

Policy 3551: Food Service Operations/Cafeteria Fund

Status: ADOPTED

Original Adopted Date: 03/01/2018 | Last Revised Date: 03/01/2024 | Last Reviewed Date: 03/01/2024

CSBA NOTE: The following conditionally mandated policy may be revised to reflect district practice. Pursuant to U.S. Department of Agriculture's (USDA) Memorandum SP 46-2016, districts participating in the National School Lunch and/or Breakfast Program (42 USC 1751-1769j, 1773) are mandated to adopt policy addressing meal charges; see the section "Meal Sales" below and the accompanying administrative regulation. However, with the establishment of the California Universal Meal Program pursuant to Education Code 49501.5, as amended by SB 348 (Ch. 600, Statutes of 2023), all public schools in California must make available free of charge, one nutritionally adequate breakfast and one nutritionally adequate lunch each school day, to any student who requests a meal, regardless of the student's free or reduced-price meal eligibility status. Consequently, certain program requirements may no longer be applicable. For example, the California Department of Education (CDE) which, by law, provides guidance and oversight on the use of federal funding in nutrition programs, clarifies in Nutrition Services Division Management Bulletin SNP-04-2023 that districts which operate a non-pricing program such as the California Universal Meals Program, the Community Eligibility Program, or Provision 2 at all sites are not required to establish a meal charge policy because no students are charged for meals.

In view of the potential conflict between the federal requirement and CDE guidance, it is recommended that districts adopt this policy and accompanying administrative regulation which addresses meal charges, even if the district operates a non-pricing program such as the California Universal Meals Program. Districts with questions about meal charge policies should consult CSBA's District and County Office of Education Legal Services or district legal counsel.

Pursuant to 7 CFR 210.9, 210.14, and 220.7, districts participating in the National School Lunch and/or Breakfast program must maintain a nonprofit school food service program. Revenues received through the program may be used for the operation or improvement of the food service program, but not to purchase land or buildings unless otherwise approved by USDA's Food and Nutrition Services, or to construct buildings. Authorized expenditures are specified in Education Code 38101 and defined in CDE's, "California School Accounting Manual."

The Governing Board intends that school food services shall be a self-supporting, nonprofit program. To ensure program quality and cost effectiveness, the Superintendent or designee shall centralize and direct the purchasing of foods and supplies, the planning of menus, and the auditing of all food service accounts for the district.

CSBA NOTE: The following paragraph applies to all districts. Pursuant to Education Code 49503, as amended by SB 348, district funds may also be used for the purchase of school meals for students as provided in Education Code 49501.5.

At the Board's discretion, district funds other than the cafeteria fund may be used for the purchase of school meals.

CSBA NOTE: The following paragraph is for use by districts that participate in the National School Lunch and/or Breakfast Program and may be adapted for use by other districts. Pursuant to 42 USC 1776 and 7 CFR 210.30, USDA has established minimum professional standards for food service directors and granted CDE the authority to adopt more flexible standards for districts with average daily attendance of less than 2,500. See CDE's Nutrition Services Division Management Bulletin SNP-13-2020 for updated information about state hiring standards.

The Superintendent or designee shall ensure that food service director(s) possess the qualifications required by 7 CFR 210.30 and California Department of Education (CDE) standards.

CSBA NOTE: The following paragraph is for use by districts participating in the National School Lunch and/or Breakfast Program. Pursuant to 42 USC 1776, such districts must ensure that food service personnel and other appropriate personnel who conduct or oversee administrative procedures receive training, at least once each year, on food service administrative practices (i.e., training in application, certification, verification, meal counting, and meal claiming procedures). In addition, all food service personnel are required to receive annual training that is designed to improve the accuracy of approvals for free and reduced-price meals and the identification of reimbursable meals at the point of service and to ensure program compliance and integrity. Food service personnel must obtain certification on an annual basis to demonstrate competence in the training. Such training is required to include modules on nutrition, health and food safety standards and methodologies, and any other appropriate topics as determined by the U.S. Secretary of Agriculture. See CDE's website for online training that meets these requirements.

At least once each year, food service administrators, other appropriate personnel who conduct or oversee administrative procedures, and other food service personnel shall receive training provided by CDE. (42 USC 1776)

Meal Sales

CSBA NOTE: Education Code 49501.5, as amended by SB 348, requires each district to make available one nutritionally adequate breakfast and one nutritiously adequate lunch each school day free of charge to any student who requests a meal, regardless of the student's eligibility for participation in the federal free or reduced-price meal program. Education Code 49501.5, as amended by SB 348, makes several other changes, including requiring a district that offers independent study to make such nutritionally adequate breakfast and lunch available to an independent study student on any school day that the student is scheduled for educational activities as defined in Education Code 49010, and, to the extent CDE receives approval from USDA, make available during a school day lasting four hours or less a nutritionally adequate breakfast or lunch in a noncongregate manner.

Furthermore, pursuant to Education Code 49431, as amended by AB 95 (Ch. 318, Statutes of 2023), a school is not prohibited from selling an additional nutritiously adequate meal that qualifies for federal reimbursement from the same meal service to a student who has been provided a free meal. For further information, see BP 3553 - Free and Reduced Price Meals.

Pursuant to Education Code 49495, CDE has developed guidance, "Breakfast and Snacks for Nonschoolaged Children," available on its website, which provides information on the allowability and options for offering nonschoolaged children breakfast or a morning snack at a school site, that serves any of grades K-6.

Each school day, a nutritionally adequate breakfast and lunch shall be made available at no cost to any student who requests a meal, including a student enrolled in an independent study program on any school day in which the student is scheduled for in-person educational activities of two or more hours. After such school meals have been made available to a student, the district may sell the student the entrée from an additional nutritiously adequate meal that qualifies for federal reimbursement, from the same meal service. (Education Code 49431, 49501.5)

As permitted by law, adult meals and other nonprogram foods, such as smart snack compliant food and beverages sold in vending machines, may be sold to students. (Education Code 38082, 49431, 49501.5)

Meals may be sold to district employees, Board members, and employees or members of the fund or association maintaining the cafeteria. (Education Code 38082)

CSBA NOTE: Pursuant to Education Code 38082, the Governing Board is authorized to adopt a resolution to permit the serving of meals to individuals and organizations other than those specified in the preceding paragraph. CDE's Nutrition Services Division Management Bulletin SNP-04-2021 states that funds from the National School Lunch or Breakfast Program may not be used to serve any nonstudent, that the price of an adult meal must fully cover all costs incurred in the production of the meal, including USDA Food fair market value, and that the common practice of 50 cent markup method to price adult meals may not be in compliance with USDA FNS instruction. The following optional paragraph is for districts that have adopted such a resolution and should be revised to reflect district practice.

In addition, meals may be sold to nonstudents, including parents/guardians, volunteers, students' siblings, or other individuals, who are authorized by the Superintendent or designee to be on campus. Any meals served to nonstudents shall not be subsidized by federal or state reimbursements, food service revenues, or U.S. Department of Agriculture (USDA) foods.

CSBA NOTE: Pursuant to Education Code 38084, the district may determine meal prices consistent with the goal of paying the costs of maintaining the cafeterias (exclusive of the costs of housing and equipping cafeterias or other costs determined by Board resolution, which are paid from district funds other than the cafeteria fund, pursuant to Education Code 38100).

Meal prices, as recommended by the Superintendent or designee and approved by the Board, shall be based on the costs of providing food services and consistent with Education Code 38084 and 42 USC 1760.

CSBA 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. See the accompanying administrative regulation for additional language fulfilling this mandate.

The Superintendent or designee shall establish strategies and procedures for the collection of meal payments. Such procedures shall conform with 2 CFR 200.426 and any applicable CDE guidance. The Superintendent or designee shall clearly communicate these procedures to students and parents/guardians, and shall make this policy and the accompanying administrative regulation available to the public pursuant to Education Code 49557.5.

Cafeteria Fund and Account

CSBA NOTE: Pursuant to Education Code 38090, money received for the sale of food or for any services performed by the cafeterias may be paid into the county treasury to the credit of a "cafeteria fund" for the district. The Superintendent or designee shall establish a cafeteria fund independent of the district's general fund.

CSBA NOTE: The following optional paragraph may be revised to reflect district practice. 2 CFR Part 200, Appendix VII and USDA Memorandum SP60-2016 provide information regarding allowable indirect costs that may be charged to the nonprofit school food service account. Also see the accompanying administrative regulation. The Superintendent or designee shall ensure that state and federal funds provided through school meal programs are allocated only for purposes related to the operation or improvement of food services and for reasonable and necessary indirect program costs as allowed by law.

CSBA NOTE: Education Code 38103 allows the Board, at its discretion and with the approval of the County Superintendent of Schools who is responsible for a countywide payroll/retirement system under Education Code 42646, to have wages, salaries, and benefits of food service employees paid either from the district's general fund (Option 1 below) or from the district's cafeteria fund (Option 2).

OPTION 1: (Food service employees paid from general fund)

The wages, salaries, and benefits of food service employees shall be paid from the district's general fund. At any time, the Board may order reimbursement from the district's cafeteria fund for these payments in amounts prescribed by the Board and not exceeding the costs actually incurred. (Education Code 38103)

OPTION 1 ENDS HERE

OPTION 2: (Food service employees paid from cafeteria fund)

The wages, salaries, and benefits of food service employees shall be paid from the cafeteria fund. (Education Code 38103)

OPTION 2 ENDS HERE

Contracts with Outside Services

CSBA NOTE: The following section is optional. Pursuant to Education Code 45103.5, the district is authorized to contract for consulting services related to food service management. Education Code 45103.5, 42 USC 1758, and 7 CFR 210.16 authorize a district, under specified conditions, and with approval of CDE, to contract with a food service management company to manage food service operations in any district school. See the accompanying administrative regulation for related requirements.

With Board approval, the district may enter into a contract for food service consulting services or management services in one or more district schools. (Education Code 45103.5; 42 USC 1758; 7 CFR 210.16)

Procurement of Foods, Equipment, and Supplies

CSBA NOTE: The following paragraph reflects requirements for districts participating in the National School Lunch and/or Breakfast Program.

Pursuant to 7 CFR 210.21, districts are required to comply with all requirements for purchasing commercial food products served in the school meal programs, including those outlined in the Buy American provision. USDA's Memorandum SP 38-2017 clarifies that a district participating in the National School Lunch and/or Breakfast Program or any entity purchasing food on its behalf must, to the maximum extent practicable, purchase domestically grown and processed foods, as defined. According to the Memorandum, a domestic commodity or product is deemed to be "substantially using" domestic agricultural commodities when over 51 percent of the final processed product consists of agricultural commodities produced in the United States. Districts should include a Buy American clause in all product specifications, solicitations, purchase orders, and any other procurement documents to ensure contractors are aware of this requirement.

Limited exceptions to the Buy American requirement are described in USDA's Memorandum SP 38-2017. If the district is using one of these exceptions, it must maintain documentation justifying the exception(s).

Pursuant to Education Code 49563, CDE has made information available on its website; see the, "Buy American Provision," section in, "Procurement in the CNPs Frequently Asked Questions".

To the maximum extent practicable, foods purchased for use in school meals by the district or by any entity

purchasing food on its behalf shall be domestic commodities or products. Domestic commodity or product means an agricultural commodity that is produced in the United States and a food product that is processed in the United States substantially using agricultural commodities that are produced in the United States. (42 USC 1760; 7 CFR 210.21)

CSBA NOTE: The following optional paragraph may be revised to reflect district practice. SB 114 (Ch. 48, Statutes of 2023) allocates funds for eligible districts which may be expended on kitchen infrastructure upgrades and implementing any of the following school food best practices: (1) procuring California-grown or produced, sustainably grown, or whole or minimally processed foods to support equity in procurement practices, (2) using California-grown, whole or minimally processed foods in plant-based or restricted diet meals, (3) procuring plant-based or restricted diet food options, and/or (4) freshly preparing meals onsite. Districts that do not receive the above funding are nonetheless encouraged to follow these school food best practices. Additionally, grant funding may be available from the California Department of Food and Agriculture's (CDFA) California Farm to School Incubator Grant, which includes a transitional kindergarten-12 Procurement and Education Grant for districts to procure California grown or produced, whole or minimally processed foods for incorporation into school meals and engage students in hands-on food education opportunities.

The district's food service program shall give priority to serving freshly prepared onsite meals, using whole or minimally processed sustainable foods which are locally grown or produced, including fresh fruits and vegetables, and to providing plant-based or restricted diet food options for students.

CSBA NOTE: The following paragraph reflects requirements for districts participating in the National School Lunch and/or Breakfast Program. Pursuant to Food and Agriculture Code 58596.3 districts participating in the National School Lunch and/or Breakfast Program, except those with annual reimbursement of less than \$1,000,000, are also required to comply with the requirements specified in the following paragraph. Districts that have an annual reimbursement of less than \$1,000,000 may delete the following paragraph.

When soliciting for bids and contracts for the purchase of an agricultural food product, the district shall specify in the solicitation that only the purchase of agricultural food products grown, packed, or processed domestically is authorized, unless a specific exception applies. A nondomestic food product may be purchased for use in the district's food service program only as a last resort when the product is not produced or manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality, the quality of the domestic product is inferior to the quality of the nondomestic product, or the bid or price of the nondomestic product is more than 25 percent lower than the bid or price of the domestic product. In such cases, the Superintendent or designee shall retain documentation justifying the use of the exception for three years from the date of purchase. (Food and Agriculture Code 58596.3)

CSBA NOTE: The following paragraph applies to all districts, regardless of whether they participate in the National School Lunch or Breakfast Program. Food and Agriculture Code 58595 requires a district to accept a bid or price for an agricultural food product grown in California before accepting a bid or price for a domestic agricultural food product that is grown outside the state, when the conditions specified below are met.

Furthermore, the district shall accept a bid or price for an agricultural food product grown in California before accepting a bid or price for a domestic agricultural food product that is grown outside the state, if the quality of the California-grown product is comparable and the bid or price does not exceed the lowest bid or price for domestic product produced outside the state. (Food and Agriculture Code 58595)

CSBA NOTE: Pursuant to Public Contract Code 20111, districts participating in a federally funded child nutrition program, such as the National School Lunch and/or Breakfast Program, must comply with the federal procurement standards of 2 CFR 200.318-200.326 in regard to bid solicitations and awards. Also see BP/AR 3230 - Federal Grant Funds. Districts that do not participate in such a program may revise the following paragraph.

SB 114 allocates funds for eligible districts to expend on kitchen infrastructure upgrades, such as cooking or service equipment, refrigeration, storage, transportation, and training and professional development, that will increase a school's capacity to provide freshly prepared onsite meals, to serve fresh and nutritious school meals using minimally processed, locally grown, and sustainable food, or for expanding meal options for students with restricted diets.

Bid solicitations and awards for purchases of equipment, materials, or supplies in support of the district's child nutrition program, or for contracts awarded pursuant to Public Contract Code 2000, shall be consistent with the federal procurement standards in 2 CFR 200.318-200.326. Awards shall be let to the most responsive and responsible party. Price shall be the primary consideration, but not the only determining factor, in making such an award. (Public Contract Code 20111)

Program Monitoring and Evaluation

The Superintendent or designee shall present to the Board, at least annually, financial reports regarding revenues and expenditures related to the food service program.

CSBA NOTE: The following paragraph is for use by districts that have one or more schools participating in the National School Lunch Program, School Breakfast Program, Seamless Summer Feeding Option, and/or other federal meal program. The state monitoring process (the Administrative Review) includes a review of district compliance with requirements for federal meal programs, including a review of resource management in the food service program as provided in the following paragraph. CDE performs an administrative review of participating districts every three years. See CDE's nutrition services website for a current list of documents that may be requested for the review.

The Superintendent or designee shall provide all necessary documentation required for the Administrative Review conducted by CDE to ensure compliance of the district's food service program with federal requirements.

Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State References

12 CCR 18928-18998.4

5 CCR 15550-15565

Ed. Code 38080-38086

Ed. Code 38090-38095

Ed. Code 38100-38103

Ed. Code 42646

Ed. Code 45103.5

Ed. Code 49010

Ed. Code 49431

Ed. Code 49490-49494

Ed. Code 49501.5-49506

Ed. Code 49550.3-49562

Ed. Code 49554

Ed. Code 49580-49581

F&A Code 58595

F&A Code 58596.1-58596.5

H&S Code 113700-114437

Pub. Cont. Code 2000-2002

Pub. Cont. Code 20111

Pub. Cont. Code 3410

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[Contracts over \\$50,000; contracts for construction; award to lowest responsible bidder](#)

[U.S. produce and processed foods](#)

Federal References

2 CFR 200

2 CFR 200.318-200.326

2 CFR 200.400-200.475

2 CFR 200.56

42 USC 1751-1769j

Description

[Appendix VII Indirect cost proposals](#)

[Procurement standards](#)

[Cost principles](#)

[Indirect costs; definition](#)

[School Lunch Program](#)

42 USC 1771-1793	Child Nutrition Act
42 USC 1773	School Breakfast Program
7 CFR 210.1-210.33	National School Lunch Program
7 CFR 245.8	Nondiscrimination practices for students eligible for free and reduced price meal and free milk
7 CFR 250.1-250.70	USDA foods

Management Resources References

	Description
CA Dept of Social Services Publication	Food Distribution Program Administrative Manual
California Department of Education Publication	Professional Standards in the SNPs, NSD Management Bulletin, SNP-13-2020, rev. January 2022
California Department of Education Publication	Food Service Management Company Contract Preapproval, NSD Management Bulletin, SNP-05-2023, March 2023
California Department of Education Publication	Unpaid Meal Charges: Local Meal Charge Policies, Clarification on Collection of Delinquent Meal Payments, and Excess Student Account Balances, NSD Management Bulletin, SNP-04-2023, July 2023
California Department of Education Publication	Excess Net Cash Resources – Revised to Increase Limitation, NSD Management Bulletin, SNP-04-2022, May 2022
California Department of Education Publication	Pricing of Adult Meals in the National School Lunch and School Breakfast Programs, NSD Management Bulletin, SNP-04-2021, August 2021
California Department of Education Publication	Procuring and Monitoring of Food Service Management Contracts, NSD Management Bulletin, SNP-13-2015, January 2015
California Department of Education Publication	Cafeteria Funds - Allowable Uses, NSD Management Bulletin, SNP-05-2020, February 2020
California Department of Education Publication	Storage and Inventory Management of U.S. Department of Agriculture Foods, NSD Management Bulletin, FDP-01-2018, January 2018
California Department of Education Publication	California School Accounting Manual
U.S. Department of Agriculture Publication	Buy American and the Agriculture Improvement Act of 2018, SP-32-2019, August 2019
U.S. Department of Agriculture Publication	Procuring Local Foods for Child Nutrition Programs, January 2022
U.S. Department of Agriculture Publication	Unpaid Meal Charges: Local Meal Charge Policies, SP 46-2016, July 2016
U.S. Department of Agriculture Publication	Indirect Costs: Guidance for State Agencies and School Food Authorities, SP 60-2016, September 2016
U.S. Department of Agriculture Publication	Compliance with and Enforcement of the Buy American Provision in the National School Lunch Program, SP-38-2017, June 2017
U.S. Department of Agriculture Publication	Discretionary Elimination of Reduced Price Charges in the School Meal Programs, SP 17-2014, January 2014
U.S. Dept of Agriculture Publication	School Meals - FAQs
Website	CalRecycle, Resources for Local Education Agencies: K-12 Public Schools and School Districts
Website	California Department of Education, Accounting
Website	CSBA District and County Office of Education Legal Services
Website	U.S. Department of Agriculture, Food and Nutrition Service
Website	California Department of Social Services
Website	California Department of Education, School Nutrition
Website	California School Nutrition Association

Cross References

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