

# OSPI CNS School Meal Programs Reference Sheet

## Unpaid Meal Charges

Meal charge policies must address the issue of unpaid meal charges. Delinquent and bad debt designation and processes must be followed as part of unpaid meal charges. Efforts to collect debt should not negatively impact children, but rather focus on parents and/or guardians.

### Delinquent Debt

- ✓ Unpaid meal charges are designated as delinquent debt when payment is overdue.
- ✓ The debt remains classified as delinquent as long as it is considered collectable, and efforts are being made to collect it.
- ✓ Local policies determine timelines and processes to define overdue and uncollectible.
- ✓ Delinquent debt remains on accounting documents until it is either collected or is determined to be bad debt (see below).
  - Delinquent debt is recorded as an asset.
- ✓ Delinquent debt may be carried over at the end of the school year as delinquent debt and collection efforts may continue into the new school year.
- ✓ Reasonable efforts must be made to collect unpaid meal delinquent debt.
  - These efforts can be paid for from the nonprofit school food service account.
- ✓ Determine if the benefits of potential collection outweigh the costs which would be incurred to collect the amount owed.

### Bad Debt

- ✓ Bad debt is defined as debt which has been determined to be uncollectable.
- ✓ Bad debt must be written off as operating losses.
  - May not be absorbed or paid for from the nonprofit school food service account.
  - Funds may come from the general fund, school or community organizations or any non-Federal source.
  - Includes related collection costs or legal costs.
- ✓ Records of bad debt must be maintained in accordance with the record retention requirements in [7 CFR 210.9\(b\)\(17\)](#) and [7 CFR 210.15\(b\)](#).

### Delinquent and Bad Debt Accounts and Records

- ✓ Retain for three years after the date of the final claim for reimbursement for the fiscal year to which they pertain.
  - Longer in cases of unresolved audits.
- ✓ Be available to Child Nutrition Services
- ✓ Types of Records:



- Evidence of efforts to collect unpaid meal charges.
- Evidence that collection efforts fell within the time frame and methods established by the policy.
- Financial documentation showing when the unpaid meal charge became an operating loss.
- Evidence that the funds written off as bad debt were restored to the nonprofit food service account from non-Federal sources.

## Reference

- SP47-2016 Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments
- SP57-2016 Unpaid Meal Charges: Guidance and Q&As
- SP29-2017 Overcoming the Unpaid Meal Challenge: Proven Strategies from Our Nation's Schools

## Resources

- USDA Handbook: Overcoming the Unpaid Meal Challenges

## Acronym Reference

- CNS Child Nutrition Services
- OSPI Office of Superintendent of Public Instruction
- SP School Policy
- USDA United States Department of Agriculture