State Board of Education
North Carolina Department of Public Instruction

2026-2027 Agreement Renewal to Administer Federally Assisted School Nutrition Programs

Special Milk Program Sponsors

Agreement Renewal Items in This Packet:

1. 2026-27 Agreement
2. 2026-27 Free & Reduced-Price Policy Statement
3. 2026-27 Agreement Signature Page

Additional Documents Required for Renewal Process:

4. Procurement Method Reporting
5. Drugfree Workplace Certification Form
6. Debarment/Suspension Form
7. 501(c)(3) Documentation

2026-2027 SPECIAL MILK PROGRAM AGREEMENT

AND

FREE AND REDUCED-PRICE POLICY STATEMENT

Upon execution, this document becomes the Annual Program Agreement and Free and Reduced- Price Policy Statement for the Agreement year beginning July 1, 2026, and concluding June 30, 2027. Please maintain an executed copy of this Agreement in your files for a minimum of three (3) years beyond the date of termination of the Agreement. To complete the Agreement, a calendar, showing the actual dates of operation where milk is served to children, must be provided.

The School Food Authority (SFA) or Sponsor shall, with respect to participating sites under its jurisdiction and financial responsibility, agree to the following:

(a) Any School Food Authority (SFA) defined under 7 CFR 220 or nonprofit, non-residential childcare institutions or eligible camps that do not participate in the Federal Child Nutrition Programs (Sponsor) shall have the opportunity to participate in the Special Milk Program upon request, provided the school/childcare institution does not participate in a meal service program authorized under the Child Nutrition Act of 1966 or the National School Lunch Act; except that schools with such meal service may receive the Special Milk Program upon request only for the children attending split-session kindergarten programs that do not have access to the meal service etc. Each SFA or Sponsor shall make written application to the State Agency for any school or childcare institution in which it desires to operate the Program.

(b) Any SFA or Sponsor participating in the Program may elect to serve free milk to children. Upon application for the Program, each SFA or Sponsor:

(1) Shall be required by the State Agency to state whether it wishes to provide free milk in the schools or childcare institutions participating under its jurisdiction; and

(2) Shall, if indicated, submit a free milk policy statement which, if for a school, shall be in accordance with 7 CFR 245 or, if for a childcare institution, shall be in accordance with 7 CFR 215.13a.

(c) The application shall include information in sufficient detail to enable the State Agency to determine whether the SFA or Sponsor is eligible to participate in the Program and the extent of the need for Program payments.

(d) Each SFA or Sponsor approved to participate in the program shall enter into a written agreement with the State agency that may be amended as necessary. Nothing in the preceding sentence shall be construed to limit the ability of the State Agency to suspend or terminate the agreement in accordance with 7 CFR 215.15. If a single State Agency administers any combination of the School Nutrition Programs, that State Agency shall provide each SFA or Sponsor with a single agreement with respect to the operation of those programs.

Such agreement shall provide that the SFA or Sponsor, with respect to participating schools and child-care institutions under its jurisdiction:

(1) Operate a nonprofit milk service. However, SFAs may use facilities, equipment, and

personnel supported with funds provided to an SFA under this part to support a non-profit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

(2) If electing to provide free milk, (i) serve milk at no cost to all eligible children, at times that milk is made available to non-needy children under the Program; and (ii) make no discrimination against any economically disadvantaged child because of the child's inability to pay for the milk;

(3) Comply with regulations regarding nondiscrimination (7 CFR Parts 15). SFA must also make no discrimination against any child because of his or her eligibility for free or reduced-price milk in accordance with the approved Free and Reduced-price Policy Statement; agree to provide the current non-discrimination statement on all public documents including but not limited to the School Nutrition website; comply with requirements regarding the use of student's confidential eligibility status and ensure this confidential information is used only for purposes as prescribed by law and for no other purpose; limit the disclosure of individual student's confidential eligibility for free and reduced-price milk to persons authorized by law to receive it for reporting purposes and for no other purpose; agree that direct access to student's confidential eligibility status is limited only to the School Nutrition Administrator and his/her designee in the School Nutrition Department; agree that the use of students' confidential eligibility status will not be used for local education initiatives without prior written parental consent; agree that disclosure of students' individual confidential eligibility status for any local education purpose without prior written consent of the parent(s) or guardian(s) constitutes grounds for dismissal; require a Memorandum of Agreement (MOA) to be approved in advance by the State Agency and signed and executed between the School Nutrition Administrator (determining official for the SFA) and the individual requesting the confidential information; cite the specific public law and/or general statute authorizing the use of individual student's confidential eligibility status without prior written parental/guardian consent; complete an annual Civil Rights Checklist for the SFA and for each school or site under its jurisdiction no later than December 15; maintain all Civil Rights Checklists on file in the SFA's central office for a period of three (3) years after the end of the fiscal year of the final claim for reimbursement to which they pertain, except in situations where audit findings have not been resolved in which case the records shall be retained beyond the three (3) year period as long as required for resolution of the issues raised by the audit;

(4) Claim reimbursement only for milk purchased and served as defined in this part and in accordance with the provisions of 7 CFR 215.8 and 215.10; Schools or institutions must offer only pasteurized fluid types of fat free or low-fat (1%) milk. These milks must meet all State and local standards. All milk should contain vitamins A and D at levels specified by the Food and Drug Administration.

(5) Submit Claims for Reimbursement in accordance with 7 CFR 215.10 and procedures established by the State Agency;

(6) Maintain a financial management system as prescribed by the State Agency;

(7) Comply with the requirements of the 7 CFR 215.14 regarding procurement in the practices specific to the Special Milk Program; comply with overall procurement practices as prescribed in 2 CFR 200.317-326; ensure food, supplies, equipment, consulting services, chemicals, maintenance, technology, equipment, bank services and all other goods and services, procured with Special Milk Program funds, are competitively procured and such procurements are conducted in a manner that ensures free and open competition; abide with the Buy American provision by purchasing domestic agricultural products to the extent practicable and by approving all non-domestic foods in advance, should foods of non-domestic origin be used; acknowledge that failure to procure all goods and services in accordance with Federal

regulations constitutes an unallowable use of School Nutrition funds and makes the entire procurement amount that was conducted using Federal School Nutrition funds subject to reclaim by the State Agency;

(8) Upon request, make all records pertaining to its milk program available to the State Agency and to the US Department of Agriculture or other entities appointed by the State Agency for audit and administrative review, at any reasonable time and place. Such records shall be retained for a period of three years after the end of the fiscal year to which they pertain, except that, if audit findings have not been resolved, the records shall be retained beyond the three-year period as long as required for the resolution of the issues raised by the audit;

(9) Retain the individual applications for free milk submitted by families for a period of three years after the end of the fiscal year to which they pertain, except that, if audit findings have not been resolved, the records shall be retained beyond the three-year period as long as required for the resolution of the issues raised by the audit;

(10) Comply with 2 CFR part 200, subpart F, which describes the responsibilities of managing sub-awards and requirements for subrecipient audits and any other requirements resulting from session laws enacted by the N.C. General Assembly for the period of this agreement;

(11) Shall comply with USDA's Civil Rights Guidance and reads as follows: "The program applicant hereby agrees that it will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.); all provisions required by the implementing regulations of the Department of Agriculture; Department of Justice Enforcement Guidelines, 28 CFR Part SO.3 and 42; and FNS directives and guidelines, to the effect that, no person shall, on the grounds of race, color, national origin, sex, age, or disability, be excluded from participation in, be denied benefits of, or otherwise be subject to discrimination under any program or activity for which the program applicant receives Federal financial assistance from FNS; and hereby gives assurance that it will immediately take measures necessary to effectuate this agreement."

"By accepting this assurance, the Program applicant agrees to compile data, maintain records, and submit reports as required, to permit effective enforcement of nondiscrimination laws and permit authorized USDA personnel during hours of program operation to review such records, books, and accounts as needed to ascertain compliance with the nondiscrimination laws. If there are any violations of this assurance, the Department of Agriculture, FNS, shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Program applicant, its successors, transferees, and assignees as long as it receives assistance or retains possession of any assistance from USDA. The person or persons whose signatures appear below are authorized to sign this assurance on the behalf of the Program applicant."

(12) Abide with conditions prescribed in USDA Waivers when indicated. When conditions (natural disasters, pandemics or other) warrant program flexibilities made possible through USDA waivers that promote milk service to students/children in a manner that supports program integrity, the SFA agrees to administer, operationalize, manage, and monitor waiver implementation while fulfilling all reporting and auditing requirements related to the waivers accepted by the SFA.

(13) DEFINITIONS:

a. CHILD - In childcare institutions, a person under nineteen (19) chronological years of age. In schools, a person twenty-two (22) years of age or under, or students, who are mentally or physically disabled as defined by the State Agency and who are participating in a school program for the mentally or physically disabled of high school grade or under.
b. COST OF MILK - The purchase price paid by the institution to the milk distributor for milk delivered. This does not include any amount paid to the milk distributor for the rental or installment of or purchase price of milk service equipment.
c. MILK – Allowable milk options include pasteurized fluid types of fat-free (skim) or low-fat (1 percent fat or less) flavored and unflavored. Milk with higher fat content is not allowed unless otherwise stated by a Medical Statement. Low-fat or fat-free, lactose-free and reduced-lactose fluid milk may also be offered. All milk should contain vitamins A and D at levels specified by the Food and Drug Administration and be consistent with state and local standards for such milk.
d. NON-PRICING MILK PROGRAM - A milk program whereby no separate charge is made to children.
e. NON-PROFIT - Exempt from income tax under Section 501 (C) (3) of the Internal Revenue Code of 1954, as amended.
f. POLICY STATEMENT FOR FREE MILK - In pricing program, a pamphlet including information on: (1) the specific criteria to be used in determining eligibility for free milk; (2) the method by which the sponsor will collect information from families in order to determine a child's eligibility for free milk; (3) the method by which the sponsor will collect milk payments so as to prevent overt identification of children receiving free milk; (4) a hearing procedure for a family to appeal the decision of the sponsor and for the sponsor to challenge the eligibility of a child for free milk; and, (5) assurance that there will be no discrimination against free milk recipients and discrimination against any child on the basis of race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity.

(14)

a. PRICING PROGRAM - A milk program whereby a separate charge is made to children.
b. SCHOOL FOOD AUTHORITY/SPONSOR - The governing body which is responsible for the administration of one or more schools or childcare organizations, and which has the legal authority to operate milk program therein.

State Board of Education
North Carolina Department of Public Instruction
Agreement to Administer the
Federally Assisted School Nutrition Program
for Special Milk Sponsors
School Year 2026 - 2027

My signature below indicates that I understand and agree to all the terms and conditions contained in the 2026 – 2027 Agreement to operate the Special Milk Program and the Free Policy Statement and will ensure all SFA or Sponsor personnel abide with the provisions set forth in the Agreement and the Policy Statement.

SFA/Sponsor Name _____ SFA/Sponsor Agreement No. _____

SFA/Sponsor Address _____

On behalf of the School Food Authority/Sponsor:

Designated SFA/Sponsor Official who may sign legally binding agreements:

(Print Name) _____ (Signature) _____ (Date) _____

Individual authorized to approve and sign claim for reimbursement:

(Print Name) _____ (Signature) _____ (Date) _____

On behalf of the North Carolina Department of Public Instruction/State Board of Education:

Senior Director, Office of School Nutrition:

Rachel Findley, MS, RDN, LDN _____ _____

(Print Name) (Signature) (Date)

NOTE: Calendar showing actual dates of operation where milk is served to children is required to execute this agreement. This signature page must be provided in addition to the automated renewal of the application between the School Food Authority (SFA) or Sponsor and the North Carolina State Board of Education, Department of Public Instruction, to administer the Federally Assisted School Nutrition Program(s). After completing the automated application, and carefully reading the Agreement and the Policy Statement, please **sign and upload this signature page into the School Nutrition Technology System (SNTS) by June 8, 2026.**