

= CEP Meal Incentive Program Guidance and Q&A =

This document outlines frequently asked questions related to the state funded community eligibility provision (CEP) State Incentive Program in [Session Law 2026-41 \(Senate Bill \(257\)\)](#). It will be updated as more questions are asked – please verify the “date” in the page footer.

Q1 – My site was not selected to participate, why?

There could be different reasons why some sites were selected and some were not. For one, the allocation available is limited. The legislation required NC DPI to prioritize ISP of 55% or higher. Also, the participating sites could not be in CEP Program in SY2023-2024 and the site must be participating in CEP in 2026-2027. One or all of the above may have played a part in the selection of sites approved to participate in the state CEP Incentive.

Q2 – My site was selected to participate, but is not receiving payments, why?

Eligibility determination was based on 4/1/2026 ISP data. If you rolled over your CEP Schedule from prior year to utilize 100% free reimbursement, the site would not receive any state incentive payments. The legislation in 115C-264.6.(e) says that the payments are not to exceed 100% of the federal free rate of meals served, so if your federal rate is 100% free meals, the incentive is no longer applicable.

Q3 – What ISP is used to the CEP Incentive Program reimbursement?

The incentive payment is similar to USDA funded CEP reimbursement. The Incentive Payment is based on the claiming ISP. If the school is claiming as part of a CEP group, the group claiming ISP is used to calculate the reimbursed amount. If the site is participating as an individual site, the site ISP will determine the reimbursement.

Q4 – Can you provide some examples on how the incentive reimbursement?

Payments are based on the site's claiming ISP. If the ISP is not resulting in 100% free meals reimbursed, additional multiplier of 0.2 is added to the ISP and applied to paid meals up to the total of paid meals claimed.

Example 1: Site xyz ISP = 51.03% (Claim Free = $51.03 * 1.6 = 81.65\%$)

CEP incentive is determined as $51.03 * 0.2 = 10.21\%$ Free (in addition to 81.65% USDA Free Meals claiming). Since $81.65\% + 10.21\%$ does not exceed 100%, this site gets reimbursed the full 10.21% from CEP Incentive Funds.

Example 2: Site xyz individual ISP = 51.03% but this site is part of a group, with ISP of 50%. The CEP Incentive Payment is determined from group ISP as $50\% * 0.2 = 10\%$ Free (in addition to $50\% * 1.6 = 80\%$ USDA Free Meals claiming). Since $(50\% * 1.6 = 80\%) + 10.00\%$ does not exceed 100% free meals, this site gets paid the full 10.00 % from CEP Incentive Funds. Since this site is using a group ISP, even though the site's individual ISP is higher, the claiming ISP for the group is used for both USDA and State reimbursements.

Example 3: Site xyz ISP is 60%. Site is claiming meals as individual site at $60\% * 1.6 = 96\%$ Free Rate. CEP incentive cannot go over 100% free, so even though $60\% * 0.2$ is 12%, the site in this example gets only additional 4% of free claims paid out of the CEP Incentive (which means this site is 100% Free: 96% USDA Funds + 4% CEP Incentive Funds = 100% Free Meals claimed).

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Q5 – How often are the payments made?

The reimbursements are processed via Disbursement of Funds (DoF), which was utilized for this program in both SY2025 and SY2026 (and it was also used for SCA Funding, Helene Disaster Recovery Funding, etc). The claims will be paid in quarterly installments 60 days after the last month of the quarter. The Office of School Nutrition at NC DPI is working on incorporate these payments to our monthly claiming process (just like the state match payments for reduced price lunch and breakfast), however, we do not have a timeline for this and DoF is utilized until we implement the monthly payments.

Q6 – Where can I see how much was paid?

The district's funds will be available in quarterly installments for appropriate School Year in SNTS under SNP > Claims > Claim - FUNDS for SNP

Q7 – What legislation is the CEP Incentive under

Session Law 2026-41 (Senate Bill (257), Section 7.21. codified the CEP Meal Program Incentive in NC General Statute 115C-264.6.

Q8 – What ISP will maximize the CEP incentive?

CEP Incentive will maximize your 100% free reimbursement with ISP of 55.56% (a school with this ISP, and utilizing CEP Incentive, will get 100% meals served reimbursed at free rate).

Q9 – What are the breakfast requirements to receive this incentive?

The requirement for the CEP program is that there is an innovative breakfast program, and the students are able to eat breakfast in the classroom. The school does not need to implement a breakfast in the classroom program where meals are delivered to the classroom for consumption. If the school offers a grab and go option and the students are allowed to eat that breakfast in the classroom, that is considered an innovative breakfast strategy.

Q10 – Our school only serves breakfast in the cafeteria, do we qualify to this incentive?

If the school offers breakfast only in the cafeteria and students are not allowed to leave the cafeteria to eat in the classroom (it grab and go option), that would not be considered an innovative breakfast strategy and this school would not be able to receive the CEP Incentive Payments. .If your school was selected for the incentive, but you do not qualify due to your students not being allowed to eat in the classroom, please contact our office via email at SchoolNutrition@dpi.nc.gov to opt out of the CEP Incentive Program.