

South Carolina
School Food Service Program Reference Manual
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Chapter 10 – Determining Eligibility

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Concerns About “Over-Certification”

The U.S. Department of Agriculture (USDA) data indicates that a significant and increasing number of ineligible children are being certified for free and reduced-price school meals. When ineligible children receive free and reduced-price benefits, federal reimbursement is misdirected, as are significant amounts of state, federal, and in some cases, local education funds. Furthermore, questions about the integrity of the eligibility determination and verification process undermine public confidence in a program that has long enjoyed the support of the American people and the U.S. Congress. School Food Authorities (SFAs) should make every reasonable effort to ensure that applications are completed correctly and benefits are provided only to eligible households.

Eligibility Guidance Resources

It is important that all individuals involved in the benefit determination process are knowledgeable and up-to date on the requirements. USDA’s *Eligibility Manual for School Meals* provides comprehensive information about determining and verifying eligibility for Child Nutrition Program (CNP) benefits. Note that USDA has published multiple copies of this manual. The most current version was published in August 2014 and is available from <http://www.fns.usda.gov/2014-edition-eligibility-manual-school-meals>.

Overview of Methods for Determining Eligibility

There are two ways in which a student may be eligible for free or reduced-price meals.

1. “Income eligible” students are those who are eligible for free or reduced-price meals based on their household size and income level. The guidelines, which are based on the current poverty level, are set annually by the Secretary of Agriculture and can be found in the SFA’s Program Agreement. (See Chapter 3 – Program Agreement in this *Program Reference Manual* for additional information.)
2. “Categorically eligible” students are those who are automatically eligible for free meals because they are:
 - a. A member of a household that receives benefits from the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) program;
 - b. Enrolled in a Head Start or Even Start program;
 - c. Classified as “homeless” by the school district’s homeless liaison or by the director of a homeless shelter;
 - d. A runaway child who is receiving assistance from a program under the Runaway and Homeless Youth Act and is identified by the local educational liaison; or
 - e. A migrant child as determined by the state or local Migrant Education Program (MEP) coordinator.

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Students who are categorically eligible may be directly certified or may notify the SFA of their categorical eligibility at any time. Direct certification is the process by which students are automatically approved for free CNP benefits based on information provided by the appropriate state or local agency or other recognized authority. See Page 10-26 – Direct Certification in this Program Reference Manual for additional information on direct certification procedures and requirements.

Required Forms for Determining Eligibility

Federal regulations require that SFAs have an approved application or direct certification documentation on file for each student served a meal meeting program requirements that is claimed for federal reimbursement at the free or reduced-price rate. Under certain circumstances Head Start, Even Start and homeless students may be documented from a pre-approved list, similar to direct certification.

The forms listed below are part of the South Carolina Department of Education's (SCDE's) Program Agreement packet. SCDE prefers that SFAs use these forms exactly as they are provided. If the SFA chooses to modify the format or content of any of the following forms, SCDE must annually pre-approve the revised version before it is distributed. Refer to South Carolina Automated Payment System (SCAPS) for the required forms.

Parent/Guardian Letter (Appendix B) Refer to SCAPS for the required form. This letter, or a similar approved version, is completed by filling in the school district name, meal prices and contact information. It must be distributed to **all** households of enrolled students.

Free and Reduced-Price School Meals Application (Lunch Application) This application form **must** be distributed to all households along with the above "Parent/ Guardian Letter" (See Chapter 3 – Program Agreement).

Notification Letter (Letter to Household about Approval or Denial of Benefits) Appendix D) All households that complete an application must be notified of their eligibility determination. Households that are approved for benefits may be notified verbally or in writing. All students denied benefits must be notified in writing. For students denied eligibility, a copy of the completed letter (provided in Chapter 3 – Program Agreement and SCAPS) should be attached to each application and filed.

Foreign Language Translations

SFAs must send the appropriate non-English language application and letter to households if a significant number of enrolled children come from households belonging to the same foreign language group and have limited English communication skills. If the number of non-English language households is not significant, the SFA need not provide foreign language translations. However, SFAs are encouraged to provide assistance in filling out applications through the use of translators.

The FNS web site at (<http://www.fns.usda.gov/cnd/Application/familyfriendlyapps.html>) has the prototype application and materials translated in a number of languages.

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Duration of Eligibility

A child's eligibility is in effect from the date of determination for the current school year, up to 30 operating days in the subsequent school year. However, this does not apply when the initial eligibility determination was incorrect or when verification of household eligibility, including verification for cause, does not support the level of benefits for which the household was approved. In those instances, officials must make appropriate changes in eligibility.

PROHIBITION ON THE USE OF TEMPORARY APPROVAL

Temporary approval of an application is no longer permitted because of the year long duration of eligibility provision. If LEAs/schools are concerned with the authenticity of the information provided on an application, they may, on a case by case basis, verify the application for cause.

Benefits Prior to Processing Applications

SFAs may use eligibility from the prior year to establish student eligibility for up to the first 30 operating days of the current school year (beginning with the first day of school) or until a new application is approved/denied, whichever comes first.

This regulation **does** apply to the following:

- Children from households with approved applications on file from the previous year;
- New children in the SFA from households that were approved for benefits the previous year based either on income or categorical eligibility (Note: USDA revised the policy on siblings from categorically eligible households in August 2012). The children must be listed on the previous year's application; and
- Previously approved students who transfer from one school to another under the jurisdiction of the same SFA.

This regulation does **not** apply to students who transfer from one SFA to another.

The number of approved eligible students that are carried over to the current school year must be adjusted for students who graduated or withdrew from the SFA. After the 30 operating days, students without new applications must have their benefits terminated.

Once a current application is received and approved or denied, a child's eligibility status is effective immediately. If the benefit level is reduced or denied based on the new application, the SFA is not required to give the 10-day adverse action notice (because it is not considered a "change" in benefit level).

When to Change Benefit Level

Q-1 *A household completed a new application 15 days after the beginning of the school year. May I continue to provide meals based on last year's eligibility for 30 calendar days even though an application for the current school year indicates a change in the benefit level?*

A No. Changes in eligibility status that result from a new application are effective immediately.

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Benefits Prior to Approval

- Q-2 *If a student has charged meals prior to an application being approved, may those meals be claimed at the benefit level established by the new application?*
- A No. Eligibility status is not retroactive. Meals can only be claimed from the date of approval forward.

Distribution of Applications

The Parent/Guardian Letter (See [Chapter 3 – Program Agreement](#), Appendix B) or a similar, approved version, and the Free and Reduced-Price School Meals Application (see [Chapter 3 – Program Agreement](#)) must be provided to parents and guardians of all enrolled students. This ensures that no child is inadvertently excluded from participation in the CNP.

When to Distribute Applications

Letters and applications should be sent to households as early as possible in the school year to allow for the return and review of applications. However, the letter may not be sent earlier than four calendar weeks prior to when students start school and SFAs may not begin accepting and processing applications prior to July 1.

How to Distribute Applications

If the letter and application are distributed through the mail, in individualized student packets or by other methods that would prevent the overt identification of directly certified students, then the parents or guardians of those students may be excluded from the distribution of these materials. Under this option, households will receive either a letter to parents with an application form or a letter notifying them that their children are pre-approved and eligible for free meal benefits.

Other acceptable methods for distributing letters and applications include giving each student a copy to take home and including a copy in each student's enrollment packet.

It is **not** acceptable to:

- Have applications available on a table, within sight of other people, for a parent/guardian or child to pick up;
- Ask a parent/guardian, within hearing distance of other people, if he/she would like an application;
- Provide application forms only to those who received program benefits during the prior school year;
- Require parents/guardians to go to a particular place to apply for meal benefits;
- Require a parent/guardian to request an application.

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Providing Assistance with Applications

- Q-3 *We open our office prior to the beginning of the school year and offer parents and guardians an opportunity to apply for meal benefits and, if needed, receive help in filling out the application. Is this acceptable?*
- A Yes, as long as (1) the parents/guardians are not required to come to the office to apply for meal benefits, (2) a system is in place for reviewing any additional application submitted by the households to ensure that the information is the same as that indicated on the original application and (3) a system is in place for eliminating duplicate applications from the file.

Distributing Applications Early

- Q-4 *May applications be provided at the end of the school year for parents to return at the beginning of the next school year?*
- A No, because the application is to be based on the household's eligibility at the beginning of the new school year. Therefore, households must be provided with the eligibility criteria near the beginning of the school year and not before July 1.

Pre-printed Applications

- Q-5 *In a computerized operation, may a pre-printed copy of last year's application be given to the household so that they can easily update the application? What items may be pre-printed?*
- A It is the household's responsibility to complete the application. A school may send households an application with the child's name, the name of the household, and the household's address pre-printed. No other information may be pre-printed.

Reviewing Official's Responsibilities

Each SFA is required to designate a reviewing official in their Program Agreement (See [Chapter 3 – Program Agreement](#)). The reviewing official(s) must review each application for free and reduced-price school meals submitted to ensure that it is complete. If it is complete, the reviewing official approves or denies it based on the reported information. Any questionable or inconsistent information on the application must be clarified before the application is processed. The reviewing official then records the date of the approval or, if applicable, the date and reason for the denial and notifies the household of approval or denial.

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Applications should be processed in a timely manner. An eligibility determination should be made as quickly as possible, but always within ten working days of receipt of the application. Priority should be given to applications for students who do not already have one on file (for example, students who have transferred from other SFAs, siblings of categorically eligible students and students without a sibling in the SFA.) SFAs should date-stamp applications once returned by households.

Once an application has been received, it becomes the official record. SFAs should keep the information on the application up-to-date. Documentation of contacts with the household and all information received should be recorded directly on the application or attached to it.

Approval of Applications by a Food Service Management Company

Q-6 *May the approval of the Free and Reduced-Price School Meals Family Applications be delegated to a food service management company along with other management responsibilities?*

A No. The determination of eligibility for free and reduced-price meals is a SFA responsibility and cannot be assigned to a food service management company. School officials are directly responsible for determining eligibility and maintaining confidentiality of the information on the application. Refer to Chapter 15 – Food Service Management Companies in this *Program Reference Manual* for additional information.

Checklist for Reviewing Official

The following information must be provided by the household before an eligibility determination can be made:

Income Eligible:

- Names of all household members;
- Last four digits of social security number of the adult household member who signs the application or an indication that he/she does not have one;
- The amount of current income received in the prior month by each household member; identified by source, such as wages, welfare, alimony, etc.;
- Signature of an adult household member.

SNAP/TANF Households:

- Name of child;
- Current SNAP/TANF case number (generally, this number will not exceed ten digits versus a 16 digit EBT card number);
- Signature of an adult household member.

Head Start and Even Start Students:

- An approved Head Start or Even Start application for the child's family;
- A Agreement of enrollment in Head Start or Even Start;
- A list of children participating in Head Start or Even Start.

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Eligibility Based on Household Size & Income

Households applying for free or reduced-price meals based on their household size and income must provide the following information on the application:

- Name(s) of student(s);
- Names of all household members;
- The last four digits of the Social Security number of the adult household member who signs the application or an indication that the adult household member does not have a Social Security number;
- The amount of income received by each household member in the prior month identified by the individual who receives it, and the source of income (for example, wages, welfare, alimony, last four digits of social security, etc.)
- Signature of an adult household member.

Applications with Missing Information

The reviewing official must not delay approval of an application if the household fails to provide any **non-required** information. Examples of non-required information include the following: date of birth, citizenship status, address, race/ethnicity and gender. For example, households are not required to complete the racial/ethnic identity question. However, if the household does not complete this section, a school official must complete it, unless the racial/ethnic identity data is available by other means within the SFA's records.

Every reasonable effort should be made to obtain required missing information prior to denying the application. If an application is incomplete, it may be returned to the household or the household may be contacted either by phone or in writing to obtain the information. Document the details of the contact, enter the information received on the application, initial and date the entry. SFAs should never cover any information provided by the household on the application with correction fluid.

If any information provided on the application is discovered to be incorrect (through contact with the household), the SFA should:

1. Cross out the original information with one line in red ink.
2. Correct the information as provided by the household.
3. Document the source of the correct information.
4. Initial and date the changes.

If the application is missing the signature of an adult household member, the application must be returned to the household. The household member's signature certifies that the information on the application is true and correct.

Each household must provide the total amount of their current income. Income must be identified with the individual who received it, and the source of the income (wages, Social Security, etc.). Each household member who does not have income must also be identified and must have an indication of zero income on the application. Zero income may be indicated by checking a "no income" box, by writing in "zero" or "no income" or by inserting \$0. Applications where no income information is provided are considered incomplete. The LEA must follow up with the household to determine their status as "zero" income or their current income.

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Complete Applications

Q-7 *Does the racial/ethnic identity question have to be completed by the household?*

A No. However, regulations implementing the Civil Rights Act of 1964 require recipient agencies to have available for review racial/ethnic data showing the extent to which minorities apply for and are beneficiaries of federally-assisted programs. If the households do not complete the racial/ethnic data question, a school official should complete it.



Q-8 *Does an emancipated child sign his/her own application? Is a Social Security number required?*

A An emancipated child who lives alone as a household of one, or as a member of a household with no adult household members, must sign his or her own application. No Social Security number is required since the emancipated child is not an adult.

Determining Household Income

A household that is not categorically eligible to receive free CNP benefits must provide household size and income information on the Free and Reduced-Price School Meals Application (see [Chapter 3 – Program Agreement](#), Appendix B) when applying for benefits.

Reportable Income

Households must report any money received on a recurring basis including gross earned income. Gross income is the amount earned **before** deductions for income taxes, employee's social security taxes, insurance premiums, etc. Total gross income must be considered regardless of amounts that are garnished or used to pay creditors. The amount reported should be the amount received during the most recent month before applying. Income to be reported includes:

- Payment for services, wages, salary, tips, commissions or fees, including overtime earnings;
- Earnings of a student for full-time or regular part-time work;
- Social Security benefits;
- Supplemental Security Income (SSI);
- Public assistance/welfare payments (TANF, etc. but not SNAP);
- Alimony or child support payments;
- Unemployment compensation;
- Government civilian employee or military retirement or pension;
- Veteran's payments;
- Private pension, annuities, or retirement income;
- Regular contributions from persons not living in the household;
- Strike benefits;
- Workers' compensation or disability benefits;
- Net income for self-employed farmers and business persons, net rental income, and royalties;
- Dividends or interest on savings or bonds;
- Income from estates or trusts;

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- Other cash income including cash amounts received or withdrawn from investments, trust accounts, and other resources that would be available to pay the price of a child's meal;
- Military benefits received in cash, such as housing allowances for military households living off-base and food allowances. See page 10-12 for more information.

Rental Income

Q-9 *If one household owns a housing unit and rents living space to another household, does the household receiving the rental fees have to report this amount as income?*

A Yes. Income includes money derived from rent of room(s), apartment(s), etc. If a household receives rental income from another household, it must be included as income. The treatment of rental income would be similar to the treatment of self-employment income.

Income Excluded

Income **not** to be counted or reported in the determination of a household's eligibility for free or reduced-price meals includes:

- Any cash income or value of benefits a household receives from any federal program that excludes such income by legislative prohibition, such as the value of food assistance provided under SNAP. For a complete listing of federal programs exempt from reporting the value of benefits as income refer to USDA's *Eligibility Manual for School Meals*;
- Student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals;
- Loans, such as bank loans, since these funds are only temporarily available and must be repaid;
- The value of in-kind compensation, such as military on-base housing or any other non-cash benefit;
- Occasional earnings received on an irregular basis, not recurring, such as payment for occasional babysitting or mowing lawns;
- Lump sum payments or large cash settlements (such as an insurance payment for fire damage to a house) **unless** the household makes regular withdrawals from that lump sum and uses the money for living expenses.

Rent Paid by Two Separate Households

Q-10 *If two separate households rent living space (e.g. an apartment or house), and one household gives its portion of the rent to the other household which, in turn, transmits the full rent to the landlord, does the rental income given to the transmitting household count as rental income?*

A No. The transmitting household has not received income; rather it is performing a simple financial transaction that does not provide it with additional income.

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Military Benefits

An in-kind benefit is excluded, such as non-privatized on-base housing, where no cash is provided to the household. Other sources of excluded income related to the military:

- Family Subsistence Supplemental Allowance (FSSA) - By law, the FSSA is not counted as income in determining eligibility for free and reduced price meals;

- Privatized housing allowances received under the Military Housing Privatization Initiative are not counted as income. Under this privatization initiative, a housing allowance appears on the Leave and Earnings Agreement of service members living in privatized housing. The exclusion only applies to service members living in housing covered under the Military Housing Privatization Initiative. Housing allowances for households living off-base in the general commercial/private real estate market are counted as income. Additional information about DOD's Military Housing Privatization Initiative, including a list of affected installations, may be found at <http://www.acq.osd.mil/housing>;

- Combat Pay is excluded if it is:
 - Received in addition to the service member's basic pay;
 - Received as a result of the service member's deployment to or service in an area that has been designated as a combat zone; and
 - Not received by the service member prior to his/her deployment to or service in the designated combat zone.

- Combat pay as described is extended to Deployment Extension Incentive Pay (DEIP). DEIP is given to active-duty service members who agree to extend their military service by completing deployment with their units without re-enlisting.
 - This exemption applies only until the service members return to their home station. DEIP payments provided to service members that are not considered deployed are not exempt.

Military Housing

- Q-11 *Why is the housing allowance provided to service personnel counted as income when the value of provided housing is not?*
- A Income is defined as all cash received on a recurring basis. In-kind benefits, by definition, are not cash payments, and, therefore, are not considered as income for the purpose of determining free and reduced price eligibility. School officials are not in a position to determine the value of in-kind benefits, such as housing for clergy, cars for salespersons, employee medical or dental benefits, etc. The income exclusion for in-kind benefits is uniform throughout the school meal programs. To treat in-kind benefits provided to military households differently from in-kind benefits provided to the general population would create an inequity. The fact that the value of military on base housing is more readily identifiable than other sources of in-kind benefits would not lessen the inequity.

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Possible Problems

If the income reported seems inappropriate for the pay frequency specified, contact the household to clarify how often the income is received.

If the household reports an hourly wage but does not report the number of hours worked, before calculating household income, the SFA must contact the household to clarify how many hours are normally worked.

How to Compute Total Income

It is the responsibility of the reviewing official to compute the household's current total gross income and to compare the total amount to the Household Size and Income Guidelines. (See the current year's guidelines provided in the SFA's Program Agreement.)

1. If the income given for the adult household member(s) is provided in one common time frame and more than one source of income is provided, add the income amounts together.
2. If there are multiple income sources with more than one frequency, the LEA must annualize all income by multiplying:
 - Weekly income by 52;
 - Bi-weekly income (received every two weeks) by 26;
 - Semi-monthly income (received twice a month) by 24;
 - Monthly income by 12.
3. Compare the total income to the income eligibility guidelines for the specified time frame (for example, monthly) and household size on the Household Size and Income Guidelines chart. (Use the current guidelines provided in the SFA's Program Agreement.)

Seasonal Workers, Self-Employed and Farm Income

Current income may be calculated differently for seasonal workers and self-employed persons. Seasonal workers, such as migrants, and others whose income fluctuates usually earn more money in some months than in other months. The previous month's income may not represent the household's current circumstances.

In these situations, the household may project its annual rate of income and report this amount as its current income or use the prior year's income if it provides an accurate reflection of the household's current income.

Self-employed persons are allowed to report net business income rather than gross business income. Net income for self-employment is determined by subtracting business expenses from gross receipts. Net income for a self-employed farmer is figured by subtracting the farmer's operating expenses from gross receipts. Gross receipts include the total value of goods sold or services rendered by the business/farm. Self-employed persons may use income tax records for the preceding calendar year as a base to project the current year's income, unless the current monthly income provides a more accurate measure.

Additional income received from other kinds of employment must be treated as separate and apart from the income generated from a self-owned business. For example, if the business operated at a net loss, but the household member or another household member held additional

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employment for which a salary was received, the income for purposes of applying for free and reduced-price meals would be the income from the salary only. The loss from the business cannot be deducted from a positive income earned in other employment. For purposes of applying for CNP benefits, it is not possible to report a negative income from any business venture. The least income possible is zero (no income).

Pay Stubs Provided but No Income Listed

- Q-12 *A household voluntarily provided pay stubs with the application but did not write the amount of each person's income on the application. All other items were completed. According to the pay stubs, the household is eligible for benefits. What should the reviewing official do?*
- A Rather than denying the application or returning the application to the household, the reviewing official may contact the household by phone or in writing to ensure that the household submitted all documentation of income. The official should document the contact, enter the information on the application and initial and date the action.

Known Income Not Provided

- Q-13 *Can the reviewing official make an eligibility determination based upon other income sources which were not declared on the application but about which the official knows?*
- A No. The reviewing official must make the initial determination based upon the face value of the application. However, immediately after the application is approved, the SFA may begin the verification process on the application.

Additional Income Suspected

- Q-14 *What if the reviewing official suspects that there are other sources of income?*
- A Any application that contains questionable information **must** be verified as soon as possible. See [Chapter 11 – Verification of Eligibility](#) in this *Program Reference Manual* for additional information and instructions.

Determining Household Size

School officials must often use their discretion in making household size determinations. However, household composition, for the purpose of making an eligibility determination for free and reduced-price benefits, is based on economic units. The definition of those and other important terms are provided below:

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Definitions

Household – A group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit.

Economic Unit – A group of related or unrelated people, who share housing and/or all significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

Household of One – A one-person household. This term applies to an emancipated child living alone or as a separate economic unit.

SNAP Household – Any individual or group of individuals currently certified to receive benefits under the Supplemental Nutrition Assistance Program (SNAP).

TANF Assistance Unit – Any individual or group of individuals currently certified to receive assistance under the Temporary Assistance for Needy Families (TANF) program.

Categorical Eligibility – Are those children automatically eligible for free meal benefits because they, or any household member, receive benefits under Assistance Programs (such as SNAP or TANF) or those children who are designated as members of Other Source Categorically Eligible Programs. An individual child's eligibility for free meals under any of the Other Source Categorically Eligible Programs (Head Start, Migrant, Runaway or Homeless) does not convey to other children in the household.

Foster Child – A foster child is a child whose care and placement is the responsibility of a State or local welfare agency or who is placed by a court with a caretaker household. This applies only to foster children who are formally placed by the State welfare agency or court. This does not apply to informal arrangements such as caretaker arrangements or to permanent guardianship placements that may exist outside of or as a result of State or court based systems.

Migrant Child- A child who has moved across school district lines within the last three years in order to accompany or join a parent or guardian who has moved to seek or obtain temporary or seasonal work in agriculture or fishing. (Note: minors who move with a spouse or by themselves to perform this work may also qualify.) Local Migrant Education Program (MEP) staff are responsible for identifying and maintaining supporting documentation as to who is defined as a migrant child.

Runaway Child-A runaway child is identified as a runaway receiving assistance through a program under the Runaway and Homeless Youth Act (RYHA) by the School Food Authority (SFA).

Students Away at School – Students who are temporarily away at school, for example students attending boarding schools or colleges, should be counted as members of the household.

Military Families – Military personnel on shore duty living with the household or away on Temporary Duty (TDY) are considered household members. Military personnel serving

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overseas or assigned to a military base and not living with the household are not considered members of the household for purposes of determining eligibility, but the money sent to the household is included as income to the household.

Child Living with One Parent, Relatives or Friends – In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides, and the size and total income of that household is used to determine the child's eligibility. Children of divorced or separated parents are generally considered part of the household that has custody.

Joint Custody – When joint custody has been awarded and the child physically changes residence, the child is considered part of the household where he/she resides. In these situations, if both parents apply for benefits in the same SFA for the child, and different eligibility statuses result, the greatest benefit level is used. For example, if the mother's situation results in eligibility for free meals but the father's application is denied, the child would receive free meals regardless of which parent had custody at the time.

Adopted Child – An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. Therefore, the household's size and total income is considered in the eligibility determination.

Adoption Assistance Payments

Q-15 *Are children for whom households receive adoption assistance payments under Title IV-E of the Social Security Act automatically eligible for free school meals?*

A No. Sections 673 and 674 of the Social Security Act specify that, for purposes of Titles XIX (medical assistance) and Title XX (child care), children whose parents receive adoption payments shall be deemed to be recipients of the Aid to Families with Dependent Children program (formerly AFDC, now TANF). However, the statute did not extend eligibility to the NSLP, SBP, or SMP. Additionally, there is no legislative prohibition from considering the adoption assistance payments as income. Therefore, the amount of the adoption assistance payment must be included as household income.

Child Attending an Institution – A child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Homeless – An individual who lacks a fixed, regular, and adequate nighttime residence. See section entitled, "[Categorical Eligibility of Homeless and Runaway Students](#)" for additional information.

Emancipated Student – A student living alone or as a separate economic unit is considered to be a household of one. In some cases, an emancipated student may be living with relatives or

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friends, none of whom is an adult. If the household is one economic unit, all income and household members must be included to determine eligibility. Age is not a factor in defining an emancipated student.

Student Pays Room and Board

Q-16 *If a child lives with his/her parents and is required to pay for room and board, is the child considered a separate household?*

A Not usually. The child is considered to be a separate household only in those cases where the child is living alone or as a separate economic unit. Separate economic units are usually characterized by the prorating of most household expenses. Most students paying room and board are usually paying a token amount and are not economically independent of their parents and are therefore not considered to be emancipated.

Boarding School Students – A student in boarding school is considered a member of the household in which he/she normally resides; therefore, household size and total household income are considered in the eligibility determination.

Foreign Exchange Students – A foreign exchange student is considered a member of the household in which he/she resides. Therefore, the household size and total household income are considered in the eligibility determination.

How to Use This Guidance

Q-17 *How much judgment or discretion may the SFA exercise in determining whether a household does or does not meet the eligibility criteria for benefits?*

A Frequently questions arise concerning what is to be included as income and what constitutes a household. Free and reduced-price guidance is intended to provide guidelines for those individuals making eligibility determinations. The guidance cannot, however, address each individual situation. Reviewing officials will occasionally have to apply the broad concepts set forth in this guidance to some individual situations. If unusual situations unlike any examples in the guidance arise, the reviewing official should contact SCDE.

DOCUMENTING FREE MEAL ELIGIBILITY FOR FOSTER CHILDREN

School food authorities (SFA) should continue to review their Direct Certification reports to identify students that may have a foster child status. Appropriate documentation may also be used to identify children with a foster status:

- SFAs can accept a state agency's placement letter or court order confirming the child's status as a foster child submitted by the household; or

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- Foster parents may complete an application and check the appropriate box indicating the child's status as a foster child. No further documentation is required (the application is subject to verification).

Foster Parents Apply for Benefits

Q-19a *When foster parents apply for benefits for their own children, do they include their foster children as household members? Do foster parents include the payments provided by the welfare agency for care of the foster children as income to the household?*

A Foster parents who choose to apply for meal benefits for their children may include their foster child(ren) (including a preschool foster child) on the application as a household member. A foster child's income (personal income provided to the child or earned by the child) is only considered when the foster parent(s) submit an application for the non-foster children in the household. Regardless of the eligibility of the foster family's own children, the foster child is categorically eligible for free meals.

Q-19b *Is a child considered a foster child if placed in a relative's home?*

A Provided a child is placed in a relative's home by a state agency or court system, they are considered a foster child and eligible for free meals. Informal arrangements among relatives do not qualify a child as a foster child and thus the child is not categorically eligible for free meals.

Q-19c *Does a foster child's categorical eligibility extend to other children in the household the same as with Assistance Programs (SNAP, TANF or FDPIR)?*

A No. A foster child's eligibility status for free meals does not extend to other children in the household.

Foster Parents Apply for Benefits

Q-19d *Is the direct certification process required for a foster child and what documentation is required to verify a child's status as a foster child?*

A Yes, Foster Children should be identified through the direct certification. Additionally, documentation may be used to identify these students. Documentation may consist of welfare agency or court documents stating that the courts have taken legal custody of a child and s/he has been placed in the foster care system or if appropriate a list of children in foster care from the welfare or court system is sufficient.

Q-19e *What if one of the children listed on an income application is checked as a foster child?*

A Since foster children are categorically eligible for free meals, the LEA notes the foster child's free meal status and then must determine the eligibility status of other children listed on the application based on household size and income. The foster child may be included on the application (at the household's discretion) as a household member along with any personal income s/he may have.

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Institutionalized Children

Any Institutionalized Child is one who is living (even temporarily) in a residential child care institution (RCCI) that the state has determined is not a boarding school. The child is considered as a one-person household since he/she is not living with his/her actual family as an economic unit.

In order to properly document the eligibility of institutionalized children, an RCCI may use one of the following two methods:

METHODS FOR DETERMINING ELIGIBILITY OF INSTITUTIONALIZED CHILDREN

APPLICATION

If applications are used, the applications must include:

- The name of the child;
- The student's personal use income;
- The signature of an adult household member, caseworker, or official of the residential child care institution – The last four digits social security number of the adult signing the application is **not** required.

Note: Program eligibility for institutionalized children is based on income received by the child; the family's income is not included. **Payments from any source directly received by the institution on a child's behalf are not considered as income to the child. Only the income a child will earn from employment and/or personally receives while in residence at the institution is considered as income.**

ELIGIBILITY ROSTER

RCCIs may use an eligibility documentation sheet for all children residing in the RCCI (day students who do not reside in the RCCI, therefore, a completed application or other appropriate eligibility documentation must be on file).

Eligibility Roster – if an RCCI does not have a predetermined policy which dictates the allowable income to children, then it must record eligibility determinations, by child, on a roster.

A sample roster is available in SCAPS, Meal Monthly Roster – RCCI Only. The roster must include the following information:

- Child's name;
- Child's date of birth
- Date of eligibility determination
- Category of eligibility; and
- Approving official's signature/initials.

Personal Use Income is income received and kept by the student for his/her own personal use. It is not the income a foster family or institution receives for care of the child. Often a child's personal use income is "0." In this case, the amount to report on the application is "0." If the personal use income reported is "0" for an institutionalized or foster student, the application does **not** require temporary approval.

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If the student receives an allowance, works as a part-time employee or receives income from other sources such as Supplemental Security Income or Social Security, this income must be reported. The income is converted to a monthly amount, if necessary, and then compared to the Household Size and Income Guidelines for a household of one.

If the income on the application is left blank, the application is **not** considered complete and must be denied until the foster parent or caseworker can provide the information.

Infrequent earnings, such as income from occasional baby-sitting or mowing lawns, are not counted as income and should not be listed on the application.

Students Who Reside In an RCCI but Attend Public School

Q-20 *Is an application with household size and income information required for students who reside in a Residential Child Care Institution (RCCI) and attend public school during the day?*

A Yes. The day school must have an application on file for each child for whom a free or reduced-price meal is served and claimed for reimbursement, regardless of the child's place of residence. Institutionalized children are not to be categorically certified as eligible for free or reduced-price benefits. A record of each child's income, even if "0," must be identified on the application for free and reduced-price meals.

Additional Guidelines for Application Approval

Notification of Eligibility Determination

All households must be notified of their eligibility status. Households approved for benefits may be notified verbally.

Households who have been denied benefits must be notified in writing. The notification must advise the household of:

- The reason for the denial of benefits;
- The right to appeal;
- Instructions on how to appeal;
- An Agreement that the household may re-apply for free or reduced-price benefits at any time during the school-year.

The Notification Letter (Letter to Household about Approval or Denial of Benefits) (Appendix D) is provided in SCAPS.

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Q-21 *What if a child is eligible for free meals but the household wants to pay?*

A The SFA should respect the household's wishes and allow the child to pay either the reduced-price or full-paying amount. The application should correctly reflect that the child is eligible for free meals. However, the school should note on the application that the household has elected to pay. It is preferred to have a simple written Agreement on file from the parent/guardian.

Reimbursement for meals claimed in these circumstances should be claimed at the same rate as the amount paid by the parent (i.e. if a parent pays the "paid" student amount, the meal should be claimed as "paid.") A household reserves the right to revert back to their approved level of eligibility at any time.

Needy Households That Do Not Apply

Local officials may complete an application for a student known to be eligible if the household fails to apply. This option is intended for **limited use** in individual situations and must not be used to make eligibility determinations for categories or groups of children. It should be exercised only as a last resort in certifying a child for benefits.

When exercising this option, the school official must complete an application on behalf of the student based on household size and income information provided by a collateral contact. A collateral contact is a creditable person outside of the household who is knowledgeable about the household's circumstances and can give confirmation of a household's income or SNAP/TANF status. Collateral contacts include employers, social security agencies and religious or civic organizations. The reviewing official should request a collateral contact **only** when the household has not been able to provide adequate written evidence of eligibility. **The source of the information must be noted on the application.**

Names of household members, Social Security number and signature of an adult household member are not required. The household **must** be notified that the student has been certified as eligible and is receiving free or reduced-price CNP benefits. These applications should be excluded from verification.

Hardship Cases

Households that are not categorically eligible or income eligible cannot be approved for benefits. There are no provisions for making exceptions based on unusual household circumstances, such as high medical expenditures or similar hardships.

SFAs may establish a special fund to cover the costs of meals for students that cannot be approved for benefits, but who are in need. Contributions from individuals or civic organizations can be provided to cover the costs of these meals. If a SFA chooses to implement this option, it is important to remember that the confidentiality of the student must be protected at all times.

Citizenship

U.S. citizenship is not a factor in the determination of eligibility. The SFA must apply the same eligibility criteria for citizens and non-citizens.

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Appeals

A household may appeal the denial of their application or the level of benefits for which they have been approved. The hearing procedures outlined in the SFA's Program Agreement (see [Chapter 3 – Program Agreement](#)) must be followed.

When a household appeals the reviewing official's decision, the hearing official designated by the SFA must base the final decision on all available documentation and the income eligibility guidelines. Providing free or reduced-price benefits for households that do not meet the eligibility guidelines is **not** allowed. With limited exceptions associated with civil rights and/or due process violations committed by the SFA, the decision of the hearing official is final.

Alternative or Cooperative Schools

Currently, there are many SFAs participating in some type of alternative school or site that provides meals to students from several schools outside the SFA. Procedures for maintaining applications and the counting and claiming of reimbursable meals for this type of school are the same as any other school site in the SFA.

If a student is eligible for free or reduced-price meal benefits in their home SFA, a copy of the approved application may be mailed to the SFA where the student attends school and consumes meals/snacks/milk. Applications should **never** be faxed. The application should be reviewed and initialed by a reviewing official of the SFA where the student attends school and consumes meals/snacks/milk. Reimbursement is claimed by the SFA of the site where the student eats meals/snacks/milk. To the extent practical, there should be procedures in place to ensure that these students can't be accidentally claimed at two locations for the same meal.

As a student's attendance may be short-term (a few days) or long-term (entire school year), adjustments and notations must be entered on records to justify the claim and to document current numbers of approved students.

Specific procedures regarding the transmittal, chain-of-custody, and updating of confidential student eligibility data, as well as all other matters referenced above should be documented as part of the overall operating agreement executed between all participating SFAs.

If the SFA chooses to use a different procedure other than the one mentioned here, please contact the Office of Nutrition Programs for assistance.

Categorical Eligibility of Migrant Students

"Migrant" students, as defined by the Migrant Education Program authorized by the federal Elementary and Secondary Education Act, are categorically eligible for free meal benefits. This status can be conferred by the CNP upon receipt of a list of eligible students certified by a SFA's local Migrant Coordinator. No further documentation is required. This status supersedes any application or other documentation submitted by an affected household.

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Categorical Eligibility of Homeless and Runaway Students

A student is categorically eligible for free meal benefits if he/she is categorized as “homeless” or “runaway” by the SFA liaison for the McKinney-Vento Homeless Assistance Act, the Runaway/Homeless Youth service provider or the director of a homeless shelter. This status

can be conferred by the SFS program upon receipt of a certified list of eligible students. No further documentation is required. This status supersedes any application or other documentation submitted by an affected household.

Change in Homeless Status

Reviewing school officials must work closely with the SFA homeless liaison and directors of homeless shelters to ensure that children are provided free meal benefits as promptly as possible when needed and that the SFS program is promptly advised when children leave the school or are no longer considered homeless. When children are no longer homeless, the SFA must provide the household with an application for free and reduced-price meals.

Homeless Children Residing with another Household

A child or family may temporarily reside with another household and still be considered homeless under the definition of homeless in the McKinney-Vento Homeless Assistance Act. In these cases the household size and income of the host family is not taken into consideration in determining the free meal eligibility for the children) designated as homeless by the local school SFA liaison or other appropriate officials. Additionally, when a host family applies for free and reduced-price meals for their own children, the host family may include the homeless family as household members of the host family provides financial support to the homeless family, such as shelter, utilities, clothing, or food. In such cases, the host family must also include any income received by the homeless family. Reviewing officials must determine eligibility for the host family in the traditional manner. However, free meal eligibility for the homeless child is based on the documentation provided by the local school district liaison, even when the child is included on the host family’s free and reduced-price meal application. The host family’s eligibility should be re-evaluated when their household size decreases, i.e. the homeless family leaves.

Categorical Eligibility of Head Start and Even Start Students

Head Start and Even Start students may be categorically eligible for free benefits when enrolled in programs.

Head Start

Children enrolled in SFA-sponsored federally funded Head Start centers or similar State programs that meet the low-income criteria of Head Start Program regulations are considered categorically eligible for free meals. Verification of eligibility from the household is not required when documentation of categorical eligibility is obtained from Head Start officials. Examples of acceptable documentation of a child’s Head Start participation include:

- An approved Head Start application for the child’s family;
- A Agreement of enrollment in Head Start; or
- A list of children participating in Head Start.

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Even Start

For a child to be categorically eligible for free meals based on their participation in Even Start or similar State programs, the child must be enrolled as a participant in a federally funded Even Start Family Literacy Program and must be at the pre-kindergarten level. Categorical eligibility does not apply to other family members. Documentation of a child's participation in a federally funded Even Start Program via roster is required to establish categorical eligibility for free meals. Verification of eligibility from the household is not required. Documentation of a child's Even Start participation includes:

Categorical Eligibility of SNAP/TANF Recipients

Households currently participating in the SNAP or TANF program are categorically eligible for free meal benefits. If the household is not directly certified, they must complete an application for benefits and provide the following information:

1. Name of student(s);
2. Current SNAP or TANF case number;
3. Signature of an adult household member.

No further information is required for the application to be considered complete.

The South Carolina Department of Social Services (DSS) provides some families with Electronic Benefits Transfer (EBT) cards. These cards (with a 16 digit account number) are used like debit cards by the families receiving benefits. EBT card numbers are **not** acceptable on the application and do not automatically qualify students for CNP benefits. SFAs must be careful when reviewing applications to ensure that SNAP and TANF case numbers appear to be valid. If the household provides a questionable SNAP/TANF number the SFA may:

- Approve/deny the application based on the household's size and income information provided;
- Call the local DSS office to verify that the household is receiving SNAP/TANF benefits (document the correct case number provided by DSS on the application);
- Deny eligibility until a complete application can be obtained.

If a household has provided a valid SNAP or TANF case number and also reports income, the eligibility determination should be based on the fact that the children are eligible for SNAP or TANF benefits. Students eligible for benefits through the Food Distribution Program on Indian Reservations (FDPIR) receive SNAP and/or TANF benefits and are also categorically eligible. The FDPIR is not operated as a separate program in South Carolina.

SFAs must extend categorical free meal eligibility to all other children included on an application when any child in the household is receiving SNAP/TANF benefits. Any income information on applications should be disregarded. The eligibility status of these students remains in effect from the first day that the application is approved in the current school year through the 30th operating day of the next school year. In addition, newly enrolled siblings may be added. For additional information, see [Chapter 10 – Determining Eligibility](#).

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Error in Eligibility Determination Discovered

- Q-22 *An application was approved for benefits and the household was notified. During a review of the applications later in the school year, the reviewer discovered that the reviewing official has erred and that the information on the application did not support the household's eligibility for benefits. What should be done?*
- A Whenever there is a reduction or termination of benefits in the same school year, for any reason, the household must be provided the 10-calendar day advance written notice of adverse action. When there is an increase in the level of benefits, the household must be notified and the increase in benefit level provided within a three-day period. (See section entitled, "5. Complete Confirmation Reviews of Applications in Sample" in Chapter 11 – Verification of Eligibility in this *Program Reference Manual* for additional information, instructions and form letters that may be used to notify the household.)

Participation of Adults in the National School Lunch Program

The National School Lunch Program (NSLP) is a food assistance program for children. The fact that an adult may be in the Even Start Literacy Program and/or taking remedial or other classes has no bearing on whether the adult is eligible for participation in the NSLP. The only times meals to adults are eligible for reimbursement under the NSLP are when the adults are:

- Enrolled in a General Educational Development (GED) program that meets in a school during the school day, or
- Enrolled in a school of high school grade or under and, therefore, meeting the definition of "child".

In the latter case, the adult student would be included in the SFA's total enrollment of students for funding and other purposes, the same as other students of high school grade or under.

Any adults meeting one of the above criteria who wish to obtain free or reduced-price benefits under the NSLP must complete an application for meal benefits.

Eligibility Based on Direct Certification

Direct certification is the process by which certain students are automatically approved for free CNP benefits due to information provided by a state or local agency (for example the South Carolina Department of Social Services) or other authorized individual (for example the director of a homeless shelter). For additional information, instructions and letters that can be used see Page 10-1 – Determining Eligibility in this *Program Reference Manual*.

Use of Automated Systems in Application Approval Process

The use of automated systems in the approval process of applications for free and reduced-price meals has increased in recent years. In an automated system, the manual completion of the eligibility section on the application form is counterproductive. It is acceptable for SFAs with automated systems to disregard the manual completion of this section. The SFA's system must

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have the capacity to generate a listing of all students on applications, the basis of approval, the eligibility status, the date of approval, and other significant dates, such as withdrawal and reentry.

Release of Eligibility Determination

The information on applications must be kept confidential. However, USDA has authorized SFAs to release student free and reduced-price school meal eligibility status under specific circumstances only. Aggregate data on children eligible for these benefits is allowed, but Section 108 of Public Law 103-448 authorizes the disclosure of individual children's free and reduced-price school meal eligibility status for certain federal and state education programs. Refer to Chapter 5 – Confidentiality & Disclosure of Eligibility provided in this *Program Reference Manual* for additional information. A waiver of confidentiality by the child's parent/guardian is still required whenever eligibility status is released with an individual student name to any other program.

Access to Information by Noncustodial Parents

Q-23 *May a noncustodial parent obtain information on the application?*

A No. The free and reduced-price meal application information may not be released to anyone (including a noncustodial parent) for non-program purposes without the written consent of the adult who signed the application or presentation of a subpoena or other court order.

Record Keeping

All free and reduced-price applications, and other documentation listed below, must be kept on file for a minimum of three years after the end of the fiscal year to which they pertain. However, if audit findings have not been resolved, the documentation must be retained until the audit is closed.

- Applications (free and reduced-price) approved for benefits;
- Applications from households denied benefits and denial letters sent to them;
- Inactive/withdrawn applications; and
- Direct certification lists or electronic files

For applications from households approved for benefits, the reviewing official should:

- Indicate the date each application is approved;
- Indicate the level of benefit for which each student is approved; and
- Sign or initial the application.

For applications from households denied benefits, the reviewing official must:

- Identify the reasons for the denial;
- Record the date of the denial;
- Record the date the denial notice is sent;
- Sign or initial the application; and
- Retain a copy of the denial notification letter.

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In manual systems, these notes are indicated on the bottom of the application form in the area reserved for information recorded by the reviewing official. In an automated system, the level of benefits for which a student was approved (or denied) and the date of the determination should be indicated by the student's name on the computer printout.

Using Automated Systems

- Q-24 *In a computerized operation where the computer generates the determination, does the reviewing official have to sign or initial each application?*
- A No. However, the computer system should be able to capture the original date of approval and to update the status of applications to account for transfers, withdrawals, terminations, and other changes.

When a student's eligibility changes or the student transfers to another school, the date of change or transfer should be noted on the application or any roster used and/or otherwise maintained. Current applications must be on file and there must be records to support transfers of students out of the school.

Computer-Based Records

- Q-25 *May changes in status of an application be maintained in a computer instead of being noted on the application?*
- A Yes. Changes in the status of an application may be maintained in a computer instead of being noted on the application. School officials must ensure that the changes are readily retrievable by school and are provided to state and federal reviewers along with the applications during a review of the applications.

Application Retrieval

Applications for the entire school food authority (SFA) should be maintained at a central location with a roster of eligible children available at individual schools. Each application should have a unique identification number that can be cross-matched with all affected children so that applications can be readily retrievable by school, if needed. The SFA must also ensure that any changes in eligibility status and transfers in and out of the school are accurately and promptly recorded on each school's list in order to support the reviewed school's claim for reimbursement.

When an automated system is used, the required information (as listed in the previous section entitled "[Record Keeping](#)") must be available not only on a current basis but also for prior months. When printouts are used for issuing the medium of exchange, updates provided for the cashier should be added to the master printout with the date that the update became effective. If and when an updated master printout is issued to the cashier, it should be cross-checked with the printout that is currently in use. Any discrepancies should be resolved with the central office

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and the previously used printout should not be discarded but retained as documentation that supports prior months' reimbursement claims.

SFAs using a computerized system to determine eligibility are not required to complete the "school use" section of the application as long as eligibility determination can be tracked by roster or other documentation. Changes to household size, income, etc. must be documented on the application form as well as on the computer or electronic database. The application form is the official source document from which eligibility is determined.

Maintaining Rosters and/or Eligibility List

The Administrative Review process requires the availability of rosters that are specific to the month being reviewed and correlate to the use of household applications.

To ensure compliance with this requirement, rosters for **each school or feeding site** should be maintained as follows:

1. A roster should be generated each month that reflects the total enrollment and eligibility status of all students as of the last serving day of that month;
2. Names on the roster should be separated by free, reduced-price, paid/denied, withdrawn, or temporary status;
3. The separate listings of free or reduced-price students should then be organized in numeric order by application number. Paid students may be organized by alphabetical order or other existing unique identifier;
4. Each separate listing should have a total of students by eligibility status;
5. These rosters should be retained with their respective eligibility documentation and are subject to normal record retention schedules;
6. These rosters should be maintained separately from any emergency rosters that are produced for manual processing of meal counts at schools during a service outage of a point-of-sale system; and
7. Even with the use of automated application processing systems, hard copies of rosters should be maintained as software issues may impact the future accuracy of historical records, particularly among students whose eligibility status changes during the school year.

In the interest of conservation, a SFA has the option of maintaining this information in an **extracted electronic file that is exported monthly and stored separately** from their automated application processing system. That electronic file must be formatted and/or stored in such a fashion that its contents can't be altered by future data entries. The file must allow for the generation of a monthly paper roster that contains all of the required information.

Direct Certification for Free Meal Benefits

Definition and Basic Requirements

All school food authorities (SFA) that accept household applications as a method of determining free or reduced eligibility are required to participate in the state's Direct Certification (DC) process. The DC process is managed by the South Carolina Department of Education (SCDE) and reported via the South Carolina Automated Payment System (SCAPS).

The DC process matches student enrollment records (for those SFAs that utilize the PowerSchool student data management system) throughout the school year with SC Department of Social Services (DSS) eligibility records for Supplemental Nutrition Assistance Program (SNAP a.k.a. food stamps) and Temporary Assistance to Needy Families (TANF). As of the 2013-2014 school year, this process was expanded to include DSS records of all children placed in the state's Foster Care system. For those SFAs without PowerSchool availability, a match list will not be available. However, access is provided to a searchable database (Individual Student Lookup feature to allow those SFAs the ability to locate children and create their own match list.

It is important to note that Medicaid program eligibility cannot be used as a source for direct certification or other approval for free or reduced meal benefits.

Eligibility Determination

Children identified through the DC process are automatically designated as Free from the date the match is identified through the first thirty (30) operating days of the following school year. All DC records should be treated with the same level of privacy and confidentiality as other free-and-reduced eligibility documentation. Households whose children are directly certified through use of this list are considered verified as well.

The list may not be distributed to anyone other than those directly responsible for determining program eligibility and should never be faxed or e-mailed.

Documentation supporting direct certification must be maintained for three years plus the current operating year.

Direct Certification of Siblings

If at least one (1) child in a household is identified as having DC status on the basis of SNAP or TANF benefits, then all children in that household are eligible for free meal benefits and should be considered as also having DC status. In instances where these additional children may not be identified through the regular DC process, SFAs are required to make all reasonable efforts to identify these additional children. Documentation to support common residency can be provided through student enrollment records or the completion of a household eligibility application.

Any income information on applications should be disregarded. The eligibility status of these students remains in effect from the first day that their household relationship can be confirmed

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in the current school year through the 30th operating day of the next school year. In addition, newly enrolled siblings may be added so long as documentation is available. Appropriate measures should be taken to identify these children as directly certified and exempt them from verification requirements.

Note that this guideline does not apply to foster children, students enrolled in Head Start or Even Start programs, or those students certified as free under the Migrant Education Program.

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Carrying Benefits Forward From Previous Year

- Q-1 *If a child was directly certified during the prior school year, may his/her benefits be carried forward to the current school year?*
- A Prior year direct certification benefits may be carried forward only for the first 30 operating days of the current school year. If the child is not on the new list of directly certified students and an application is not received from the household during this period, benefits must be terminated no later than the 31st operating day of the new school year.

Content of Direct Certification List

- Q-2 *Is the direct certification list a complete listing of all children in the SFA eligible for free meal benefits?*
- A No. There are two methods by which a child can receive free meal benefits: direct certification and by application. Directly certified children are eligible to receive free meals for the current school year and the first 30 operating days of the next school year without further application. The SCAPS Individual Student Lookup feature should be used to identify siblings and other children in SNAP and TANF households. These students should then be added to the SFA's count of direct certification students. PowerSchool may also be used to identify and document other children in SNAP and TANF households. In addition, a signed application submitted by the household may be used to document other children in SNAP and TANF households. All other households must complete the application process in order to be certified as eligible for free or reduced-price benefits.

Sharing Direct Certification Lists

- Q-3 *May direct certification data be released to individuals or other school program departments for non-program purposes?*
- A No. Direct certification data is subject to the same confidentiality provisions as any other meal eligibility information.

Students Who Transfer

- Q-4 *If a student who is directly certified transfers from one SFA to another, does that certification also transfer?*
- A Yes. Eligibility for free meals that results from direct certification does transfer from one SFA to another when proof of direct certification is transferred with the student.

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Effects of Direct Certification on Verification

Households whose children are determined eligible through the use of the direct certification list are exempt from verification requirements. When the SFA count of applications on file on October 1 is taken for the purpose of determining the number of applications to be verified, children directly certified should not be included in the count. Also, directly certified children should not be counted as verified. Implementation of direct certification will reduce the SFA's verification effort by reducing the number of applications on file, thus reducing the minimum required verification sample.

Notification of Predetermined Eligibility

It is required that a written notice be sent to each household certified as eligible for free meal benefits through direct certification. The notice must state:

- The names of their children eligible for free meals;
- No further application is required; and
- How to notify the school or SFA if they do not want their children to receive free benefits.

Use the Notification of Predetermined Eligibility (Direct Certification) letter (Form 10b-A), provided at the end of this chapter, to notify households of their eligibility based on direct certification. Complete the letter by entering the name, address and telephone number of the contact person and the signature of the authorized representative in the signature block before reproducing it on SFA letterhead. The school name can be deleted at the SFA's option. It is strongly recommended that no further reformatting be done.

Copy of Notification Letter

Q-5 *Is it required that the SFA retain a copy of Form 10b-A, Notification of Predetermined Eligibility (Direct Certification) sent to each directly certified household?*

A No. The SFA must retain a copy of the prototype letter provided with the SFA's Program Agreement for Free and Reduced-Price Meals but not a copy of each letter sent. Note the date the letter was provided to each household on the list beside the child's name or use another method compatible with the SFA's existing systems.

Notifying Households No Longer Enrolled

Q-6 *Must Form 10b-A, Notification of Predetermined Eligibility (Direct Certification) be sent to the parent or guardian of children listed as directly certified but who are no longer enrolled in the SFA?*

A No. Children who are no longer enrolled are not eligible for free meal benefits.

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Distribution of Applications

The distribution of the letter to parents and application forms to households of all children enrolled in the SFA at the beginning of the school year is required to ensure that no child is inadvertently excluded from participation. SFAs that implement direct certification are not required to send the letter to parents and application form to those households eligible under direct certification if these materials are distributed through the mail, individual student packets, or other methods that prevent the overt identification of children eligible for direct certification. Under this option, households will receive either a letter to parents with an application or a letter notifying them their children are eligible for free benefits.

Predetermined Eligible Submitting an Application

One of the difficulties encountered by reviewing officials with regard to the direct certification process is that households submit an application even after they have received the notification of predetermined eligibility. In an attempt to reduce the number of applications received for directly certified students, school officials are encouraged to send the notification of predetermined eligibility as early as possible. However, direct certification takes precedence over any application, regardless of reported income.

Delivery of Benefits

The SFA must provide benefits promptly. Eligible children must receive benefits immediately and the SFA may assume consent if refusal has not been received within a certain number of days, as determined by the SFA.

If the household refuses benefits, the SFA must discontinue benefits immediately and must document the refusal, preferably with a written note from the household.

Expiration of Categorical Eligibility

Because of year-long duration of eligibility, households are no longer required to report changes in their categorical eligibility status. However, households may voluntarily report a change. If a household reports a change that may reduce or terminate benefits, the SFA must explain to the household that the change does not have to go into effect but, that at the household's request the change will go into effect. If the household wants the change to go into effect, the SFA must provide a notice of adverse action. (See form provided in [Chapter 11 – Verification of Eligibility](#) in this *Program Reference Manual*.)

Record Keeping

SFAs must keep documentation for direct certification on file for a minimum of three years after submission of the final claim for reimbursement for the fiscal year to which they apply. Documentation must be kept longer if they are required by an audit as long as required for resolution of the issues raised by the audit.

Documentation should be maintained at a central location with a list of eligible children maintained at the school. Children's categorical eligibility status must be readily retrievable by

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school and the SFA must ensure that any changes and transfers in and out of the school are accurately and promptly reflected on each school's list.

Independent Review of Applications

Beginning in SY 2014-15, LEAs designated by the SA as demonstrating high levels of, or a high risk for, administrative error associated with certification and benefit issuance are required to conduct a second review of applications.

A second review of applications must:

- Re-evaluate the determining official's initial eligibility determination, based on the information provided by the household on the application.
- Determine whether the application is complete.
- Confirm that the application was correctly approved based on current income eligibility information, as applicable, and that the master list or roster of student names correctly records the student's eligibility.
- Be completed before the household is notified of eligibility and must not result in the delay of an eligibility determination. LEAs required to conduct a second review of applications are still required to notify households of the child's eligibility determination within 10 operating days of receiving the application.

Notification of Predetermined Eligibility (Direct Certification)

Delete this text and title. Print on school letterhead or insert name, address and telephone number of school/SFA.

<Date>

Dear Parent/Guardian:

Because you have a foster child(ren) in your household and/or are currently eligible to receive benefits through the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF), each child listed below has been pre-approved to receive **FREE** meals at school.

_____	_____
_____	_____
_____	_____
_____	_____

If you want your children to get free meals, do nothing.
If you have other children in your household who are not listed, contact our office immediately.
If your child brings home an application for free or reduced-price meals do not fill it out.
If you do NOT want your children to receive free meals, return the bottom portion of this letter to the address below.

If any of the information listed above is incorrect or if you have any questions, please contact:

Name: <Reviewing Official>
Title: <RO Title>
Address: <RO Address>
Phone: <RO Phone>

Sincerely,
<Authorized Representative's Signature>

<Authorized Rep's Name>
<Authorized Rep's Title>

Non-discrimination Statement: This explains what to do if you believe you have been treated unfairly.

The U.S. Department of Agriculture prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. USDA is an equal opportunity provider and employer.

(Cut and return lower portion if desired.)

Date: _____

I do NOT want my child(ren) to receive free meals: (List names below)

Signature of Parent or Guardian: _____

Special Assistance Provisions

Determining Eligibility for Free and Reduced-price Meals and Reimbursement Claim Procedures

Three Special Assistance Provisions are available to School Food Authorities (SFAs) and schools for determining meal eligibility and claiming meals for federal reimbursement monies. Two Provisions or options (A and B) have been included in the SFA's free and reduced-price Program Agreement issued by the South Carolina Department of Education (SCDE) in the final attachment for a number of years. Additional guidance on Provision 2 and Provision 3 has been issued by the U.S. Department of Agriculture (USDA). SFAs with high percentages of free and reduced-price eligibility may wish to consider participation.

Provision 1

In schools where at least 80 percent of the students enrolled qualify for free or reduced-price meals, applications may be approved for a two-year period instead of one. The major qualifying factor to participate in this Provision is to document the 80 percent eligibility based on March enrollment during the base year. Under this Provision, the school must only approve meal applications every other year. Other record keeping requirements remain the same for claiming meals, etc. A correctly approved application for free or reduced-price meals would be valid for two years. Schools would be required to send a meal application to all other enrolled students to ensure no student was denied free or reduced-price meal benefits if eligible during the second year of the Provision.

Provision 2

This Provision allows schools to provide free meals to all students regardless of eligibility for program benefits for up to four years including the base year of the Provision. This universal free program has many benefits including the obvious reduction in paperwork; however, it is best implemented in schools and/or SFAs where the majority of students are currently eligible for free and reduced-price meal benefits. The SFA must be financially able to replace the student revenue not collected from full paying and reduced-price students. After the base year when applications are processed and meal counts are obtained for each claiming category, reimbursement is based on percentages and actual daily meal counts for free, reduced-price, and paid are not required.

Provision 3

This Provision allows schools to receive a comparable level of federal cash and commodity support each year as it received in the base year, provided the school serves all meals at no charge. The base year is the last year eligibility determinations and meal counts by category are obtained under program rules. Reimbursable meals are served at no charge to all participating students for a period up to four years or longer if an extension is granted. The level of federal cash and commodity support is adjusted to reflect annual changes in enrollment and inflation.

Optional provisions for determining eligibility and claiming meals under the National School Lunch and Breakfast Programs are a result of paperwork reduction allowed in Section 9 of Public Law 95-166 and Amendment 19 to Part 245.9 of the program regulations. [Table 10c.1 - Special Assistance Alternatives](#) provided below shows a comparison of the major elements of Provision 1, Provision 2, and Provision 3. Continuing after the table is a more detailed explanation of each Provision.

Chapter 10c – Special Assistance Provisions

Table 10c.1 – Special Assistance Alternatives

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 2	Provision 3
<ul style="list-style-type: none"> ▪ This Provision reduces 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 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 for reimbursement claims. ▪ Provision 1 has been an option for schools since publication of regulations in 1980. 	<ul style="list-style-type: none"> ▪ This Provision reduces 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 up to four successive 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 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 extensions if the income level of the school’s population remains stable. ▪ Schools selecting 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 2 has been an option for schools since publication of regulations in 1980. 	<ul style="list-style-type: none"> ▪ This Provision reduces 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 up to four successive 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 took meal counts by type; this 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 and inflation. The base year is not 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 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 has been an option for schools since 1995 through an implementing memorandum.

Special Assistance Provision 1

The National School Lunch Program (NSLP) regulations contain a clause known as Provision 1. The purpose of this regulatory Provision is to reduce the burden of paperwork on parents and on SFAs by reducing the requirements for taking applications. Provision 1 allows SFAs with schools having 80 percent or more of their students eligible for free or reduced-price meals to extend eligibility for such benefits for a two-year period based on the first year's applications.

Requirements in Base Year

- Applications are distributed, and free and reduced-price eligibility determinations are made using the standard procedures, including the required public announcement that is regularly published at the beginning of the school year.
- Meal counts are taken and claimed for reimbursement using standard procedures, i.e. by the eligibility category of the child receiving the meal.
- Participating schools must document that 80 percent of the enrollment during March is eligible for free and reduced-price meals.

Requirements in Year 2

- To continue under this Provision the second year, the 80 percent free and reduced-price eligibility criteria must be met.
- Distribution of applications and eligibility determinations may be limited to newly enrolled students and to reduced-price/full paid students seeking an increase in benefit level. In no event may a student be denied a free or reduced-price meal because of ineligibility the first year of the Provision.
- A correctly approved free/reduced-price meal application from the base year would be valid during the second year.
- Schools selecting this Provision must continue to take daily counts of the number of students served a reimbursable meal.

Table 10c.2 – The Provision 1 Cycle

Base Year	→	Collect applications Count meals by category
2 nd Year	→	Use same applications Count meals by category

Special Assistance Provision 2

The NSLP regulations contain a clause known as Provision 2. The purpose of this regulatory Provision is to reduce the burden of paperwork on parents and on SFAs by reducing the requirements for taking applications, notifying the public, and counting meals by category for schools that agree to serve all enrolled students free meals. In accordance with this Provision, the SFA agrees to pay from other than federal funds any program costs not covered by program income.

Requirements in Base Year

- Applications are distributed, and free and reduced-price eligibility determinations are made using the standard procedures, including the required public announcement that is regularly published at the beginning of the school year.
- After all applications have been received and approved, a second public announcement is made stating that all meals will be provided free to all students regardless of economic status.
- Meals are served free to all students.
- Meal counts are taken and claimed for reimbursement using standard procedures, i.e. by the eligibility category of the child receiving the meal.
- If the reimbursement received by the SFA is not sufficient to cover total nonprofit school food service program costs, non-federal funds must be used to pay the difference.
- During the base year, a complete review of the food service operation by the Office of Health and Nutrition, SCDE will be conducted to document and assure the accuracy of the current methods being used by the SFA to determine free, reduced-price, and paid categories, and counting and claiming procedures used to report claims for reimbursement.
- The percentage of the total meals is calculated monthly by school and by program for each category. This information is gathered in the base year for use in the following years to establish the reimbursement claims.

Requirements in Years 2, 3, and 4

- At the beginning of each school year, a public announcement is made stating that all meals will be provided free to all students regardless of economic status.
- No distribution of applications and no eligibility determinations are conducted.
- Officials count only total meals served and apply the monthly percentages developed during the base year to determine the counts by type for the reimbursement claims.
- If the reimbursement received by the SFA is not sufficient to cover the total nonprofit school food service program costs, non-federal funds must be used to pay the difference.

Requirements Beyond Year 4

- The state agency may authorize schools participating under Provision 2 to extend their current cycle and establish claiming percentages without going through the meal application process again. However, available socioeconomic data approved by USDA must indicate that the income level of the school populations has remained the same since the base year.

Table 10c.3 – The Provision 2 Cycle

Base Year	→	Count applications Count meals by category All students eat free
2 nd Year	→	Claiming percentages applied to total meal count
3 rd Year	→	Claiming percentages applied to total meal count
4 th Year	→	Claiming percentages applied to total meal count

Special Assistance Provision 3

The NSLP regulations contain a clause known as Provision 3. The purpose of this regulatory Provision is to reduce the burden of paperwork on parents and on SFAs by reducing the requirements for taking applications, notifying the public, and counting meals by category for schools that agree to serve all enrolled students free meals. In accordance with this Provision, the SFA agrees to pay from other than federal funds any program costs not covered by program income.

Requirements in Base Year

- Applications are distributed, and free and reduced-price eligibility determinations are made using the standard procedures, including the public announcement that is regularly published at the beginning of the school year.
- After all applications have been received and approved, a second public notice can be made stating that all meals will be provided free to all students regardless of economic status. Serving meals free to all students is encouraged during the base year of Provision 3, but is not required.
- Meals are served free to all students if the school chooses to begin during base year.
- Meal counts are taken and claimed for reimbursement using standard procedures, i.e. by the eligibility category of the child receiving the meal.
- If the reimbursement received by the SFA is not sufficient to cover total nonprofit school food service program costs, non-federal funds must be used to pay the difference.
- Because the base year establishes the levels of support for the four successive non-base years to follow, the school should maximize participation of all students and ensure that reimbursable quality meals are served.

Requirements Years 2, 3, 4, and 5

- At the beginning of each school year, a public announcement is made stating that all meals will be provided free to all students regardless of economic status.
- No distribution of applications and no eligibility determinations are conducted.
- Schools receive the level of federal cash and commodity support paid to them during the base year. Total meal counts are taken for management purposes only. Federal cash and commodity support is adjusted to reflect changes in enrollment and inflation.
- If the reimbursement received by the SFA is not sufficient to cover total nonprofit school food service costs, non-federal funds must be used to pay the difference.

Requirements Beyond Year 5

- SCDE may authorize schools participating under Provision 3 to extend their current cycle if socioeconomic data is reflective of the school's population, provides equivalent data for both the base year and the last year of the current cycle, and demonstrates that the income of the school's population remained stable, declined, or had negligible improvement.

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Table 10c.4 – The Provision 3 Cycle

Base Year	→	Collect applications Count meals by category All students eat free (option)
1 st Year	→	Base year reimbursement/commodity support adjusted for increases/decreases in inflation and enrollment All students eat free
2 nd Year	→	Base year reimbursement/commodity support adjusted for increases/decreases in inflation and enrollment All students eat free
3 rd Year	→	Base year reimbursement/commodity support adjusted for increases/decreases in inflation and enrollment All students eat free
4 th Year	→	Base year reimbursement/commodity support adjusted for increases/decreases in inflation and enrollment All students eat free

Program Agreement

To participate in Provision 2 or Provision 3, the SFA must submit an *Amendment to the Program Agreement for Free and Reduced-Price Meals* prior to implementation. The SFA must agree to serve free meals to all enrolled students regardless of income eligibility. Provision 2 requires schools to serve all meals free during the base year. Provision 3 encourages but does not require that all meals be served free during the base year. However, since the base year drives the level of reimbursement and commodities received for the next four successive years, it is in the best interest of the SFA to optimize meal participation throughout the base year under both Provision 2 and Provision 3.

Public Notifications/Applications/Certification

In the base year letters and applications are sent to the parents of students prior to the beginning of the school year. Applications from the prior year cannot be carried over to determine base year eligibility percentages. Direct certification information based on current participation in the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) or Temporary Assistance to Needy Families (TANF) program may be used. In the base year, after the applications have been returned to the SFA for eligibility determinations, a second notice is published stating that all enrolled students will be allowed to eat breakfast and lunch at no charge regardless of income eligibility. In years two, three, and four after the base year under Provision 2, applications are not distributed and no eligibility determinations are made. At

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the beginning of each school year in years two, three, and four, a public announcement is made stating that all meals will be provided free to all students regardless of economic status. The same application and notification process applies to Provision 3 with the exception that the base year is not included in the four-year cycle and the SFA is not required to provide all meals free during the base year.

Reimbursement

During years two, three and four of serving students free under Provision 2, the school must continue to record and report a daily total meal count. This meal count will be the basis for monthly reimbursement calculations for years two, three and four submitted to SCDE for payment. During the base year, standard procedures for counting and claiming meals for reimbursement are followed. In years two, three and four, participating schools must only complete total meal counts each day. The monthly meal count total will then be multiplied by the percentages for each category established for the same month in the base year to determine free, reduced-price, and paid meals to claim. This information will be consolidated into the SFA's total meal count by category to determine the full amount of the reimbursement claim. To reflect increases/decreases in enrollment for each school year, the number eligible for free, reduced-price, and paid should be updated as of October 31 of each year. However, the sum of the three categories must not exceed the enrollment. Forms 10c-A, 10c-B, and 10c-C are included at the end of this chapter for use in compiling the required data for calculating Provision 2 claims.

During years two, three, and four following base year of Provision 3, the actual claim amount for reimbursement will be the same as the corresponding month from the base year with adjustments made for increases and/or decreases in enrollment and inflation.

Forms 10c-D and 10c-E provide guidance on compiling claims under Provision 3.

Escape Clause

An SFA operating under Provision 2 or Provision 3 may return to standard application and eligibility determination procedures at the end of the school year if standard procedures better suit their program needs. However, in doing so, the SFA is responsible for notifying parents of the decision and for accepting the consequences of discontinuing the local commitment to providing meals at no cost to students who are not eligible for federal free meal reimbursement.

Provision 2 and Provision 3 Extensions

School districts that wish to continue Provision 2 or Provision 3 after the initial four-year cycle has been completed may elect to renew for an additional four-year cycle. To qualify for renewal of either Provision 2 or Provision 3, the SFA should request an extension from SCDE and provide documentation that the socioeconomic status of the SFA population and income levels have remained stable or have declined during the four years of the program.

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Approved sources of data to be used to document the socioeconomic state of the SFA population include:

- Local data collected by the Chamber of Commerce or economic planning offices in the city or county;
- Census track data compiled for the local area covering most of the SFA population;
- Unemployment data for the area from which the SFA draws attendance;
- Direct certification data from the four previous years; and
- Other local data as approved by the state agency.

Subsequent reapplication for four-year extensions may be requested from the state agency after the first four year cycle is completed. This request would also be based on socioeconomic data.

Maximize Eligibility and Participation

The secret ingredient for either Provision 2 or Provision 3 is to have an excellent base year in terms of eligibility certifications (approved meal applications and direct certification) and meal participation. To earn the maximums in reimbursement during the years following the base year, high meal participation is critical, especially for free and reduced students. As a school and/or SFA participating in either Provision 2 or Provision 3, successful programs will depend on high program revenues in the form of reimbursement to offset the student revenues lost from paying customers. High participation or participation of all eligible free students should be the goal as monthly claiming percentages are established during the base year.

Controlling Meal Cost

Monitoring all costs associated with providing meals will be extremely important during the base year. Through careful menu planning and effective use of labor, meal costs must be kept low and within the constraints of program revenues-current and projected. Using Form 10c-F and current rates of reimbursement and commodity value, the SFA may prepare a cost analysis for both the breakfast and lunch program with and without Provision 2 or Provision 3. The SFA will need to know the break-even point when all students are provided meals at no cost.

For additional information about Provision 1, Provision 2 and Provision 3, contact the SCDE Office of Nutrition Programs at (803) 734-8188.

Community Eligibility Provision (CEP)

Section 104(a) of the Healthy, Hunger Free Kids Act of 2010 amended section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(a)(1))(the law) to provide an alternative to household applications for free and reduced-price meals in high poverty local school districts and schools. This alternative is referred to as the Community Eligibility Provision.

To be eligible, LEAs and schools must meet a minimum level of students directly certified for free meals in the year prior to implementing the option; agree to serve free lunches and breakfasts to all students; and agree to cover with non-Federal funds any costs of providing free meals to all students above amounts provided in Federal reimbursement. Reimbursement is based on claiming percentages derived from the percentage of students directly certified. The claiming percentages established for a school in the First Year are guaranteed for a period of four school years and may be increased if direct certification percentages rise in that school.

To be eligible for the Community Eligibility Provision, the LEA, School, or Collection of Schools desiring to participate must:

1. Have 40 percent or more of their enrolled students directly certified or documented as categorically eligible by being qualified for free or reduced-price meals without the use of household applications (i.e. Identified Students) as of April 1, the year prior to participation. (Ex: For School Year 2015-2016 participation, the percentage of Identified Students is determined as of April 1, 2015.)
2. Serve all children in the participating schools free breakfasts and free lunches for four successive school years.
3. Pay, from sources other than Federal funds, the costs of serving breakfasts and lunches that are in excess of the Federal assistance received, including Federal cash reimbursement.
4. Not collect free and reduced price applications from households in participating schools during the period of participation in the Community Eligibility Provision.
5. Count total breakfasts and lunches served to students.
6. NOT be a residential child care institution (RCCI).

Identified Students are directly certified or otherwise documented as being categorically eligible for free or reduced-price meals. This includes students who are directly certified for free meals on the basis of their participation in the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) or Temporary Assistance for Needy Families (TANF). It includes homeless, runaway and migrant youth. Foster children certified through means other than an application are also included as well as students certified for free meals based on a letter provided by the household from the SNAP agency. It does NOT include students who are categorically eligible based on the submission of a free and reduced-price application.

Identified Student Percentage (ISP)

The Identified Student Percentage must represent enrollment data as of April 1 prior to the first year of participation in CEP. The percentage of identified students is calculated by dividing the total number of identified students by the total enrollment for the school. The ISP must be calculated according to the level (school, group of schools, or district-wide) of participation in CEP. For example, if six schools will be participating in CEP, the number of identified students and enrollment must be combined for all schools before calculating the ISP.

$$\text{ISP} = (\text{Number of Identified Students} \div \text{Total Enrollment}) \times 100$$
$$(360 \div 600) \times 100 = 60\%$$

Schools may continue to use the initial ISP from April 1 prior to the first year of participation in CEP, or they may use a higher ISP reported on April 1 preceding each of the remaining three years in the four year cycle.

Reimbursement Under CEP

The ISP is used to calculate reimbursement under CEP. The ISP is multiplied by the CEP Multiplier to calculate the free claiming percentage. (The multiplier for School Year 2014-2015 is currently 1.6, but is subject to fluctuate between 1.3 and 1.6.) The free claiming percentage is applied to the total number of breakfasts and the total number of lunches served to determine how many breakfasts and lunches are claimed at the free rate. The remaining meals are reimbursed at the paid rate.

$$\text{ISP as of April 1, 2014 is 60\%}$$
$$60\% \times 1.6 = 96\%$$

- 96% of all student meals served are reimbursed at the free rate.
- 4% of all student meals served are reimbursed at the paid rate.

The schools must continue to take meal counts on a daily basis. At the end of the month, the free claiming percentage will be applied to the total meal count to determine reimbursement.

Requirements Prior to First Year of Participation in CEP

- Determine ISP as of April 1 for all schools.
- Submit April 1 enrollment and identified student counts for all school by April 15.
- Complete CEP Program Addendum.
- Notify State Agency of intent to participate and submit final April 1 ISP by June 30.

Requirements in Years 1, 2, 3, and 4

- At the beginning of each school year, a public announcement is made stating that all meals will be provided free to all students regardless of economic status.
- No distribution of applications and no eligibility determinations are conducted.
- Officials count only total meals served and apply the free claiming percentage to determine reimbursement.
- Submit updated enrollment and identified student counts that reflect April 1 enrollment.
- If the reimbursement received by the SFA is not sufficient to cover the total nonprofit school food service program costs, non-federal funds must be used to pay the difference.

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- A participating school that meets the minimum Identified Student percentage of 40 percent in Year 4 of the 4-year cycle may immediately begin another 4-year cycle after the initial cycle concludes. Those schools that elect the Community Eligibility Provision in the SY beginning July 1, 2014 must meet the ISP minimum of 40 percent as of April 1, 2018 in order to begin another 4-year cycle. The Identified Students percentage from April 1, 2018 would be used for reimbursement for the First Year of the new cycle.

Grace Year Procedures

For participating schools that fall below 40 percent Identified Students in Year 4 of their 4-year cycle, there is the possibility to continue to participate for a “grace year”. This grace year is outside of the 4-year cycle. To qualify, the percentage of Identified Students must be at least 30 percent. Reimbursement for schools in a grace year must be based on the percentage of Identified Students in Year 4 of the previous 4-year cycle.

Documentation for CEP

SFAs must retain records (Enrollment, Direct Certification Lists, etc.) 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 for the last fiscal year of CEP.

Escape Clause

Although not recommended mid-year, schools may decide to stop CEP and return to standard counting and claiming procedures at any time. Schools that are considering stopping CEP in the middle of the school year should consult with SCDE immediately to prevent the disruption of benefits to students. SCDE has the discretion to establish a reasonable timeline (at least 30 days) for the school 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/processing household applications.

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 household applications. During the established timeframe to resume standard procedures, students should continue to receive free meals so their meal service routine is not disrupted.

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 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 applications per usual certification procedures. Individual students do not have eligibility status to carry over into the new school year. Directly certified students, identifiable from the April notification/publication requirements, are

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eligible for free meals during the 30 day carry over period at the start of the new school year if the school can determine their individual eligibility status from the preceding year.

Program Agreement

To participate in CEP, the SFA must submit a CEP addendum prior to implementation. The SFA must agree to serve free meals to all enrolled students regardless of income eligibility. Under CEP, one reimbursable breakfast and lunch are served to the students free of charge.

Public Notifications/Applications/Certification

Under CEP, meal applications are not distributed or collected. At the start of the school year, the participating school/SFA should provide a CEP Media Release and a CEP Household Notification Letter that will announce that all students attending participating schools will be able to participate in the National School Lunch and Breakfast Programs free of charge. Parents or guardians that do not want their children to receive meals free of charge have the option to allow their children to purchase all meals a la carte. The district should obtain and file a letter from the parent or guardian that states they do not want their children to receive meals free of charge under CEP.

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Table 10c.5 – The CEP Cycle

1 st Year of CEP	→	Determine ISP as of April 1 prior to start of school year. Submit April 1 enrollment and identified student counts by April 15 prior to start of school year. Complete CEP Program Addendum. Notify SCDE of Intent to participate in CEP by June 30 before school year starts. All Students Eat Free.
2 nd Year	→	Submit updated enrollment and identified student counts that reflect April 1 enrollment by April 15. Highest CEP Free Claiming Percentage applied to meals. All Students Eat Free.
3 rd Year	→	Submit updated enrollment and identified student counts that reflect April 1 enrollment by April 15. Highest CEP Free Claiming Percentage applied to meals. All Students Eat Free.
4 th Year	→	Submit updated enrollment and identified student counts that reflect April 1 enrollment by April 15. Highest CEP Free Claiming Percentage applied to meals. All Students Eat Free.

Monthly Percentage Calculation – Base Year of Participation
For Schools Participating in Special Assistance Provision 2

School: _____ Month/Year: _____

School Food Authority (SFA): _____

(A) Monthly Total of Free Meals Served to Eligible Children	(B) Monthly Total of Meals Served to All Children	Percentage Free (A ÷ B) x 100 = %
Example: 4000	6000	(4000 ÷ 6000) x 100 = 67%
Breakfast:		
Lunch:		

(A) Monthly Total of Reduced-Price Meals Served to Eligible Children	(B) Monthly Total of Meals Served to All Children	Percentage Reduced-Price (A ÷ B) x 100 = %
Breakfast:		
Lunch:		

(A) Monthly Total of Paid Meals Served to Eligible Children	(B) Monthly Total of Meals Served to All Children	Percentage Paid (A ÷ B) x 100 = %
Breakfast:		
Lunch:		

Instructions:

To be completed monthly during base year. Percentages must be established for breakfast and lunch for each category. These three percentages calculated for each month of the base year participating under Provision 2 shall be multiplied by the corresponding monthly meal count total of all reimbursable meals served to children in the second, third and fourth consecutive school years under Provision 2.

The SFA must complete this percentage calculation for each month meals are served during the base year for each school participating in Provision 2. These percentages must be used to determine meal claims for the second, third, and fourth consecutive school years. A summary of these percentages may be recorded on Form 10c-B – Summary of Percentages - Base Year.

Form Completed By (Name) _____

Date _____

Summary of Percentages – Base Year
For Schools Participating in Special Assistance Provision 2

School: _____

Program: Breakfast Program
(Separate form for each) Lunch Program

School Food Authority (SFA): _____

Summary Base Year Student Meal Counts					Summary Base Year Percentages			
Month and Year	Free Meals Served (A)	Reduced-Price Meals Served (B)	Paid Meals Served (C)	Total Student Meals (D) (A+B+C)	Free % (E) (A÷D)x100	Reduced-Price % (F) (B÷D)x100	Paid % (G) (C÷D)x100	Total % (H) (E+F+G)
July 2_____								
August 2_____								
September 2_____								
October 2_____								
November 2_____								
December 2_____								
January 2_____								
February 2_____								
March 2_____								
April 2_____								
May 2_____								
June 2_____								

Instructions to claim reimbursement: Apply monthly percentages during the base year (shown in columns E, F, and G) to the monthly number of total student meals served in the second, third and fourth years.

Form Completed By (Name) _____

Date _____

Reimbursement Claims Calculation – 2nd, 3rd, and 4th School Year
For Schools Participating in Special Assistance Provision 2

School: _____

Program: Breakfast Program
(Separate form for each) Lunch Program

School Food Authority (SFA): _____

Claim Month: _____ Year: _____

Instructions for claiming reimbursement: Apply monthly percentages obtained during the base year to the monthly number of total student meals served in the second, third and fourth years to determine claim for free, reduced-price and paid reimbursement.

Form Completed By (Name) _____ Date _____

Total Number Meals Served (A)	Corresponding Monthly Percentage from Base Year (B)	Current Month's Claim (C)
Total Meals: _____	X Free _____% =	Free Meals: _____
	X Reduced _____% =	Reduced Meals: _____
	X Paid _____% =	Paid Meals: _____
Example: 5100	X Free 90 % = (5100 x .90)	Free Meals: 4,590
	X Reduced 4 % = (5100 x .04)	Reduced Meals: 204
	X Paid 6 % = (5100 x .06)	Paid Meals: 306

Note: During the second, third, and fourth year of operation, the reimbursement will be on meal count and the corresponding month's percentages (free, reduced-price, and paid) from the base year of operation under Provision 2.

Instructions:

- Record total reimbursable meals served during the month in column A.
- Record the percentage free, reduced-price, and paid from the corresponding month of the base year in column B.
- Multiply the total meals for the month (column A) by the percentage (column B) to find the number to be claimed for free, reduced-price, and paid categories (column C).

Summary of Meals Claimed – Base Year
For Schools Participating in Special Assistance Provision 3

School: _____

Program: Breakfast Program
(Separate form for each) Lunch Program

School Food Authority (SFA): _____

Base Year: _____

Enrollment on Oct. 31 of Base Year: _____

Base Year Student Meal Counts				
Month and Year	Free Meals Served (A)	Reduced Price Meals Served (B)	Paid Meals Served (C)	Total Meals (D) (A + B + C)
July 20_____				
August 20_____				
September 20_____				
October 20_____				
November 20_____				
December 20_____				
January 20_____				
February 20_____				
March 20_____				
April 20_____				
May 20_____				
June 20_____				

Instructions: The number of meals served by category must be recorded in the base year for use during the following four years of Provision 3.

Form Completed By (Name) _____

Date _____

Meals Claimed Calculation – Non-Base Year of Participation
 For Schools Participating in Special Assistance Provision 3

School: _____ Month/Year: _____

School Food Authority (SFA): _____

1. Determine any change in enrollment from base year:

Formula:

$$\frac{\text{Current Oct/Year}}{\text{Base Oct/Year}} = \% \text{ Increase or Decrease}$$

2. Instead of using meal counts, use the base year counts adjusted for % changes in enrollment:

Breakfast Category	Corresponding Month Base Year Meals	Percent Enrollment Change	Breakfast Calculated Meal Count**
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Free	_____ x	_____ =	_____
------	---------	---------	-------

Reduced Price	_____ x	_____ =	_____
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Paid	_____ x	_____ =	_____
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Lunch Category	Corresponding Month Base Year Meals	Percent Enrollment Change	Lunch Calculated Meal Count**
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Free	_____ x	_____ =	_____
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Reduced Price	_____ x	_____ =	_____
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Paid	_____ x	_____ =	_____
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Instructions: Use calculated meal count per category, adjusted for increase/decrease in enrollment (**), for reimbursement claims in non-base years.

Form Completed By (Name) _____ Date _____

For Schools Participating in Special Assistance Provision 2 and Provision 3

Program: Breakfast Program
 (Separate form for each) Lunch Program

Revenue by Category

Source of Revenue	Without Provision 2 or Provision 3			With Provision 2 or Provision 3		
	Paying Student	Free Student	Reduced-Price Student	Paying Student	Free Student	Reduced-Price Student
Cash Payment						
Federal Reimbursement ¹						
Entitlement Commodities ²						
Totals						

Average Revenue

Category of Student	Without Provision 2 or Provision 3			With Provision 2 or Provision 3		
	Average Number Served	Revenue by Category	Total Revenue	Average Number Served	Revenue by Category	Total Revenue
Paying						
Free						
Reduced-Price						
Totals						
Revenue for Year						
Average Revenue per Meal						

Form Completed By (Name) _____

Date _____

¹Use current federal reimbursement rates

²Use current value of enrollment commodities