Section 13

Special Milk Program

Section 13, Special Milk Program

Update Guide	
June 8, 2026	Incorporated guidance from the Final Rule: Expanding Fluid Milk Options in Child Nutrition Programs.
May 19, 2023	Created new *Definitions* and *Contact Information* sections, located at the beginning of the *Administrator's Reference Manual (ARM)*. Removed definitions and contact information from this section.
August 12, 2020	Updated *Administrator's Reference Manual (ARM), Section 13, Special Milk Program* to update the *Administrator's Reference Manual (ARM)* section references.
August 28, 2017	Updated *Administrator's Reference Manual (ARM), Section 27, Special Milk Program* to add cross references to applicable guidance from other sections and reorganize guidance specific to the Special Milk Program.

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Special Milk Program (SMP)

The Special Milk Program (SMP) is intended to encourage the consumption of fluid milk by students/children and help defray the cost of providing milk to students/children. To participate in the SMP, contracting entities (CEs) must agree to operate a nonprofit milk service and use all SMP funds to conduct or improve the milk service operation for the benefit of the enrolled students/children. However, CEs can also use facilities, equipment, and personnel supported by SMP funds to operate a nonprofit nutrition program for the elderly.[1]

Additional Guidance for SMPs

CEs operating SMP are expected to adhere to applicable requirements as described in other sections of the Administrator's Reference Manual (ARM).

- *Section 2, Application and Agreement*
  Including, but not limited to, the following:
  - Application
  - Authorized Representative
  - Certificate of Authority
  - Food and Nutrition Agreement
  - Policy Statement
  - Program Agreement
  - Termination of Agreement
- *Section 3, Civil Rights & Confidentiality*
- *Section 4, Eligibility Determination*
  Including, but not limited to, the following:
  - Application prototypes
  - Appeals process
  - Carryover period
  - Electronic and web-based applications
  - Eligibility determination
  - Eligibility determination timeline
  - Information letter and media release
  - Letters to household
  - Limited English proficiency
- *Section 15, Program Integrity*
- *Section 16, Financial System*
  Including, but not limited to, the following:
  - Allowable costs
  - Audits

[1] See *Administrator's Reference Manual (ARM), Section 16, Financial System* for additional information on the Nutrition Services Incentive Program (NSIP) which is administered by the United States Department of Health and Human Services, Administration on the Aging.

  - Program revenue
  - Use of program funds
- *Section 17, Procurement*
- *Section 20, Counting & Claiming*
  Including, but not limited to, the following:
  - Counting, Coding, and Recording Milk Served
  - Claiming Reimbursement
- *Section 25, Meal Accommodations*
  Including, but not limited to, the following:
  - Accommodations for medical disabilities
  - Milk substitutes
- *Section 26, Food Safety*
  Including, but not limited to, the following:
  - Storage
- *Section 30, Records Retention*
  All forms required for SMP as described
- *Section 31, Administrative Review (AR)*

Types of Entities Operating SMP

The following types of entities commonly participate in SMP:

- Nonprofit school, grades 12 and under that does not currently participate in another Child Nutrition Program (CNP)—National School Lunch Program (NSLP), School Breakfast Program (SBP), Child and Adult Care Food Program (CACFP), or the Summer Food Service Program (SFSP).

  However, if the school has split-session kindergarten for which students/children do not have access to a meal program, the school may operate SMP for these students/children.
- Nonprofit nursery school
- Nonprofit licensed childcare center
- Nonprofit summer camp
- Settlement house
- Homeless shelter
- Residential child care institution (RCCI) that is a home for the mentally and physically impaired; home for unmarried mothers and their infants; group homes; halfway houses orphanages; temporary shelter for abused students/children and/or runaway students/children; long-term care facility or chronically ill students/children (hospital, skilled nursing facility, intermediate care facility or a facility intended for the care of students/children confined for 30 days or more); or juvenile detention center

  [NOTE: Private RCCIs and private nonprofit non-residential child care centers must be licensed by the appropriate agency governing the operating of the entity type.]

Types of Special Milk Programs

CEs may operate one the following types of SMPs:

Pricing Program with Free Option

Milk is free to eligible students/children and is sold to other students/children at a reduced price. A standard rate of reimbursement is provided for the milk sold to paying students/children (paid eligible students/children), and an average of the actual price paid for the milk is reimbursed for the milk provided for non-paying students/children (free eligible students/children). This option requires eligibility determination documentation.

Pricing Program without Free Option

Milk is sold to all students/children at a reduced price, such as the actual price of the milk minus the amount of the USDA reimbursement. This option does not require eligibility determination documentation.

Nonpricing Program

Milk is served free to all participating students/children. The CE is reimbursed a standard rate for each half-pint of milk served. This option does not require eligibility determination documentation.

Types of Milk Served

CEs must offer pasteurized fluid types of milk that contain vitamins A and D as specified by the Food and Drug Administration (FDA), are consistent with state and local standards for milk, and meet the following requirements by age group:

	Approved Milk Options
12-23 months	Unflavored whole milk
2-5 years	Unflavored whole, reduced-fat, low-fat, or fat-free milk
6-18 years	Unflavored or flavored whole, reduced-fat, low-fat, or fat-free milk

Milk may be purchased in bulk but is claimed in half pints. A milk substitute must be served at no additional charge if provided to a paid student/child or at no cost if a free student/child if a student/child has a medical disability as described in *Administrator's Reference Manual (ARM), Section 13, Accommodating Students with Medical Disabilities and Special Dietary Needs*.

Milk Prices for Paid Students/Children

There is no restriction on the amount a CE may charge a paid student/child for a half-pint of milk. However, the CE must operate the SMP on nonprofit basis and use reimbursement payments to reduce the price of the milk or improvement of the milk program.

Milk Storage

Ensure that milk storage and service conform to local and state sanitation and health standards. Ensure that facilities for handling, storing, and distributing milk safeguard the milk properly against theft, spoilage, or other losses.

Reimbursement

The CE submits milk counts by site to TDA via the Texas Unified Nutrition Programs System (TX-UNPS). There is no restriction on the number of half-pints of milk that may be served to students/children enrolled in the facility. Milk served to adults cannot be claimed. Reimbursement rates are different for each category of milk benefit (free or paid). Thus, accurately counting, recording, and consolidating the number of half pints of milk served by category is the only way a claim for reimbursement can be properly submitted ensuring the CE is correctly paid for the milk served.

Reimbursement by Type of CE

The following guidance must be used in determining when milk may be claimed under SMP:

Traditional Schools

May be reimbursed for milk served on a day that is not a regular school day if the activity is an integral part of the curriculum or an actual extension of the local educational program and not a school-affiliated extracurricular event or activity such as football, band, or chorus

Boarding Schools

May be reimbursed for milk served on a weekend if the weekend is an extension of the weekday educational program

Residential Child Care Institutions (RCCIs)

May be reimbursed for milk served on weekends

Year-Round Schools

May be reimbursed for milk on days when students/children are attending a regular school day, i.e., may not be reimbursed for milk on vacation days

Information Box 1

Safe Milk Storage Tips

Milk spoilage, deterioration, and contamination usually occur because of refrigeration malfunction and improper storage practices. Follow these guidelines:

- Store milk in refrigerators and coolers that are operating properly and in good repair.
- Place containers on pallets or shelves, leaving a one- to two-inch space between the walls and the milk containers to ensure proper air circulation.
- Record temperatures in the refrigerators and coolers daily.
- Check thermometers and other refrigeration equipment periodically to ensure that they are operating properly and repair any malfunctioning equipment immediately.
- Equip refrigerators and coolers with an alarm system that allows easy detection of high temperatures and power failures.
- Check refrigerators and coolers immediately after a power failure to make sure they are operating properly and that milk is still in good condition.

A CE cannot deny milk as a disciplinary action against any student/child enrolled in a facility participating in a Child Nutrition Program. If, for disciplinary reasons, a student/child is not allowed to participate in milk service in the serving area with the other students/children, the CE must still ensure that milk is still available to the student/child. However, disciplinary action that indirectly causes a student/child to miss a milk service is allowable (i.e., suspension from school).

Point of Service System

The CE must have a point of service (POS) system that allows the CE to accurately count the number of half-pints of milk served to students/children. If the program is a pricing program with a free option, the POS system must record milk served by eligibility category—free or paid.

For pricing programs with the free option only, the reimbursement rates for milk served to eligible students/children equals the total cost of all milk purchased during the claim period divided by the total number of half-pints served to paying students/children. The CE may add a

five-cent distribution charge to the cost of each half-pint of milk to cover the cost of straws, napkins, refrigeration, and handling.

If a CE operates NSLP or SBP for some students/children and SMP for another group of students/children, the CE must ensure that students/children served milk under SMP are not the same students/children participating in an NSLP or SBP meal service.

Claiming Information

The CE must include the following information in each month's claim:[2]

- Actual number of half-pints of milk served to students/children;
- Actual number of half-pints of milk served free to eligible students/children in programs that charge for paid students/children;
- Total cost of all half-pints of milk purchased (round to nearest dollar); and
- Total number of all half-pints of milk purchased.

TDA Forms

TDA provides the following forms for CEs to use with SMP:

- *Cooler or Freezer Temperature Recording Form*—This form may be used as a log to demonstrate that CE has kept milk at the proper temperature.
- *Media Release for Free Milk Sample (Special Milk Program)*—A sample media release that CEs may use to assist them in providing information to the public on the SMP the CE offers. The form is available at *www.SquareMeals.org*.
- *Multi-Child Application for Free Milk*—This application is used by CEs to collect the information necessary to determine eligibility. The form is available at *www.SquareMeals.org*.
- *Multi-Use Application for Free Milk*—This application is used by CEs to collect the information necessary to determine eligibility and to provide information to other programs that may provide additional services to households. The form is available at *www.SquareMeals.org*.
- *Policy Statement for Special Milk, Attachment B: Milk Count/Collection Procedure(s) (Policy Statement)*—This form allows the CE to indicate how it will uniformly determining a student/child's eligibility to receive the benefits of the SMP. The Policy Statement is available at *www.SquareMeals.org* and in TX-UNPS in the *Download Forms* hyperlink accessed from the Applications screen.
- *Special Milk Program Worksheet*—A form a CE may use to record daily milk service and milk purchases. The form is available at *www.SquareMeals.org*.

[2] See the *Records Retention* subsection in this section for additional information on the documentation required for claiming.

Records Retention

All documentation or records must be kept on file for a minimum of five years for public and charter schools or three years for private schools, nonprofit organizations, and residential childcare institutions after the end of the fiscal year to which they pertain.

CEs are encouraged to develop a system of document retention that allows them to readily retrieve documentation.

Information Box 2

Records Retention

Public and charter schools are required to keep documentation related to school nutrition programs for 5 years.

Private schools, other organizations, and residential child care institutions (RCCIs) are required to keep documentation for 3 years.

The CE must retain the following types of documentation in its record retention system:[3]

- Administration of the program
- Communications with households
- Counting and claiming,[4] including a current Policy Statement and documentation of ½ pints of milk served
- Eligibility determination
- Financial records, including receipts and/or invoices for all milk purchases
- Licensing
- Outreach, including, but not limited to, the media release
- Safe storage of milk

For more information on the specific types of documentation that is required, see *Administrator's Reference Manual (ARM), Section 30, Records Retention.*

TDA may request documentation for both offsite and onsite administrative reviews.

Compliance

TDA will review documentation submitted through TX-UNPS, retained onsite, or on request to ensure that the CE is compliant with the regulations described in this section and other applicable sections. Operational areas to be reviewed, include, but are not limited to, milk served, eligibility determination, POS system, communication with households, outreach notifications, counting and claiming, financial records, and other issues as required by regulations.

CEs with findings will be required to complete adequate Corrective Action Documentation (CAD). Noncompliance in these areas can require fiscal action. TDA may also take appropriate fiscal action or terminate the Food and Nutrition (FND) Agreement for any CE that is not in compliance with the accounting and financial requirements, including corrective action related to audits.

[3] See *Administrator's Reference Manual (ARM), Section 30, Records Retention* for additional information on this topic.
[4] See the *Administrator's Reference Manual (ARM), Section 20, Counting & Claiming* for additional information on point-of-service.