

CSBA Sample

Administrative Regulation

Business and Noninstructional Operations

AR 3551(a)

FOOD SERVICE OPERATIONS/CAFETERIA FUND

Payments for Meals

Note: State and federal law (Education Code 49550; 42 USC 1758, 1773) require that all students eligible for free and reduced-price meals receive a reimbursable meal during each school day which must be the same meal choice offered to noneligible students; see BP/AR 3553 - Free and Reduced Price Meals. California Department of Education (CDE) Management Bulletin **USDA-SNP-01-2008 SNP-06-2015** clarifies that districts therefore cannot serve an alternate meal (i.e., a meal that is different than the day's advertised meal) to a student eligible for reduced-price meals who does not have the ability to pay or who fails to provide a meal ticket or other medium of exchange on a given day. Payment ~~and pricing~~ policies for full-price meals are at the discretion of the district and may include decisions on whether or not to extend credit or provide an alternate meal to students in the event of nonpayment.

In addition to providing meals at no cost to students who are eligible, the district may offer meals at no cost to students who qualify for reduced-price benefits. Districts that choose to eliminate reduced-price meal charges may still claim the meals at the reduced-price rate, but the cost difference between the reduced-price meal and the no-cost meal must be covered by the district's cafeteria fund. Districts that choose to do so may modify the following paragraph accordingly. For more information, see the U.S. Department of Agriculture's (USDA) Memorandum SP 17-2014.

The following section includes recommendations of the CDE's Management Bulletin and the **U.S. Department of Agriculture's (USDA's)** "FAQs About School Meals" on the USDA's web site and may be revised to reflect district practice.

With the exception of students who are eligible to receive meals at no cost, students may pay on a per-meal basis or may submit payments in advance. The Superintendent or designee shall maintain a system for accurately recording payments received and tracking meals provided to each student.

(cf. 3550 - Food Service/Child Nutrition Program)

(cf. 3552 - Summer Meal Program)

(cf. 3553 - Free and Reduced Price Meals)

(cf. 3555 - Nutrition Program Compliance)

Note: The CDE's program monitoring process (the Administrative Review) requires districts to continually notify parents/guardians of district policies regarding meal payments, including charge accounts and alternate meals if applicable. Districts should, at a minimum, inform parents/guardians at the beginning of the school year and on an ongoing basis of district practices for students who have lost or forgotten their meal payment. In addition, districts should set up a parent notification system for when a student's meal payment account has a low or negative balance.

According to the USDA's Memorandum SP-23-2017, beginning in the 2017-18 school year and each year thereafter, the district's policy on delinquent meal payments must be communicated in writing to all

households at the start of each school year and to households transferring to the school during the school year. CDE Management Bulletin SNP-03-2017 states that, at a minimum, districts should use the methods specified below to communicate the district's meal policy.

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FOOD SERVICE OPERATIONS/CAFETERIA FUND (continued)

At the beginning of the school year, and whenever a student enrolls during the school year, parents/guardians shall be notified of the district's meal payment policies and be encouraged to prepay for meals whenever possible. The Superintendent or designee shall communicate the district's meal payment policies through multiple methods, including, but not limited to:

1. Explaining the meal charge policy within registration materials provided to parents/guardians at the start of the school year
2. Including the policy in print versions of student handbooks, if provided to parents/guardians annually
3. Providing the policy whenever parents/guardians are notified regarding the application process for free and reduced-price meals, such as in the distribution of applications at the start of the school year
4. Posting the policy on the district's web site
5. Establishing a system to notify parents/guardians when a student's meal payment account has a low or negative balance

(cf. 1113 - District and School Web Sites)

(cf. 5145.6 - Parental Notifications)

Note: The following **optional** paragraph may be revised to reflect district practice. According to the USDA's "FAQs About School Meals," any district that participates in the National School Lunch and/or Breakfast Program (42 USC 1751-1769j, 1773) and has one or more schools which use a system of meal tickets (or tokens, cards, or other similar medium of exchange) may limit the number of lost or stolen tickets it will replace for students each school year, as long as the limit is set at three or more. However, such a limit may only be established if the school (1) advises students and parents/guardians of the district's rules regarding replacement tickets at the beginning of the school year and/or when applications for free and reduced-price meals are distributed or approved; (2) issues at least one advance warning to the student or his/her parent/guardian prior to refusing to issue a replacement ticket; and (3) does not deny meals to prekindergarten or younger primary students or students with disabilities who may be unable to take full responsibility for their meal tickets. Although these requirements apply only to students who qualify for free or reduced-price meals, the USDA recommends that districts apply the same limits for students who pay full price for their meals in order to ensure that needy students are not overtly identified because of a disparate ticket replacement policy.

In any school that uses a system of meal ~~tickets-cards~~ or other similar medium of exchange rather than an electronic point-of-sale system, the Superintendent or designee shall develop a process for providing replacement ~~tickets-cards~~ to any student who reports his/her ~~tickets-cards~~ as lost or

stolen. However, whenever any student reports an excessive number of lost or stolen ~~tickets~~cards, the Superintendent or designee shall notify the parent/guardian and may provide an alternative method of tracking meal usage for that student.

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FOOD SERVICE OPERATIONS/CAFETERIA FUND (continued)

In order to avoid potential misuse of a student's food service account by someone other than the student in whose name the account has been established, the Superintendent or designee shall verify a student's identity when setting up the account and when charging any meal to the account. The Superintendent or designee shall investigate any claim that a bill does not belong to a student or is inaccurate, shall not require a student to pay a bill that appears to be the result of identity theft, and shall open a new account with a new account number for a student who appears to be the subject of identity theft.

(cf. 1340 - Access to District Records)

(cf. 3580 - District Records)

Note: Pursuant to CDE Management Bulletin SNP-03-2017, districts must ensure that students who are approved for reduced-price meals receive all meals that are paid for. Any excess payments must be either carried over or refunded to the parents/guardians. The following paragraph extends this provision to also apply to students paying for full-price meals.

Any payments made to a student's food service account shall, if not used within the school year, be carried over into the next school year or be refunded to the student's parents/guardians.

Unpaid and Delinquent Meal Charges

Note: Pursuant to USDA Memorandum SP 46-2016, districts participating in the National School Lunch and/or Breakfast program are mandated to have a written and clearly communicated meal charge policy which includes, but is not limited to, policy on the collection of delinquent meal charge debt. Such policy may allow students to charge all types of reimbursable meals, impose a limit on charges, provide students paying full price with alternate meals, and/or allow neither meal charges nor alternative meals. Such policy may be consistent for all students or vary by grade level. The follow paragraphs should be revised to reflect district practice. Also see the accompanying Board policy.

Students and their parents/guardians shall be notified whenever their account has a ~~zero~~ **low or negative** balance. Whenever a student's account has an unpaid balance of \$50 or more, parents/guardians shall be notified in writing that full payment is due within seven school days from the date of the notice.

In cases of repeated nonpayment by a student, the Superintendent or designee may contact parents/guardians to discuss the reasons for the nonpayment. The Superintendent or designee may evaluate individual circumstances to determine if the student's parents/guardians need

assistance completing an application for free or reduced-price meals or need referral to social services.

Note: The following optional paragraph reflects CDE guidance in its Management Bulletin SNP-03-2017.

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FOOD SERVICE OPERATIONS/CAFETERIA FUND (continued)

The Superintendent or designee may enter into a repayment plan with a student's parents/guardians for payment of the student's unpaid meal charge balance over a period of time. As necessary, the repayment plan may allow the unrecovered or delinquent debt to carry over into the next fiscal year.

Note: CDE Management Bulletin SNP-03-2017 requires that the district's unpaid meal policy conform with the cost principles set forth in 2 CFR 200.426, as provided below.

The district's efforts to collect debt shall be consistent with district policies and procedures, California Department of Education (CDE) guidance, and 2 CFR 200.426. The district shall not spend more than the actual debt owed in efforts to recover unpaid meal charges.

Note: Pursuant to CDE Management Bulletins SNP 06-2015 and SNP-03-2017, delinquent debt must be reclassified as bad debt and written off as an operating loss if it is not paid by the end of the fiscal year in which the debt was incurred, unless the district enters into a repayment plan with the parent/guardian prior to the end of the fiscal year or the debt occurs fewer than 90 days prior to the end of the fiscal year. Federal funds are not available to reimburse the district for bad debt. Districts are required to maintain related records in accordance with 7 CFR 210.9 and 210.15.

The Superintendent or designee shall maintain records of the efforts made to collect unpaid meal charges and, if applicable, financial documentation showing when the unpaid meal balance has become an operating loss.

Reimbursement Claims

Note: To streamline administration of state and federal meal programs, the CDE has developed an online Child Nutrition Information and Payment System which must be used to submit reimbursement claims and to submit and track the status of applications and USDA food requests.

The Superintendent or designee shall maintain records of the number of meals served each day by school site and by category of free, reduced-price, and full-price meals. The Superintendent or designee shall submit reimbursement claims for school meals to the CDE using the online Child Nutrition Information and Payment System.

Cafeteria Fund

Note: Education Code 38091 authorizes the Governing Board to establish one or more cafeteria revolving accounts to be treated as revolving cash accounts of the cafeteria fund.

All proceeds from food sales and other services offered by the cafeteria shall be deposited in the cafeteria fund as provided by law. The income and expenditures of any cafeteria revolving account established by the Governing Board shall be recorded as income and expenditures of the cafeteria fund. (Education Code 38090, 38091)

AR 3551(e)

FOOD SERVICE OPERATIONS/CAFETERIA FUND (continued)

(cf. 3100 - Budget)

(cf. 3300 - Expenditures and Purchases)

Note: Education Code 38100-38103 specify allowable expenditures from the cafeteria fund. AB 86 (Ch. 48, Statutes of 2013) repealed Education Code 38102, which had authorized the establishment of a cafeteria equipment reserve fund to be used for the purchase, lease, maintenance, or replacement of cafeteria equipment.

The cafeteria fund shall be used only for those expenditures authorized by the Board as necessary for the operation of school cafeterias in accordance with Education Code 38100-38103, **2 CFR Part 200 Appendix VII 2 CFR 225**, and the California School Accounting Manual. (Education Code 38091, 38101; **2 CFR 225**)

Any charges to, or transfers from, a food service program shall be dated and accompanied by a written explanation of the expenditure's purpose and basis. (Education Code 38101)

(cf. 3110 - Transfer of Funds)

Note: The following **optional** paragraph may be revised to reflect district practice. **2 CFR 225 2 CFR Part 200 Appendix VII** and USDA guidance, Indirect Costs: Guidance for State Agencies and School Food Authorities, provide information regarding allowable indirect costs that may be charged to the nonprofit school food service account. Indirect costs are those that are incurred for the benefit of multiple programs or objectives and typically support administrative overhead functions (e.g., accounting, payroll, purchasing, utilities, janitorial services). Each program or objective that benefits from the indirect cost bears a commensurate portion of the cost. Costs may be charged to the nonprofit food service account only if properly documented.

Indirect costs charged to the food service program shall be based on either the district's prior year indirect cost rate or the statewide average approved indirect cost rate for the second prior fiscal year, whichever is less. (Education Code 38101)

Note: Pursuant to **2 CFR 210.2 and 210.14 7 CFR 210.7 and 220.14**, net cash resources (i.e., all monies that have accrued to the nonprofit school food service at any given time, less cash payable) should not exceed three months average expenditures. If there is a surplus, then according to USDA guidance, Indirect Costs: Guidance for State Agencies and School Food Authorities, the district must lower the price of paid lunches, improve food quality, or make other improvements to school meal operations. The spending plan developed by the district under such circumstances must be approved by the CDE.

Net cash resources in the nonprofit school food service shall not exceed three months average expenditures. (2 CFR ~~240.14~~ **220.14**)

AR 3551(f)

FOOD SERVICE OPERATIONS/CAFETERIA FUND (continued)

U.S. Department of Agriculture Foods

Note: The following **optional** section is for use by districts that participate in the National School Lunch Program and receive foods from the USDA pursuant to 42 USC 1755 and 7 CFR 250.1-250.70. The CDE is responsible for ordering and distributing USDA foods for use in California schools. Pursuant to 42 USC 1758, the USDA must ensure that foods offered through this program reflect the most recent Dietary Guidelines for Americans.

The Superintendent or designee shall ensure that foods received through the U.S. Department of Agriculture (USDA) are handled, stored, and distributed in facilities which: (7 CFR 250.14)

1. Are sanitary and free from rodent, bird, insect, and other animal infestation
2. Safeguard foods against theft, spoilage, and other loss
3. Maintain foods at proper storage temperatures
4. Store foods off the floor in a manner to allow for adequate ventilation
5. Take other protective measures as may be necessary

The Superintendent or designee shall maintain inventories of USDA foods in accordance with 7 CFR 250.59 and CDE procedures, and shall ensure that foods are used before their expiration dates.

USDA **donated** foods shall be used in school lunches as far as practicable. USDA foods also may be used in other nonprofit food service activities, including, but not limited to, school breakfasts or other meals, a la carte foods sold to students, meals served to adults directly involved in the operation and administration of the food service and to other school staff, and training in nutrition, health, food service, or general home economics instruction for students, provided that any revenues from such activities accrue to the district's nonprofit food service account. (7 CFR ~~250.60~~ **250.59**)

Contracts with Outside Services

Note: The following **optional** section is for use by districts that contract for food service management services pursuant to Education Code 49554, 42 USC 1758, or 7 CFR 210.16 or consulting services pursuant to Education Code 45103.5, and should be modified to reflect the type(s) of contracts in the district; see the accompanying Board policy.

The term of any contract for food service management or consulting services shall not exceed one year. Any renewal of the contract or further requests for proposals to provide such services shall be considered on a year-to-year basis. (Education Code 45103.5; 7 CFR 210.16)

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FOOD SERVICE OPERATIONS/CAFETERIA FUND (continued)

Any contract for management of the food service operation shall be approved by CDE and comply with the conditions in Education Code 49554 and 7 CFR 210.16 as applicable. The district shall retain control of the quality, extent, and general nature of its food services, including prices to be charged to students for meals, and shall monitor the food service operation through periodic on-site visits. The district shall not enter into a contract with a food service company to provide a la carte food services only, unless the company agrees to offer free, reduced-price, and full-price reimbursable meals to all eligible students. (Education Code 49554; 42 USC 1758; 7 CFR 210.16)

Any contract for consulting services shall not result in the supervision of food service classified staff by the management consultant, nor shall it result in the elimination of any food service classified staff or position or have any adverse effect on the wages, benefits, or other terms and conditions of employment of classified food service staff or positions. All persons providing consulting services shall be subject to applicable employment conditions related to health and safety as listed in Education Code 45103.5. (Education Code 45103.5)

(cf. 3312 - Contracts)

(cf. 3515.6 - Criminal Background Checks for Contractors)

(cf. 3600 - Consultants)

(cf. 4112.4/4212.4/4312.4 - Health Examinations)

(cf. 4212 - Appointments and Conditions of Employment)

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Policy Reference UPDATE Service

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