

Commissioner's Memo
7/5/2024

Unpaid Meal Charges, Delinquent, and Bad Debt

Memo Information

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Memo Date 7/5/2024

Memo Type Informational

Unit District Operations

Regulatory Authority USDA Policy Memo #SP 47-2016, USDA Policy Memo #SP 46-2016, USDA Policy Memo #SP 23-2017, Hunger-Free Students' Bill of Rights Act 428 of 2019, Act 656 of 2023, codified at Ark. Code Ann 6-18-722

Response Required NO

Attention Assistant Superintendent; Bookkeepers; Child Nutrition Directors/Managers; General Business Managers; Superintendents

Primary Contact Information

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Memo Text

This memo aims to provide guidance and clarification when unpaid meal charges become debt to the child nutrition program. Details of when school meal debt must be paid off using non-federal funds will be included in this guidance.

Annually, each public school or charter school enters into an agreement with the Division of Elementary and Secondary Education, Child Nutrition Unit (CNU). This agreement details how the district will operate the Child Nutrition Program. The collection of money from students and families is reviewed and approved in the annual agreement. Each district must establish a meal charge policy.

Meal Charge Policy

It is important that meal charges are clearly communicated to school administrators, school food service professionals, families, and students. Developing and communicating meal charge policies prevents confusion for students and families and promotes effective financial management in the child nutrition program. Districts must develop and implement a district-level policy for each school operating the National School Lunch Program and School Breakfast Program.

The meal charge policy must follow the [Arkansas Hunger-Free Students' Bill of Rights, Act 428 of 2019](#). This Act requires schools to provide a student requesting a meal or snack one that is no different from those served to their peers. All students will have access to the school's meal or snack services regardless of the debt owed. If a student is unable to pay for a meal or snack, or owes money for a meal or snack, a school shall not stigmatize the student in any way.

In districts that sell a la carte, information regarding payment for these items should be included in the meal charge policy.

Unpaid Meal Charges

At the end of the year, it is important for each district to have a policy or procedure to determine if unpaid meal debt is collectable or uncollectable. To better make this decision, consider the definitions below:

Delinquent Debt – Unpaid meal charges are considered delinquent debt when a payment is overdue. If the debt is considered collectable and efforts are being made to collect it, it may be considered delinquent debt. Unpaid meal charges may be carried over at the end of the school year (beyond June 30) as delinquent debt as long as collection efforts continue into the new school year.

Example of Delinquent Debt:

#1 Julie Foster is in the 3rd grade at Freedom Elementary School. She has an unpaid meal charge of \$22.50. She has reenrolled in the 4th grade at Star Middle School within the same district. When the next school year begins, the unpaid meal charges may continue to be requested and carried forward on Julie's account. This debt is collectable.

#2 Jackson Ford, a senior, is on a family account with his sister Kate Ford, a 9th grader. They had a collective unpaid meal balance of \$35.75. Jackson graduated on May 18th, but Kate reenrolled as a 10th grader to stay in school within the same district. This debt is collectable.

Bad Debt – Unpaid meal charges are considered bad debt when delinquent debt requests for payment are useless or are considered too costly. Bad debt resulting from uncollectable accounts is unallowable and must be written off as an operating loss. Bad debt may not be absorbed into the nonprofit food service account and must be restored using non-federal funds.

Examples of Bad Debt:

#1: Sheldon Forrest graduated from Golden High School on May 18th. Sheldon left an unpaid meal charge balance of \$125.60. The district has no way to contact Sheldon now that he has graduated. This debt is uncollectable.

#2. The Baker family has 4 students enrolled in Fountain School District. They have a collective unpaid meal balance of \$56.80. The family moved to Texas in the middle of the school year. The district has no way to contact the Baker family. This debt is uncollectable.

Below is a list of non-federal funding sources that may be used to restore nonprofit food service account operating losses from bad debt:

- State or local funds provided to cover the price of student meals,
- Local contributions provided by community organizations or individuals,
- Non-federal district operating funds, or
- Revenue from catering or a la carte when using a separate account from the nonprofit food service account.

State funds received by the district, to cover the reduced price co-pay, may be used to assist in writing off bad debt. The reduced price co-pay state funds must be tracked separately and the district may not exceed the amount of state funds received for the reduced price co-pay when used to assist with writing off bad debt.

Additional guidance on Unpaid Meal Charges may be found on the CNU website [Unpaid Meal Charges](#).

If you have questions, please contact Krista Jackson at 501-324-9502.

Attachments

- [SP47-2016_122938.pdf](#)
- [SP46-2016_123000.pdf](#)
- [SP23-2017_123028.pdf](#)