform parents** and students at least annually about the policy. Be sure that parents are aware of meal costs, their eligibility status and ways to pay for student meals. Many times parents don’t realize they need to reapply for meal benefits every year.

- *“We have a district charge policy and have families sign off on the policy each year as part of the regular yearly registration process.”*
- *“We found that many parents had a hard time understanding the application form. Be sure to assist EL households in filling out the application for educational benefits as well as informing households about payment responsibilities in appropriate language formats. Sometimes an interpreter is needed.”*
- *“We are working hard at educating parents to be responsible and understand that this is their responsibility. We are adamant about payments, and always remind them to consider filling out a free/reduced-price meal application.”*

- *“We try to connect with parents at conferences. I have a food service staff available on parent conference nights to collect lunch money. We put up posters, and remind them they can pay by credit card.”*

**Don't wait too long.** Keep parents updated on the status of their child's account. When a student's meal payment account is low and/or when a student has begun charging, start contacting households immediately. The notification of parents should be done in a way that is consistent and does not cause embarrassment to students or create stigma. Consider the following:

- Automated calling system daily or weekly. Daily works best!
- Voicemail message is sent with stating “an important message from your principal/superintendent.”
- Email alert to notify parents of negative balances, tied to “E-Alert” system.
- Daily/weekly text message alerts.
- *“We set up an automatic parent notification system when a student's meal payment account is low and/or when a student has begun charging their meals. We leave messages every day. Parents get tired of hearing from us and they pay the bill.”*
- *“The food service manager or counselor calls parents initially to let them know that we will no longer be able to provide hot lunch to the student after a certain day. I set the date due for a week out. I never tell a child that they can't have the hot lunch.”*
- *“A call from school social workers are effective to get payments from non-responsive parents/guardians.”*

## Payment Options and Debt Collection

**Consider a variety of payment and pre-payment options.** Some options that schools use:

- Offer a discount when meals are pre-purchased in bulk quantity.
- Set up a credit or debit card on-line “auto-pay” option.
- Offer a payment plan option to pay off accrued meal debt.
- *“We have a “pre-payment” policy. Families must sign up and pre-pay for lunches for the upcoming month. If students are out sick, I credit the money.”*
- *“We take installment payments if that helps the family.”*
- *“We send out a certified ‘invoice’ letter or billing statement indicating how much is due and with a strict deadline of when meal benefits will be terminated. Parents are asked to contact the principal for payment. This enables families to address the situation with the principal and discuss any other issues that may be present.”*
- *“Our school policy is to submit unpaid meal debt to small claims court or other legal means when it gets to \$100. The parents are notified that this might happen. In the last 9 years, we have gone to court only once.”*
- *“Our on-line payment system includes a box to check if families want to donate a specific amount of money to cover meals for needy students. We call it the Friends Helping Friends program.”*
- *“We have a monthly prize drawings to encourage pre-payment of meals.”*

- *“Parents of graduating seniors have the option to donate any remaining food service balances to a “Sunshine Fund” which covers unpaid student meals.”*
- *“Graduating seniors are required to pay all fees, including unpaid lunch balances, before participating in graduation ceremonies.”*

## Parents and Community Partners

It is strongly recommended that schools have a charging policy that has broad input from the school community and is board and administrator approved. Connect with school parent groups to get input on the best parent communication methods. Include them in the overall conversation about student meal charge policy and meal debt.

*“Our district tries to address the “elephant in the room.” We ask for parent input on why student meal debt accrues. We are trying to reach out to parents to explain their responsibility in ensuring their children are fed. At schools, that means sending money for meals.”*

- Consider establishing an “emergency meal fund.” Groups that could create a partnership include:
  - PTA
  - Faith-based organizations
  - Community civic groups
  - Internal district employee group

*“In our district, an Angel Fund is set up by donations from teachers, administrators and other staff help to pay for meals to needy families that don’t qualify for free or reduced-price meals or for students who have forgotten or lost their lunch money. We solicit donations at the beginning of each school year.”*

*“One of the churches in our district made it a priority this year to help fund students and families who had school meal debt but couldn’t afford to pay the debt off. I don’t know how long that support will last, though.”*

*“Our school district is fortunate that we have a local foundation offer to pay for meals that students can’t afford.”*

- Consider working with outside partners to form a project similar to “Feed the Gap” offered in Boise, Idaho.

Feed the Gap is a non-profit organization that pays for student school meals when households cannot afford the cost and are not eligible for federally subsidized free or reduced-price meals.

- [Feed the Gap website](#)
- [More information.](#)
- [PowerPoint Presentation](#)