COMMUNITY ELIGIBILITY PROVISION

Planning and Implementation Guidance

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Food and Nutrition Service

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Chapter 1: Introduction

The Community Eligibility Provision (CEP) provides an opportunity for schools and local educational agencies (LEAs) in high poverty areas to provide free breakfast and lunch to all students without the burden of collecting and processing school meal applications for free and reduced price meals. CEP was a key provision of the Healthy, Hunger-Free Kids Act (HHFKA) of 2010.

Rather than taking school meal applications to make individual eligibility determinations, schools that have adopted CEP are reimbursed using a formula based on the percentage of students participating in other need-based programs.

Schools implementing the provision have experienced great success, allowing them to make numerous improvements to their school nutrition programs.

- **Easing administrative burden.** CEP allows eligible schools to provide breakfast and lunch to all students at no charge, without collecting school meal applications or monitoring eligibility when serving meals. This gives food service staff more time to focus on preparing nutritious meals their students will enjoy.
- **Increasing participation.** All children at CEP schools receive meals at no charge, incentivizing participation and increasing program revenues.
- **Improving efficiency.** CEP helps lunch lines move more quickly, allowing children more time to enjoy their meal.
- **Eliminating stigma.** Because all students eat at no charge, children at CEP schools are no longer identified as low-income in the lunch line, and no child at a CEP school will ever receive an "alternate" meal, or be denied a meal, due to a negative account balance.
- **Fighting childhood hunger.** Children attending CEP schools can count on two nutritious meals every school day, stretching families' limited food budgets and reducing hunger among our nation's children.

Throughout this guidance, readers will hear from school superintendents, principals, food service staff, and parents who have witnessed these and other benefits of CEP within their communities.

Election Options for Schools

An eligible LEA may elect CEP on behalf of a single school, a group of schools, or all schools in the school district. To be eligible for CEP, LEAs and schools are required to have an identified student percentage (ISP) greater than or equal to 40 percent (ISP ≥40 percent) of enrolled students as of the most recent April 1. Identified students are those certified for free school meals without the use of school meal applications and not subject to verification, such as those directly certified through the Supplemental Nutrition Assistance Program (SNAP).[1]

Schools participating in CEP:

- Must provide breakfast and lunch to all students at no charge;
- Are reimbursed using a formula based on the ISP (ISP x 1.6, see Chapter 6: Implementation for more information); and
- Must cover with non-Federal funds any costs of providing meals to students that exceed the Federal reimbursement.

The claiming percentage established using the ISP in the first year for an LEA, group of schools or an individual school is valid for a period of four school years. If the ISP increases during the 4-year cycle, a new cycle can be started using the new ISP.

This manual consolidates CEP guidance, policy, and best practices for State agencies, LEAs, and schools. Additional CEP resources are listed in Appendix E: CEP Evaluation of this manual, in Appendix I: Additional Resources, and on the USDA's Food and Nutrition Service (FNS) CEP website (available at: http://www.fns.usda.gov/school-meals/community-eligibility-provision).

> *"CEP is the most advanced, streamlined funding option for School Meal Programs to date and can provide eligible schools significant bottom line rewards, both in terms of the administrative cost savings and the potential for higher student participation resulting in greater Federal reimbursements."*
>
> *- Food Service Director, Florida*

History of CEP

CEP was phased in over three years, beginning July 1, 2011. CEP pilot States included Florida, Georgia, Illinois, Kentucky, Massachusetts, Maryland, Michigan, New York, Ohio, West Virginia, and the District of Columbia. The first years of CEP implementation provided valuable lessons, best practices, and useful resources for future implementation. Beginning July 1, 2014, CEP became available nationwide to all eligible schools at the discretion of their LEAs. CEP is currently operating in all 50 States, the District of Columbia and Guam.

[1] *Eligibility Manual for School Meals*, available at: http://www.fns.usda.gov/sites/default/files/cn/SP40_CACFP18_SFSP20-2015a.pdf

Phased-In Implementation

December 2010: *The Community Eligibility Provision (CEP) was established by Congress through the Healthy, Hunger-Free Kids Act of 2010, which reauthorized the Child Nutrition Programs. CEP aimed to increase access to the School Meal Programs by offering breakfast and lunch at no charge to all students, without the need to process or collect individual school meal applications.*

School Year 2011-2012: *Illinois, Kentucky, and Michigan became the first pilot States to implement CEP. In the provision's first year, 665 schools participated.*

School Year 2012-2013: *New York, Ohio, West Virginia and the District of Columbia joined the three initial pilot States, making CEP available in a total of six States and the District of Columbia.*

School Year 2013-2014: *CEP expanded to Georgia, Florida, Maryland, and Massachusetts, bringing the total to 10 States and the District of Columbia. The proposed rule on CEP was published in the Federal Register on November 14, 2013. The 60 day comment period for the proposed rule on CEP ended January 3, 2014.*

School Year 2014-2015: *On July 1, 2014, CEP became available nationwide. Over 14,000 schools in more than 2,200 school districts adopted CEP in SY 2014-2015, representing 45 percent of all eligible school districts. The take-up rate was greater for the highest-poverty schools, at about 63 percent.*

School Year 2015-2016: *In its second year of nationwide availability (SY 2015-2016), CEP reached about 8 million students in more than 17,000 schools in nearly 3,000 school districts.*

The Future of CEP: *USDA and its partners will continue to promote adoption of CEP among eligible schools, and anticipate participation to grow. A final rule on CEP is expected in 2016.*

Chapter 2: Eligibility Requirements

This chapter provides an overview of the basic eligibility requirements for participation in CEP. A detailed walkthrough of eligibility considerations is provided in Chapter 4: Publication and Notification Requirements and in Appendix B: Participation Checklist - Election Considerations.

Am I Eligible to Participate in CEP?

To be eligible for CEP, an LEA, group of schools, or school[2] must:

- Ensure that at least 40 percent of enrolled students are identified students[3];
- Participate in both the National School Lunch Program (NSLP) and School Breakfast Program (SBP); and
- Serve lunches and breakfasts, at no charge, to all students.

LEAs may elect the provision for all schools (i.e., district-wide), a group of schools, or an individual school in the LEA. The electing entity, as a whole, must meet the eligibility criteria. The ability to elect CEP for all schools or a group of schools allows some individual schools that are below the 40 percent identified student threshold to participate in CEP as long as the aggregate percentage of the group of schools electing together meets the 40 percent threshold. More information on grouping is provided in Chapter 3: Determining the Identified Student Percentage (ISP).

> *"We may have kids who would skip lunch because of the stigma. Now every kid can get a nutritious meal every day."*
>
> *- Food Service Director, Texas*

LEAs can elect CEP in 4-year cycles. Schools can stop participating in CEP at any time, or can begin a new 4-year cycle early if the ISP increases. More information on the 4-year cycle is provided in Chapter 9: Other LEA Requirements.

Identified Students

CEP is available to LEAs and schools with 40 percent or more "identified students" as of the most recent April 1. Identified students are those directly certified for free meals without a school meal application. Students can be directly certified through:

- Participation in Assistance Programs: a child (or any member of the child's household) receives benefits from the Supplemental Nutrition Assistance Program (SNAP), the Food Distribution Program on Indian Reservations (FDPIR), or Temporary Assistance to Needy Families (TANF), as determined through direct certification, or a child receives

[2] Residential Child Care Institutions (RCCIs) are not eligible for CEP (HHFKA Section 104 (a)(1)(F)(i)(I)(cc)).
[3] Identified Students are the students "directly certified" for free meals without a school meal application and not subject to verification.

Medicaid[4] and has familial income at or below 133 percent of the Federal poverty level as determined by Medicaid.

- Other Source Categorically Eligible Designation: a child is enrolled in a Federally-funded Head Start or comparable State-funded Head Start or pre-kindergarten program, or is a homeless,[5] runaway,[6] migrant,[7] or foster child.[8]
- Approval by Local Officials: a child is a non-applicant, but is identified by local officials through means other than a school meal application.

Students who are categorically eligible based on information, such as a case number, submitted through a school meal application are not included.

Sharing Student Information

To identify as many students as possible in the categories above and maximize claiming percentages, schools and LEAs should work with State and local agencies to share information regarding students eligible for free meals based on participation in other assistance programs. When sharing student information, schools must observe all applicable laws and continue to follow regular procedures for operating School meals.

For additional information, please see the *Eligibility Manual for School Meals* (available at: http://www.fns.usda.gov/sites/default/files/cn/SP40_CACFP18_SFSP20-2015a.pdf).

[4] LEAs and schools in States participating in the Demonstration Project to Evaluate Direct Certification with Medicaid are allowed to conduct matching with Medicaid to estimate identified student percentages (ISPs) to establish eligibility or claiming percentages for CEP. The students identified through Medicaid with an income meeting the 133% limit are included in the ISP.

[5] As defined by the McKinney-Vento Homeless Assistance Act. See: http://www2.ed.gov/programs/homeless/legislation.html

[6] Served through grant programs established under the Runaway and Homeless Youth Act (RHYA): Basic Center Program, Transitional Living Program for Older Homeless Youth, and Street Outreach Program.

[7] Served through the Migrant Education Program (MEP) as defined in section 1309 of the Elementary and Secondary Education Act of 1965.

[8] Any foster child whose care and placement is the responsibility of the State or who is placed by a court with a caretaker household.

Chapter 3: Determining the Identified Student Percentage (ISP)

Participation in CEP requires that schools, groups of schools, or entire LEAs have an ISP of at least 40 percent as of the most recent April 1. The ISP is the proportion of students who are directly certified for free school meals through means other than a school meal application and not subject to verification. In addition to determining CEP eligibility, the ISP is the basis of the claiming percentage to determine the Federal reimbursement.

Calculating the ISP

To determine the ISP, LEAs and schools divide the number of identified students as of April 1 by the number of enrolled students as of April 1, and then multiply by 100. Upon initial calculation, the ISP must be representative of the number of identified students and the student enrollment as of April 1 of the prior year. ISPs may not be rounded; the ISP must be at least 40.00 percent to be eligible. A percentage of 39.98 percent does NOT meet the threshold.

$$\frac{\text{Identified Students}}{\text{Enrolled Students}} \times 100 = \textbf{Identified Student Percentage}$$

As described in Chapter 2: Eligibility Requirements, identified students are a subset of the students who would qualify for free or reduced-price school meals if their families completed a school meal application. Identified students include:

- Students directly certified[9] for free meals on the basis of their participation in SNAP, TANF, or FDPIR; and
- Students who are categorically eligible for free meals through participation in Head Start, or through their status as a homeless, migrant, runaway, or foster child.

The identified students do not include students who are categorically eligible based on submission of a school meal application. Enrolled students are students who are enrolled in and attending schools and have access to at least one meal service (SBP or NSLP) daily. The number of enrolled students includes all students with access to the SBP or NSLP and not just those students participating in the programs.

The ISP must represent the number of identified students and the student enrollment as of April 1 of the school year prior to CEP implementation.[10] Due to variations in State and local direct

[9] For CEP, any student certified without a school meal application is directly certified and included in the ISP. The annual State direct certification benchmarks more narrowly focus on direct certification rates for SNAP recipients.
[10] CEP schools, groups of schools, and districts may use this initial ISP calculation for up to four years before they are required to recalculate using the most recent April 1 data. They do, however, have the option to recalculate annually, in which case they must use the most recent April 1 data to make their recalculation. The ISP also must be recalculated when certain events, such as those described in the section, "Mid-Cycle ISP Recalculations," occur.

certification systems, data matching could take place before or after April 1 but should be reflective of enrollment as of April 1. However, FNS recommends timing data matching to coincide with April 1.

For schools participating in CEP, the ISP multiplied by 1.6 equals the percentage of meals that can be claimed at the free rate. The remaining meals served, up to 100 percent, are reimbursed at the paid rate. USDA's Estimator Tool (available at: http://www.fns.usda.gov/sites/default/files/cn/SP15-2013a2updated2.xls) helps LEAs compare the estimated Federal reimbursement under CEP to the reimbursement received under standard counting and claiming. The tool also permits LEAs to assess different groupings to optimize the Federal reimbursement.

Grouping

An LEA may participate in CEP for all schools in the LEA or elect CEP in only certain schools, depending on eligibility and financial considerations. Grouping (or multiple schools participating as a single CEP group) could allow some schools with an ISP below 40 percent to participate as long as the group ISP is at least 40 percent. The ISP for a group of schools is calculated by taking the sum of the identified students for the entire group of schools divided by the sum of the total student enrollment for the entire group of schools. (**Note:** This is different than the simple average of the ISPs for each school. See the example below.)

EXAMPLE: LEA Groups Three Schools

	Identified Students	Enrollment	ISP
School 1	60	120	50 percent
School 2	38	100	38 percent
School 3	150	200	75 percent
GROUP OF SCHOOLS	248	420	59 percent

To calculate the ISP for this group of schools:

$$\frac{\text{Total Identified Students for Group (248)}}{\text{Total Enrolled Students for Group (420)}} \times 100 = \textbf{59 percent}$$

New Schools

New schools will not have direct certification data from April 1 of the prior year, and instead may use direct certification data from a later month to establish CEP eligibility. If the number of identified students and total enrollment are available before the counting and claiming of meals begins and the new school meets the eligibility requirements (either individually or as part of a group), then the LEA may elect to have the school participate individually or as part of a group

of schools. New schools can elect CEP only if the number of identified students and enrollment are available because the ISP is the basis for claims for reimbursement.

Inter-District Food Service Agreements

Only students who are enrolled in the same school or group of schools in an LEA can be included in the ISP. School districts that provide food service to outside schools (e.g., private schools, charter schools) through a vending contract, or similar agreement, may not include students from those schools in the district's ISP, unless the schools are listed as serving sites on the district's State agency agreement. LEAs participating in CEP may not include meals vended to outside LEAs and schools in their total meal counts used for claiming. Vended meals must be counted and claimed separately.

Mid-Cycle ISP Recalculations

The CEP reimbursement rate corresponds with the poverty level of the households served by participating schools. Changes to a student population could indicate a change in the poverty level of the households served by the school, and may require an ISP to be recalculated within a 4-year cycle.

<u>LEAs Participating District-wide</u>

For LEAs participating district-wide, the ISP must be recalculated if the LEA's attendance area changes, as this may indicate a change the socioeconomic status of the community served by the LEA. The attendance area is typically understood as the geographic area served by the LEA or school, but may be defined by other parameters set by a State or locality. If the composition of schools in the LEA changes, but the overall attendance area served by the LEA does not change, an ISP recalculation is not required. For example, if an LEA closes a school because the building is old, and two new schools open, but the LEA's overall attendance area remains the same, an ISP recalculation is not required.

Multiple Schools Participating as a Group

When a school or schools (and the attending students) are added to or removed from a CEP group, the ISP must be recalculated. However, if students are moved or reorganized among schools within a CEP group (e.g., a grade moves from one CEP school to another and both schools are in the same CEP group), an ISP recalculation is not required because the group's total identified student and total enrollment numbers are the same. This logic applies to all CEP group changes, including school closings, schools merging, and one school splitting into two schools.

Individual Schools Participating

Similar to LEAs participating district-wide, for a school participating as an individual site, the ISP must be recalculated only if the school's attendance area changes. If the composition of grades in the school changes, but the school's overall attendance area does not change, an ISP recalculation is not required. For example, if a school adds or removes a grade, but the overall attendance area remains the same, the ISP would not have to be recalculated.

Mid-Year Changes to the Student Population

ISP recalculations are not required mid-year for any changes in a student population. Mid-year changes in a student population may pose significant challenges for LEAs and schools, and FNS wants to ensure that meal service is not interrupted during mid-year transitions. For any student population changes that occur mid-year, the LEA, group of schools, or school may continue claiming meals using the existing ISP for the remainder of the school year. However, if an ISP recalculation is required and the LEA wants to continue electing CEP in the next school year, the ISP must be recalculated using April 1 data. A new 4-year cycle would start the next school year, using the new ISP as the basis for meal claims.

Chapter 4: Publication and Notification Requirements

Each year, State agencies must:

- Notify LEAs of their district-wide eligibility for CEP and provide the procedures for interested and eligible LEAs to participate by April 15;
- Collect school-level information by April 15; and
- Post lists of eligible (ISP ≥ 40 percent) and near eligible (30 percent ≤ ISP < 40 percent) LEAs and schools on State agency websites and provide FNS the link to these by May 1.

> *"The greatest thing about this to me is that no kid has to go hungry. We don't have to worry that a kid may not eat because they didn't return the form in time."*
>
> *- Food Service Director, Texas*

April 15 Notification and Data Collection Requirements

There are two levels of data necessary to fulfill the April 15 notification requirement:

1) State agencies must provide current year district-wide data to LEAs; and
2) LEAs must provide current year school level eligibility data to State agencies unless exempted by the State agency.

District-Wide Data

No later than April 15, State agencies must notify LEAs of their district-wide eligibility in the following categories:

- LEAs with a district-wide ISP of at least 40 percent;
- LEAs with a district-wide ISP greater than or equal to 30 percent but less than 40 percent;
- LEAs currently participating in CEP; and
- LEAs in the fourth year of CEP participation with a district-wide ISP greater than or equal to 30 percent but less than 40 percent (eligible for grace year).

State agencies must also inform eligible LEAs on how to elect CEP. State agencies may use ISP data (for participating LEAs) or "proxy" data (as explained below) to fulfill notification and publication requirements. If all schools in the LEA were participating in CEP and all zeros were reported in the FNS-742 (*SFA Verification Summary Report*) Section 3, then the State agency may use LEA-level data for matched students in CEP schools in the most recent State level FNS-834 Data Element #3. Further explanation may be found in Chapter 12: Reporting and Recordkeeping Requirements.

Note: The FNS-834 (*State Agency (NSLP/SNAP) Direct Certification Rate Data Element Report*) is a State level form, so the State agency would need to disaggregate the FNS-834 data element #3 total to report LEA-level numbers on notification and publication lists.

School Data

No later than April 15, LEAs must submit to their State agencies a list of schools in the following categories:

- Schools with an ISP of at least 40 percent;
- Schools with an ISP greater than or equal to 30 percent but less than 40 percent; and
- Schools in the fourth year of CEP participation with an ISP greater than or equal to 30 percent but less than 40 percent (eligible for grace year).

State agencies with access to school-level data may exempt LEAs from this requirement.

The percentage of enrolled students directly certified through SNAP may be used as a "proxy" for the school-level ISP. Because proxy data includes only a subset of identified students, this proxy data may only be used for notifying the State agency of the LEA's potential school-level eligibility information. If proxy data is used, the notification must include a note that the data provided is a proxy for actual eligibility and interested LEAs must provide full school-level identified student data as of April 1 to determine eligibility and participate in CEP.

May 1 Public Notification Requirements

No later than May 1, State agencies must post the lists of LEAs and schools in the above categories to their websites and provide FNS with the link to these lists. State agencies should submit their link via email to: cepnotification@fns.usda.gov. FNS has provided a template for the lists and a CEP website which provides links to the lists on the State agency websites.

June 30 Election Deadline

No later than June 30, interested and eligible LEAs must notify their State agency of their intent to elect CEP and submit ISP data representative of April 1.

Summary: Notification and Publication Requirements

Date	Requirement
April 15	• State agencies notify LEAs of district-wide eligibility status and provide guidance and information. • LEAs submit school-level eligibility information to State agency. State agencies may exempt LEAs from this requirement if the State agency has direct access to school-level data.
May 1	• State agencies post the LEA district-wide and school-level lists on their website and send the link to FNS.
June 30	• Interested and eligible LEAs notify their State agency of their intent to participate under CEP. • LEAs planning to participate in CEP the following school year submit to the State agency identified student and total enrollment data that reflects enrollment on April 1.

Chapter 5: State Agency Review and Authorization

While the decision to elect CEP rests with the LEA, the State agency is responsible for providing technical assistance and ensuring continued Program integrity. In all cases, the State agency must review an LEA's submitted documentation to ensure the LEA meets all eligibility requirements to participate in CEP (i.e., evaluating the accuracy of the ISP).

Documentation

Prior to authorizing an LEA's participation in CEP for an individual school, group of schools, or the entire LEA, the State agency must review documentation submitted by the LEA. Such documentation should include, at a minimum, the counts of identified and enrolled students as of April 1 of the prior school year. LEAs are required to submit documentation no later than June 30 to begin CEP participation in the school year beginning July 1.

The State agency review of the submitted documentation must, at a minimum, include a determination that the school, group of schools, or LEA:

- Meets the minimum ISP level of at least 40 percent;
- Participates (or plans to participate) in both the NSLP and SBP; and
- Has a record of administering the Programs in accordance with Program regulations as indicated by the most recent Administrative Review.

In determining whether the minimum ISP level is met, State agencies must confirm that the ISP(s) to be employed by the LEA as the basis for reimbursement claims are accurately calculated. ISPs may be evaluated through a review of ISP documentation submitted by the LEA at the time CEP is elected, and when an LEA updates its ISP(s).

To determine if an ISP is accurate, State agencies must examine documentation submitted by the LEA to substantiate: (1) the number of identified students (numerator of the ISP), and (2) the number of enrolled students (denominator of ISP). Such source documentation includes direct certification lists and/or other lists certifying that students are categorically eligible for free

School meals, such as lists of students who are designated as homeless or migrant. Using direct certification lists should provide the most accurate and timely information. If documentation is submitted for the entire LEA or multiple schools that will operate as a single group, the review of documentation is conducted for the entire district or group that makes up the ISP.

> *"It doesn't matter how much you make. Parents are always thinking about feeding their kids, whether it's what, how or how much. These programs help us relax; they take one less thing off our plate to worry about."*
>
> *- Parent, Pennsylvania*

Optional worksheets have been designed to help State agencies and LEAs ensure an ISP is accurate. These include (1) a checklist to help State agencies review source documentation, and (2) an ISP calculation worksheet that LEAs can use to calculate the ISP and submit to State agencies with appropriate documentation. Please see *SP 14-2016 Flexibility for CEP Certification Document Review during SY 2015-2016 Administrative* Reviews for more information (available at: http://www.fns.usda.gov/flexibility-cep-certification-document-review-during-sy15-16-administrative-reviews).

It should be noted that the integrity of an LEA's ISP documentation is subject to the administrative review process, as well as management evaluations conducted by FNS Regional Office staff. Conducting an adequate review of ISP documentation at the time an LEA seeks to elect CEP or update its ISP(s) mitigates the risk of future administrative findings and/or fiscal action.

For initial ISP reviews, the State agency has the option to follow the process laid out in the *Administrative Review Manual* (Section IX, Special Provision Options, Community Eligibility Provision Module, On-Site Review Activities, step 2) or Policy Memorandum *SP 14-2016*. Provided that all Certification and Benefit Issuance Review requirements outlined in the Manual or *SP 14-2016* are met, then the results with documentation of the initial review may be counted toward that portion of the following Administrative Review. For more information about review requirements, please see Chapter 11: State Agency Monitoring. Initial reviews may only be relied upon at a later time if the same certification data/ISP originally reviewed is still being used by the LEA as the basis for claiming when the administrative review is conducted. State agencies must still complete the other components of the Administrative

Review process, including those related to CEP such as verifying that claiming percentages are properly applied to claims from the review period and month of the on-site review.

LEAs and schools must maintain source documentation used to develop the ISP for the entire period they are operating under CEP, and for three years after submission of the final Claim for Reimbursement for the last fiscal year of the CEP period. Source documentation includes direct certification lists and/or other lists certifying that students are categorically eligible for free School meals, such as lists of students who are designated as homeless or migrant.

Role in Other Authorizations

New 4-Year Cycle

Upon State agency confirmation, participating LEAs or schools with an ISP of at least 40 percent as of April 1 in year four of their 4-year cycle may immediately begin another 4-year CEP cycle. To begin a new 4-year cycle, LEAs or schools must establish a new ISP as of April 1 of year four of the previous 4-year cycle.

Grace Year

An LEA or school in the fourth year of CEP with an ISP of less than 40 percent but at least 30 percent as of April 1 may continue participating in CEP for one grace year (i.e., a fifth year). This gives LEAs the opportunity to restore their eligibility status without immediately resuming standard counting and claiming procedures, and avoid disrupting universal meal service to students. Reimbursement for schools in a grace year is based on the ISP as of April 1 in year 4 of the current 4-year cycle. For example, the claiming percentages for participating schools in a grace year would be calculated as follows:

- Year 4 ISP as of April 1, 2018: **35%**
- ISP × 1.6 multiplier (35% × 1.6): **56%**
- Free claiming percentage: **56%**
- Paid claiming percentage: **44%**

If the LEA or school regains the 40 percent threshold as of April 1 of the grace year, the State agency may approve a new 4-year cycle to start the following school year.

Restoring Standard Meal Counting and Claiming

An LEA may elect to stop participating in CEP and restore a school, group of schools, or the entire LEA to standard meal procedures at any time if standard procedures better suit their program needs. Prior to the change taking place, the LEA must notify the State agency of the intention to stop participating in CEP and seek State agency guidance regarding a return to standard counting and claiming.

When a CEP school decides to stop CEP and resume standard counting and claiming procedures between school years, schools have time over the summer to notify families and prepare for the school meal application process. Because these activities take place when school is not in session, the resumption of standard counting and claiming does not impact student benefits/meal service. At the start of the next school year, the school would disseminate and process school meal applications per usual certification procedures.

Directly certified students, identifiable from the April notification/publication requirements, are eligible for free meals during the 30 day carryover period at the start of the new school year if the school can determine their individual eligibility status from the preceding year.

A reasonable timeline (at least 30 days) is required when a CEP school resumes standard counting and claiming mid-year to give the school time to notify families and print/disseminate/collect/process/certify school meal applications. During the established timeframe to resume standard procedures, students should continue to receive free meals so their meal service routine is not disrupted.

Chapter 6: Implementation

LEAs interested in CEP must determine how to best operate CEP for an individual school, a group of schools or an entire LEA given the expected level of Federal reimbursement and other available non-Federal resources.

The 40 percent threshold may be determined based on an individual school, a group of schools, or an entire LEA. This allows for some schools to be below the 40 percent threshold as long as the aggregate ISP of the group of schools or entire LEA meets the threshold.

Adopting CEP district-wide permits an LEA to reap the benefits of CEP at all schools. Partially electing CEP for an individual school or group of schools within the LEA allows an LEA to provide no-cost meals to some students, and reap CEP's benefits at one or some schools. Partial election also provides an opportunity for an LEA to become familiar with CEP and how it works.

District-Wide Implementation

LEAs eligible district-wide enjoy CEP's benefits across the entire district. LEAs electing CEP district-wide calculate their ISP by taking the total number of identified students in the district divided by the total number of students enrolled in the district multiplied by the 1.6 multiplier. Districts eligible for CEP district-wide will receive notification from their State agency by April 15. Notification from the State agency will include details on how interested LEAs can participate in CEP.

Partial District Implementation

LEAs also may elect to participate only for a group (or groups) of schools, or for an individual school. To increase the financial viability of CEP, LEAs have discretion to group schools to maximize ISPs and increase both the number of students with access to school breakfast and lunch at no charge, and the percentage of meals reimbursed at the Federal "free rate."

In the example below, Example Elementary, Example Middle, and Example High are electing CEP as a group with an aggregate ISP of 55.55 percent. Individually, Example Middle with an ISP of 37.63 percent is not eligible to participate in CEP but grouped with schools with ISPs well above 40 percent, the LEA is able to elect CEP in all three schools. The inclusion of Example Middle increases access to school breakfast and lunch at no charge to 792 students and the aggregate ISP of 55.55 percent multiplied by 1.6 equals 88.9 percent of meals served reimbursed at the Federal "free rate."

School Name	Number of Identified Students	Number of Enrolled Students	Identified Student Percentage (ISP)
Example Elementary	201	356	56.46 percent
Example Middle	298	792	37.63 percent
Example High	703	1016	69.19 percent
TOTAL	**1202**	**2164**	**55.55 percent**

Planning for Participation Increases

An early program evaluation of the CEP pilot States examined the implementation and impacts of CEP and found that daily meal participation rates increased significantly in both SBP (9 percent) and NSLP (5 percent). While FNS hopes this trend is realized in each participating school and LEA, increases in participation are not guaranteed and often depend on the quality of the meal service and how meals are marketed to students. More information on the CEP Evaluation is provided in Appendix E: CEP Evaluation.

Alternative Service Models for SBP

CEP can facilitate the adoption of creative approaches to meal service, including Breakfast in the Classroom and Grab 'N' Go service models.

While CEP eliminates the barriers to meal service participation related to cost and the stigma associated with free or reduced price meals, other barriers exist that continue to cause students to miss out on school breakfast when offered in the cafeteria before school starts. Some of these barriers include late bus schedules, long security lines, and long cafeteria lines. In some cases, schools do not have space that is available or large enough to serve breakfast and, when given a choice, students often choose to socialize with their friends in the hallway or on the playground instead of eating breakfast in the cafeteria before school starts.

School District Success

Since adopting CEP in SY 2011-2012, Port Huron Schools in Michigan have seen a 132 percent increase in breakfast participation, which has improved student's academic performance. Students enter the classroom each morning well-nourished and ready to learn, and all students are able to enjoy breakfast without being stigmatized as a "free" student.

For some schools, serving a traditional breakfast may be the most viable service option. For others, alternative service models are a great way to increase access to school breakfast and increase participation and Federal reimbursements for school nutrition departments.

Examples of alternative service models include:

- Breakfast in the Classroom: Breakfasts are typically delivered on carts to the classroom before school starts. Students pick up breakfast as they enter the classroom and eat at their desks at the start of the school day. Many teachers use this time to take attendance, collect homework, deliver announcements or read to the class.
- Grab 'N' Go**:** Students pick up breakfast from kiosks or tables located in the cafeteria or at designated areas in the school building. The meals are either packaged in paper bags, boxes, or on trays. Students pick up breakfast and eat in the classroom, hallway, outside, in the cafeteria, or at other locations identified by school guidelines.
- Second Chance Breakfast: Students are served a breakfast meal between classes or during a mid-morning break. This may be a good option for older students at the middle and high school levels who may not be hungry first thing in the morning.

Breakfast in the Classroom and Grab 'N' Go breakfast programs bring breakfast to students, making it easier for students to choose to eat breakfast. Federal reimbursements to school food service authorities increase proportionally with increased participation in the SBP. In addition, Grab 'N' Go breakfasts are convenient for food service staff since preparing and packaging the meals can take less time than preparing the meals for the traditional breakfast served in the cafeteria. Also, students eating breakfast in the classroom often leads to cafeteria staff having more time to prepare for lunch, since little time is needed to clean the cafeteria after breakfast service is over.

Title I Funding

Participation in CEP is a local decision and one that requires careful consideration of many factors by LEAs. For some LEAs, the decision to elect CEP takes into account CEP's potential impact on Title I allocations. Title I funds – Federal monies provided to assist schools with high populations of children from low-income families – are allocated to school districts based on census data, not school meal applications.[11]

[11] There are two situations in which a State Education Agency might need to use CEP data to help calculate final LEA Title I allocations: (1) Department of Education's list of LEAs does not match the current universe of LEAs for many States or (2) an SEA must adjusts its Title I allocations to account for the existence of eligible LEAs that were not included in the ED-determined LEA allocations [available at: www2.ed.gov/programs/titleiparta/seaguidanceforadjustingallocations.doc]. For additional information, see CEP Title I guidance available at: http://www.fns.usda.gov/sites/default/files/cn/SP35-2015av2.pdf.

> *"CEP has lifted the financial burden of parents in our school district that could not afford to pay for multiple children to have breakfast and lunch daily."*
>
> *- School Administrator, Missouri*

Participation in CEP does not alter census data and will not decrease the Title I funding allocated to a school district. However, some LEAs may use school meal data to allocate Title I funds within the district. In these cases, CEP participation may impact how Title I funds are distributed to schools within the district. LEAs electing CEP would need to use alternative socioeconomic measures (other than school meal applications) to determine how Title I funds are allocated to schools within the district. Examples of alternate measures are detailed in guidance issued by the U.S. Department of Education and include direct certification data and identified student data (available at: http://www2.ed.gov/programs/titleiparta/legislation.html).

Some LEAs electing to implement CEP have determined that individual income information is necessary to carry out various education funding allocations. For these LEAs, an alternative income form or a single form that collects household income information from students in CEP and non-CEP schools is a reasonable way to streamline information collection.

To further support LEAs in their decision making, the U.S. Department of Education published guidance to show how LEAs can successfully implement Title I requirements using NSLP data (available at: http://www.fns.usda.gov/updated-title-i-guidance-schools-electing-community-eligibility). For more information on other data sources, see the Alternative Income Forms section on the following page.

E-Rate

E-rate is a program that makes telecommunications and information services more affordable for low-income schools. To remedy any confusion regarding schools' eligibility for E-Rate discounts, the Federal Communications Commission (FCC) published new guidance as part of *SP 08-2015* to explain how school districts with CEP schools should calculate their discount rates. The FCC guidance in *SP 08-2015*, effective SY 2015-2016, supersedes the July 2012 interim guidance (available at: http://www.fns.usda.gov/sites/default/files/cn/SP08-2015os.pdf).

The guidance requires school districts to determine the E-Rate discount for the entire district, rather than for individual schools, by dividing the number of students eligible for free and reduced-price meals in the district by the district's total enrollment. Schools electing CEP use

their free claiming percentage (ISP x 1.6) to determine their E-Rate discount. Schools participating in CEP as part of a group enter the group claiming percentage into the E-Rate Discount Calculation Template for each school in the group. Consistent with the School Meal Programs, student eligibility may not exceed 100 percent for any purposes related to E-rate.

E-Rate discounts remain valid for the entire 4-year CEP cycle. As such, if a school's ISP decreases in subsequent years, the school may continue to use the original percentage for the remainder of the 4-year cycle. However, if the ISP increases during that timeframe, the school may choose to apply the higher percentage for E-Rate purposes. Any time a school electing CEP begins a new 4-year cycle or chooses to apply a new meal claiming percentage, the school district must also re-calculate its E-Rate discount and use that data in the next funding year.

Alternate Income Forms

One of the main advantages of CEP is the reduced administrative burden resulting from the elimination of school meal applications. USDA encourages LEAs to identify means of assessing school poverty levels in a way that does not undermine CEP's paperwork reduction benefit. However, given that many schools have previously relied on data from the school meal application to assess school-level poverty, USDA recognizes that some LEAs may opt to use an alternative income form to collect student income information during the initial transition to CEP.

In most cases, alternate forms can be much simpler than school meal applications. Depending on the information required by the funding source, the alternate income form may only need to establish size of household and income level. In some cases, a check-box list of income ranges can be used, rather than asking for exact income on a bi-weekly, monthly, or annual basis. In addition, information such as the last four digits of the primary wage earner's Social Security number may not be necessary. LEAs should work with their State agencies and other funding sources, if applicable, to determine what information is necessary to collect for funds to be allocated in the absence of school meal applications.

State agencies or LEAs choosing to use an alternate income form should:

- Add a prominent disclaimer that the new form is not a school meal application.
- Include a clear, concise explanation of why collecting household income data is important for the school and for students.
- If the new form uses the same format as those previously used for school meal applications, remove all references to USDA programs or school meals.
- Seek input from the State Department of Education (and/or Title I coordinator) and other stakeholders to ensure that the form will collect all necessary information.
- Not state or imply that the receipt of free school meals is, in any way, contingent on completion of the form.
- Not package the form with materials related to School Meal Programs.
- Not use food service funds to cover the costs associated with the form.

Note: Alternate household income surveys are not school meal applications and the costs associated with collecting household income information in CEP schools may not be charged to the nonprofit school food service account.

LEAs electing to partially implement CEP may determine that an alternate income form is necessary for carrying out various education funding allocations within the district. For this purpose, a single form that collects household income information from students in CEP and non-CEP schools is a reasonable way to streamline information collection. Single forms developed for this purpose must:

- Contain all information required on the school meal application;
- Include a clear, concise, and prominent disclaimer to indicate that, in CEP schools, receipt of school meals is not dependent on households returning the form; and
- Clearly specify to households which fields must be completed if students are in CEP schools vs. non-CEP schools.

LEAs opting to use a single form at both CEP and non-CEP schools must be able to:

- Distinguish between forms from students in CEP schools vs. non-CEP schools so the LEA can comply with Program requirements related to school meal applications (e.g., only non-CEP school meal applications are used for selecting the verification sample, conducting an independent review of school meal applications, and the Certification and Benefit Issuance portion of the Administrative Review); and
- Properly allocate expenses for form processing. Costs for form processing for students in CEP schools may not be paid for from the nonprofit school food service account.

Notifying Households

The transition to CEP may be a significant one for parents, especially if they are familiar with filling out school meal applications each year. Participating LEAs have reported that notifying households early and often about CEP, and explaining its benefits, is very important to minimize confusion about school meals at the start of the school year.

> *"There are a lot of people I would call the 'working poor.' On paper, they make too much to qualify, but when it comes down to really having the cash, they don't. [CEP] will benefit them greatly."*
>
> *- Food Service Director, Kentucky*

State agencies are required to notify LEAs of their eligibility for CEP, and provide procedures for interested and eligible LEAs to participate. LEAs participating in CEP should use their usual channels of communication with media and households to notify the community that school meals, both breakfast and lunch, will be available at no charge to all students regardless of their household income.

A combination of outreach strategies is typically best to ensure all households are aware of CEP and its many benefits. Some successful communication strategies include: placing CEP notifications prominently on websites and in any "back to school" packets, sending email notifications to households, holding information sessions for families, or providing CEP information at school board meetings and "back to school" nights. LEAs have reported that outreach efforts have been greatly enhanced when they work closely with school district stakeholders and community leaders to promote CEP and provide resources to families in the community.

Chapter 7: Counting and Claiming Meals

Schools participating in CEP must provide access to both breakfast and lunch for all students on campus during each school day. During meal service, schools are required to keep accurate meal counts and maintain a point of service system that ensures Federal reimbursements are claimed only once for each student served a reimbursable meal (except second breakfasts as allowed in SBP (7 CFR 220.9(a)). Schools may not claim reimbursement for additional meals served to students at a given meal service, or for meals that do not meet the meal pattern requirements.[12] To achieve this, schools must:

- Count total meals served daily;
- Not collect school meal applications from households; and
- Cover with non-Federal funds any costs of providing free meals to all students that exceed Federal reimbursements.

Point of Sale/Point of Service (POS)

Consistent with standing regulatory requirements, any institution participating in the Federal School Meal Programs is required to take an accurate count of reimbursable meals served to students at each meal service. Serving lines must be adequately supervised to ensure that all meals claimed for reimbursement meet meal pattern requirements, and that reimbursement is only claimed for one meal per student per meal service (except in the case where excess breakfasts may be served to eligible students and claimed for reimbursement in an effort to reduce food waste, as permitted in the SBP by 7 CFR 220.9(a)).

An accurate meal count may be achieved through a variety of methods and USDA does not require the use of any specific POS system. However, in recent years, many school districts have chosen to implement POS systems which incorporate technologies such as personal identification numbers (PIN), biometrics, and other individual student identifiers. When implementing CEP, USDA encourages school systems to maintain an accurate POS system that has a proven track record of reliability and security while taking advantage of CEP's elimination of meal categories to streamline operations at the point of service.

[12] The Healthy, Hunger Free Kids Act (HHFKA) of 2010 directed USDA to update nutrition standards for NSLP and SBP. USDA developed the updated standards based on science and expert recommendations from the Institute of Medicine and the Dietary Guidelines for Americans. The new meal patterns are based on age-appropriate nutrition and physical activity habits of the average student.

> *"[CEP] reduces the stigma of free and reduced meals because every student can get a free meal. You don't need a balance in the account to have a well-balanced meal."*
>
> *- School Nutrition Director, Florida*

Examples of Claiming Percentages

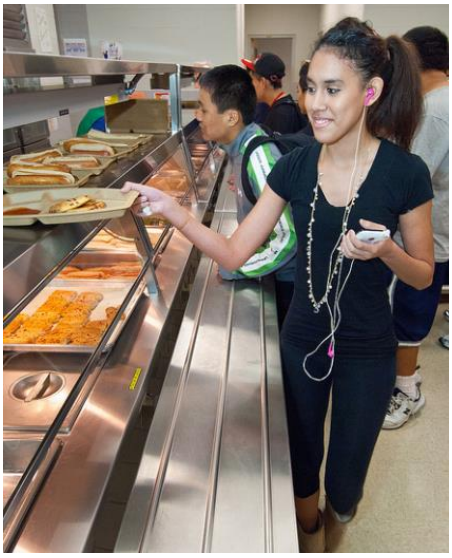
An LEA participating in CEP can establish claiming percentages for Federal reimbursements for an individual school, a group of schools, or the entire LEA.

The claiming percentage is established in the first year of CEP and may be used for a period of up to four school years. However, this percentage can be increased at any time during the 4-year period if establishing a new ISP would provide a higher level of Federal reimbursement. In this case, a new 4-year cycle begins the school year after the new ISP is established. For example, a participating LEA reviews April 1, 2015 data and concludes that the ISP can be increased. After consultation with their State agency, the LEA can begin a new 4-year cycle with the increased ISP and submit claims using the new claiming percentages in SY 2015-16.

The percentage of identified students is multiplied by a factor of 1.6 to determine the total percentage of meals reimbursed at the Federal "free rate"[13] (the percentage derived from this calculation must not exceed 100 percent). The remaining percentage of meals, equaling up to 100 percent, is reimbursed at the Federal "paid rate." Schools apply the claiming percentages to the total number of lunches and the total number of breakfasts served to determine the number of meals claimed at the Federal free and paid rates.

Rounding Rules

The ISP for an individual school, group of schools, or entire LEA must be at least 40.00 percent to be eligible to participate in CEP. When determining the ISP, LEAs should not round. A percentage of 39.98 percent does NOT meet the threshold.



The rounding rules for calculating free and paid claiming percentages under CEP are described on the following page.

<u>Free Claiming Percentage</u>

Multiply the ISP by 1.6 to get the percentage of meals reimbursed at the free rate. Carry the calculation to a minimum of two decimal places before rounding (e.g., 86.15 percent).

[13] Federal Register / Vol. 80, No. 61 / Tuesday, March 31, 2015 / Notices, available at: http://www.gpo.gov/fdsys/pkg/FR-2015-03-31/pdf/2015-07358.pdf .

Reimbursement Claiming Percentage

Round the percentages to one decimal place using standard rounding; numbers five and above round up to the next higher number, numbers four and below round down (e.g., 86.15 percent = 86.2 percent, 86.13 percent = 86.1 percent). The percentages rounded to one decimal place will be used to calculate the Claims for Reimbursement.

Number of Meals Reimbursed at the Free Rate

Multiply the percentage of meals reimbursed at the free rate by the total number of reimbursable meals in the claiming period to get the number of meals reimbursed at the free rate. Remaining meals are reimbursed at the paid rate.

School District Success

After adopting CEP, the Ferguson Florissant School District in Missouri saw a 19 percent increase in meal participation from September 2013 to September 2014. CEP has benefited many families in Missouri who were not eligible for free or reduced price meals but did not have enough money to purchase a breakfast or lunch for their students.

Meal Claims

Meal claims must be made in whole numbers. When the free or paid meal calculations result in partial meals, use standard rounding procedures (five and above round up, four and below round down) to get whole numbers of meals.

If the total percentages for free and paid meals do not equal 100, the paid category must be adjusted to make it 100 percent. For example, if 800 reimbursable meals were served and the free claiming percentage is 86.2 percent, the number of meals reimbursed at the free rate is 689.6 [800 x 0.862 = 689.6], which is adjusted to 690 meals. The number of meals reimbursed at the paid rate is 110 [800-690 = 110].

Edit Checks

Participation in CEP does not change the requirement to conduct edit checks. Similar to non-CEP schools, when an edit check is exceeded, schools must provide documentation to demonstrate why (e.g., visiting students) or corrective action may be required. Edit check procedures are outlined in Federal regulations at 7 CFR 210.8(a)(3).

Non-Reimbursable Meals and à la Carte Sales

While students may not be charged for reimbursable meals under CEP, participating schools may continue to charge students for non-reimbursable meals through a la carte sales. This would apply in cases where a student declines to select components necessary for a reimbursable meal, or if a student chooses to take additional food. As an alternative to charging students on an a la carte basis, the school may allow a student to take food for free; however, a la carte foods are not

eligible for Federal reimbursement and may not be allowable costs to the nonprofit school food service account.

Meal Payments from Households

CEP is a non-pricing provision. As such, parents/caregivers are not required to pay for reimbursable meals under CEP. FNS encourages schools electing CEP to communicate with households so that they understand how CEP benefits students, schools, and households. Children may opt out of receiving free meals by bringing food from home or by purchasing a la carte foods, if available, from the school. Parents/caregivers that insist on paying for student meals should be encouraged to make a monetary donation to the nonprofit school food service account. A la carte items, such as single serving items or extra servings in addition to a reimbursable meal, do not constitute reimbursable meals and may require payment from the student, depending on school or LEA policies.

Transfer Students

Students certified for free or reduced price school meals on an individual basis (via school meal application or direct certification) may carry their eligibility status with them for the remainder of the school year when they transfer to a new school. However, under CEP, students do not have an individual eligibility status. Rather, the school, or group of schools, has a "free" eligibility status based on the make-up of the student population.

- Transferring within the same LEA: If a student transfers from a CEP school to a non-CEP school within the same LEA, and the student is not otherwise eligible for free meals (e.g., SNAP direct certification, homeless, migrant, etc.), the new school must process a school meal application within 10 days and is required to provide free meals to the student until an eligibility determination is made.
- Transferring to another LEA: If a student transfers from a CEP school to a non-CEP school in a different LEA, the new school must process a school meal application within 10 days and FNS strongly encourages the new school to provide free meals to the student until an eligibility determination is made so the student's usual meal service routine is not disrupted. Students may arrive without records or with incomplete records, making it difficult for school food service staff to determine eligibility for school meals. Given the many challenges involved with school transfers and moves, it is crucial to ensure students have consistent access to school meals during these transitions.
- Alternate socioeconomic survey data: If a student transfers from a CEP school that chose to collect socioeconomic data through an alternate survey form, the new school may NOT make

an eligibility determination based on this information. Alternate survey forms are not tied to the NSLP/SBP and may not be used to determine individual student eligibility for School meals. If a student transfers from a CEP school to a non-CEP school, the new school must process an official school meal application or otherwise determine the student eligible for free meals (e.g., SNAP direct certification, homeless, migrant lists). See Chapter 2: Eligibility Requirements for a complete list of directly certifiable programs used to determine the list of identified students.

Visiting Students

CEP schools should not charge visiting students for meals. Meals served to visiting students should be included in the total meal count. This is consistent with the aim of CEP to provide free meals to all students and reduce administrative burden.

FNS strongly encourages non-CEP schools that host visiting students from CEP schools to provide them with a free meal to avoid any disruption to the students' meal service routine. Such meals should be claimed by the non-CEP school according to the claiming percentages of the CEP school.

Example: Twenty students from a CEP school visit a non-CEP school and all eat lunch at no charge. If the CEP school's claiming percentages are 85 percent free and 15 percent paid, these percentages are applied to the visiting student meals. The non-CEP school in this example would claim 17 meals free (85% x 20) and 3 meals paid (15% x 20). If only one CEP student is visiting a non-CEP school, the meal should be claimed free. The school food service account can be used to cover the value of any paid meals of visiting students.

Partial Day Students

Students who attend school half-day and only have access to one meal (breakfast or lunch) are included in the ISP numerator (identified students), as applicable, and the denominator (enrollment).

Chapter 8: Participation in Other Federal Child Nutrition Programs

When any school in an LEA participates in CEP, the individual school's eligibility for other Child Nutrition Programs (CNPs), is determined by the school's free claiming percentage (ISP multiplied by 1.6), rather than requiring a separate school meal application.

In addition, institutions or sites offering CNPs within the boundaries of the individual CEP school are permitted to use the school's free claiming percentage to determine area eligibility under these programs. LEAs or groups of schools may not use aggregated ISPs multiplied by 1.6 to determine the free claiming percentage. Individual schools must be used for determining a specific site's claiming percentage for other Federal programs.

Afterschool Snacks

For NSLP Afterschool Snacks, cash reimbursement is provided to help schools that provide supervised enrichment programs serve snacks to children after their school day ends. Data from the previous October is typically used to establish area eligibility. LEAs and schools in the first year of CEP should use data from the previous October to establish area eligibility. After the first year, LEAs and schools must use the CEP claiming percentage (ISP times 1.6) to establish area eligibility. If the LEA participates in CEP district-wide or if schools are grouped, a school's area eligibility must be determined using the individual school's ISP (not the district-wide or group ISP).

> *"Stigma really overshadows a lot of the great things we do. For once, we'll be able to have a program where we can say, now it's time to learn, now it's time to eat, now it's time to play. That's huge for this district."*
>
> *- School Nutrition Director, Tennessee*

CEP schools that are area eligible claim all snacks at the Federal free rate. A CEP school is area eligible if:

- At least 50 percent of students are free or reduced-price eligible (school's individual ISP is at least 31.25 percent), or
- The school is located in the attendance area of another school that is area eligible.

CEP schools that are not area eligible claim snacks under their CEP claiming percentages (e.g., "X" percent free, 100-"X" percent paid).

The Summer Food Service Program (SFSP) and Seamless Summer Option (SSO)

The SFSP helps to ensure that children have access to healthy meals when school is not in session by providing free meals to children age 18 and under at approved sites in low-income areas. SFSP sites using CEP data to establish area eligibility must use the individual school-level data rather than district-wide or group ISP data. Individual school-level data is obtained by

multiplying the most current school-level ISP by 1.6. If the result is equal to or greater than 50 percent, meal sites located in the attendance area of the school are area eligible. If a school electing CEP collects alternate household income forms, that data may not be used to determine the school's area eligibility. For more information, see: http://www.fns.usda.gov/sfsp/summer-food-service-program-sfsp.

SSO is a special provision to encourage more School Food Authorities (SFAs) to provide meals during the summer and other school vacation periods longer than 10 school days. SSO allows SFAs to continue the same meal service rules and claiming procedures used during the regular school year, offering a streamlined and simplified approach to feeding students. For more information, see: http://www.fns.usda.gov/school-meals/opportunity-schools.

If a CEP school uses SSO and operates a closed-enrolled site (only children enrolled in the CEP school attend the SSO site) the school may use CEP data for reimbursement calculations for the SSO and may:

- Apply the CEP claiming percentages for SSO; or
- Establish an ISP and CEP claiming percentage for the SSO and use a SSO claiming percentage in subsequent years of the CEP cycle.

If a CEP school uses SSO and operates an open site (participating students are enrolled in a non-CEP school or in a different CEP school during the regular school year) the school may:

- Offer standard Program operations to summer school students (i.e., standard school meal application and meal counting and claiming procedures); or
- Establish an ISP and CEP claiming percentage for the SSO and use the SSO claiming percentages in subsequent years of the CEP cycle for meal counting and claiming.

If a student enrolled in a CEP school during the school year attends a non-CEP school for summer school operating SSO, the non-CEP school must process a school meal application for that student because the student does not have an individual eligibility status.

The Child and Adult Care Food Program (CACFP)

The CACFP provides funding for nutritious meals and snacks served to children, adults, and chronically impaired disabled persons receiving day care. Child care centers, day care homes, afterschool programs, emergency shelters, and adult day care centers are eligible to participate.

Area eligibility determinations based on data from schools electing CEP as part of a group of schools or a school district must continue to use the individual school-level data rather than district-wide data for CACFP At-Risk Afterschool Care Centers and CACFP day care home tiering. These individual school-level data are obtained by multiplying the most current school-level ISP by 1.6. If the result is equal to or greater than 50 percent, meal sites located in the attendance area of the school are area eligible. If a school electing CEP collects alternate household income information to be used for other purposes, school-level data based on these applications may not be used to determine area eligibility.

Generally, a participant's individual eligibility status is the basis for claiming snacks and/or meals for Federal reimbursement through the CACFP. Meals served to children are reimbursed based on eligibility for free, reduced price, or paid meals. However, reimbursement also may be based on "area eligibility" for family day care homes. Higher reimbursement rates are available for day care homes located in low-income areas ("tier I day care homes") than those located in higher-income areas ("tier II day care homes"). A family day care homes is determined area eligible if it is located in an area where at least half the children are eligible for free or reduced price meals. This determination may be made based on census or school data.

Additionally, to be eligible to participate in the At-Risk Afterschool Meals component, a site must be located in the attendance area of a school where at least half of all children are eligible for free and reduced price school meals. The site also must offer educational or enrichment activities after the regular school day ends or on weekends and school holidays.

The Special Milk Program (SMP)

The SMP provides milk to children in schools and childcare institutions who do not participate in other Federal meal service programs. In limited circumstances, schools participating in the NSLP and/or the SBP may also participate in the SMP if they serve half-day students who would not otherwise have access to the School Meal Programs. If a school operates CEP but also operates the SMP for half-day students who do not have access to the NSLP or the SBP, then the school must process school meal applications for any students being served under the SMP.

Fresh Fruit and Vegetable Program (FFVP)

FFVP provides fresh fruits and vegetables to participating elementary schools for free during the school day. When considering CEP schools for FFVP funds, State agencies may use the ISP multiplied by 1.6, since the 1.6 multiplier is intended to provide an estimate of the total number of students eligible for free and reduced price meals in eligible schools. For schools in LEAs electing CEP for the entire LEA, or as part of a group of schools electing CEP with a shared ISP, the State agency must use the individual school level ISP multiplied by 1.6 for purposes of awarding FFVP funds.

> *"CEP opens up and increases participation across the board in our breakfast and lunch programs. This is a very valuable program to our community and to our students."*
>
> *- Superintendent, Michigan*

Chapter 9: Other LEA Requirements

Verification

"Verification" is confirmation of eligibility for free and reduced price meals under the NSLP and SBP. Verification is only required when eligibility is determined through the school meal application process, not through direct certification conducted with an assistance program or officials or agencies that documented "other source categorical eligibility." LEAs are exempt from verification for the schools electing CEP, since school meal applications are not collected. However, LEAs with only some schools electing CEP must still conduct verification in the schools not electing CEP.[14]

If an LEA drops out of CEP and resumes standard counting and claiming, verification must be conducted on the school meal applications processed after the LEA resumes standard counting and claiming procedures. The State agency should work with the LEA to establish a reasonable timeframe for the LEA to complete verification and reporting activities. It is important to note that the LEA is also required to comply with other school meal application-related requirements, such as the independent review of applications. Please see the table below, Reporting Requirements for Mid-Year Changes in CEP Election.

For example, for school year (SY) 2015-16, if all students at CEP schools in an LEA are being offered free meals prior to the last operating day of October, verification requirements are waived. In this situation, the LEA must comply with reporting requirements for CEP schools.

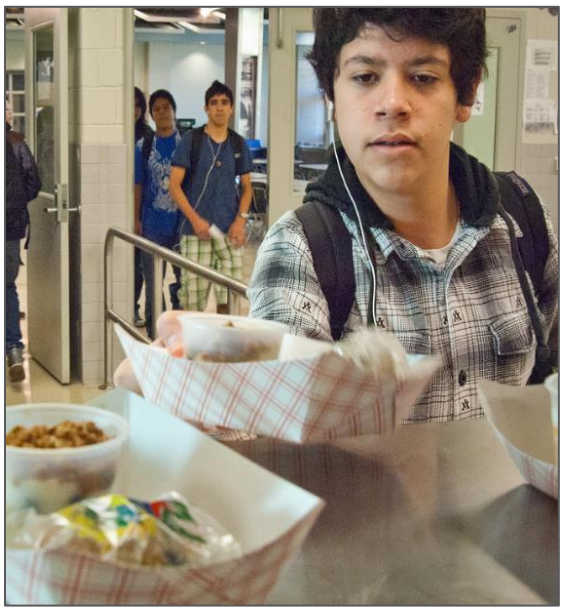
Summary: Reporting Requirements for Mid-Year Changes in CEP Election			
If the LEA Elects…	**Must the State Agency/LEA Complete?**		
	Verification	**FNS-742**	**FNS-834**
On or before the last operating day of October	Not Required	Yes, complete as a CEP LEA *(Do not report direct certifications in Section 3 for CEP schools. Instead use FNS-834 to report SNAP matches for special provision schools)*	Yes, complete as a CEP LEA *(Report the students in CEP schools matched with SNAP on FNS-834, Data Element #3)*
After last operating day of October	Yes	Yes, complete as a standard counting and claiming LEA	Yes, complete as a standard counting and claiming LEA

See Chapter 12: Reporting and Recordkeeping Requirements for additional information.

[14] *Eligibility Manual for School Meals*, available at: http://www.fns.usda.gov/sites/default/files/cn/SP40_CACFP18_SFSP20-2015a.pdf.

Independent Review of Applications

Beginning in SY 2014-15, LEAs designated by the State agency as demonstrating high levels of, or high risk for, administrative error are required to conduct a second review of school meal applications.



An LEA that elects CEP district-wide is not subject to the independent review of applications. Only LEAs that collect school meal applications can be required to conduct a second review of applications.

Refer to *SP 44-2014, Questions and Answers Related to the Independent Review of Applications*, for more information on this requirement (available at: http://www.fns.usda.gov/sites/default/files/SP44-2014os.pdf).

Paid Lunch Equity (PLE)

School Program regulations at 7 CFR 210.14(e) require SFAs participating in the NSLP to ensure sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals. There are two ways to meet this requirement: either through the prices charged for "paid" meals or through other non-Federal sources provided to the nonprofit school food service account.

> *"CEP is the right thing to do when a community experiences high enough levels of poverty because it treats all children the same and avoids Paid Lunch Equity issues."*
>
> *- School Nutrition Director, Georgia*

In LEAs that have elected to participate in CEP district-wide, PLE is not applicable. In districts that have some CEP schools and some non-CEP schools, CEP schools are excluded from the calculation.

For more information, see FNS Memo *SP 39-2011, Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods* (available at: http://www.fns.usda.gov/sites/default/files/SP39-2011r.pdf).

Chapter 10: The 4-Year Cycle

Eligible LEAs and schools may elect CEP in 4-year cycles. The original ISP (established from April 1 data in the school year before CEP implementation) is valid for four years.

While LEAs are not required to conduct a data match during the 4-year cycle, it may be advantageous. If the LEA determines the ISP has increased (using data as of April 1 of any year of their CEP cycle), the school(s) or district may elect to begin a new 4-year cycle, the following school year, with the higher ISP. During each year of a 4-year cycle, the LEA, school, or group of schools may select the higher of either: the ISP reflective of the most recent April 1 or the ISP from the year prior to the first year of CEP implementation (the original ISP). In order to renew participation after the fourth year, the LEA must demonstrate (via identified student data from April 1 of the fourth year) that the participating school(s) still meets the 40 percent threshold.

When there is a change in the student population between school years that impacts the number of identified students or total enrollment, the LEA, group of schools, or school participating in CEP may need to recalculate the ISP. However, ISP recalculations are not required mid-year for any changes in a student population. Mid-year changes in a student population may pose significant challenges for LEAs and schools, and FNS wants to ensure that meal service is not interrupted during mid-year transitions. For any student population changes that occur mid-year, the LEA, group of schools, or school may continue claiming meals using the existing ISP for the remainder of the school year. If the LEA, group of schools, or school experiencing a mid-year change wants to continue electing CEP in the next school year, the ISP must be recalculated using the most recent April 1 data. A new 4-year cycle would start the next school year, using the new ISP as the basis for meal claims. See Chapter 3: Determining the Identified Student Percentage for additional information.

Example: If an LEA groups four schools together in Year 1, then wants to add four more schools in Year 2, all eight schools may be grouped together. The four schools adopting CEP in Year 1 were using data from April 1 of the preceding year to calculate the ISP. When the four additional schools are added in Year 2, the identified student and enrollment populations both change so the ISP must be recalculated. The LEA would have two options:

1) Form two separate groups of four schools. Each group would have its own ISP (calculated using April 1 data from the year before CEP implementation) and its own 4-year cycle.

2) Form a new group of eight schools and calculate a new ISP based on the identified students and enrollment from all eight schools. The new group would start a new 4-year CEP cycle. The ISP would be established using April 1 data from the year before the new group of eight schools elects CEP.

End of Cycle

Participating LEAs or schools that continue to meet the 40 percent threshold as of April 1 in Year 4 of the 4-year cycle are able to, with the State agency's authorization, immediately begin another 4-year cycle in the following school year. The ISP must be established using the most recent April 1 data.

Grace Year

Participating LEAs and schools with ISPs of at least 30 percent but less than 40 percent, as of April 1 in Year 4 of the 4-year cycle, may continue participating in CEP for one grace year (one year outside of the 4-year cycle). Reimbursement for schools in a grace year is based on the ISP as of April 1 in year 4 of the current 4-year cycle. For example, the claiming percentages for participating schools in a grace year would be calculated as follows:

- Year 4 ISP as of April 1, 2018: **35%**
- ISP × 1.6 multiplier (35% × 1.6): **56%**
- Free claiming percentage: **56%**
- Paid claiming percentage: **44%**

LEAs or schools that reach the required 40 percent threshold as of April 1 of the grace year would be able to begin a new 4-year cycle in the following school year. Those that do not meet the threshold as of April 1 of the grace year would be required to return to standard counting and claiming, including collecting school meal applications, in the following school year.

Ending Use of CEP

An LEA may decide not to elect CEP for another 4-year cycle or to stop electing CEP at any time during the 4-year cycle. Since the new ISP must be established by April 1 of the year prior to electing CEP, LEAs will have time prior to the next school year to decide if continuing CEP will be advantageous.

<u>Between School Years During a Four-Year Cycle</u>

LEAs electing to stop CEP between school years must notify their State agencies by June 30 of their intent to return to standard application and counting and claiming procedures for the upcoming school year. When a school operating CEP decides to resume standard counting and claiming procedures between school years, local officials have time over the summer to notify families and prepare for the application process.

At the start of the next school year, the school would disseminate and process school meal applications. Directly certified students may be eligible for free meals during the 30 day carryover period at the start of the new school year if the school can determine their individual eligibility status from the preceding year. No other students would have carryover eligibility because they do not have an individual eligibility status.

Mid-School Year

Although not recommended, schools may choose to stop CEP mid-year and return to standard counting and claiming procedures. Schools that are considering stopping CEP in the middle of the school year should consult with their State agency immediately so the State agency can provide technical assistance to facilitate a smooth transition.

State agencies have discretion to establish a reasonable timeline (at least 30 days) for the LEA to resume standard counting and claiming procedures. Resumption of standard counting and claiming procedures mid-year would include notifying households of a change in benefits and disseminating and processing school meal applications. During the established timeframe to resume standard procedures, students should continue to receive free meals so their meal service routine is not disrupted. Meals should be claimed using the CEP claiming percentages until the transition to standard meal counting and claiming is complete.

Chapter 11: State Agency Monitoring

SFAs operating CEP use modified procedures (in areas such as certification and benefit issuance) and, therefore, monitoring procedures to assess compliance must also be modified. This chapter briefly describes modifications required to comply with CEP. Complete Administrative Review requirements are detailed in the *Administrative Review Manual* (available at: http://www.fns.usda.gov/nslp/administrative-review-manual).

Review Procedures

Site Selection

The State agency must use standard site selection procedures for schools in the SFA. Refer to *Section I: Pre-Visit Procedures, Site Selection Procedures* in the *Administrative Review Manual* for more information on this requirement. When conducting site selection for SFAs operating a combination of CEP and standard meal counting and claiming sites, and all the sites selected for review are CEP sites, the State agency must replace at least one selected CEP site with a standard meal counting and claiming site.

When conducting site selection for SFAs with a combination of sites operating one or more CEP sites along with standard meal counting and claiming sites and only one site is required to be reviewed, State agencies must select the standard meal counting and claiming site to conduct the Administrative Review. In this case, an abbreviated review (described below) must be conducted in at least one CEP school/site.

- Pre-visit Review Procedures for CEP Schools Selected for Review: The State agency must complete the *Off-Site Assessment Tool*, including *Section IX: Special Provision Options* in the *Administrative Review Manual*. The State Agency must also determine whether any adjustments to the ISP have been made and whether the resulting claiming percentages are correct and are properly applied.

- On-site Review Activities for CEP Sites Selected for Review: Please see the *Administrative Review Manual* for more detailed information.
  - Step 1: Confirm Off-Site Assessment Tool
  - Step 2: Conduct the Certification and Benefit Issuance Review
  - Step 3: Validation of Identified Student Percentage and Claiming Percentages
  - Step 4: Recordkeeping
  - Step 5: All Other Critical and General Areas of Review
  - Step 6: Recording Review Findings

If the State agency followed the process in the *Administrative Review Manual* (Section IX, Special Provision Options, Community Eligibility Provision Module, On-Site Review Activities, step 2) to validate the ISP when CEP was elected, then that effort and documentation may count for validating the ISP on the Administrative Review. The State agency does not need to validate the ISP again for the Administrative Review if the same ISP is still being used by the LEA as the basis for claiming when the Administrative Review is conducted. State agencies must still complete the other CEP related components of the Administrative Review process, including verifying that claiming percentages are properly applied to claims from the review period and month of the on-site review.

Abbreviated Review

If the school selection procedures do not result in the review of a CEP school, the State agency must conduct an abbreviated review of each CEP group. At a minimum, the State agency must conduct an abbreviated review of the claiming percentages for the review period. Please see the current *Administrative Review Manual* for further information regarding the abbreviated review procedures.

Technical Assistance/Corrective Action

Technical assistance must be provided and corrective action required as specified in the *Administrative Review Manual* and as described in this section. Corrective action must be applied SFA-wide as soon as practicable for all violations at reviewed and non-reviewed sites, if applicable.

If violations to the application of the claiming percentages are identified in reviewed schools or through the abbreviated review the SFA will be required, as part of its Corrective Action Plan, to:

- Correct the deficiencies identified at sites; and
- Submit documentation for every site operating CEP, showing that the claiming percentages calculated during the latest ISP approval are applied correctly for every closed claim for reimbursement from the current school year in which the review occurs.

> *"Paying for lunch can be a challenge for families. Imagine families now having hundreds of dollars in extra money to use for other bills, instead of school lunch."*
>
> *- School Nutrition Director, South Carolina*

Fiscal Action

The State agency must assess fiscal action as specified in each section of the *Administrative Review Manual.* The State agency must also observe:

1) Fiscal Action: The reviewer will complete the Fiscal Action Workbook for all reviewed sites regardless of which sites are operating under standard or CEP procedures. See the *Administrative Review Manual* for more information.
2) Recordkeeping: When ISP records are not retained as required, the State agency may, at its discretion, disallow some or all meals served at each site/SFA that failed to maintain all required documentation.

Chapter 12: Reporting and Recordkeeping Requirements

CEP schools are subject to the same basic reporting and recordkeeping requirements as schools conducting normal counting and claiming or operating under other special provisions. This chapter provides details on how CEP schools may fulfill their annual FNS reporting requirements, in addition to outlining documentation that must be retained by the LEA for accountability purposes. The FNS-742 and FNS-834 can be found in Appendix J: CEP Policy Memos and Forms.

Note: This chapter only describes FNS reporting requirements; the U.S. Department of Education and State agencies may have additional reporting and recordkeeping requirements.

FNS Data Reporting

Reporting on the FNS-742
(Verification Collection Report)
CEP schools/State agencies follow the same procedures as those currently outlined for Provision 2/3 non-base years:

- Report in Sections 1 and 2 of the FNS-742 for all schools as applicable.
- If all schools in the LEA are participating in CEP, check box 3-1 and report "0's" for the remaining Sections of the FNS-742.
- If only some schools in the LEA are participating in CEP, report as follows:
  - Report SNAP-only direct certification data for the schools NOT participating in CEP in Section 3-2: "Students directly certified through SNAP" on the FNS-742.
  - Report the remaining fields of Section 3 and all other Sections of the FNS-742 for schools NOT participating in CEP or provision 2/3 in non-base as applicable.

> *"CEP has allowed us to continue feeding many of our students that were previously at a Provision 2 school. The requirements are much simpler than renewing or creating new base years."*
>
> *- Food Service Director, California*

Reporting on the FNS-834

(State Agency (NSLP/SNAP) Direct Certification Rate Data Element Report)

For CEP schools, State agencies follow the same procedures as those currently outlined for Provision 2/3 non-base years:

- Report a statewide count of students matched with SNAP for all schools participating in CEP and any provision 2/3 non-base year schools combined on the FNS-834 in the Data Element #3 box for "The number of SNAP Children in Special Provision Schools Operating in a Non-Base Year."

To obtain the number of students matched against SNAP records that are enrolled in CEP schools to be reported on the FNS-834 one of the following options may be used:

- Perform the special provision match as do other provision schools operating in a non-base year. For example, in SY 2015-2016 the count for Data Element #3 would come from the special provision match conducted in or near Oct 2015, but not later than the last operating day of Oct 2015;
- Use the count of identified students matched with SNAP in determining the CEP claiming percentage for that school year. For example, if the current school year is SY 2015-2016, and the first year of the 4-year cycle was SY 2012-2013, then the count used in lieu of the special provision match for Data Element #3 for SY 2015-2016 would be the count of identified students matched with SNAP by April 1, 2012; or
- Use the count of identified students matched with SNAP conducted by April 1 of the same calendar year the FNS-834 is due, whether or not it was used in the claiming percentages. For example, in SY 2015-2016, the FNS-834 will be due Dec 1, 2015, and the count used in lieu of the special provision match for Data Element #3 for SY 2015-2016 would be the count of identified students matched with SNAP by April 1, 2015, whether or not the school elected to update the claiming percentage that year.

Reporting on the FNS-10

(Report of School Program Operations)

When reporting October data for the FNS-10, the “FREE” percentage currently used to claim meals under CEP (ISP times 1.6) in the LEA/school should be applied to the current October enrollment number to estimate the number of children approved for “FREE” lunches to report in 15a. CEP LEAs will not report “REDUCED PRICE” data in 15b.

Reporting on the FNS-828

(School Food Authority Paid Lunch Price Report)

All SFAs must be reported on the FNS-828. SFAs that do not charge for paid student lunches must enter "$0.00" in any or all categories, as applicable. SFAs with both non-pricing (i.e., CEP) and pricing schools would report the most frequently charged lunch price(s) in those schools or categories of schools that do charge for paid lunches.

Recordkeeping Requirements

LEAs/schools must retain records used in the development of the ISP (e.g., records for the initial approval year and all records from the year any updates are made to the ISP) during the entire period CEP is in effect. In addition, this documentation must be retained for three years after submission of the final claim for reimbursement under that claiming percentage.

All other standard recordkeeping requirements (meal counts, production records, etc.) continue to apply and documentation must be retained for the prescribed period.

Appendix A: Summary of Special Assistance Provisions

In an effort to reduce paperwork at the local level, Congress has incorporated into Section 11(a)(1) of the National School Lunch Act three alternative Provisions to the normal requirements for annual determinations of eligibility for free and reduced price School meals and daily meal counts by type (free, reduced price and paid meals) at the point of service.

Provision 1

Provision 1 has been an option for schools since publication of regulations in 1980. This Provision reduces school meal application burdens by allowing free eligibility to be certified for a two-year period.

In schools where at least 80 percent of the children enrolled are eligible for free or reduced price meals, annual notification of Program availability and certification of children eligible for free meals may be reduced to once every two consecutive school years. All other households must be provided a school meal application and are allowed to apply for meal benefits each school year. There is no requirement to serve meals at no charge to all students.

Schools must continue to record daily meal counts of the number of meals served to children by type as the basis for calculating reimbursement claims.

Provision 2

Provision 2 has been an option for schools since publication of regulations in 1980. This Provision reduces school meal application burdens and simplifies meal counting and claiming procedures. It allows schools to establish claiming percentages and to serve all meals at no charge for a four year period.

Schools must serve meals to all participating children at no charge for a period of four years. During the first year, or base year, the school makes eligibility determinations and takes meal counts by type. During the next three years, the school makes no new eligibility determinations and counts only the total number of reimbursable meals served each day. Reimbursement during these years is determined by applying the percentages of free, reduced price and paid meals served during the base year to the total meal count for the claiming month. The base year is included as part of the four years. At the end of each four year period, the State agency may approve four year extensions if the income level of the school's population remains stable compared to the base year.

Schools electing this alternative must pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from sources other than Federal funds.

Provision 3

Provision 3 has been an option for schools since 1995 through an implementing memorandum. This Provision reduces school meal application burdens and meal counting and claiming procedures. It allows schools to simply receive the same level of Federal cash and commodity assistance each year, with some adjustments, for a four year period.

Schools must serve meals to all participating children at no charge for a period of four years. These schools do not make additional eligibility determinations. Instead, they receive the level of Federal cash and commodity support paid to them for the last year in which they made eligibility determinations and meal counts by type, which is the base year. For each of the four years, the level of Federal cash and commodity support is adjusted to reflect changes in enrollment, inflation and operating days. The base year is not included as part of the four years. It is the school's option whether to charge for reduced price and paid meals during the base year. At the end of each four year period, the State agency may approve four year extensions if the income level of the school's population remains stable compared to the base year.

Schools electing this alternative must pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from sources other than Federal funds.

Appendix B: Participation Checklist - Election Considerations

Eligibility Basics

This appendix provides a general overview of what LEAs and schools will need to take into consideration when deciding to participate in CEP. A more detailed description of these elements is provided in Chapter 2: Eligibility Requirements and Chapter 3: Determining the Identified Student Percentage (ISP) of this manual.

To be eligible for CEP, an LEA or school[15] must:

- Meet a minimum level of 40 percent of "identified students" certified for free meals in the prior school year without the use of school meal applications (for example, students directly certified through SNAP)
- Participate in both the NSLP and SBP (this includes any public, private, and charter schools)
- Serve free lunches and breakfasts to all students during the 4-year cycle;
- Count total breakfasts and total lunches served daily;
- Not collect school meal applications from households; and
- Cover with non-Federal funds any costs of providing free meals to all students above amounts provided by Federal reimbursements.

Identified Students

CEP is available to LEAs (other than a RCCI) and schools with 40 percent or more "identified students" in the prior school year. Identified students are the number of students approved as directly certified through SNAP, TANF, and FDPIR participation, as well as homeless students on the liaison list, Head Start, pre-K Even Start, migrant youth, runaways, and non-applicants approved by local officials identified through means other than a school meal application.

Foster children certified through means other than a school meal application are also included as well as students certified for free meals based on a letter provided by the household from the SNAP agency. Students who are categorically eligible based on information, such as a case number, submitted through a school meal application are not included. LEAs may elect the provision for all schools, a group of schools or an individual school in the LEA. <u>This allows for schools that are below the 40 percent threshold to elect CEP as long as the aggregate percentage of the group of schools electing together meets the threshold.</u>

[15] Residential Child Care Institutions are not eligible for CEP.

Claiming Percentage

Identified students are a subset of those who qualify for free or reduced price meals. For example, many families are eligible for SNAP but choose not to participate, and households that participate in SNAP may have students that do not show up in the SNAP participation lists for direct certification purposes. Because a school's ISP does not fully represent children who qualify for free or reduced price meals, the Federal rule is that schools multiply the ISP by 1.6 to obtain the percentage of meals (capped at 100 percent) claimed for reimbursement at the Federal free rate.[16]

$$\frac{\text{Identified Students}}{\text{Total Enrolled Students}} \times 100\% \times 1.6 = \text{Free Claiming Percentage}$$

The difference between the free claiming percentage and 100 percent represents the percentage of meals that schools will claim at the Federal paid rate. If at least 62.5 percent of students are identified students, all meals will be reimbursed at the free rate. If schools are grouped, the ISP and free claiming percentage are calculated across the entire group. Schools may be grouped any way a district chooses, including combining schools with ISPs that are lower and higher than the 40 percent eligibility threshold, so long as the group as a whole has an ISP of at least 40 percent. If the district chooses to implement CEP district-wide, the ISP at the district level must be at least 40 percent. (Grouping and ISP calculations are detailed in Chapter 3: Determining the Identified Student Percentage (ISP)).

Schools that qualify for "severe need" assistance may continue to receive that assistance under CEP. To be eligible for severe need assistance in the SBP, schools must serve 40 percent or more of lunches in the second preceding school year to free or reduced price-eligible students. To qualify for similar higher reimbursement in the NSLP, schools must serve 60 percent or more of lunches in the second preceding school year to free or reduced price-eligible students. These criteria are intended to ensure that the severe need reimbursement rate is provided to schools that have demonstrated that a high percentage of meals are being served to needy students. CEP schools that do not have school meal application data from the second preceding year must use the individual school's ISP multiplied by 1.6 (as a proxy for free and reduced price percentage) to determine eligibility for higher NSLP and SBP reimbursements.

4-Year Cycle

CEP is guaranteed for a 4-year cycle, and upon expiration, LEAs or schools may begin a new 4-year cycle if they continue to meet the minimum 40 percent ISP percentage. LEAs or schools in the fourth year of participation that have an ISP of less than 40 percent but at least 30 percent may elect for one additional year (a grace year). The grace year provides an LEA time to

[16] Federal Register / Vol. 80, No. 61 / Tuesday, March 31, 2015 / Notices, available at: http://www.gpo.gov/fdsys/pkg/FR-2015-03-31/pdf/2015-07358.pdf

increase their ISP to remain eligible for CEP, without disrupting universal meal service to students.

A participating LEA or school that elects to stop participating in CEP between school years must notify the State agency no later than June 30 of the school year prior to when they want to return to standard counting and claiming procedures.

Although not recommended, schools may also decide to stop CEP and return to standard counting and claiming procedures during the school year. Schools that are considering stopping CEP during the school year should consult with their State agency immediately so the State agency can provide technical assistance to prevent the disruption of benefits to students. State agencies have discretion to establish a reasonable timeline (at least 30 days) for the LEA to resume standard counting and claiming procedures. Resumption of standard counting and claiming procedures mid-year would include notifying households of a change in benefits, disseminating/processing school meal applications and, depending on the timing, complying with other requirements related to school meal applications (e.g., verification, independent review of applications).

More information on the 4-year cycle is provided in Chapter 9: Other LEA Requirements.

Provision 1, 2, and 3Participation

Schools currently operating Provision 1, 2 or 3 are permitted to elect CEP if they meet eligibility requirements.

Financial Considerations

School districts considering CEP should calculate its impact on revenues, taking into account student participation levels (e.g., individual school, group of schools within the LEA, or the entire LEA), the anticipated level of Federal reimbursement, and available non-Federal resources. USDA has developed an Estimator Tool that allows schools to estimate their Federal reimbursements under CEP, taking into account anticipated participation increases and meal costs. USDA encourages all schools and SFA's to carefully assess their estimated reimbursements prior to CEP election. The Estimator Tool is available at: http://www.fns.usda.gov/sites/default/files/cn/SP15-2013a2updated2.xls.

Non-Federal Sources of Funding

Non-Federal funds are necessary if the total amount of Federal reimbursement through CEP does not fully cover the cost of serving all students meals at no charge. The non-Federal funds used for CEP would have to be allocated for this purpose and could not be assigned to meet other Federal requirements. Non-Federal funds include any funds other than Federal reimbursements available to the nonprofit school food service account.

Examples of non-Federal funds include, but are not limited to:

- Any portion of State revenue matching funds that exceeds the minimum requirement (established in 7 CFR Part 210.17);
- Profits from a la carte sales;
- Cash donations; and
- In-kind contribution funds from outside sources, such as volunteer services.

Election Deadline

Any LEA intending to elect CEP for the following year for an individual school, group of schools, or the entire LEA is required to submit to the State agency documentation demonstrating that the LEA or school(s) meets the minimum ISP threshold. Documentation, at a minimum, must include the counts of identified and enrolled students as of April 1 of the prior school year. Although USDA has provided that LEAs must submit documentation no later than June 30 to begin CEP in the school year beginning July 1, this deadline has been extended for SY 2015-16 to provide more time for LEA election decisions.

Extension of Election Deadline

USDA may extend the election deadline to allow LEAs more time to determine if CEP is a viable option for their schools. For some LEAs, the decision to participate is complex and depends on the approval of governing bodies and support of various partners and stakeholders. In recent years, extending the deadline to August 31 has facilitated significant increases in CEP elections. States do not need FNS approval to accept late elections, but should maintain records of, and reasons for, late election in case the information is needed during an Administrative Review or a Management Evaluation.

Appendix C: Internal Control Requirements

7 CFR § 210.8 Claims for reimbursement.

(a) Internal controls. The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an on-site review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced price and paid lunch counts against data which will assist in the identification of lunch counts in excess of the number of free, reduced price and paid lunches served each day to children eligible for such lunches; and a system for following up on those lunch counts which suggest the likelihood of lunch counting problems.

Appendix D: Sample CEP Timeline for LEAs

Date	Activities
April 1	• Review ISP data reflective of April 1 to determine eligibility to elect CEP for next school year.
April 15	• State agencies notify LEAs of district-wide eligibility status and provide guidance and information. • LEAs submit school-level eligibility information to State agency. ○ State agencies may exempt LEAs from this requirement if school-level data is already available to the State.
May 1	• State agencies post the LEA district-wide and school-level lists on website and send the link to FNS.

June 30
(August 31 for SY 2015-16)
	• Interested and eligible LEAs must notify their State agency of their intent to participate under CEP**.**
	• Interested and eligible LEAs must submit identified student and total enrollment data that reflects enrollment on April 1 to the State agency to participate in CEP in the new school year (if such data is not already part of the notification and publication process).
	• LEAs participating in CEP must notify their State agency if they intend to drop their participation for the following school year and either:
	  1) Enroll in another Provision; or
	  2) Return to normal counting and claiming.

Appendix E: CEP Evaluation

As mandated by the HHFKA, USDA conducted an Evaluation Study which examined the implementation and impacts of CEP. Specifically, the objectives of this evaluation were to obtain a better understanding of:

- The acceptability of CEP to LEAs;
- The incentives and barriers for LEAs adopting the provision;
- Operational issues that State agencies encounter in administering this provision; and
- Implications and impacts of making use of this provision, including impacts on:
  - NSLP and SBP participation and revenues;
  - LEA and school administrative costs and staffing;
  - Program integrity, including certification error and meal counting and claiming; and
  - Meal quality and choices.

The Final Report presents the methods and results of the CEP Evaluation Study. It includes descriptive information on the implementation of CEP from the State and LEA perspectives, and analytic findings on the factors affecting LEA participation in CEP and its impacts on LEAs in the first seven States to operate CEP.

Implementation Study Results

- A large proportion of eligible LEAs opted to use CEP in States where it was available, despite uncertainties about its impacts on finances and operations. Across the first seven States, a total of 420 LEAs and 2,312 schools participated in CEP in SY 2012-13. This represents 32 percent of eligible LEAs and 29 percent of eligible schools.
- Participating LEAs reported that they were both well satisfied and likely to continue using CEP.
- There were several key challenges at the State level: (1) the limited time to gain a full understanding of CEP, make decisions about participation, and implement it; and (2) understanding and addressing the implications of CEP for education programs that use individual student meals certification data, such as Title I and E-Rate.
- At the LEA level, the biggest reported barriers were financial concerns. Uncertainty about the impacts of CEP on NSLP and SBP participation and the impacts on LEA finances, both within the school food service arena and the educational environment as a whole.

Impact Study Results

- CEP correlated with significantly higher student participation in both the NSLP and SBP. The average NSLP daily participation rate in CEP LEAs was 5.2 percent higher than comparison LEAs (3.5 percentage points). Similarly, the impact on SBP average daily participation represents a 9.4 percent increase in participation (3.6 percentage points).

- CEP reduced the overall rate of certification errors and had little or no impact on errors in counting meals (at the cashier level) and claiming meals for reimbursement. CEP eliminated school meal application processing errors that, in the comparison schools, resulted in certification errors in 6.6 percent of applications.
- For a broad range of meal quality measures, there was no evidence that CEP had a significant impact. Because a higher proportion of meals were reimbursed as free meals, CEP increased average Federal reimbursements per meal significantly – about 6 percent for NSLP meals and 2 percent for SBP meals.

Summary

The Final Report concluded that implementation of CEP in its first two years was successful: take-up rates of CEP were widespread among eligible LEAs, and CEP appeared to increase NSLP and SBP participation and the associated Federal reimbursements. The report further concluded that the continuing need for household income data for Federal and State education programs may pose the greatest challenge for broader implementation.

The full *Community Eligibility Provision Evaluation: Final Report* is available for download at: http://www.fns.usda.gov/sites/default/files/CEPEvaluation.pdf.

Appendix F: Glossary

Administrative Reviews are the on-site evaluations of SFAs participating in the NSLP. They include an assessment of performance standards, an examination counting and claiming procedures, and a review of the meal pattern requirements.

Complete Administrative Review requirements are detailed in the Administrative Review Manual, available on PartnerWeb.

Alternative Income Forms are an alternative to the traditional school meal application used to determine a student's eligibility for free or reduced-price School meals. These forms may be used to collect information LEAs can use to identify and target financial resources (such as Title I funding) to disadvantaged students and schools. The alternative income form is NOT the school meal application.

Alternative Service Models are meal service practices that differ from the traditional, cafeteria-based model of service. Popular examples, such as "Breakfast in the Classroom" or "Grab-N-Go Breakfast," can increase participation in, and access to, the School Meal Programs.

Annual Reporting Lists are the lists of school districts and schools eligible, or nearly eligible, for CEP. State agencies are required by law to submit district-wide eligibility data to LEAs annually by April 15. Similarly, LEAs are required to submit school-level eligibility data to the State agency by April 15. State agencies must publish both district-wide and school-level lists on their websites by May 1 of each year.

Categorical Eligibility allows children to automatically qualify for free Schools Meals without a school meal application. Here are the ways children may be classified as "categorically eligible:"

- Participation in Assistance Programs: a child (or any member of the child's household) receives benefits from SNAP, FDPIR, or TANF, as determined either through direct certification or through an school meal application with the appropriate case number, or a child receives Medicaid and is determined to have a familial income meeting 133 percent of the Federal poverty level.
- Other Source Categorically Eligible Designation: a child is enrolled in a Federally-funded Head Start or comparable State-funded Head Start or pre-kindergarten program, or is a homeless, runaway, migrant, or foster child.
- Approval by Local Officials: a child is a non-applicant, but is identified by local officials through means other than a school meal application.

Claiming Percentages at a CEP school include the "free claiming percentage" and the "paid claiming percentage." The "free claiming percentage" is calculated by multiplying the ISP by 1.6. The "paid claiming percentage" is the remaining percentage of meals. Together, the two claiming percentages must equal 100 percent.

A ***Corrective Action*** is the response required when non-compliance is discovered within a school or district. A corrective action plan to correct any deficiencies must be developed by the SFA, and the action must be applied across the SFA as quickly as practicable.

Direct Certification allows children to establish eligibility for free School meals without a school meal application. Direct certification is based on documentation obtained directly from the appropriate State or local agencies or other authorized individuals. Children can be "directly certified" through participation in another assistance program or through an "other source categorically eligible" designation. [2]

Data Reporting is the requirement for schools operating the School Meal Programs (including CEP schools) to record and report meal counting and claiming procedures.

Enrolled Students, for the purpose of calculating the ISP, are students who are enrolled in and attend schools, and who have access to at least one meal service (SBP and/or NSLP) daily.

E-rate is a program that makes telecommunications and information services more affordable for disadvantaged schools. The FCC recently published guidance detailing how CEP schools should calculate their discount in the absence of the school meal application.

For more information, see the FCC's published guidance, part of SP 08-2015, available at: http://www.fns.usda.gov/sites/default/files/cn/SP08-2015os.pdf.

An ***Edit Check*** involves an SFA comparing the attendance-adjusted enrollment of each school to the school's daily meal count. If the edit check is exceeded, the school may be required to take corrective action.

Federal Reimbursements for CEP are based on a claiming percentage (see above). LEAs receive a higher Federal reimbursement for meals claimed at the "free" rate, and a lower reimbursement for meals claimed at the "paid" rate.

A ***Foster Child*** is a child formally placed in foster care by a court or a State child welfare agency. This definition does not apply to informal arrangements or permanent guardianship placements that may exist outside of State or court-based systems.[3] Foster children are "directly certified" for free School meals based on "other source categorical eligibility."

The ***4-Year Cycle*** ensures schools and districts that their CEP election and ISP will be valid for a period of four years before the LEA must reapply for the provision. The ISP established for the first year of implementation valid for this entire cycle.

The ***Grace Year*** allows an LEA in its fourth year of CEP, whose ISP has decreased to less than 40 percent (but is at least 30 percent), to continue participation in CEP for one year. This gives LEAs the opportunity to restore their eligibility status without immediately resuming standard counting and claiming procedures, and prevents the disruption of the universal meal service to students.

Head Start is a Federally-funded early childhood education program. Participants in Head Start, or any State-funded pre-kindergarten program that uses identical or more stringent eligibility criteria,[4] are "directly certified" for free School meals based on "other source categorical eligibility."

The ***Healthy, Hunger Free Kids Act,*** as part of the 2010 Child Nutrition Reauthorization, authorized funding and set policy for USDA's core CNPs, and allowed the USDA to improve nutrition standards for the School Meal Programs. The HHFKA also established CEP.

A ***Homeless Child*** is a child who is identified by the LEA homeless liaison or by an official of a homeless shelter as lacking a fixed, regular, and adequate nighttime residence.[5] Homeless children are "directly certified" for free School meals based on "other source categorically eligibility."

Identified Students are the students "directly certified" for free meals without a school meal application and not subject to verification. The number of identified students is used to calculate the ISP and claiming percentage.

The ***Identified Student Percentage (ISP)*** is the proportion of "identified students" (out of all enrolled students) who are directly certified for free School meals through means other than the school meal application. The ISP is multiplied by 1.6 to calculate the percentage of meals that are reimbursed at the "free" rate.

Local Educational Agency (LEA) refers to the entity that has administrative control of a school district or a group of schools. LEAs can be a public board of education, a public or private nonprofit, an administrative agency, or a State education agency.

A ***Migrant Child*** is child who is enrolled in the Migrant Education Program (MEP) as determined by the State or local MEP coordinator.[6] Migrant children are "directly certified" for free School meals based on "other source categorically eligibility."

The ***Multiplier*** is the factor by which the ISP is multiplied by to determine the total percentage of meals reimbursed at the Federal "free" rate. The multiplier is designed to capture the number of students who are not included in the ISP, but would traditionally be eligible for free or reduced price meals through the school meal application. Although FNS is authorized to change the multiplier to a number between 1.3 and 1.6, there are currently no plans to change the multiplier. For SY 2015-2015, the multiplier is 1.6.

The National School Lunch Program (NSLP) is a federally-assisted lunch program operating in public and nonprofit private schools and RCCIs. Participating school districts and independent schools receive cash subsidies and foods from the USDA for each reimbursable meal they serve.

A ***New School*** is a newly established school entering its first year of operation. A new school will not have direct certification data available from April 1st of the prior year to determine CEP eligibility, but can use data from a later month to determine CEP eligibility.

Non-Reimbursable Meals are meals or food items that are not eligible for Federal reimbursement. This may include meals in which a student declined the necessary components for a reimbursable meal, single-items purchased from a la carte sales, and extra servings of food purchased from a la carte sales.

Non-Federal Funds include any additional funds (such as profit from a la carte sales) available to the nonprofit school food service account. Schools where the total Federal reimbursement does not fully cover the cost of student meals will require a source of non-Federal funds.

Paid Lunch Equity (PLE) refers to the requirement that SFAs participating in the NSLP have sufficient funds in the nonprofit school food service account to provide paid meals to students not eligible for free or reduced price meals.

Partial Day Students are students who do not attend school for the full school day and have access to only one meal during the hours they attend. At CEP schools, these students are included in the numerator (identified students, as applicable) and the denominator (total enrollment) for ISP calculation.

A ***Partial District*** is an LEA that is not participating in CEP district-wide, but has chosen to elect CEP for a group (or groups) of schools, and/or individual schools that meet the 40 percent ISP threshold for participation.

The ***Pilot States*** are the eleven States that participated in CEP during the initial implementation period, beginning in SY 2011-2012. Over the course of the provision's first three years, the pilot States included Florida, Georgia, Illinois, Kentucky, Massachusetts, Maryland, Michigan, New York, Ohio, West Virginia, and the District of Columbia.

Provision One is a special provision that allows eligible students be certified for free School meals for two years, rather than for one year. Provision One is valid in schools where at least 80% of enrolled students are eligible for free and reduced price School meals.

Provision Two is a special provision that allows eligible schools to establish their claiming percentage in a Base Year, and then use this percentage for up to four school years. Provision Two simplifies counting and claiming procedures and allows schools to provide free meals to all students.

Provision Three is a special provision allows eligible schools to set a reimbursement rate during a Base Year, and then receive the same level of Federal assistance (with some adjustments) for a four year period. Provision Three reduces the application burden and allows schools to serve free School meals to all students.

Residential Child Care Institutions (RCCIs) include public or nonprofit private institutions that operate principally for the care of children. RCCIs are not eligible to participate in CEP.

A ***Runaway Child*** is a child who is identified by the LEA's homeless liaison or a program official as receiving assistance from a program under the Runaway and Homeless Youth Act.[7] Runaway children are "directly certified" for free School meals based on "other source categorically eligibility."

School means (a) An educational unit of high school grade or under, recognized as part of the educational system in the State and operating under public or nonprofit private ownership in a single building or complex of buildings; (b) any public or nonprofit private classes of preprimary grade when they are conducted in the aforementioned schools; or (c) any public or nonprofit private residential child care institution, or distinct part of such institution, which operates principally for the care of children, and, if private, is licensed to provide residential child care services under the appropriate licensing code by the State or a subordinate level of government.

The ***School Breakfast Program (SBP)*** is a Federally-assisted meal program operating in public and nonprofit private schools and RCCIs. Participating districts and independent schools receive cash subsidies from the USDA for each reimbursable meal they serve. [8]

School Food Authorities (SFAs) are the governing bodies responsible for the administration of the School Meal Programs at one or more school(s).

The ***School Meal Application*** is the traditional application for free and reduced price School meals, and is still required at non-CEP schools to establish a student's eligibility for free or reduced price school meals. To participate in CEP, schools must agree to not collect the school meal application to determine eligibility for free meals. The school meal application is sometimes referred to as the "household application."

The Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, is a Federal nutrition program offering assistance to millions of eligible, low-income individuals and families. SNAP is the largest program in the domestic hunger safety net. Children who participate in SNAP are "categorically eligible" for free School meals.

Temporary Assistance for Needy Families (TANF) is a Federal assistance program that provides assistance, including wage supplements, child care support, and transportation aid, to families in need. Children whose families participate in TANF are "categorically eligible" for free School meals.

Title I of the Elementary and Secondary Education Act aims to ensure all children have an equal opportunity to access a high-quality education. Title I provides financial assistance to LEAs and schools with high numbers or percentages of low-income children.

For additional information, see the Department of Education's published guidance, part of SP 19-2014, available at: http://www.fns.usda.gov/updated-title-I-guidance-schools-electing-community-eligibility.

[1-8] *Eligibility Manual for School Meals*, available at: http://www.fns.usda.gov/sites/default/files/cn/SP40_CACFP18_SFSP20-2015a.pdf.

Appendix G: Glossary of Acronyms

CACFP	Child and Adult Care Food Program
CEP	Community Eligibility Provision
CNP	Child Nutrition Programs
FCC	Federal Communication Commission
FDPIR	Food Distribution Program on Indian Reservations
FFVP	Fresh Fruit and Vegetable Program
FNS	USDA's Food and Nutrition Service
HHFKA	The Healthy, Hunger-Free Kids Act of 2010
ISP	Identified Student Percentage
LEA	Local Education Agency
MEP	Migrant Education Program
NSLP	The National School Lunch Program
PLE	Paid Lunch Equity
POS	Point of Sale/Point of Service
RCCI	Residential Child Care Institution
SBP	The School Breakfast Program
SFA	School Food Authority
SFSP	The Summer Food Service Program
SMP	The Special Milk Program
SNAP	The Supplemental Nutrition Assistance Program
SSO	The Seamless Summer Option
SY	School Year
TANF	Temporary Assistance to Needy Families
USDA	The United Stated Department of Agriculture

Appendix H: Additional Resources

FNS Resources:

- ***Administrative Review Manual:*** Provides links to policy memos, forms, tools, and workbooks schools and LEAs can use to prepare for the Administrative Review. http://www.fns.usda.gov/nslp/administrative-review-manual
- ***Community Eligibility Website and Resource Center:*** Includes information about CEP and links to resources schools and LEAs can use to ensure successful implementation. http://www.fns.usda.gov/school-meals/community-eligibility-provision
- ***National School Lunch Program Policy:*** Lists recent policy guidance issued by FNS related to the School Meal Programs. http://www.fns.usda.gov/nslp/policy
- ***School Meals – Guidance and Resources:*** Includes links to School Meal Program guidance, including the *Eligibility Manual for School Meals*, the *Offer versus Serve Manual*, and *CEP Guidance and Q&As*. http://www.fns.usda.gov/school-meals/guidance-and-resources

Partner Resources:

- ***Center on Budget and Policy Priorities (CBPP):*** Includes a searchable database of eligible schools and districts, CEP infographics, and written reports. http://www.cbpp.org/topics/food-assistance
- ***Food Research and Action Center (FRAC):*** Gives an overview of CEP and provides links to resources to facilitate CEP implementation. http://frac.org/federal-foodnutrition-programs/national-school-lunch-program/community-eligibility/
- ***Share Our Strength:*** Offers tips on how to take action to promote CEP and provides links to additional resources to facilitate implementation. http://bestpractices.nokidhungry.org/school-breakfast/community-eligibility-1

Appendix I: CEP Policy Memos and Forms

December 14, 2015	SP 16-2016 Community Eligibility Provision: Guidance and Updated Q&As
November 30, 2015	SP 15-2016 CEP State Agency Procedures to Ensure Identified Student Percentage Accuracy
November 27, 2015	SP 14-2016 Flexibility for CEP Certification Document Review During SY15-16 Administrative Reviews
June 5, 2015	SP 38-2015 Mid-Year Elections under the Community Eligibility Provision in SY2015-2016
April 27, 2015	SP 35-2015 Updated Title I Guidance for Schools Electing Community Eligibility
March 4, 2015	SP 24-2015 Community Eligibility Provision: Annual Notification and Publication Requirements
November 21, 2015	SP 08-2015 Updated E-Rate Guidance for Schools Electing Community Eligibility
June 12, 2014	SP 50-2014 Extension of the Deadline for Local Educational Agencies to Submit Applications to Elect the Community Eligibility Provision
April 10, 2012	SP 24-2012 Interim Review Guidance for States with Local Educational Agencies Electing the Community Eligibility Option

Please see the following pages for the FNS-742 and FNS-834.

OMB APPROVED NO. 0584-0026
Expiration Date: 04/30/2016

Department of Agriculture, Food and Nutrition Service

School Food Authority (SFA) Verification Collection Report

State agencies must report the information on this form ANNUALLY for each SFA with schools operating the National School Lunch Program (NSLP) and/or the School Breakfast Program (SBP).
All SFAs, including SFAs with all schools exempt from verification requirements, must complete applicable sections.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it contains a valid OMB control number. The valid OMB number for this collection is 0584-0026. The time required to complete this information collection is 45 minutes per response, including the time to review instructions, search existing data resources, gather the data needed and complete and review the information collection.

State Agency Name:	**SFA ID#:**	**Type of SFA:** ☐ Public ☐ Nonprofit/Private	**School Year:** **From:** 20 **To:** 20
SFA Name:		**SFA City:**	**SFA Zip code:**

Section 1			A. Number of Schools OR Institutions	B. Number of Students
	Total Schools, Residential Child Care Institutions (RCCIs) and Enrolled Students	*****All SFAs must report Section 1*****		
		1-1: Total schools *(Do not include RCCIs):*		
		1-2: Total RCCIs *(Do not include schools counted in 1-1):*		
		1-2a: RCCIs with day students *(Report ONLY day students in 1-2aB):*		
		1-2b: RCCIs with NO day students:		

Section 2			A. Number of Schools AND Institutions	B. Number of Students
	SFAs with schools operating alternate provisions	*****ONLY SFAs with alternate provisions must report Section 2*****		
		2-1: Operating Provision 2/3 in a BASE year for NSLP and SBP:		
		2-2: Operating Provision 2/3 in a NON BASE year for NSLP and SBP:		
		2-2a: Provision 2/3 students reported as FREE in a NON BASE year:		
		2-2b: Provision 2/3 students reported as REDUCED PRICE in a NON BASE year:		
		2-3: Operating the Community Eligibility Option:		
		2-4: Operating other alternatives for NSLP and SBP:		
		2-5: Operating an alternate provision(s) for only SBP or only NSLP:		

Section 3			B. Number of FREE Students
	Students approved as FREE eligible NOT subject to verification	*****ALL SFAs must report Section 3 or check box 3-1 if applicable***** **3-1:** ☐ Check the box only if all schools and/or RCCIs in the SFA were not required to perform direct certification **with SNAP** *(i.e. NON BASE year Provision 2/3 for all schools)*	
		3-2: Students directly certified through Supplemental Nutrition Assistance Program (SNAP): *Do **not** include students certified with **SNAP** through the letter method.*	
		3-3: Students directly certified through other programs: *Include those directly certified through Temporary Assistance for Needy Families **(TANF)**, Food Distribution Program on Indian Reservations **(FDPIR)**, or Medicaid (if applicable); those documented as homeless, migrant, runaway, foster, Head Start, Pre-K Even Start, or non-applicant but approved by local officials. **DO NOT include SNAP students already reported in 3-2.***	
		3-4: Students certified categorically FREE eligible through SNAP letter method: *Include students certified for free meals through the family providing a letter from the **SNAP** agency.*	

Section 4			A. Number of Applications	B. Number of Students
	Students approved as FREE or REDUCED PRICE eligible through a household application	*****ALL SFAs collecting applications must report Section 4*****		
		4-1: Approved as categorically FREE Eligible: *Based on those providing documentation (e.g. a case number for SNAP, TANF, FDPIR on an application)*		
		4-2: Approved as FREE eligible: *Based on household size and income information*		
		4-3: Approved as REDUCED PRICE eligible: *Based on household size and income information*		

T-1: Total FREE Eligible Students Reported:		**T-2: Total REDUCED PRICE Eligible Students Reported:**	

Section 5

ALL SFAs must report Section 5 or check box 5-1 if applicable*

5-1: ☐ **Check the box if ALL schools and/or RCCIs are exempt from verification** *(see instructions for list of exemptions).*
If 5-1 is checked, no further reporting in Section 5 is required.

5-2: Was verification performed and completed?

- ☐ Yes, completed by November 15th
- ☐ Yes, completed after November 15th
- ☐ No, verification was NOT performed or the process was not completed.

5-3: Type of Verification process used:

1. ☐ Standard (Lesser of 3% or 3,000 error-prone)
2. ☐ Alternate one (Lesser of 3% or 3,000 selected randomly)
3. ☐ Alternate two (Lesser of 1% or 1,000 error prone applications PLUS lesser of one-half of one percent or 500 applications with SNAP/TANF/FDPIR case numbers)

If 1 or 3 is checked in **5-3**, report **5-4**. If 2 is checked in **5-3**, enter "N/A" in **5-4**.	**5-4: Total ERROR PRONE applications:** *Report all applications as of October 1st considered error prone*		**5-5: Number of applications selected for verification sample:**	

ALL SFAs must report 5-7 or check box 5-6 if applicable*

5-6: ☐ **Check the box if direct verification was not conducted in the SFA,** (i.e. not one of the schools and/or RCCIs in the SFA performed direct verification). **If 5-6 is checked, skip 5-7.**

		A. Number of Applications	B. Number of Students
Report if FREE and/or REDUCED PRICE eligibility is confirmed through direct verification with SNAP/TANF/FDPIR/MEDICAID as of November 15th	**5-7: Confirmed through direct verification:**		

5-8: Results of Verification by Original Benefit Type

For each original benefit type **(A, B, & C)**, report the number of applications and students as of November 15th for each result category **(1, 2, 3, & 4)**. Do NOT include students and applications already reported in 5-7A or 5-7B.

A. FREE-Categorically Eligible *Certified as FREE based on SNAP/TANF/FDPIR documentation (e.g. case number) on application*			**B. FREE-Income** *Certified as FREE based on income/household size application*			**C. REDUCED PRICE-Income** *Certified as REDUCED PRICE based on income/household size application*		
Result Category	**a. Applications**	**b. Students**	**Result Category**	**a. Applications**	**b. Students**	**Result Category**	**a. Applications**	**b. Students**
1. Responded, NO CHANGE:			**1. Responded, NO CHANGE:**			**1. Responded, NO CHANGE:**		
2. Responded, Changed to REDUCED PRICE:			**2. Responded, Changed to REDUCED PRICE:**			**2. Responded, Changed to FREE:**		
3. Responded, Changed to PAID:			**3. Responded, Changed to PAID:**			**3. Responded, Changed to PAID:**		
4. NOT Responded, Changed to PAID:			**4. NOT Responded, Changed to PAID:**			**4. NOT Responded, Changed to PAID:**		

VC-1: Total questionable applications verified for cause (Enter "N/A" if not applicable)**:** *Report the number of applications as of November 15th verified for cause in addition to the verification requirement.*	

Additional Instructions for Reporting the FNS-742

For additional guidance on verification requirements and procedures, refer to the Eligibility Manual (http://www.fns.usda.gov/cnd/guidance/EliMan.pdf). Enter the State agency name, SFA name, SFA ID, SFA city, SFA zip code for each SFA with schools and/or RCCIs operating the NSLP and/or SBP. Select if the SFA overall is a public or a private/nonprofit entity and enter the school year for which the report is completed. Include schools and/or RCCIs and the enrolled students **only once** if operating both NSLP and SBP.

Section 1

All SFAs with schools or RCCIs operating the NSLP and/or SBP must complete this section regardless if all schools are exempt from verification. Report schools or institutions operating the NSLP and/or SBP and students with access to the NSLP and/or SBP as of the **last operating day in October.**

1-1**A & B:** TOTAL number of schools (not including RCCIs) operating the NSLP and/or SBP and the TOTAL number of enrolled students with access to the NSLP and/or SBP.

1-2**A & B:** TOTAL number of RCCIs operating the NSLP and/or SBP and the TOTAL number of enrolled students with access to the NSLP and/or SBP in RCCIs.

1-2aA & 1-2aB: Of the RCCIs reported in **1-2A**; enter the number of RCCIs with DAY students and ONLY the DAY students with access to the NSLP and/or SBP in RCCIs **(day students are those students NOT institutionalized and eligibility is determined individually by application or direct certification as applicable).**

1-2bA & 1-2bB: Of the RCCIs reported in **1-2A**; enter the number of RCCIs with NO day students and the TOTAL number of institutionalized students.

NOTE: The sum of the students reported in 1-2aB and 1-2bB will NOT equal the total in 1-2B.

Section 2

All SFAs with some or all schools and/or RCCIs operating under an alternative provision must complete this section. For RCCIs operating an alternate provision, include both day and residential students. Report students with access to the NSLP and/or SBP as of the **last operating day in October**. 2-1 through 2-4 should be reported only if the school operates alternate provisions for BOTH programs resulting in no collection of applications for the school. Schools operating Provision 2/3 for only one program and collecting household applications for the other program should report applicable provision data in 2-5.

2-1**A & B:** BASE year is when certification procedures are conducted.

2-2**A & B:** NON BASE year is when no certification procedures are conducted.

2-2**aB, 2-2bB:** Multiply the most recent base year FREE percentage by the enrollment reported in **2-2B** to determine **2-2aB**. Multiply the base year REDUCED PRICE percentage by the enrollment reported in **2-2B** to determine **2-2bB.**

2-3**A & B:** Number of schools operating the Community Eligibility Option and the number of enrolled students in the schools with access to the NSLP and/or SBP.

2-4**A & B:** Other alternatives include Provision 1 and universal meal service through census data or socioeconomic surveys.

2-5**A & B:** Enter the number of schools and/or RCCIs and students enrolled operating an alternate provision for **ONLY SBP or ONLY NSLP**. Include schools/RCCIs operating in both a base year and non base year.

Section 3

All SFAs must complete this section. If all schools and/or RCCIs in the SFA were not required to perform direct certification with SNAP, then check box 3-1. Direct certification is the process by which the student is certified eligible based on documentation received directly from the applicable program (e.g. SNAP or TANF agency). This process eliminates the need for the household to submit an application. Report students approved FREE eligible as of the **last operating day in October**.

3-2**B:** Include students directly certified with SNAP. If a student is directly certified with SNAP as well as with another program (e.g. TANF/eligible homeless), include the student in this SNAP count (3-2B). Also include in this count any student in the SFA deemed eligible based on extended categorical eligibility via an eligible student in the primary household who has been directly certified with SNAP. DO NOT include SNAP letter method certifications in this SNAP count, report these in 3-4B below. (SNAP letter method certifications are when the family submits a letter from the SNAP agency to document receipt of SNAP benefits. This is no longer considered to be direct certification.)

3-3**B:** Include students directly certified through programs other than SNAP. Include students in the SFA deemed eligible due to extended categorical eligibility via an eligible student in the primary household directly certified with TANF or FDPIR. DO NOT include SNAP students already reported in 3-2 or to be reported in 3-4 as certified categorically through SNAP letter method.

3-4**B:** Include ONLY students certified as categorically FREE eligible based on a letter submitted by family from the SNAP agency. Include students in the SFA deemed eligible due to extended categorical eligibility via an eligible student in the primary household certified as FREE categorically eligible with the letter method with SNAP.

Section 4

All SFAs with schools and/or RCCIs collecting individual household applications must report this section, including schools and/or RCCIs in a Provision 2/3 base year. Report number of **applications (A)** approved as of **October 1st**. Report number of **students (B) as of the last operating day in October**.

4-1**A & B:** Number of **applications** approved FREE eligible based on documentation submitted on an application (i.e. case number for SNAP, TANF, or FDPIR on an application) on file as of **October 1st** and the number of **students as of the last operating day in October** approved FREE eligible based on documentation submitted on an application (i.e. case number for SNAP, TANF, or FDPIR on an application). *Include students in the SFA deemed eligible due to extended categorical eligibility via an eligible student in the primary household categorically FREE eligible with SNAP, TANF, or FDPIR.*

4-2**A & B:** Number of **applications** approved FREE eligible based on income information submitted by the household on file as of **October 1st** and the number of **students as of the last operating day in October** approved FREE eligible based on income information submitted by the household.

4-3A & B: Number of **applications** approved REDUCED PRICE eligible based on income information submitted by the household on file as of **October 1st** and the number of **students as of last operating day in October** approved REDUCED PRICE eligible based on income information submitted by the household.

T-1: Enter the total number of students reported as FREE eligible.
(3-2B) + (3-3B) + (3-4B) + (4-1B) + (4-2B) + (2-2aB, if applicable)

T-2: Enter the total number of students reported as REDUCED PRICE eligible.
(4-3B) + (2-2bB, if applicable)

Section 5

If **ALL** schools and/or RCCIs in the SFA are exempt from verification activities, check box **5-1** and no further reporting is required in Section 5. Verification activities are NOT required for:

- schools/RCCIs in which all children have been certified under direct certification procedures including children documented as eligible foster, migrant, runaway or homeless children;
- RCCIs which do not have day students;
- schools electing the Community Eligibility Option;
- schools/RCCIs in which FNS has approved universal meal service through census data or using socioeconomic surveys; e.g., special cash assistance claims based on economic statistics regarding per capita income (Puerto Rico and the Virgin Islands);
- schools participating only in the Special Milk Program;
- schools in which all children are served with no separate charge for food service and no special cash assistance is claimed, (i.e., non-pricing programs claiming only the paid rate of reimbursement);
- all schools are Provision 2/3 schools in a non base year;
- schools which do not have any free or reduced price eligible students;
- other FNS determined exemptions on a case-by-case basis.

5-2**:** Indicate whether verification was performed and completed by the deadline of November 15th. If verification was completed after the deadline, report the remainder of Section 5 as applicable.
5-3**:** If verification was completed, check the type of verification process used to comply with the requirements of 7 CFR 245.6a. Please note the qualification requirements in 7 CFR 245.6a(d) must be met to use the two alternate sample sizes.

- *Standard*: Verify 3% or 3,000 of approved applications, whichever is less, selected from error-prone applications on file as of **October 1st**. If there are not enough error-prone applications, LEAs must select at random additional applications to complete sample size.
- *Alternate one:* Verify 3% or 3,000, whichever is less, of all randomly selected approved applications on file as of **October 1st**.
- *Alternate two:* Verify the lesser of 1% or 1,000 approved applications as of **October 1st** selected from error prone applications PLUS the lesser of one-half of one percent or 500 applications approved as of **October 1st** that provided a case number in lieu of income.

5-4**:** Error-prone applications are household applications approved as of **October 1st** indicating monthly income within $100 of the monthly limit or annual income within $1,200 of the annual limit of the applicable income eligibility guidelines.
5-5**:** Enter the total number of applications initially selected for the verification process as indicated in 5-3.
5-6**:** Check if direct verification was not conducted in the SFA (not one school in the SFA conducted direct verification). Direct verification is using records from public agencies to verify income and/or program participation.
5-7**A & B:** Only report applications and students if FREE and/or REDUCED PRICE eligibility is confirmed through direct verification. Report applications and students not directly verified in the appropriate category in **5-8.**
5-8**:** For the purposes of this report verification is complete:

- for households whose eligibility does not change as of the date of the confirmation of eligibility by a reviewing official;
- for households which do not appeal a change in eligibility as of the first operating day following the last date for filing an appeal in response to a notice of change in eligibility;
- for households which appeal a change in eligibility as of the first operating day following a decision by the hearing official.

Responded: The household provided sufficient documentation. This includes verbal or written notification that the household declines benefits.
NOT Responded: The household did not provide sufficient documentation or the household did not provide a response.
A1, B1, & C1: Number of applications with no change and the number of students on these applications.
A2 & B2: Number of applications changed to REDUCED PRICE based on sufficient documentation provided by the household and the number of students on the applications.
C2: Number of applications changed to FREE based on sufficient documentation provided by the household and the number of students on the applications.
A3, B3, & C3: Number of applications for which the eligibility was changed to PAID based on sufficient documentation by the household and the number of students on the applications.
A4, B4, & C4: Number of applications for which the eligibility was changed to PAID because documentation necessary to complete the verification process was NOT provided and the number of students on the applications.

The number of applications reported in 5-8 should include both the results of verification from verification process and the results from any applications verified for cause reported in VC-1.

VC-1: If applicable in at least one school and/or RCCI, report all applications verified for cause outside of the verification process (7 CFR 245.6a) as of November 15th. Applications verified for cause are NOT considered part of the required sample size.
Include the results of verification for cause by original benefit type in the appropriate category in 5-8.

OMB APPROVED NO. 0584-0577
Expiration Date: 04/30/2016

U.S. DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

STATE AGENCY (NSLP/SNAP)
DIRECT CERTIFICATION RATE DATA ELEMENT REPORT

This annual interagency report collects data elements from the State agencies that administer the Supplemental Nutrition Assistance Program (SNAP) and from the State agencies that administer the National School Lunch Program (NSLP).

A separate, completed FNS-834 report must be submitted to the Food and Nutrition Service (FNS) no later than December 1st each school year by:

- the SNAP State agency, providing Data Element #2 below; and
- each State agency that administers the NSLP, providing Data Element #3 below.

These data elements are needed to compute the Direct Certification Rate with SNAP that is required by the Food, Conservation, and Energy Act of 2008 (Public Law 110-246) and by the Richard B. Russell National School Lunch Act, as amended by the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296) and promulgated by the regulations published on February 22, 2013, the *National School Lunch Program: Direct Certification Continuous Improvement Plans required by the Healthy, Hunger-Free Kids Act of 2010*, which added a new section 7 CFR 245.12 to NSLP regulations and amended SNAP regulations at 7 CFR 272.5 to allow for this collection.

For an understanding of the formula to calculate NSLP direct certification rate with SNAP, and to see how these data elements come into play, please refer to the reverse side of this form.

State	
School Year	20 _ _ - 20 _ _

State Agency Name and Address:	
Contact Information: (Name, Title, Email, Phone)	

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it contains a valid OMB control number. The valid OMB number for this collection is 0584-0577. The time required to complete this information collection is 30 minutes per response, including the time to review instructions, to search existing data resources, to gather the data needed, and to complete and review the information collection.

SNAP State agency completes this section

Data Element #2 – The number of school-aged children in SNAP households during the months of July, August, and September.

Please enter, in the box provided below, the unduplicated count of the number of children ages 5 to 17 years at any time during the months of July, August, or September of this school year who were members of households receiving assistance under SNAP at any time during the months of July, August, or September of this school year. See reverse side for specific instructions.

Data Element #2

NSLP State agency completes this section

Data Element # 3 – The number of SNAP Children in Special Provision Schools Operating in a Non-Base Year.

Please enter, in the box provided below, the number of children from households receiving SNAP benefits that attend schools operating under the provisions of 7 CFR 245.9, if such schools were reporting in a year other than the base year. See reverse side for specific instructions.

Data Element #3

Optional - The NSLP or SNAP State agency may complete this section, if applicable

Special Circumstances

If there are special circumstances that would affect the direct certification rate calculation for your State that you would like to bring to our attention, please let us know by marking an "X" in the box to the right. See reverse side for more instruction.

STATE AGENCY (NSLP/SNAP) DIRECT CERTIFICATION RATE DATA ELEMENT REPORT (continued)

PURPOSE - This report collects data elements necessary to compute direct certification rates for comparison with certain benchmarks required by 7 CFR 245.12(b). The benchmark for school year (SY) 2012-13 is 90%, and the benchmark for SY 2013-14 and every school year thereafter is 95%.

To promote transparency and to strengthen the direct certification process so that States can monitor their own performance using the same measures and methodology that FNS will use, this report identifies each of the data elements and its role in the formula to calculate a State's NSLP Direct Certification Rate with SNAP, even if, like Data Element #1, it is not collected on this form.

Direct Certification Rate Formula:

$$\text{Percent of SNAP children directly certified for free school meals} = \frac{\text{SNAP children directly certified for free school meals} + \text{SNAP children in special provision schools operating in a non-base year}}{\text{School-aged children in SNAP households during the months of July, August, and September}} = \frac{\#1 + \#3}{\#2}$$

Data Element	Instructions and additional information
# 1	**SNAP CHILDREN DIRECTLY CERTIFIED FOR FREE SCHOOL MEALS:** This is the number of children directly certified with SNAP for free school meals as of the last operating day in October. **THIS DATA ELEMENT #1 DOES NOT COME IN ON THIS FORM; it comes in instead on the FNS-742, line 3-2B. It is due to the NSLP State agency no later than February 1st and to FNS no later than March 15th each school year.**
# 2	**SCHOOL-AGED CHILDREN IN SNAP HOUSEHOLDS:** For our direct certification rate formula, we define "school-aged" as 5 to 17 years old. A query on the database must yield any child in a household receiving assistance under SNAP during the months of July, August, or September and whose birthdate is between July 1st (of the SY-minus-18) and September 30th (of the SY-minus-5). For example, for SY 2012-2013, that would be children born between July 1, 1994 (2012 minus 18) and September 30, 2007 (2012 minus 5); and for SY 2013-14, that would be children born between July 1, 1995 (2013 minus 18) and September 30, 2008 (2013 minus 5). So long as the child's birthday falls within the birthdate age-range listed for the given school year, include the child in the count. Be careful, however, that you do not count the same child more than once. We are looking for the unduplicated count, so even if the child is in a SNAP household for each of the three months, s/he is counted only once. We need only the counts, not the list of names of such children. **THIS DATA ELEMENT #2 IS REPORTED ON THE FRONT OF THIS FORM BY THE SNAP STATE AGENCY in the space provided. It is due to FNS as soon as possible, but no later than December 1st of each school year.** In addition to submitting a completed report to FNS, you, as the SNAP State agency, must also send a copy of this completed report to the State agency that administers the NSLP in your State so that they will know the data element you are reporting to FNS. Reporting this data element as soon as it is available will allow these NSLP State agencies to better monitor their own performance.
# 3	**SNAP CHILDREN IN SPECIAL PROVISION SCHOOLS OPERATING IN A NON-BASE YEAR -** To get this count, NSLP State agencies must ensure that a match is run between SNAP records and school enrollment records from schools operating under the provisions of 7 CFR 245.9 (special provision schools) in a year other than the base year. Although you will not actually directly certify children attending these schools in a non-base year, this process will provide a measure for the count of the number of children who could have been directly certified with SNAP had it been a base year when direct certification with SNAP is conducted. Such special provision school matching efforts should occur in or close to October, but must occur no later than the last operating day in October. (Please refer to the preamble of the final rule cited on the front of this form and to other FNS Guidance regarding special phase-in allowances and CEO school options.) **THIS DATA ELEMENT #3 IS REPORTED ON THE FRONT OF THIS FORM BY THE NSLP STATE AGENCY in the space provided. It is due by December 1st of each school year.** [Note: In a base year, actual SNAP direct certifications will be reported on the FNS-742, line 3-2B and included in Data Element #1 instead of in Data Element #3. If your State does not have any special provision schools operating in a non-base year for this school year, enter "0" in the box on the front of this form.]
Special Circumstances (Optional)	If your State has special circumstances that you want us to consider to more closely approximate either of the two data elements collected on this form, please alert us by putting an "X" in the Special Circumstances box on the front of this form. FNS would then contact any State agency that marks this box, asking the State agency to forward a description of the circumstance they want FNS to consider, the count of the number of children affected by the circumstance, the methodology for estimating the count, and the source(s) of published State or Federal data used to support that methodology.

Please note that although this is an interagency form, it is not a shared form. FNS expects separate forms to come in from each State agency. The SNAP State agency is to fill out the front of this form, completing Data Element #2 and leaving Data Element #3 blank. The State agency that administers the NSLP in the State is to complete the front of a separate form, completing Data Element #3 and leaving Data Element #2 blank. (If more than one State agency administers the NSLP in the State, they each are to submit separate forms.) Either State agency may mark the Special Circumstances (Optional) box.