

## CHAPTER 14-SPECIAL MILK PROGRAM

SFAs participating in the Special Milk Program (SMP) receive federal funding to encourage the consumption of milk by school-age children. If all grades have access to the National School Lunch Program, your agency is not eligible to participate in the Special Milk Program.

### PARTICIPATION

According to 7 CFR 215.7 (a), any school or nonprofit residential child care institution can participate in the Special Milk Program upon approval by the authorized state agency provided it does not participate in other Child Nutrition Programs including: the National School Lunch Program (NSLP), School Breakfast Program (SBP), the Child and Adult Care Food Program (CACFP), or Summer Food Service Program (SFSP). Schools that participate in such meal service programs may participate the Special Milk Program upon approval, but only for the children attending split-session kindergarten or for preprimary students who do not have access to any other meal service authorized under the Child Nutrition or National School Lunch Acts.

### MILK OPTIONS

Schools or RCCIs may choose unflavored or flavored fat-free milk, or unflavored low-fat milk (1% only) and cultured buttermilk that meet State and local standards. All milk should contain vitamins A and D at levels specified by the Food and Drug Administration.

### PRICING AND NON-PRICING PROGRAMS

Sponsors may choose to serve milk under a pricing or a non-pricing program. The amount of reimbursement provided by USDA depends upon the option chosen. The information below provides a comparison of the three available program options and eligibility guidance.

#### Nonpricing

The SFA provides milk to all children at no charge or the price of milk is included in the tuition so that all children automatically receive milk. SFAs of nonpricing programs are not required to collect Household Applications as determination and verification of a child's eligibility is not necessary. Reimbursement is claimed at the Pricing rate. Sponsors will implement counting and claiming procedures to capture the number of milk served to eligible children. Schools must track the number of milk served to adults. Milk served to adults cannot be claimed for reimbursement.

#### Pricing Program

Sponsors charge for milk. Sponsor will implement counting and claiming procedures to capture the number of milk served to eligible children. Schools cannot claim milk served to adults. Sponsors have two options when offering a pricing program:

1. Pricing Without Free Milk:

Under this option, sponsors charge all students for milk regardless of income eligibility. Sponsors do not collect Household Applications and all students are charged the same amount for milk. The charge for milk is not included in tuition.

## 2. Pricing With Free Milk:

Sponsor provides free milk to children who qualify in accordance with the family size and Income Eligibility Guidelines established by USDA. Households must apply for free milk or provide a direct certification letter.

### **DETERMINING FREE-ELIGIBLE STUDENTS**

For SFAs conducting a pricing program with free-option, each year, sponsors will notify families about the milk program and provide applications for students to apply for free milk. Household Applications must be approved using the current fiscal year Income Guidelines as issued by USDA. In addition, sponsors must send out a public notice about the Special Milk Program and procedures to apply for free milk.

To meet the requirements for public notification, sponsors must:

- Send out a public notification to the local media about the Special Milk Program (see Procedures for Civil Rights).
- Send a letter and an application to all students notifying them of the procedures to apply for free milk (see student eligibility procedures for School Nutrition Programs).
- Inform parents of the verification procedures.
- Inform households of the appeal process, if an application is denied.
- Include the USDA nondiscrimination statement for Child Nutrition Programs on all program material sent to the public and to the households of students participating in the Special Milk Program (see Procedures for Civil Rights).

SFAs will review household information submitted on the application prior to approving an application for free milk. Families receiving SNAP or TANF benefits can submit a letter of direct certification provided by ARDHS to receive free milk instead of completing an application for free milk. Foster children, in certain cases, may also be eligible for free milk. Documentation must be maintained on file with the sponsor to substantiate the child's eligibility for free milk.

After approving an application, the sponsor must immediately notify the family of their benefits to receive free milk. If an application is denied, the family must be notified of the reason for denial and be provided information regarding the appeal process.

Children who are not eligible to receive free milk will be charged a set price for the milk received. The sponsor will claim reimbursement for the total number of milk served to children eligible for the free or pricing rate for milk.

For a pricing program with free-option, meal counts and cash/ticket collection procedures are required. Schools must provide assurance that free milk is provided to needy children without physical segregation or overt identification.

In addition, the sponsor should maintain a **master list** of students eligible for free milk containing the following information:

- child's name
- effective date of eligibility
- date of withdrawal from school or change in eligibility
- signature of determining official

RCCIs must maintain a master list that includes the above information, plus the child's income, entrance and exit dates. RCCIs must also include the child's birth date on the master list since there is an age restriction on eligibility. RCCIs must update the master list each time a child's eligibility status changes, the school should note the change and the date of the change.

### **MILK PRICING**

SFAs must operate the Special Milk Program on a nonprofit basis. USDA Food Nutrition Services does not specify how sponsors must demonstrate nonprofit status of the program. However, the total income should not exceed the school's cost of administering the program. The reimbursement provided by the state agency for milk claimed should offset the cost of milk charged to students. USDA, Food Nutrition Services has allowed schools to charge up to 5 cents per ½ pint more than cost of milk to cover associated costs such as straws, napkins, refrigeration, administration and other costs associated with the administration and operation of the Special Milk Program.

If SFAs offer different types of milk, there must be a uniform price set for each type of milk charged to children eligible for the pricing rate. Children eligible for free milk must be able to select any type of milk offered.

### **RECORDKEEPING REQUIREMENTS**

SFAs must keep records that document adherence to all Federal and State rules and regulations for the SMP, including records of income, expenditures and contributions received for three (3) years after the end of the fiscal year to which they pertain. Additional recordkeeping may be required in cases when an audit is not fully resolved.

#### Nonpricing Programs

Nonpricing program schools should report the number of milk served using a milk roster or other tracking system. If milk used in cooking is claimed, records must support the claim. Milk served to adults must be tracked but cannot be claimed.

#### Pricing Programs

##### 1. Pricing Programs without Free Milk

Pricing program schools should report the number of milk served using a milk roster or other tracking system. If milk used in cooking is claimed, records must support the claim. Milk served to adults must be tracked but cannot be claimed.

##### 2. Pricing Programs with Free Milk SFAs conducting a pricing program with the free-option are required to maintain household applications or direct certification letters that certify children eligible for free milk. In addition, SFAs are required to keep the same records as the pricing program without the free-option.

Sponsors must record a daily count of the number of half-pints of milk served in each eligibility category of free or paid. Milk served to adults is not reimbursable, but must be recorded on the daily count of the number of half-pints of milk served. Milk counts must be taken at the point of service, when the child receives the milk. Sponsors must

elect a counting system that accurately reflects the number of milk served daily to free and paid price students and adults.

Acceptable counting systems include student names checked off from a service roster or a tally sheet. Counting systems that are not acceptable include attendance counts, classroom counts or counts taken anywhere other than at the point of service.

## **REIMBURSEMENT**

The state agency will reimburse sponsors for the number of half-pints of milk served each month to eligible children. There is no limit to the number of half-pints each eligible child can receive each day. Milk used in cooking may be claimed for reimbursement at the pricing rate. SFAs will receive reimbursement for milk at the pricing rate, or at the free rate. Only schools conducting a pricing program with the free-option will be able to claim milk at the free rate for students eligible to receive free milk. USDA determines the pricing rate each program year.

### Maintaining a Roster

For SFAs conducting a pricing program with the free-option, SFAs should develop and maintain a roster that includes the child's name and eligibility category (free or pricing) and the application approval date. Ensure that the information on the roster matches information on the application. Schools conducting a pricing program without the free-option or a nonpricing program must develop a system to track milk served to adults and to children. SFAs cannot claim milk served to adult students.

### The Reimbursement Claim

SFAs are required to submit a monthly claim within 10 days after the report month. When the reporting deadline falls on a Saturday, Sunday or a state holiday, SFAs may submit the claim the next operational day. Reimbursement is based on the SFA's participation in the milk program. Nonpricing programs and pricing programs without a free milk option will be reimbursed at a standard rate. SFAs that provide free milk to eligible children will receive reimbursement according to the number of milks served to free and paid eligible children.

#### 1. Nonpricing Programs and Pricing Programs without Free Milk

Nonpricing programs and pricing programs without free milk report the number of half-pints of milk served to children in the section 17 of the reimbursement claim under Non-pricing program or pricing without free option. The reimbursement payment will be calculated by multiplying the number of half-pints of milk served by the current fiscal year's paid reimbursement rate.

#### 2. Pricing Programs with Free Milk

Pricing programs with free milk report the milk served to children who qualify as free in section 18 of the Reimbursement Claim. In section 18, the total number of all half-pints of milk purchased is recorded, along with the total cost of all half-pints of milk purchased. The rate of reimbursement for free milk will be determined by multiplying the average cost per half-pint of milk by the total number of free half-pints served. The average cost per half-pints of milk is calculated based on the cost of the milk purchased during the month divided by the number of half-pints of milk purchased for the month. The reimbursement for the milk served to paid price eligible students is reimbursed at the federal paid rate.

## **ADDITIONAL PROGRAM REQUIREMENTS**

### Use of funds

Sponsors participating in the Special Milk Program must operate a nonprofit milk program. Federal funds made available under the Special Milk Program must be used to encourage the consumption of milk. Funds may be used for the purchase milk and the administration of the Special Milk Program.

### Procurement Code of Standards

A written code of standards for bidding procedures to ensure ethical business practices must be developed and kept on file. The sponsor may use their own procurement procedures provided that the procedures adhere to the federal standards set forth in OMB Circular A-102 and 7 CFR part 3015.

### Procurement Procedures

A simple and informal method is appropriate when the aggregate estimated cost of one type of item, e.g., milk, is less than \$150,000 in one fiscal year. Price or rate quotations shall be obtained from three or more qualified sources. Copies of quotations must be retained for audit review. Sealed bids are required when the aggregate cost of one type of item is \$100,000 or more in one year.

All procurement transactions must be conducted in a manner that provides open and free competition. Sponsors must establish procedures for the purchase of milk to ensure that the purchase is made efficiently, economically, and in compliance with federal and state laws.

### Civil Rights

Sponsors that participate in any Child Nutrition Program must be in compliance with federal Civil Rights requirements. Sponsors must assure that program benefits are made available and provided to all eligible individuals without discrimination. Refer to chapter 3 for guidance on Civil Rights

To comply with the requirements, all sponsors shall:

1. Ensure that all forms of communication and printed program information are disseminated, especially the Letter to Parents for free milk, Household Applications and public releases include the nondiscrimination statement and complaint procedure:

**IN ACCORDANCE WITH FEDERAL CIVIL RIGHTS LAW AND U.S. DEPARTMENT OF AGRICULTURE (USDA) CIVIL RIGHTS REGULATIONS AND POLICIES, THE USDA, ITS AGENCIES, OFFICES, AND EMPLOYEES, AND INSTITUTIONS PARTICIPATING IN OR ADMINISTERING USDA PROGRAMS ARE PROHIBITED FROM DISCRIMINATING BASED ON RACE, COLOR, NATIONAL ORIGIN, SEX, DISABILITY, AGE, OR REPRISAL OR RETALIATION FOR PRIOR CIVIL RIGHTS ACTIVITY IN ANY PROGRAM OR ACTIVITY CONDUCTED OR FUNDED BY USDA.**

**PERSONS WITH DISABILITIES WHO REQUIRE ALTERNATIVE MEANS OF COMMUNICATION FOR PROGRAM INFORMATION (E.G. BRAILLE, LARGE PRINT, AUDIOTAPE, AMERICAN SIGN LANGUAGE, ETC.), SHOULD CONTACT THE AGENCY (STATE OR LOCAL) WHERE THEY APPLIED FOR BENEFITS. INDIVIDUALS WHO ARE DEAF, HARD OF HEARING OR HAVE SPEECH DISABILITIES MAY CONTACT**

USDA THROUGH THE FEDERAL RELAY SERVICE AT (800) 877-8339. ADDITIONALLY, PROGRAM INFORMATION MAY BE MADE AVAILABLE IN LANGUAGES OTHER THAN ENGLISH.

TO FILE A PROGRAM COMPLAINT OF DISCRIMINATION, COMPLETE THE [USDA PROGRAM DISCRIMINATION COMPLAINT FORM](#), (AD-3027) FOUND ONLINE AT: [HTTP://WWW.ASCR.USDA.GOV/COMPLAINT\\_FILING\\_CUST.HTML](http://www.ascr.usda.gov/complaint_filing_cust.html), AND AT ANY USDA OFFICE, OR WRITE A LETTER ADDRESSED TO USDA AND PROVIDE IN THE LETTER ALL OF THE INFORMATION REQUESTED IN THE FORM. TO REQUEST A COPY OF THE COMPLAINT FORM, CALL (866) 632-9992. SUBMIT YOUR COMPLETED FORM OR LETTER TO USDA BY:

(1) MAIL: U.S. DEPARTMENT OF AGRICULTURE  
OFFICE OF THE ASSISTANT SECRETARY FOR CIVIL RIGHTS  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;

(2) FAX: (202) 690-7442; OR

(3) EMAIL: [PROGRAM.INTAKE@USDA.GOV](mailto:PROGRAM.INTAKE@USDA.GOV).

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2. Inform parents/guardians of students, as well as local minority and grass roots organizations, of the availability of program benefits and services.
3. Display the nondiscrimination poster in a prominent place. The poster may be obtained from the School Nutrition Program unit at ARDHS.
4. Make available to the public, to participants and to potential participants, information about program requirements and the procedures for filing a complaint, in English and/or in appropriate translations for non-English-speaking persons.
5. Shall develop a method for collecting racial/ethnic data. Methods include determination of the information by an official through observation, personal knowledge or voluntary self-identification by an applicant on the Household Application form. As with all other records, information collected shall be kept on file for three (3) years. The Civil Rights Compliance Form must be completed each year by December 15, and retained on file for review.

### **Nondiscrimination practices for children eligible to receive free milk**

SFAs participating in the Special Milk Program must take the following steps to ensure compliance with nondiscrimination practices for children eligible to receive free milk:

1. The names of the children receiving free milk cannot be published, posted or announced in any manner that identifies them as eligible for free milk.
2. The school cannot overt the identification of children receiving free milk benefits by the use of special tokens or tickets or by any other means;
3. The school cannot require children to work for free milk;

4. The children cannot be required to use a separate dining area, go through a separate serving line, enter the dining area through a separate entrance or consume their meals or milk at a different time;
5. When more than one milk is offered which meets the requirements, the children eligible for free milk must have the same choice of milk that is available to those children who pay the full price for their milk.

**Local Wellness Policy**

The Reauthorization Act of 2004 places the responsibility of developing a school wellness policy at the local school level. Each school/RCCI participating in the Special Milk Program is responsible for developing, implementing, and measuring the success of a local wellness policy.

**Food Safety**

SFAs are required to implement a HACCP-Food Safety plan as it pertains to all milk sold and claimed on campus. Refer to Chapter 10 for an overview of the food safety plan. DHS will provide a prototype upon request.

**For additional information about the Special Milk Program, contact the State Agency.**