

Questions & Answers Regarding
Allowable Cost of Meals - N.J.A.C. 6A:23-4.5(a)20

1. What is N.J.A.C. 6A:23-4.5(a)20?

The regulations for private schools for students with disabilities (PSSD) regarding the allowable cost of meals were revised effective July 1, 2007. It now reads as follows:

Costs that are not allowable in the calculation of the certified actual cost per student include the cost of meals:

i. For students when the meals do not meet the nutritional requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture;

ii. Effective July 1, 2007 for students when a non-profit approved PSSD has not applied for and received funding from the Child Nutrition Program as administered by the New Jersey Department of Agriculture, except when the PSSD has received, on an annual basis prior to the start of the fiscal year, school board resolutions (from a majority of the school districts that have contracted to send students to the PSSD in that fiscal year), which resolve the district board of education does not require the PSSD to apply for and receive funding from the Child Nutrition Program (CNP);

iii. Effective July 1, 2007 for students when the approved PSSD has not charged students for paid and reduced meals in accordance with the income eligibility criteria established by the Child Nutrition Program as administered by the New Jersey Department of Agriculture, except when the PSSD has received, on an annual basis prior to the start of the fiscal year, school board resolutions (from a majority of the school districts that have contracted to send students to the PSSD in that fiscal year), which resolve the district board of education does not require the PSSD to charge students for a reduced and/or paid meal; and

iv. For staff except as allowable in accordance with N.J.A.C. 6A:23-4.5(a)18.

2. What are the requirements of N.J.A.C. 6A:23-4.5(a)20 that will allow either a profit or non-profit PSSD to claim the cost of serving meals in the 2007-2008 school year certified actual cost per student?

In order for a PSSD to charge the cost of meals in the tuition rate:

a. The meals must meet the nutritional requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture;

b. A non-profit PSSD must apply for and receive funding from the Child Nutrition Program as administered by the New Jersey Department of Agriculture (see item d); and

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c. Both non-profit and profit private schools must charge for paid and reduced meals based on the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture (see item e).

However, the private school may charge the cost of meals in the tuition rate by opting out of the requirements in items b and/or c above by complying with the following:

d. A non-profit private school may obtain, on an annual basis prior to the start of the fiscal year, school board resolutions from a majority of the school districts that have contracted to send students to the private school in that fiscal year, which resolve the district board of education does not require the private school to apply for and receive funding from the Child Nutrition Program (CNP); and/or

e. Both non-profit and profit private schools may obtain, on an annual basis prior to the start of the fiscal year, school board resolutions from a majority of the school districts that have contracted to send students to the private school in that fiscal year, which resolve the district board of education does not require the private school to charge students for reduced and/or paid meals.

3. Are the schools allowed to keep the revenue generated from the child nutrition program?

The income generated from the food service program must be used to offset the cost of meals charged in the Undistributed Expenses – Food Services account #11-000-310-xxx. Please refer to NP-35 and NP-40 in Financial Accounting for Students with Disabilities – The Audit Program. It will be an unusual occurrence for a Food Service operation in a PSSD to make a profit. The revenue generated by Child Nutrition Programs can only be used for the operation or improvement of said programs.

4. What is the purpose of the new code?

The purpose of the new code is to require all PSSD to take advantage of the additional revenues that are available if they comply with certain requirements. Non-profit PSSD have the opportunity to receive federal reimbursement from the Child Nutrition Program as administered by the New Jersey Department of Agriculture. All PSSD have the opportunity for additional sales revenue by charging for paid and reduced meals in accordance with the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture. These additional revenues will decrease the cost of providing meals to students enrolled in PSSD.

5. How will the department determine non-allowable costs?

If the PSSD charged the cost of meals to the certified actual cost per student and was not in compliance with N.J.A.C. 6A:23-4.5(a)20, the cost of meals charged to the certified actual cost per student will be considered non-allowable cost. Determining non-

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compliance would include, but not be limited to, one of the following: 1) a non-profit school which didn't apply for and receive funding from the CNP and did not receive board resolutions from a majority of the school districts to opt out of this requirement and 2) a PSSD did not charge for paid and /or reduced meals and did not receive board resolutions from a majority of the school districts to opt out of this requirement by August 31st.

6. If the IEP indicates that milk is required, do we need to follow the new code?

No.

7. Can an addendum be added to the mandated tuition contract?

No, PSSD are not permitted to amend the mandated tuition contract without prior approval from the Commissioner.

8. Can additional language be added to the mandated tuition contract to opt out of the lunch program requirements contained in N.J.A.C. 6A:23-4.5(a)20?

No, PSSD are not permitted to amend the mandated tuition contract without prior approval from the Commissioner. In addition, a PSSD's only mechanism to opt out of the requirements is contained in N.J.A.C. 6A:23-4.5(a)20. Please refer to items #1, #2 and #11.

9. Can a cover page be sent along with the mandated tuition contract explaining that a board resolution is needed to accept this student?

No. Placement of a pupil in a PSSD must not be contingent on the school district providing the PSSD with a resolution that allows the PSSD to opt out of applying for and receiving reimbursement from the CNP and/or charging pupils for paid and/or reduced meals.

10. Is it ok to send additional materials along with the mandated tuition contract in the same package?

Yes, as long as the materials do not indicate the pupils' placement is contingent on the sending school district pass a board resolution that the PSSD is not required to charge for paid or reduced meals and non-profit school are not required to apply for and receive reimbursement from the CNP.

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11. What is considered a majority in terms of obtaining board resolutions?

A majority is considered 51% of total sending districts. For example, if a PSSD has 200 pupils from 100 sending districts, a majority would be 51 school districts regardless of the number of pupils sent from each school district.

12. Are the board resolutions per student or per district when determining the majority?

The board resolutions are per sending district.

13. Will the DOE draft a blanket board resolution sample for the PSSD to use?

No, the department will not draft a sample board resolution.

14. Please explain what is needed with regards to obtaining board resolutions to “opt out” of this new requirement.

For non-profit schools, in order to “opt out” of the requirement to apply for and receive funding from the Child Nutrition Program as administered by the New Jersey Department of Agriculture, the non-profit school may obtain, on an annual basis prior to the start of the fiscal year, school board resolutions from a majority of the school districts that have contracted to send students to the PSSD in that fiscal year, which resolve the district board of education does not require the PSSD to apply for and receive funding from the Child Nutrition Program.

For both non-profit and profit schools in order to “opt out” of the requirement to charge for paid and/or reduced meals based on the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture they may obtain, on an annual basis prior to the start of the fiscal year, school board resolutions from a majority of the school districts that have contracted to send students to the PSSD in that fiscal year, which resolve the district board of education does not require the PSSD to charge students for a reduced and/or paid meal.

If a PSSD obtains the required majority of board resolutions that meet the requirements of N.J.A.C. 6A:23-4.5(a)20ii and/or iii, the PSSD’s meal must still meet the nutritional requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture. Therefore, if a PSSD meets the requirements of N.J.A.C. 6A:23-4.5(a)20ii and/or iii, but not N.J.A.C. 6A:23-4.5(a)20i, the cost of meals served will be considered non-allowable costs.

15. At what point in the school year must the majority be obtained? Is it one time?

Beginning in the 2007-2008 school year and going forward, in order to opt out, the majority must be obtained no later than August 31st.

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16. Once the majority of board resolutions are obtained, are all costs allowable?

If board resolutions comply with the requirements of N.J.A.C. 6A:23-4.5(a)20, all reasonably and prudent costs would be allowable and subject to audit by the school's independent auditor and the department.

17. Are retroactive board resolutions acceptable?

No. For the 2007-2008 school year, in order to opt out of the requirement in item #11, the PSSD must obtain the required majority of board resolutions from the sending school districts by August 31, 2007 and every August 31st thereafter.

18. What is non-pricing and are all schools eligible to participate? Is non-pricing allowed under the new code? What impact does this new code have on schools that were "non-pricing prior to the 2007-2008 school year?"

For the Bureau of Child Nutrition, non-pricing means that all children are served meals at no cost to the child. The Bureau of Child Nutrition recognizes non-pricing. However, the Department of Education does not recognize non-pricing as it relates to N.J.A.C. 6A:23-4.5(a)20. Therefore, if a private school was considered non-pricing prior to the 2007-2008 school year, the school must now follow the requirements of N.J.A.C. 6A:23-4.5(a)20 which require the PSSD to comply with the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture.

19. What is the maximum amount that may be charged for breakfast or lunch?

For the 2007-2008 school year, the Child Nutrition Program as administered by the New Jersey Department of Agriculture has set the following maximum prices for paid and reduced meals:

<u>Paid Price</u>	<u>Reduced Price</u>
Breakfast in:	Breakfast in:
○ High school - \$1.85	○ High school - \$0.30
○ Middle school - \$1.60	○ Middle school - \$0.30
○ Elementary school - \$1.35	○ Elementary school - \$0.30

<u>Paid Price</u>	<u>Reduced Price</u>
Lunch in:	Lunch in:
○ High school - \$2.85	○ High school - \$0.40
○ Middle school - \$2.60	○ Middle school - \$0.40
○ Elementary school - \$2.35	○ Elementary school - \$0.40

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20. Can we request that the parents pay up front for the meals such as on a weekly, monthly or quarterly basis?

Yes, as long as proper records are maintained and meals are counted at the point of service.

21. Do you have a recommendation / procedure if the money is stolen from or by the student while in transit?

A PSSD should establish a policy for this type of occurrence. One recommendation is for parents to send payment for meals through the mail.

22. What is the process for unreturned food program applications?

Applications that are not returned are deemed paid and the students' parents are responsible to pay the full cost of each meal served.

23. Are the maximum amounts allowed to charge for students only or does it include what a school can charge for staff meals?

The maximum prices established by the Bureau of Child Nutrition are for student meals only. In accordance with N.J.A.C. 6:20-9.9b Adult meal prices shall be established to cover all costs associated with the production and service of the adult meal. There is no maximum set for adult meals. At lunch the adult meal price must be at least \$.50 more than the price of the student meal and at breakfast at least \$.40 more than the student meal.

24. My school is 90% residential students; it is very difficult to determine income eligibility, what happens in this situation?

There are various types of residential students; those placed by the Division of Youth and Family Service (DYFS), those placed by parents who pay the tuition and those placed by school districts that pay the tuition. Those placed by DYFS are considered a family of one and the form is completed by the group home leader and all the students are considered free. Those placed by parent/guardian or a school district where the parent can be identified, the parent/guardian must complete the income eligibility requirements of the CNP.

25. If we are currently operating in an approved child nutrition program, must we comply with determining income eligibility?

Yes. If the school is planning to charge the cost of meals in the 2007-2008 tuition rate charged school districts, regardless if they operated an approved child nutrition program

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prior to the 2007-2008 school year, they must comply with all aspects of N.J.A.C. 6A:23-4.5(a)20.

26. Since there will be no reimbursement, are profit schools required to screen income eligibility of every student, provide CNP meal patterns and charge students according to income eligibility?

Yes. If a profit school claims the cost of meals in their certified actual cost per student, the profit school must comply with N.J.A.C. 6A:23-4.5(a)20. If not, all costs regarding the cost of meals will be considered non-allowable costs and must be excluded from the calculation of the certified actual cost per student.

27. Are profit schools eligible to receive federal reimbursement for the food program?

No, profit entities are not eligible to receive federal reimbursement.

28. Must profit schools follow the prescribed food plan since these schools are not eligible to receive reimbursement?

Yes. In order for the cost of meals to be an allowable cost for a profit school, the meals must meet the nutritional requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture and the school must charge the students for paid and/or reduced meals based on the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture.

29. Since profit schools can not get reimbursement, why does this new code apply to profit schools?

The new code applies to all PSSDs and requires all schools to comply with the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture. The PSSDs have the options of obtaining revenue from the students for the paid and reduced meals and that will help reduce the cost of providing meals and opting out. Please refer to items #30 and #34.

30. If all students are deemed free, there will be no revenue for profit schools, why does this new code apply to profit schools?

In order to determine if students qualify for free, reduced or paid meals, the PSSD must comply with the income eligibility requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture. After this process has been completed and if all pupils are determined to qualify for free meals, the school would not have any income from sales to these pupils.

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31. Where can additional information concerning the child nutrition programs be obtained?

Please refer to the following website for general information:
www.state.nj.us/agriculture

Please refer to the following website to obtain child nutrition forms:
<http://www.state.nj.us/agriculture/applic/forms/>

32. Will there be CNP audits and fiscal monitoring regarding this new code?

Yes, the Bureau of Child Nutrition will conduct federally required reviews of all schools that participate in the Child Nutrition Programs. The New Jersey Department of Education will be responsible for monitoring in compliance with N.J.A.C. 6A:23-4.5(a)20. If a PSSD claims the cost of meals in their certified actual cost per pupil, all related information will be subject to fiscal monitoring by the Office of Fiscal Accountability and Compliance.

33. Our PSSD has an extended school year, when should we begin the initial process of becoming an approved food program site?

The new code requirements will not pertain to the July and August 2007 extended school year. They will become effective on September 1, 2007. Please refer to item #38.

34. Can the regulations leave the summer programs alone and just require us to comply September-June since it appears that the forms will not be ready?

If a PSSD' meals meet the nutritional requirements of the Child Nutrition Program as administered by the New Jersey Department of Agriculture in accordance with N.J.A.C. 6A:23-4.5(a) 20i, the cost of meals served for July 1, 2007 through August 31, 2007 may be considered allowable costs. However, effective September 1, 2007 and going forward all PSSD must comply with N.J.A.C. 6A:23-4.5(a)20 in order to claim the costs of meal in the certified actual cost per pupil.

The Income Eligibility Guidelines as announced by the United States Department of Agriculture are effective from July 1 through June 30, but also may be used through August in accordance with CNP guidelines. PSSD must obtain the required income eligibility information for pupils based on the Income Eligibility Guidelines for July 1, 2007 through June 30, 2008 for the 2007-2008 school year which may be used through August 2008. In order to opt out of the requirement in item #30, a PSSD must obtain the required majority of sending school districts by August 31, 2007 and by every August 31st thereafter.

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35. When can a food program start?

A food program can begin at any time; the first step is requesting and completing the new sponsor questionnaire.

36. Since our school has an extended school year, it crosses the federal fiscal year. Does that mean that my school will need to perform two income eligibility determinations every year?

No, eligibility applications for free and reduced priced meals are completed once a year, after July 1.

37. What is a prescribed food plan?

Meals must meet Federal Standards. In New Jersey the Enhanced Food Based Menu Meal Pattern is recommended.

38. Do you feel a full time employee is needed to run the food program according to Department of Agriculture guidelines?

This would depend on the number of meals served on a daily basis. In most cases it is suggested to help insure compliance with all regulations.

39. What is a point of service meal count?

This is a count of meals served that is done at the point in the food service when an accurate determination can be made that a reimbursable meal was served to an eligible student. This is generally at the end of the serving line in cafeteria settings.

40. What is a production record?

Records must be maintained daily to demonstrate that the required number of food components and quantities of food items are offered on any given day. Production records must include sufficient information to evaluate the menu's contribution to the meal pattern requirements. At minimum, required meal components, portion sizes and quantity served must be documented.

Sample Production Records are available on the New Jersey Department of Agriculture's web site. For general information: www.state.nj.us/agriculture For child nutrition forms: <http://www.state.nj.us/agriculture/applic/forms/>

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41. Are meal pattern requirements different based on the age of the students?

Yes, please see the Enhanced Food Based Menus Meal Pattern. (Form #82 is available on the New Jersey Department of Agriculture's website. Refer to the websites above).

42. What are the qualifications of a Food Service Coordinator? What cost category will this position fall under?

The qualifications of a Food Service Coordinator would be knowledge of quantity food preparation, administrative and management skills and knowledge of food safety procedures and the ability to comprehend and implement regulations.

The Food Service Coordinator would fall under the cost category of Undistributed Expenses – Food Services – Salaries in account #11-000-310-100.

43. Once the food program is up and running is a full time employee needed?

This depends on the number of students and the total number of meals served on a daily basis. The different meal types (breakfast, lunch and afterschool snack) offered each day would also be a factor.

44. What does cycle menu mean?

A cycle menu is when a menu is planned for a specific time period, example 4 weeks, and then repeated. Cycle menus save time, increase efficiency and can be modified as needed for seasonal menu items.

45. Why is the breakfast reimbursement higher than the lunch reimbursement?

To support additional labor and/or supervision costs that may be required beyond what is in place for lunch.

46. Please explain provision 2.

Provision 2 is a special paperwork reduction option available to schools that participate in child nutrition programs. It requires an addendum to the sponsor annual agreement and there are specific requirements and procedures required to implement this option.

47. What is a residential intake form?

This form is used only for residential students in lieu of the free and reduced price school meals application. Samples are available on the New Jersey Department of Agriculture's web site under forms.

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48. When does training for the child nutrition program begin?

Training / technical assistance is available year round as new sponsors apply to participate in Child Nutrition Programs and is scheduled based on first in first out (1st request in 1st to receive training / technical assistance.)

49. Is technical assistance available?

Training / technical assistance is available year round and is based on first in first out (1st request in 1st to receive training / technical assistance.) Currently participating sponsors may request technical assistance at any time and the requests will be considered on an individual basis. The Bureau of child Nutrition offers several trainings annually to participating sponsors.

50. What responsibility, regarding the required plans [HACCP, Bio Security] does the school have if the food is prepared off site?

The sponsoring agency (school) is responsible for compliance with all Federal Regulations. If the sponsor enters into a contract with an outside source (vendor or FSMC) to prepare/supply food, the sponsor retains responsibility for compliance with all Federal Regulations.

51. What is a new sponsor questionnaire?

A new sponsor questionnaire is sent to sponsors applying to participate in the Child Nutrition Programs. It is the first step in becoming a participating sponsor.

52. Can the school only provide an after school snack instead of breakfast or lunch?

No, schools can only participate in the After School Snack Program (ASSP) if they participate in the National School Lunch Program (NSLP).

53. Is inserting the TANF number enough to satisfy the income eligibility requirement?

No, the application must have the student's name, the TANF number and must be signed by the adult household member completing the form.

54. Are social security numbers required when determining income eligibility?

Yes. The social security number of the adult household member completing the application must be on the application, or the box indicating the individual does not have one must be checked. If the household refuses to give you the social security number the application is considered incomplete and the student(s) must be considered in the paid

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category. An application with a TANF or Food Stamp case number does not require a Social Security Number.

55. Will additional administrative costs be incurred for schools starting a new program versus an existing program?

It's possible that additional administrative costs may be incurred, due to allow for additional time for training and learning the requirements of the program.

56. What are food costs?

Costs to purchase all foods and beverages required for the meal programs.

57. How are transferring students handled with regards to the food service program?

Applications can be transferred with the students as long as they are determined correctly the applications are good for the entire federal fiscal year. However, the sending school should keep the original and send a copy with the student's records. The receiving school should confirm the application was correctly determined.

58. What documents are the monitors going to make up in order to add the cost of meals to the tuition rate? Do we need to keep the daily menu? What other documents will be required?

Yes, that is one of the documents required by the Child Nutrition Programs. Records that will be required for participating sponsors include a dated printed menu, production records, a breads and grains chart and edit check worksheet to name a few.

The requirements for the Department of Education will be established by the NJDOE.

59. What are the disadvantages / advantages of being on a Schedule A of another approved program?

This would only be considered on a case by case basis and is too specific to offer a general explanation. This would not be an option available to for profit PSSD.

60. What impact does the new code have on schools that are the Schedule A of another approved site?

According to 7CFR210.2 a School means an educational unit of high school grade or under recognized as part of the educational system in the State and operating under public or nonprofit private ownership in a single building or complex of buildings. Non-profit when applied to schools or institutions eligible for the Program means exempt from income tax under section 501(c) (3) of the Internal Revenue Code of 1954, as amended.

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The department researched this issue and according to the law cited above, profit schools/institutions are not eligible to participate in the National School Lunch/ School Breakfast Programs.

If a non-profit PSSD that is a 501(c)3 corporation and is claimed on a Schedule A of another approved site and the PSSD is not incurring any costs for the meals served, the new code has no impact. However, if the non-profit PSSD is a 501(c)3 corporation and is claimed on a Schedule A of another approved site and the PSSD is incurring costs for the meals serviced, the PSSD must comply with all aspects of N.J.A.C. 6A:23-4.5(a)20 in order for the cost of meal to be considered allowable costs.

61. What are the procedures, requirements and responsibilities of a school in obtaining a food service management company?

A non-profit PSSD wishing to employ a Food Service Management Company (FSMC) is required to follow specific procedures. A non-profit PSSD may only contract with FSMC's approved by the Bureau of Child Nutrition. The Bureau of Child Nutrition offers workshops annually to sponsors planning to go to bid for a FSMC. Since a profit PSSD is unable to receive reimbursement from the Bureau of Child Nutrition, a profit school would not be subject to the CNP procedures regarding a FSMC.

62. What is the minimum amount that may be charged for breakfast or lunch?

The Department of Education does not recognize a non-pricing program and has determined the following minimum prices for paid and reduced meals:

<u>Paid Price</u>	<u>Reduced Price</u>
Breakfast in:	Breakfast in:
○ High school - \$1.40	○ High school - \$0.25
○ Middle school - \$1.20	○ Middle school - \$0.25
○ Elementary school - \$1.00	○ Elementary school - \$0.25
<u>Paid Price</u>	<u>Reduced Price</u>
Lunch in:	Lunch in:
○ High school - \$2.15	○ High school - \$0.30
○ Middle school - \$1.95	○ Middle school - \$0.30
○ Elementary school - \$1.75	○ Elementary school - \$0.30

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63. Are there any fiscal repercussions if we decide to feed the students despite the parents' refusal to pay for a meal or if a student is required to pay for a meal but does not bring in his/her money, what action should the school take?

The PSSD may feed a student on an intermittent basis; however, providing free meals to pupils that must pay is inconsistent with N.J.A.C. 6A:23-4.5(a)20. The PSSD may feed the child but must make a reasonable effort to collect the money such as billing the parent/guardian on a weekly, monthly or quarterly basis. The PSSD should develop a written food services collection policy and forward the policy to all parents/guardians. The policy should include procedures for written communication with parents/guardians indicating that parents/guardians are responsible for ensuring that meals are available for their children either by paying for the meal(s) or sending students with a bagged meal(s). If the parents continue to refuse to pay for their meals, the PSSD may refuse to serve the student. For each student, the PSSD must document all steps taken regarding attempts to collect payment for paid/reduced meals such as copies of letters to parents/guardians and any responses received. The PSSD must have available an affidavit signed by the schools' director that the school made a good faith effort over a minimum three month time period in notifying the parents/guardians of the school's meal payment policies and attempting to collect meal delinquent payments. If after three months, the PSSD continues to serve free meals to pupils without demonstrating a good faith effort along with the signed affidavit, the PSSD must fund the payment of the paid and/or reduced meals through other income or other funding sources for students that habitually fail to pay for their meals or suggest to parents / guardians that their child bring a bagged meal.

64. Since students do not perform well while hungry, how are the PSSD supposed to handle a parent that refused to pay for a meal?

Please refer to item #63.