



Food and
Nutrition
Service

Park Office
Center

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DATE: September 9, 2016

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SUBJECT: Community Eligibility Provision: Guidance and Updated Q&As

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The Community Eligibility Provision (CEP) is a meal service option for local educational agencies (LEAs) and schools in high-poverty areas. CEP allows participating LEAs and schools to serve breakfast and lunch at no cost to all enrolled students without the burden of collecting household applications. By eliminating the household application process and streamlining meal counting and claiming procedures, CEP may substantially reduce administrative burden related to operating the National School Lunch Program (NSLP) and School Breakfast Program (SBP). Additionally, CEP may increase student participation, creating more opportunities for students to receive nutrition necessary to optimize academic performance. CEP may be implemented in individual schools, groups of schools, or entire school districts.

On July 29, 2016, the Food and Nutrition Service (FNS) published the final rule, *National School Lunch Program and School Breakfast Program: Eliminating Applications through Community Eligibility as Required by the Healthy, Hunger-Free Kids Act of 2010* [81 FR 50194, July 29, 2016; 7 CFR 245.9(l)], codifying CEP in Federal regulation. Public comment from State administering agencies, local school districts, and advocacy groups, feedback from stakeholders at national conferences and meetings, and knowledge gained during the phased-in implementation of CEP in several pilot States contributed to the development of the final rule. The CEP final rule will support school children's access to healthy meals and improve program integrity, today and in the future.

This memorandum provides new guidance and Questions and Answers (Q&As) to address changes made by the CEP final rule. Additionally, this memorandum provides clarification on previously issued guidance related to CEP. The attached Q&As supersede the CEP Q&As released with *SP 19-2016*, *SP 45-2015*, *SP 16-2015*, and *SP 21-2014 (v.2)*.

Changes in this edition of the Q&As include:

- Explaining the requirement for LEAs operating CEP to conduct a data match between the Supplemental Nutrition Assistance Program (SNAP) and student enrollment records at least once annually;

- Highlighting updated options for FNS-834 reporting;
- Explaining new requirements and opportunities related to the transfer and carryover of eligibility for students transitioning from CEP schools to non-Provision schools, during and between school years;
- Clarifying Identified Student Percentage (ISP) rounding rules;
- Explaining that excess funds from other Child Nutrition Programs may be used to cover operational costs under CEP; and
- Clarifying the differences between CEP and Provision 2.

New questions include questions 30, 34, 65, 73, 74, and 75. Revised questions include questions 10, 13, 15, 17, 20, 33, 36, 42, 43, 44, and 60. Minor wording changes and revisions to regulatory citations to reflect publication of the final rule also were made throughout. *[New/Revised]* appears next to new or revised questions.

The CEP Resource Center (available at: <http://www.fns.usda.gov/school-meals/community-eligibility-provision-resource-center>) also provides extensive resources school officials at the local, State, and Federal level may use to better understand CEP and its positive benefits. LEAs may use the CEP Estimator Tool (available at: <http://www.fns.usda.gov/school-meals/community-eligibility-provision>) to determine if CEP is a financially viable option, based on the LEA's expected monthly reimbursement rate

State agencies are reminded to distribute this memorandum to Program operators immediately. LEAs, school food authorities, and other Program operators should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional Office.

Original Signed

Angela Kline
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Frequently Asked Community Eligibility Provision (CEP) Questions

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| Notification and Publication Requirements |
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1. What are the key dates for CEP?

Below is the timeline for the CEP notification, publication, and decision process. The April 15 notification requirement is codified in Federal regulation at 7 CFR 245.9(f)(5) and (6). Meeting the April 15 requirement is necessary to meet the May 1 requirement, which is included in section 11(a)(1)(F)(x)(III) of the National School Lunch Act (NSLA) and is codified at 7 CFR 245.9(f)(7)(iii). The June 30 requirement included in section 11(a)(1)(F)(x)(I) of the NSLA and codified at 7 CFR 245.9(f)(4)(i).

| Date | Requirement |
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| April 15 | <ul style="list-style-type: none"> • State agencies must notify local educational agencies (LEAs) of district-wide eligibility status and provide guidance and information to LEAs interested in CEP. • LEAs must submit school-level eligibility information to the State agency. <i>(State agencies may exempt LEAs from this requirement if school-level data is available to the State.)</i> |
| May 1 | <ul style="list-style-type: none"> • State agencies must post the LEA district-wide and school-level lists on their website and send a link to the Food and Nutrition Service (FNS). |
| June 30 | <ul style="list-style-type: none"> • 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 (reflective of enrollment on April 1) to the State agency to participate in CEP in the following school year. • LEAs participating in CEP must notify the State agency if they intend to drop their participation in CEP for the following school year. These LEAs must either: <ol style="list-style-type: none"> 1) Enroll in another Provision; or 2) Return to standard counting and claiming. |

2. What data should be used to meet the notification and publication requirement if data reflective of April 1 is not available?

As stated at 7 CFR 245.9(f)(8), the data used to meet the CEP notification and publication requirement does not need to reflect a date of April 1. However, State agencies and LEAs are encouraged to use the most current data available to prepare the notification and publication lists. If the data collected for October reporting

requirements (i.e., FNS-742 data) are the most current data available, the October data may be used to fulfill the notification and publication requirements.

Interested LEAs must provide the State agency identified student and enrollment data reflective of April 1 to participate in CEP in subsequent school years. If proxy data are used for the notification and publication process, a notation must be included to explain the data provided is a proxy, and does not confer actual eligibility for CEP. Interested LEAs must provide full school-level identified student data as of April 1 to determine eligibility and participate in CEP.

3. What is the correct protocol for informing the public about CEP?

LEAs electing CEP should use their usual channels of communication (i.e., the required public announcement included at 7 CFR 245.5) to notify the public school meals will be available at no cost to all enrolled students. LEAs may also consider including information about CEP when sending out “back-to-school” packets with student registration materials each fall, posting information about CEP on the district website, and/or sharing information about CEP in student handbooks.

Per *SP 26-2016: CEP Annual Notification and Publication Requirements* (available at: <http://www.fns.usda.gov/cep-annual-notification-and-publication-requirements>), no later than May 1, State agencies must post online lists of LEAs and schools with:

- An Identified Student Percentage (ISP) of at least 40 percent;
- An ISP greater than or equal to 30 percent but less than 40 percent;
- An ISP greater than or equal to 30 percent but less than 40 percent in their fourth year of electing; and
- A list of LEAs currently participating district-wide.

These lists must be posted to the State agency website. Additionally, one link including the LEA and school lists must be sent to FNS. FNS has a CEP website which provides links to access the lists on the State agency websites. State agencies should submit their respective links via email to cepnotification@fns.usda.gov.

4. If FNS-742 data is used for notification purposes, CEP districts do not appear eligible because they are reported as zero. What data should be used to meet notification and publication requirements for districts currently participating in CEP?

State agencies and LEAs are encouraged to use the most current data available to prepare notification lists. If the data needed for preparing notification lists is not available via the FNS-742 (in the previous year all schools in an LEA participated in CEP and reported zeros in Section 3), then LEA-level data for the combined count of students matched with the Supplemental Nutrition Assistance Program (SNAP) records for all schools participating in CEP and any non-base year Provision 2 and 3

schools on the FNS-834 (a component of Data Element #3) should be used. See the “Reporting and Recordkeeping” section of this guidance for additional information about how CEP schools should complete the FNS-834.

Note: LEAs electing CEP district-wide should still fill out the FNS-742 by completing Sections 1 and 2, and checking Box 3-1 in Section 3. The other boxes in Section 3 should be zeros.

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| LEA and School Level Eligibility and Grouping |
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5. What is the definition of “school” for CEP?

CEP follows parts (a) and (b) of the NSLP definition of “school” at 7 CFR 210.2. According to Federal regulation, “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; or (b) any public or nonprofit private classes of preprimary grade when they are conducted in the aforementioned schools.

6. Are new schools able to elect CEP?

Maybe. If the numbers of identified students and total enrollment are available before the counting and claiming of meals begins and the new school meets the eligibility requirements codified at 7 CFR 245.9(f)(3) (either individually or as part of a group), the LEA may elect to have the school participate or be included in a group of schools. If the number of identified students and enrollment are not available, the new school must wait until the numbers of identified students and total enrollment are available to elect CEP.

7. If an LEA participating in CEP district-wide chooses to drop some schools, can the LEA still participate in CEP?

Yes. Individual schools or groups of schools within the LEA may participate in CEP, as long as the school or group meets the 40 percent ISP threshold and other eligibility criteria included at 7 CFR 245.9(f)(3).

8. Can LEAs group schools differently in order to maximize their ISP when refiguring their district claiming percentage?

Yes. LEAs may establish different groups (within the LEA) to maximize their ISP. Schools may be randomly grouped together as long as the schools are in the same LEA.

9. Are schools currently operating Provision 2 or Provision 3 in a non-base year permitted to elect CEP?

Yes. If the LEA determines the school(s) meet the ISP threshold and other eligibility requirements for CEP, the schools may participate. Provision 2 and Provision 3 schools must obtain ISPs reflective of April 1 of the prior school year to participate in CEP.

10. [Revised] Are LEAs and schools participating in CEP allowed to participate in the Demonstration Project to Evaluate Direct Certification with Medicaid?

Yes. LEAs and schools participating in CEP may participate in the Demonstration Project to Evaluate Direct Certification with Medicaid. The students identified through Medicaid with an income meeting the 130 or 133 percent of Federal poverty level threshold (as applicable, depending on the demonstration project) may be included in the identified student count and the ISP. For additional information on the Direct Certification with Medicaid pilot projects, see *SP 23-2016: Request for Applications to Participate in New Demonstrations to Evaluate Direct Certification with Medicaid*, <http://www.fns.usda.gov/request-applications-participate-new-demonstrations-evaluate-direct-certification-medicaid>.

11. If an LEA groups four schools in Year 1 of the four-year CEP cycle, then adds four more schools in Year 2, may all eight schools be grouped together?

Yes or the LEA may form two separate groups. In this example, the LEA may:

- 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 four-year cycle; or
- Form a new group of eight schools and calculate a new ISP based on the identified student number and enrollment from all eight schools. The new group would start a new four-year cycle. The ISP would be established using April 1 data from the year before the new group adopts CEP.

When there is a change to a CEP group, as in the second example, the group must recalculate the ISP. The four schools adopting CEP in Year 1 would use data from April 1 the preceding year (Year 0) to calculate the ISP. When four additional schools are added in Year 2, the identified student population and enrollment both change, and the ISP must be recalculated.

12. What is a “grace year”?

An LEA, group of schools, or individual school in Year 4 of a CEP cycle 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 or disrupting the CEP meal service. Reimbursement for schools participating in a grace year is based on the ISP as of April 1 in Year 4 of the current four-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%**
- $\text{ISP} \times 1.6$ multiplier ($35\% \times 1.6$): **56%**
- Free claiming percentage: **56%**
- Paid claiming percentage: **44%**

If the LEA, group of schools, or individual school regains an ISP meeting the 40 percent threshold as of April 1 of the grace year, the State agency may approve a new four-year cycle beginning the following school year. The grace year provision is codified in Federal regulation at 7 CFR 245.9(f)(3)(ix).

Direct Certification Data

13. [Revised] How often are LEAs electing CEP required to run direct certification?

Under 245.6(b)(1)(v), LEAs electing CEP are required to conduct a data match between SNAP records and student enrollment records at least once annually. State agencies may conduct data matching on behalf of LEAs and exempt LEAs from this requirement. See the “Reporting and Recordkeeping” section of this guidance for information on reporting Data Element #3 on the FNS-834 form.

Conducting direct certification at least annually allows LEAs participating in CEP to take advantage of any ISP increases. Additionally, running direct certification helps LEAs observe demographic trends. For example, if direct certification rates are trending toward a decrease that makes CEP fiscally unfeasible, running direct certification could help LEAs plan in advance to return to standard counting and claiming.

14. What does “direct certification” mean for the purposes of determining the ISP in CEP? How is it different from State “direct certification” performance measures and benchmarks?

For the purposes of CEP, any student certified without an application and, therefore, not subject to verification (as prescribed in 7 CFR 245.6a(c)(2)) is considered “directly certified” and included in the ISP. This definition of identified students is also included in statute [42 U.S.C. 1759a(a)(1)(F)(i)]. The annual State direct certification performance measures and benchmarks more narrowly focus on direct certification rates for children in households receiving assistance under SNAP.

15. [Revised] Can an LEA request direct certification data from the State agency at any time?

FNS encourages State agencies and LEAs to work together to ensure that LEAs have the data needed to make sound decisions related to CEP, and recommends States respond to LEA requests for direct certification data promptly, whenever possible. LEAs operating under standard counting and claiming are required to run direct certification matches at least three times per year. As stated at 7 CFR 245.9(f)(5) and (6), States also are required to notify LEAs of potential district-wide ISP eligibility by April 15 of each year.

FNS requires LEAs operating CEP (and other special provisions, as described in 7 CFR 245.9) to conduct direct certification matches with SNAP records and student enrollment records at least once annually. This requirement is codified in regulation at 7 CFR 245.6(b)(1)(v). Over time, FNS expects direct certification systems to improve, which may facilitate more frequent matches.

16. May the State SNAP agency provide schools written documentation of students who are not on the SNAP direct certification list, but are receiving SNAP benefits?

Yes. LEAs may work with State SNAP agencies to obtain documentation to substantiate including students in the ISP. LEAs may not contact households to obtain SNAP letters so that students can be included in the ISP.

If students receiving SNAP benefits are not on SNAP direct certification lists, LEAs should work with the State SNAP and NSLP/SBP administering agencies to ensure there is not a systemic direct certification problem.

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| Identified Student Percentage (ISP) Determination |
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17. [Revised] Who are the identified students?

Identified students are students who are approved as eligible for free meals and who are not subject to verification. This definition (codified at 7 CFR 245.9(f)(2)(ii)) includes students directly certified for free school meals through participation in:

- SNAP;
- Temporary Assistance for Needy Families (TANF);
- Food Distribution Program on Indian Reservations (FDPIR); and
- Medicaid, where applicable.

Identified students also include:

- Homeless students;
- Migrant youth;
- Runaways;
- Students participating in Head Start or another comparable State or Indian Tribal Organization-funded pre-kindergarten program; and
- Non-applicants identified through means other than an application and approved by local officials.

Foster children certified through means other than an application and students certified for free meals based on a letter provided by the household from the appropriate assistance agency are also included in the identified student count. Students who are categorically eligible based on information, such as a case number, submitted through an application may be included in the identified student count if LEA staff can verify the case number with the appropriate agency and convert the student to “directly certified” in the LEA’s certification system.

18. What number should be used as the total enrollment for determining the percentage of identified students?

For purposes of calculating the ISP, “enrolled students” include students who are enrolled in and attending schools participating in CEP and who have access to at least one meal service (NSLP or SBP) daily, regardless of whether the students participate in the meal service. The definition of enrolled students is codified in Federal regulation at 7 CFR 245.9(f)(1)(i). According to 7 CFR 245.9(f)(3)(i), the ISP must be representative of the number of identified students and the student enrollment as of April 1 of the prior year.

19. When does the ISP have to be drawn in order to be reflective of April 1?

According to section 11(a)(1)(F)(iii) of the NSLA, the ISP must be established using the number of identified students and the number of total enrolled students as of April 1 of the prior year. Due to variations in the point in time for monthly updates in State and direct certification local systems, updates to the ISP could be made before or after April 1 to account for differences in operational procedures, but the ISP data must be representative of this date.

Since regulations regarding direct certification at 245.6(b)(3)(ii) require direct certification matches with SNAP to be run three times each year at schools operating standard counting and claiming, the timing of one of these matches can easily be planned to represent April 1. If more recent data more accurately reflects the number of identified students and/or enrollment in an LEA or school, FNS may grant authorization to use direct certification data from a different date (i.e., not as of April 1) to determine an ISP.

20. [Revised] How should LEAs round when determining the ISP?

When determining the percentage of identified students, LEAs should round to two decimal places. The percentage must be at least 40.00 percent for the entity to be eligible to participate in CEP. A percentage of 39.98 percent does not meet the participation threshold.

To calculate the ISP, divide the identified students in the school, group of schools, or district electing CEP by enrolled students in the school, group of schools, or district electing CEP:

$$\frac{\text{Identified Students}}{\text{Enrolled Students}}$$

Carry the calculation to four decimal places using standard rounding (four or less, round down; five or more, round up). Then, multiply the result by 100 to calculate the percentage to two decimal places. For example:

- A school has 550 identified students and 700 enrolled students.
- $550/700 = 0.78571429$, which rounds to 0.7857.
- Multiply by 100 to calculate an ISP of 78.57 percent.

21. A school's student population includes a subset of pre-kindergarten children that attend school half-day and only eat one meal. Are these children included in the ISP?

Yes. Students who have access to at least one meal during their school day must be included in the ISP. In this example, the pre-kindergarten children must be included in both the numerator (identified students), as applicable, and the denominator (enrolled students). The definitions for identified and enrolled students are codified at 7 CFR 245.9(f)(1).

22. A school's student population includes a subset of pre-kindergarten children who attend school only three days a week. Are these children included in the ISP?

Yes. Students who have access to at least one meal service during their school day are included in the ISP. In this example, the pre-kindergarten children must be included in both the numerator (identified students), as applicable, and the denominator (enrolled students). The definitions for identified and enrolled students are codified at 7 CFR 245.9(f)(1).

23. A group of students from a non-CEP school attend classes and eat lunch at a CEP school. Should these students be included in the CEP school's ISP?

Yes. The students attend classes and have access to meal service daily at the CEP school, so they should be included in the CEP school's ISP. The students should be included in the numerator (identified students), as applicable, and the denominator (enrolled students). The definitions for identified and enrolled students are codified at 7 CFR 245.9(f)(1).

24. If a school uses October data for other programs, such as area eligibility and the Fresh Fruit and Vegetable Program, could the school use October data to establish eligibility for CEP?

Data to establish CEP eligibility and the ISP for the following school year must reflect the student population on April 1 of the preceding year, or April 1 of the year before the first year of the four-year CEP cycle. This requirement is codified at 7 CFR 245.9(f)(3)(i).

25. May LEAs use direct certification information available from months after April to determine the ISP, especially for new schools?

It depends. For existing schools, the direct certification data used to establish CEP eligibility must be as of April 1. New schools may not have direct certification data, and are allowed to use direct certification numbers from a later month to establish CEP eligibility. If more recent data better reflects the number of identified students and/or enrollment in an LEA or school, FNS may grant authorization to use direct certification data from a different date (i.e., not as of April 1) to determine the ISP.

26. If an LEA, group of schools, or individual school participating in CEP experiences a change to the student population, must the LEA, group of schools, or individual school recalculate the ISP?

It depends. 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.

LEAs Participating District-Wide

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 one school, and two new schools open,

but the LEA's overall attendance area remains the same, the LEA is not required to recalculate the ISP.

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 school is not required to recalculate the ISP.

Mid-Year Changes to the Student Population

ISP recalculations are not required mid-year for any changes in a student population. Mid-year changes may create significant challenges for LEAs and schools, and requiring a mid-year recalculation could interrupt the student's meal service during a difficult transition. For any mid-year student population change, the LEA, group of schools, or individual school may continue claiming meals using the existing ISP for the remainder of the school year. However, if an ISP recalculation is required (based on the criteria outlined above) and the LEA intends to continue electing CEP in the following school year, the ISP must be recalculated using April 1 data. A new four-year cycle would start the following school year, using the new ISP as the basis for meal claims.

27. Is the ISP locked in for the four-year cycle, even if it decreases?

Generally, yes. The original ISP (based on April 1 data from the year before CEP implementation) is generally valid for four years, and the LEA is protected against decreases in direct certification rates. This protection is codified in Federal regulation at 7 CFR 245.9(f). Certain changes to the student population (as described in the previous question) may require the ISP to be recalculated during the four-year cycle.

If the ISP increases during the four-year cycle, the LEA may begin a new cycle to guarantee the higher ISP for four years. This flexibility is codified at 7 CFR 245.9(f)(4)(viii). During the second, third, and fourth years of the four-year cycle, the LEA or school may select for the claiming percentage the higher of:

- The ISP (reflective of April 1) from the immediately preceding school year; or
- The ISP from the year prior to the first year of CEP implementation (the original ISP).

LEAs should work with their State agency to establish a new four-year CEP cycle with the higher ISP. To renew participation after the fourth year, the LEA must demonstrate (via identified student data) the participating school(s) still meet the ISP requirement.

28. If an LEA has an agreement to provide food service to schools outside of the LEA, can the LEA include those schools a CEP group?

It depends. Schools grouped together for the purposes of CEP must be participating in the school meal programs under a single State agency agreement. 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 the outside schools in the district's ISP, unless the schools are listed as serving sites on the State agency agreement. Sites incorporated in this manner are subject to all NSLP/SBP requirements. Additionally, sites may be selected for review during the State agency's Administrative Review of the school district.

Vended meals provided to schools outside the LEA may not be included in the total meal counts used for claiming at CEP schools. Vended meals must be counted and claimed separately.

29. If a student is enrolled in a CEP school and has access to breakfast at the school, but also attends a second CEP school (e.g., Career Center) in a separate LEA and has access to lunch there, can each LEA include the student in their ISP?

Yes. A student may be included in the ISP of the school(s) in which:

- The student has access to at least one meal;
- The student is legally enrolled; and
- The student's meals are claimed.

The definitions for identified and enrolled students are codified in Federal regulation at 7 CFR 245.9(f)(1).

30. [New] What process should be followed if an ISP error is identified outside of an Administrative Review?

The LEA should notify the State agency immediately. The State agency must confirm the corrected ISP. The corrected ISP is then applied to the current unclaimed month and future claims for the remainder of the four-year cycle. If the corrected ISP is

lower than the original ISP, resulting in overclaims, State agencies have discretion to retroactively adjust claims back to the start of the school year. If the corrected ISP is higher than the original ISP, resulting in underclaims, retroactive, upward adjustments to claims are not allowed for errors found outside of an administrative review.

FNS strongly encourages LEAs and States to carefully review ISPs at the time of CEP election to avoid errors.

Changes in CEP Election

31. Do State agencies need FNS approval before accepting elections that are on, or even after, August 31?

No. Per *SP 30-2016: Extension of Deadline for LEAs to Elect the CEP for SY2016-17*, <http://www.fns.usda.gov/extension-deadline-leas-elect-cep-sy2016-17>, for school year (SY) 2016-2017, State agencies are encouraged to accept CEP elections received after August 31 where appropriate and feasible to do so. States do not need FNS approval to accept late elections, but should maintain records of late elections and the reasons in case the information is needed during an Administrative Review or a Management Evaluation.

However, in section 11(a)(1)(F)(x)(I), the NSLA requires LEAs electing CEP to notify the State agency and provide documentation establishing eligibility by the June 30 prior to the applicable school year. The June 30 election deadline is codified at 7 CFR 245.9(f)(4)(i). Given this, FNS does not anticipate granting permanent flexibility to the election deadline. In the future, FNS will evaluate the need for an extension of the June 30 deadline and provide guidance, as appropriate.

32. When is an LEA permitted to end participation in CEP?

An LEA may terminate participation in CEP at any time. An LEA electing to end participation in CEP must notify its State agency and either enroll in another special Provision or return to standard application and counting and claiming procedures. Schools considering ending use of CEP should consult with their State agency immediately so the State agency can proactively provide technical assistance. An overview of requirements for LEAs opting to restore standard counting and claiming procedures is included at 7 CFR 245.9(j).

As stated in regulation, LEAs must offer all students reimbursable, free meals for a period of at least 30 operating days following the date of restoration of standard procedures or until a new eligibility determination is made, whichever comes first. Additionally, LEAs must notify the public of the mid-year resumption of standard counting and claiming procedures.

33. [Revised] When a school ends participation in CEP, do students have “free” eligibility status for 30 operating days?

Ending CEP Participation Mid-Year

LEAs must offer all students reimbursable meals at no cost for a period of at least 30 operating days (or until a new eligibility determination is made) following the resumption of standard counting and claiming mid-year. This requirement, included at 7 CFR 245.9(j), provides the school time to notify families and print, disseminate, collect, process, and certify household applications. Importantly, this requirement ensures students’ meal service routine is not disrupted during the transition. Meals served to students during this transition period are claimed at the same free and paid claiming rates used to claim meals under CEP.

Ending CEP Participation Between School Years

Under 7 CFR 245.6(c)(2), State agencies have discretion to allow LEAs to provide up to 30 operating days (or until a new eligibility determination is made) of meals at no cost at the beginning of a school year when students transition from CEP to non-Provision schools. Similarly, when a CEP school decides to resume standard counting and claiming procedures between school years, State agencies may permit LEAs to offer meals at no cost to all students in that school for up to 30 operating days at the beginning of the new school year or until a new eligibility determination is made, whichever comes first. Meals served to students during this time (the “carryover period”) are claimed at the free rate.

If a State agency chooses not to exercise the CEP carryover provision, students are eligible for meals at no cost during the 30 day carryover period only if they have an individual eligibility determination from the previous year. Examples include a direct certification match or a sibling’s household application from a non-CEP school.

34. [New] Do CEP students have “carryover” eligibility (up to 30 days of free meals at the start of a school year) when they move from a CEP to a non-Provision school?

State agencies have discretion to allow LEAs to provide “carryover” eligibility for free school meals for the first 30 operating days (or until a new eligibility determination is made) of the school year for students transitioning from CEP to non-Provision schools participating in NSLP and SBP. Allowing LEAs to provide carryover eligibility for students transitioning from CEP schools will support low-income student’s access to meal benefits. This extension option is outlined at 7 CFR 245.6(c)(2), and summarized below.

| Carryover Policy for Provision Schools | | |
|---|---|--|
| | Within an LEA | Between LEAs |
| Provision School → Standard Counting and Claiming School | Effective SY 2016-17, State agencies may permit children moving within an LEA to receive meals at no cost for up to 30 operating days or until a new eligibility determination is made, whichever comes first. Meals served to students during the carryover period may be claimed at the Federal free rate. | Effective SY 2016-17, State agencies may permit children moving between LEAs to receive meals at no cost for up to 30 operating days or until a new eligibility determination is made, whichever comes first. Meals served to students during the carryover period may be claimed at the Federal free rate. |

35. What if a school decides to start CEP after the school has collected household applications?

If an LEA elects CEP after collecting household applications, the LEA will use CEP claiming percentages beginning the month they elect CEP. For example, a school that elects CEP in December may submit claims using the CEP claiming percentages beginning December 1.

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| Transfer and Visiting Students |
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36. [Revised] When a student from a CEP school transfers to a non-Provision school, is the student eligible for meals at no cost for the duration of the school year?

According to 7 CFR 245.9(1), if a student transfers from a CEP to a non-Provision school within the same LEA, the new school must provide meals at no cost to the student for up to 10 operating days or until an eligibility determination is made, whichever comes first.

Beginning July 1, 2019, if a student transfers from a CEP school to a non-Provision school in a different LEA, the new school must provide meals at no cost to the student for up to 10 operating days or until an eligibility determination is made, whichever comes first. Schools have discretion, and are encouraged, to implement this option immediately so students moving between schools do not experience a disruption in meal benefits. Meals served under these circumstances may be claimed at the Federal free rate.

For transfers within and between LEAs, State agencies have discretion to allow LEAs to provide meals at no cost for up to 30 operating days or until a new eligibility

determination is made, whichever comes first, to students transferring from CEP (and other special Provision) schools to non-Provision schools.

| Transfer Policy for Provision Schools | | |
|---|--|---|
| | Within an LEA | Between LEAs |
| Provision School → Standard Counting and Claiming School | Children transferring from a Provision school must receive meals at no cost for up to 10 days or until a new eligibility determination is made, whichever comes first. Effective SY 2016-17, State agencies may permit children transferring from Provision schools to receive meals at no cost for up to 30 days. Meals served under these circumstances may be claimed at the Federal free rate. | Effective SY 2016-17, schools are encouraged to provide meals at no cost to children transferring from Provision schools for up to 10 days. Effective July 1, 2019 (SY 2019-20) schools must provide children transferring from Provision schools meals at no cost for up to 10 operating days or until a new eligibility determination is made, whichever comes first. State agencies may permit transfer students to receive meals at no cost for up to 30 days. Meals served under these circumstances may be claimed at the Federal free rate. |

37. A CEP school collects socioeconomic survey data to allocate State education funding. Income data reported by a household show that a student is eligible for free meals. If the student transfers to a non-CEP school, may the new school make an eligibility determination based on the survey data?

A socioeconomic survey is not tied to the NSLP/SBP and may not be used to determine individual student eligibility. If a student transfers from a CEP to a non-Provision school, the new school must collect and process a household application for the student; determine the student’s eligibility through participation in an eligible Federal Assistance Program or through Other Source Categorical Eligibility; or determine the student’s eligibility through direct certification data matching.

38. If a student at a non-CEP school visits a CEP school during lunch, will the student receive lunch at no cost?

Yes. Similar to procedures under Provision 2, CEP schools do not accept payment from visiting students. Meals served to visiting students are included as part of the total count of meals served in the CEP school and are reimbursed based on the CEP claiming percentage.

39. If a CEP student visits a non-Provision school during lunch, will the student receive lunch at no cost? If so, how is the meal claimed for reimbursement?

FNS strongly encourages non-CEP schools that host visiting students from CEP schools in the same LEA to provide the students a meal at no cost to avoid any disruption to the students' meal service. Such meals should be claimed according to the claiming percentages of the CEP school.

For example, 20 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-Provision school in this example would claim seventeen "free" meals and three "paid" meals. If only one CEP student is visiting a non-CEP school, the meal should be claimed free. The school food authority (SFA) food service account can be used to cover the value of any paid meals of visiting students.

CEP students visiting a non-Provision school outside of their LEA may be provided meals at no charge. The CEP school should pay the non-Provision school for the value of any student meals claimed at the paid rate. In either case, the non-Provision school must claim the reimbursable meals for visiting students in its Claim for Reimbursement according to the appropriate claiming percentages.

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| Reimbursements and Claiming |
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40. Will the 1.6 multiplier change?

The 1.6 multiplier is codified at 7 CFR 245.9(f)(4)(vi). The National School Lunch Act provides discretion for FNS to change the multiplier to a number between 1.3 and 1.6; however, there are currently no plans to change the multiplier. Providing stability around the multiplier minimizes administrative uncertainty and gives LEAs and schools greater confidence when planning program operations.

If the multiplier is changed in the future, schools electing CEP will keep the same multiplier for their entire four-year cycle and will not have to implement changes to the multiplier until their next cycle if CEP is elected again. Any change to the multiplier will be communicated well in advance of implementation through a proposed rule in the *Federal Register*.

41. How are area eligibility percentages determined for CEP schools?

Since the 1.6 multiplier provides an estimate of the total number of students eligible for free and reduced price meals in at CEP schools, the product of the ISP multiplied by 1.6 is used for area eligibility purposes. If the result is equal to or greater than 50 percent, meal sites located in the school (or the attendance area of the school) are area eligible. Schools in LEAs electing CEP district-wide or as part of a group of schools

electing CEP with a shared ISP must still use the individual school ISP. These percentages can be used for determining area eligibility in the Summer Food Service Program (SFSP), the NSLP Seamless Summer Option (SSO), Child and Adult Care Food Program (CACFP), and afterschool snacks provided through the NSLP.

For more information, please see *SP 10-2015, CACFP 04-2015, SFSP 03-2015: Area Eligibility in Child Nutrition Programs*, <http://www.fns.usda.gov/area-eligibility-child-nutrition-programs-0>.

42. [Revised] What are the rounding rules for calculating free and paid claiming percentages under CEP?

The rounding rules for calculating free and paid claiming percentages under CEP are described below. Instructions for determining the free and paid claiming percentages are codified at 7 CFR 245.9(f)(4)(v).

Free and Paid Claiming Percentages

Multiply the ISP by 1.6 to determine the percentage of meals reimbursed at the free rate. Carry the calculation to a minimum of two decimal places (e.g., 86.15 percent) using standard rounding: numbers five and above round up to the next higher number, numbers four and below round down (e.g., 86.155 percent = 86.16 percent, 86.154 percent = 86.15 percent).

The paid claiming percentage is the difference between the free claiming percentage and 100 percent. The free and paid claiming percentages (rounded to two decimal places) are 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 determine the number of meals reimbursed at the free rate. Remaining meals are reimbursed at the paid rate.

Meal Claims

Meal claims must be calculated as 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 calculate whole numbers. If the total percentage for free and paid meals does not equal 100, the paid category must be adjusted to reach 100 percent. For example, if 800 reimbursable meals were served and the free claiming percentage is 86.15 percent, the number of meals reimbursed at the free rate would be 689.2 ($800 \times 0.8615 = 689.2$), which is adjusted to 689 meals. The number of meals reimbursed at the paid rate would be 111 ($800 - 689 = 111$).

43. [Revised] When must non-Federal sources be used to support CEP operations?

Similar to Provisions 2 and 3, non-Federal funds may be necessary to cover operating costs when the level of Federal reimbursement (and any other Federal assistance received under the Child Nutrition Act of 1966 (CNA) and NSLA) received under CEP does not cover the costs of serving free meals to all students. This requirement is codified at 7 CFR 245.9(f)(4)(vii).

44. [Revised] What may be counted as “funding from non-Federal sources”?

Examples of non-Federal sources 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 contributions from outside sources, such as volunteer services.

As stated at 7 CFR 245.9(h)(3) LEAs must maintain records of any non-Federal funding sources used to cover any excess meal costs.

45. If a school adopts CEP after the election deadline, could the SFA retroactively receive free reimbursement for students who were not previously eligible for free meals?

This flexibility does not apply to the universal eligibility for free meals conferred to all students attending CEP schools. Therefore, a school may not retroactively claim eligibility for non-directly certified students when starting CEP mid-year.

46. Are CEP schools required to conduct an edit check? If so, and the edit check is exceeded, what type of documentation is required under CEP?

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

47. Are there specific requirements for the point of service or point of sale (POS) system employed by CEP schools during meal service?

Consistent with the Federal regulations at 7 CFR parts 210.7(c) and 220.11, 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 (with the exception of second breakfasts permitted to be claimed as specified in 7 CFR 220.9(a)).

An accurate meal count may be achieved through a variety of methods. USDA does not require the use of any specific POS system. Many school districts use 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.

48. Are schools electing CEP eligible to receive the extra 2 cents lunch reimbursement and severe need breakfast reimbursements?

Yes. CEP schools will be reimbursed at their usual reimbursement rates, including the 2 cent lunch differential and severe need breakfast rates, if eligible. Eligibility for both of these additional reimbursements is based on data from the second preceding school year (i.e., the school year before last school year).

Severe Need

Severe need eligibility is based on site-level data. If the school in question operated CEP during the second preceding school year, the individual school's ISP must be used to determine eligibility for severe need reimbursements. Therefore, the individual school's ISP from the second preceding year multiplied by 1.6 must be at least 40 percent to qualify for severe need reimbursement in SBP. Schools participating in CEP as part of a group may not use the group free claiming percentage to determine eligibility for severe need reimbursement.

If a new school elects CEP, the individual school's ISP can be used to determine eligibility for severe need without waiting for the first three months of claims, as is required in *SP 23-2005: Eligibility for Severe Need Rates for the School Breakfast Program (SBP)*, <http://www.fns.usda.gov/eligibility-severe-need-rates-school-breakfast-program-sbp-sp-23>.

2 Cents Differential

The 2 cents differential for NSLP is determined at the SFA-level. To calculate eligibility for this reimbursement, SFAs aggregate counts of lunches served by reimbursement category. If at least 60 percent of the lunches served were reimbursed at the free or reduced price rate, then the SFA may claim an additional 2 cents reimbursement for all lunches served. Schools certified for the additional 6 cents would receive that additional reimbursement in all cases, as these funds are not tied to claiming patterns.

For SFAs that have partially implemented CEP or have more than one CEP group within their SFA, the calculation approach does not change; eligibility is determined

if the percentage of free and reduced price lunches served in the SFA during the second preceding year was 60 percent or greater.

If the SFA operates CEP district-wide, then the SFA is eligible if the free claiming percentage (ISP x 1.6) during the second preceding year was 60 percent or greater.

If there is a new SFA participating in CEP district-wide, the SFA does not have to wait for the first three months of claims to determine eligibility for the additional 2 cents. The new SFA may use the SFA's free claiming percentage (ISP x 1.6) to determine eligibility. However, if the new SFA is not participating in CEP district-wide, then it must follow the guidance in *SP 30-2014, Determining Eligibility for Two Cent Differential Reimbursement in New Schools* (available at: <http://www.fns.usda.gov/determining-eligibility-two-cent-differential-reimbursement-new-schools>) and wait for the first three claims to determine eligibility.

49. Can a CEP school use CEP claiming percentages for meals served during NSLP summer school?

If a CEP school offers summer school to students, all of whom are enrolled at the school, the school may operate CEP in the summer school. The school may:

- Apply the CEP claiming percentages for the NSLP to summer school; or
- Establish an ISP and CEP claiming percentage for summer school operations and use “summer school” claiming percentages in subsequent years.

If a CEP school offers summer school to students who, during the regular school year, are enrolled in different school (CEP or non-Provision), the school may:

- Offer standard program operations to summer school students (i.e., standard application and meal counting and claiming procedures); or
- Establish an ISP and CEP claiming percentage for summer school operations and use “summer school” claiming percentages in subsequent years for the summer school session's meal counting and claiming process.

50. Do children enrolled in a CEP school during the school year receive free meals if they attend a non-CEP school for summer school?

Not necessarily. The non-CEP school must process household applications for children from the CEP school to establish eligibility for free, reduced price, or paid meals. Standard application and meal counting and claiming procedures would apply.

Administrative Review

51. If a State agency finds errors in the ISP during an Administrative Review, what procedures must be followed?

If a State agency finds errors in the ISP, the State agency must determine the actual ISP (based on identified student data from April 1 of the year prior to the start of the current CEP cycle), then apply the correct claiming percentage retroactively to all claims submitted in the school year during which the Administrative Review takes place. The corrected ISP would be used for the remainder of the four-year cycle.

At the discretion of the State agency, upward adjustments to claims from the current and prior fiscal years may be made following the identification of an ISP calculation error during an Administrative Review (7 CFR 210.8(b)(4)). State agencies have discretion to extend fiscal action beyond the school year in which the erroneous ISP was found, if applicable.

If, based on an ISP calculation error, the State agency determines the LEA is ineligible for CEP, and the LEA is not eligible for a grace year, the State agency should work with the LEA to return to standard counting and claiming. If there is insufficient time in the current school year to resume standard counting and claiming, the LEA should use the corrected claiming percentage for the remainder of the school year. Additionally, the State agency should examine its CEP application process to determine why the erroneous ISP was not discovered and corrected when the LEA elected CEP.

52. During an Administrative Review of an LEA electing CEP, must the State agency review all ISPs in the LEA?

The Administrative Review guidance instructs State agencies to review at least one CEP school. When reviewing the ISP, the review could be at the LEA, group, or individual school level, depending on the level at which CEP is elected. If multiple CEP schools are selected through normal site selection procedures, the corresponding ISP(s) would be reviewed. If no CEP schools are selected, the State agency would conduct an abbreviated review in at least one CEP school or site.

The State agency must ensure:

- A minimum of 10 percent of student names or a statistically valid sample for the ISP is reviewed;
- Appropriate documentation was used to establish the ISP(s); and
- The free and paid claiming percentages used to claim meals for each CEP site reviewed are accurate.

Please refer to *SP 44-2016: Administrative Review – Revised Manual, Tools, and Forms* (available at: <http://www.fns.usda.gov/administrative-review-revised-manual->

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[forms-and-tools-sy2016-17](#)) and *SP 14-2016: Flexibility for CEP Certification Document Review during SY 2015-2016 Administrative Reviews* (available at: <http://www.fns.usda.gov/flexibility-cep-certification-document-review-during-sy15-16-administrative-reviews>) for detailed information on the Administrative Review process and procedures related to CEP.

53. If an LEA elects or drops CEP in the middle of a school year, what Administrative Review activities must the State agency complete?

State agencies should conduct Administrative Review activities specific to the LEA's status during the month and on the day of review. For example, if the review month is December, and the LEA was operating under CEP in December, the State agency must complete certification and benefit issuance review activities required to assess compliance under CEP. However, if the day of review is in February, and the LEA has resumed standard counting and claiming, the State agency will assess standard meal counting and claiming procedures on the day of review. For additional information, see *SP 44-2016*.

54. If the Administrative Review occurs during a year in which an LEA also submitted data to increase its ISP, should the State agency retroactively adjust claims for that school year?

No. Claims are not adjusted retroactively. To increase its ISP, an LEA would review April 1 data as of the most current school year. For example, to begin a new CEP cycle for SY 2016-17 using an increased ISP, the ISP would be based on identified student data from April 1, 2016.

If the LEA submits a higher ISP based on data from April 1 of the previous SY for the upcoming SY, a new four-year cycle begins using the higher ISP. This guarantees the higher ISP for up to four years. For example, an LEA demonstrating an increased ISP (using April 1, 2016 data) would submit claims using the increased ISP for a four-year CEP cycle for SY 2016-17 through SY 2019-20.

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| Verification |
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55. Are LEAs participating in CEP subject to the independent review of applications?

No. LEAs that demonstrate high risk for administrative error associated with certification, verification and other administrative processes are required to conduct an independent review of submitted free and reduced price school meal applications. Therefore, only LEAs that collect applications are required to conduct a second review of applications. If an LEA elects CEP and does not collect applications, an independent review of applications is not required.

56. Do LEAs electing CEP conduct verification?

No. Because applications are not collected, LEAs are exempt from verification for the schools electing CEP. LEAs with some, but not all schools electing CEP must conduct verification in schools operating standard counting and claiming.

57. If an LEA elects CEP after the school year begins, is verification of the household applications collected prior to the CEP election required?

If all students at CEP schools in an LEA are offered meals at no cost 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. See the “Reporting and Recordkeeping” section of this guidance for additional information.

58. If an LEA ends use of CEP and resumes standard counting and claiming, must verification be conducted on the applications processed after the LEA resumed standard counting and claiming?

Yes. If applications were collected to determine eligibility for school meals, the LEA must comply with verification requirements. This requirement is codified at 7 CFR 245.9(j)(2). The State agency will work with the LEA to establish a reasonable timeframe for the LEA to complete verification and reporting activities. The LEA must also comply with other requirements related to application processing, such as the independent review of applications.

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| Reporting and Recordkeeping |
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59. How is CEP data reported on the FNS-742?

FNS-742 procedures for SFAs and States reporting on CEP schools and non-base year Provision 2 and 3 schools include the following:

- 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 and 3 in non-base as applicable.

60. [Revised] How is CEP data reported on the FNS-834?

State agencies must report a statewide count of students matched with SNAP 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.” This includes students from all schools participating in CEP and any non-base year Provision 2 and 3 schools combined. The reporting requirements for Data Element #3 for CEP schools are codified at 7 CFR 245.13(c)(3).

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

Option 1:

Perform a “special Provision match” similar to other Provision schools operating in a non-base year. The special Provision match is a match run between the SNAP database and school enrollment database(s) from special Provision schools operating in a non-base year for the given school year. This includes Provision 1 schools, Provision 2 schools, Provision 3 schools, and CEP schools, as well as any other schools that may operate under the special Provisions outlined in the legislation and regulations cited in Section V of *SP 50-2013: Release of the New State Agency (NSLP/SNAP) Direct Certification Rate Data Element Report (Form FNS-834)*, <http://www.fns.usda.gov/release-new-state-agency-nslpsnap-direct-certification-rate-data-element-report-form-fns-834>.

In those States with special Provision schools, the special Provision match must be run in or close to October each year, but no later than the last operating day in October. For example, in SY 2016-17 the count for Data Element #3 would come from the special provision match conducted in or near October 2015, but not later than the last operating day of October 2015.

Option 2:

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 2016-17, the FNS-834 will be due December 1, 2016, and the count used would be the count of identified students matched with SNAP by April 1, 2016, whether or not the school elected to update the claiming percentage that year.

61. How is October data reported on the FNS-10 for CEP schools?

The “free” percentage currently used to claim meals under CEP (ISP x 1.6) in the LEA or school should be applied to the current October enrollment number to estimate the number of children approved for free meals to report in 15a. CEP LEAs do not report “reduced price” data in 15b.

62. How are CEP data accounted for in the FNS-828?

All SFAs must report their paid reimbursable lunch prices to their State agency (FNS-828 form). SFAs that do not charge for paid student lunches must enter "\$0.00" in any or all categories, as applicable. SFAs that have some schools that do not charge for lunches (i.e., CEP schools), would report the most frequently charged lunch price(s) in those schools or categories of schools that do charge for paid lunches.

63. What are the reporting requirements for LEAs that add CEP in the middle of the school year?

LEAs seeking to elect CEP in the middle of a school year should consult with their State agencies for technical assistance. The following table details reporting requirements for such LEAs:

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

64. How should LEAs participating CEP report information on the FNS-10?

LEAs participating in CEP must complete the FNS-10, *Report of School Program Operations*, annually. The free claiming percentage currently used under CEP (ISP times 1.6) in the LEA or school should be applied to the current October enrollment number to estimate the number of children approved for free lunches to report in 15a. LEAs participating in CEP are not required to report reduced price data in 15b.

If an LEA elects CEP after October 31, the LEA should follow standard reporting procedures using data from household applications.

65. [New] What CEP source documentation must be maintained by the State agency and LEA once the State agency validates the ISP?

State Agency Recordkeeping Requirements

State agencies have established an array of processes for assessing the accuracy of the ISP. Many States have opted to follow the Administrative Review procedures, which involve locating 10 percent (or a statistically valid sample) of identified student names on appropriate source documentation. States following these procedures must, at a minimum, maintain the following ISP data for LEAs and schools participating in CEP as part of the Administrative Review records:

- A list of all identified students, with their ISP classification, used to determine the ISP from all schools participating in CEP from each district in the State;
- Documentation for the total enrollment at all CEP schools in the State;
- The sample list of students that the State agency used to verify the initial ISP; and
- The ISP worksheet the LEAs used to calculate the ISP(s) and submitted to State agencies with appropriate documentation.

For more information, please see *SP 15-2016: CEP State Agency Procedures to Ensure Identified Student Percentage Accuracy*, <http://www.fns.usda.gov/cep-state-agency-procedures-ensure-identified-student-percentage-accuracy>.

Under 7 CFR 210.5(d), State agencies are required to maintain Program records as necessary to support the reimbursement payments made to school food authorities (SFAs). 7 CFR 210.23(c) states the records shall be retained for a period of three years after the date of submission of the final Financial Status Report for the fiscal year. Therefore, State agencies must maintain documentation used to confirm the current claiming ISP for the entire time an LEA or school operates CEP, and for three years after submission of the LEA's final Claim for Reimbursement for the last fiscal year of CEP. In any case, if audit findings have not been resolved, these records must be retained beyond the three-year period as long as required for the resolution of issues raised by the audit.

LEA Recordkeeping Requirements

According to 7 CFR 245.9(h)(3), LEAs participating in CEP must ensure the following records are maintained:

- Data used to calculate the ISP;
- Annual selection of the ISP;
- Total number of breakfasts and lunches served daily;
- Percentages used to claim meal reimbursement;
- Non-Federal funding sources used to cover any excess meal costs, if applicable; and
 - School-level information provided to the State agency for publication, if applicable.

LEAs must maintain source documentation used to confirm the ISP for the entire time an LEA or school operates CEP. If an LEA or school chooses to return to standard counting and claiming, the LEA must maintain the source documentation for three years after submission of the final Claim for Reimbursement for the last fiscal year of CEP. Similar to State agency records, if audit findings have not been resolved, LEA records must be retained beyond the three-year period as long as required for the resolution of issues raised by the audit.

Student Charges and Pricing

66. May a student attending a CEP school be charged for a non-reimbursable meal?

Yes. If a student selects a non-reimbursable meal (i.e., the student refuses to select the components required for a reimbursable meal) the school may charge the student for the food components a la carte. Alternatively, the school may allow the student to take the food at no cost. In either case, the school may not claim a non-reimbursable meal for reimbursement.

67. What if a parent or guardian insists on paying for a student's meal?

FNS encourages schools electing CEP to explain to parents and guardians how CEP benefits students, schools, and households. Encouraging all students to participate at no cost reduces the peer-group stigma sometimes associated with free or reduced price status and may improve the school nutrition environment.

Parents or guardians that insist on paying should be encouraged to make a monetary donation to the nonprofit school food service account. Children may also opt out of receiving free meals by bringing food from home or purchasing a la carte foods, if available.

68. How should CEP schools be included for the purposes of Paid Lunch Equity in LEAs that have some CEP and some non-CEP schools?

In partial-CEP districts, CEP schools are not be factored into the calculation for the average weighted price for the PLE requirement. See *SP 39-2011 (Revised): Child Nutrition Reauthorization 2010: Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods*, <http://www.fns.usda.gov/sites/default/files/SP39-2011r.pdf>.

Other Federal Programs

69. A CEP school also operates the Special Milk Program (SMP) for half-day kindergarten students who do not have access to NSLP or SBP. How should the school certify students for the SMP without household applications?

The SMP operates independently from NSLP and SBP. CEP schools that also operate the SMP must process household applications to certify students for SMP benefits.

70. How are Fresh Fruit and Vegetable Program (FFVP) award determinations made for CEP schools?

Because the 1.6 multiplier provides an estimate of the total number of students eligible for free and reduced price meals in CEP schools, the product of the ISP multiplied by 1.6 are used to award FFVP funds. Schools in LEAs electing CEP for the entire LEA and schools participating as part of a group must still use the individual school-level ISP percentage for purposes of awarding FFVP funds. The multiplier is codified in Federal regulation at 7 CFR 245.9(f)(3)(vi).

71. What data should be used to establish area eligibility for the NSLP Afterschool Snack Program?

Data from the previous October is typically used to establish area eligibility for NSLP Afterschool Snacks. In the first year of a CEP cycle, participating LEAs and schools must use data from the previous October to determine area eligibility for individual schools.

After the first year of CEP participation, LEAs and schools must use the CEP claiming percentage (ISP x 1.6) to establish area eligibility for NSLP Afterschool Snacks. Schools in LEAs electing CEP for the entire LEA and schools participating as part of a group must still determine area eligibility using the individual school's ISP. For more information, see *SP 10, CACFP 04, SFSP 03-2015: Area Eligibility in the Child Nutrition Programs*, <http://www.fns.usda.gov/area-eligibility-child-nutrition-programs-0>.

72. How are NSLP Afterschool Snacks claimed at a CEP schools?

CEP schools that are not area eligible claim snacks using the same claiming percentage they use to claim meals under NSLP/SBP. CEP schools that are area eligible claim all snacks at the free reimbursement 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.

73. [New] May schools use excess funds from the CACFP and the SFSP to cover operating costs for CEP?

Yes. The Richard B. Russell National School Lunch Act (42 U.S.C. 1759(a)(1) section 11(a)(1)(F)(ii)(I)(bb) states that Federal assistance received under the NSLA and CNA may be used to support offering breakfasts and lunches to students at no cost in CEP schools.

74. [New] What is Provision 2?

Similar to CEP, Provision 2 is a universal meal service model (i.e., students are not charged for meals) that reduces application burden and simplifies meal counting and claiming procedures. Under Provision 2, schools establish claiming percentages during a “base year” and serve all meals at no charge for a four-year period. During the first year (the “base year”) the school makes eligibility determinations using applications, and takes meal counts by type (free, reduced price, and paid).

During the next three years, the school makes no new eligibility determinations (i.e., no applications) 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 corresponding month of 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. Schools electing this alternative must pay the difference between Federal reimbursement (and other assistance received under the NSLA and CNA) and the cost of providing all meals at no charge. The money to pay for this difference must be from non-Federal funds.

In high-poverty areas with low direct certification rates, household income applications may better reflect the school or district’s poverty rate, and Provision 2 may be advantageous. However, when CEP is a viable option, it is often beneficial because it eliminates the need to process household applications altogether, which can lead to greater administrative savings. Many schools operating Provision 2 have made seamless, successful transitions to CEP.

For more information about Provision 2 and other Provision options, please see: <http://www.fns.usda.gov/school-meals/provisions-1-2-and-3>.

75. [New] How do schools transition from Provision 2 to CEP?

An LEA considering a switch from Provision 2 to CEP should work with its State agency to make the transition. State agency contact information is available at: <http://www.fns.usda.gov/cnd/contacts/StateDirectory.htm>. If the State determines a Provision 2 school is eligible for CEP and would benefit from making the transition, the LEA should submit required documentation to the State Agency for approval.

When making the transition, the LEA should work with its State agency to ensure all requirements for operating CEP (e.g., validating the ISP, meeting notification and publication requirements) are met. These schools must retain base year records (base year plus all extensions) for three years after the final year of Provision 2 operations, or longer if there are audit findings until the findings are resolved.

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| Title I and Other Educational Funding |
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76. Where can LEAs find information about Title I procedures for CEP schools?

The Department of Education published guidance, which is included in *SP 35-2015: Updated Title I Guidance for Schools Electing Community Eligibility*, <http://www.fns.usda.gov/updated-title-i-guidance-schools-electing-community-eligibility>.

77. A school district includes CEP and non-CEP schools. To alleviate confusion among households and administrative staff, the district would like to use a single form to collect household income information to (1) determine eligibility for school meals in non-CEP schools, and (2) distribute other education funding in CEP schools. The district would cost-allocate expenses for form processing based on the proportionate number of students surveyed in non-CEP vs. CEP schools. Costs for surveys of CEP households would not be paid from the nonprofit school food service account. Is this allowable?

Yes. Single forms developed for this purpose must:

- Contain all information required on the school meals application;
- Include a clear, concise, and prominent disclaimer to indicate households with students attending CEP schools are not required to submit the form for their student to receive meals benefits; and
- Clearly specify to households which fields must be completed for students attending CEP vs. non-CEP schools.

LEAs opting to use a single form must be able to distinguish between forms from students attending CEP vs. non-CEP schools so the LEA can comply with Program requirements related to household applications. For example, only non-CEP applications are used for selecting the verification sample, conducting an independent

review of applications, and the Certification and Benefit Issuance portion of the Administrative Review. Additionally, the LEA must cost-allocate expenses for form processing. Costs for processing forms for students attending CEP schools may not be paid from the nonprofit school food service account.

USDA encourages LEAs to identify means of allocating education funding that do not mitigate CEP's paperwork reduction benefit. However, some LEAs electing to partially implement CEP have determined that individual income information is still necessary for carrying out various education funding allocations. A single form collecting household income information from students in CEP and non-CEP schools may be a reasonable way to streamline information collection.

78. Can school food service staff process alternate income forms if an LEA decides it is necessary to collect forms to allocate education funding?

Yes. School food service staff has expertise collecting household income forms. If an LEA decides it is necessary to collect alternate income forms to allocate education funding, school food service staff may process the forms, but the cost of alternate income form processing may not be paid from the non-profit school food service account and the forms may not be associated with school meals. The LEA must pay for (or reimburse the non-profit school food service account) for the cost of processing forms.

79. An LEA, in which all schools participate in NSLP or SBP, partially implements CEP. Students within a single household attend both CEP and non-CEP schools. Can information from one sibling's household application be shared with a CEP school to determine another sibling's eligibility for other types of funding (e.g., athletic fee waivers)?

Yes. However, this approach will likely not provide comprehensive information for the entire student population at the CEP school because it is not likely that all CEP students will have a sibling that submits a schools meals application at a non-CEP school. Also, students may not be added to a school's ISP based on information gathered via a household application submitted to determine a sibling's eligibility at a non-CEP school.