

United States Senate

WASHINGTON, DC 20510

September 18, 2024

The Honorable Thomas J. Vilsack
Secretary
Department of Agriculture
1400 Independence Ave SW
Washington, DC 20250

Dear Secretary Vilsack,

We write to request that the United States Department of Agriculture (USDA) act quickly to address exorbitant school lunch fees charged by payment processors. Every day, greedy payment processing companies are ripping off working families, snatching dollars meant to pay for kids' school lunches in order to pad their profits. It is unacceptable that parents face exorbitant fees just so their children can eat school lunch, and USDA should prohibit these sham fees.

A July 2024 report by the Consumer Financial Protection Bureau (CFPB) found that payment processors were collecting more than \$100 million in fees annually from families buying school lunches¹ and that this burden fell disproportionately on low-income families.² These fees are outrageous, and we were pleased to see your commitment that "USDA will review its policies and work with schools, state oversight agencies and the payment processors to ensure that all families have a clear and readily-available fee-free payment method."³ We urge you to act quickly to do so to support children, families, and schools across the country.

For years, it has been USDA's stated view that students participating in federal nutrition programs "shall not be charged any additional fees," based on the widespread understanding that, "by charging fees in addition to the regular reduced price or paid meal charge, a school is limiting access to the program and imposing an additional criterion for participation."⁴ Yet, in 2014, USDA created an exemption for online payment processors, which were permitted to levy

¹ Consumer Financial Protection Bureau, "CFPB Report Highlights Junk Fees Charged by School Lunch Payment Platforms," July 25, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-highlights-junk-fees-charged-by-school-lunch-payment-platforms/>.

² Consumer Financial Protection Bureau, "Costs of Electronic Payments in K-12 Schools," July 25, 2024, <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-costs-of-electronic-payments-in-k-12-schools/>.

³ Consumer Financial Protection Bureau, "CFPB Report Highlights Junk Fees Charged by School Lunch Payment Platforms," July 25, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-highlights-junk-fees-charged-by-school-lunch-payment-platforms/>.

⁴ Food and Nutrition Service, "Fees for Lunchroom Services," June 14, 2021, <https://www.fns.usda.gov/cn/fees-lunchroom-services>.