

Community Eligibility Option

Universal Meal Service in High Poverty Areas

I. Overview

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 educational agencies (LEAs) and schools. This alternative is referred to as the Community Eligibility option.

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.

In accordance with the law, the Community Eligibility option must be phased in over a period of several years. The Community Eligibility option is available in eligible LEAs and schools in three States selected by Food and Nutrition Service (FNS) for the school year (SY) beginning July 1, 2011. An additional four States will be added for each SY beginning July 1, 2012, and July 1, 2013. The option is available nationwide to all eligible LEAs and schools beginning July 1, 2014.

II. Community Eligibility Procedures

This section explains the requirements for LEAs and schools in selected States to participate in the Community Eligibility option. Once a State is selected for participation, all eligible LEAs and schools in the State may participate, including LEAs and schools that become eligible in later years. The requirements for eligibility, reimbursement and reporting under the Community Eligibility option are set forth in section 11(a)(1)(F) of the Richard B. Russell National School Lunch Act.

The Community Eligibility option is a 4-year reimbursement option for eligible high poverty LEAs and schools. An LEA may participate in the Community Eligibility option for all schools in the LEA or only some schools, depending on the eligibility of the individual schools and financial considerations based on the anticipated level of Federal reimbursement and other non-Federal support that may be available. As indicated above, the claiming percentages established for a school in the First Year of its participation are guaranteed for a period of four school years and may be increased if direct certification percentages rise in that school. Participating schools that

continue to meet the minimum direct certification percentage may immediately begin another 4-year cycle after the initial cycle concludes. For participating schools that fall below the minimum percentage at the end of their 4-year cycle, there is the possibility to continue to participate for a “grace year.” A participating LEA or school may stop participating in the Community Eligibility option during the 4-year cycle by notifying the State agency no later than June 30 of the school year prior to when they want to return to normal counting and claiming procedures. This will allow sufficient time for the LEA to prepare for the certification process for the coming school year.

First Year Procedures

These procedures apply to the first year of any school’s participation in the Community Eligibility option.

Eligibility

To be eligible for the Community Eligibility option, the LEA/school must:

- Serve all children in the participating schools free breakfasts and free lunches for four successive school years. Please note that both breakfast and lunch must be served.

- Have a percentage of enrolled students who were *Identified Students* as of April 1 of the year prior to participating in the Community Eligibility option that is greater than or equal to 40 percent. For School Year 2011-2012 participation, the percentage of *Identified Students* is determined as of April 1, 2011.¹
 - The law defines *Identified Students* as “students certified based on documentation of benefit receipt or categorical eligibility as described in [7 CFR] Section 245.6a(c)(2)...” As provided in the regulation, this primarily 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), Temporary Assistance for Needy Families, and the Food Distribution Program on Indian Reservations. It also includes homeless, runaway and migrant youth. It does not include students who are categorically eligible based on submission of a free and reduced price application.

 - The number of *Identified Students* is reported annually by each LEA in Question 4-1 of the FNS-742, *Verification Summary Report*.

- 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.

¹ The percentage of *Identified Students* can be obtained from the FNS-742 or more recent data if available.

- Not collect free and reduced price applications from households in participating schools during the period of participation in the Community Eligibility option.
- Count total breakfasts and lunches served to students
- NOT be a residential child care institution (RCCI) as that term is set forth in the definition of "School" in 7 CFR 210.2.

Please note that schools currently participating in Provision 2 or Provision 3 that are not in the base year may be eligible to participate in the Community Eligibility option if the State or local system for direct certification is able to provide direct certification data for SY 2010-2011 for these schools. These schools may not use older data for purposes of establishing the percentage of *Identified Students*.

Reimbursement

Reimbursement for a school in the First Year under the Community Eligibility option is based on the percentage of *Identified Students* as of April 1 of the school year prior to the First Year of electing benefits.

The percentage of *Identified Students* is multiplied by a factor of 1.6 to determine the total percentage of meals reimbursed at the Federal free reimbursement rate. (The percentage derived from this calculation must not exceed 100 percent.)

Percentage of meals reimbursed at free rate =

Percentage of Identified Students × 1.6

The remaining percentage of meals, equaling up to 100 percent, is reimbursed at the Federal "paid" reimbursement rate. Schools apply the claiming percentages to the total number of meals served to determine the reimbursement amount.

Example:

Identified Students as of April 1, 2011: 45%

$0.45 \times 1.6 = .72$

72% of all meals served are reimbursed at the free rate

28% of all meals served are reimbursed at the paid rate

Second, Third and Fourth Year Procedures

Reimbursement

For the second, third and fourth years of a school's participation in the Community Eligibility option, the school may use the initial percentage of *Identified Students* used for determining reimbursement in the First Year, or the percentage of *Identified Students* as of April 1 of the preceding year, whichever is higher.

Example:

Initial *Identified Students* (as of April 1, 2011): 45%

Identified Students as of April 1, 2012: 47%

$$0.47 \times 1.6 = .752$$

75.2% of all meals served in Year 2 are reimbursed at the free rate

24.8% of all meals served in Year 2 are reimbursed at the paid rate

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 option in the SY beginning July 1, 2011 must meet the *Identified Students* minimum of 40 percent as of April 1, 2015 in order to begin another 4-year cycle. The *Identified Students* percentage from April 1, 2015 would be used for reimbursement for the First Year of the new cycle.

Grace Year Procedures

Eligibility

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

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.

Example:

Year 4 *Identified Students* (as of April 1, 2015): 36%

$$0.36 \times 1.6 = .576$$

57.6% of all meals served in the grace year are reimbursed at the free rate

42.4% of all meals served in the grace year are reimbursed at the paid rate

Schools that achieve the required minimum percentage of *Identified Students* as of April 1 of the grace year may begin a new 4-year cycle in the following SY. All other schools must return to normal counting and claiming procedures in the following SY.

III. Annual Requirements for Notifying Eligible LEAs and Schools

The law establishes several notification and public reporting requirements for State agencies, LEAs, and USDA to help ensure that eligible and potentially eligible LEAs and schools are aware of the Community Eligibility option and how it might benefit their LEA or school. The basis of the data for notification is the information reported annually on the FNS-742.

State Agency Requirements

By May 1 of each year beginning May 1, 2012, all States participating in the Community Eligibility option are required provide information about the Community Eligibility option to certain LEAs in the State, based on the data reported on the FNS-742. The State agency also must annually submit to FNS a list of LEAs in the State receiving the notifications described below. The law requires FNS to publish these lists.

Notification to Non-Participating LEAs

- *Eligible but non-participating LEAs:* The State agency must notify each non-participating LEA that meets or exceeds the 40 percent *Identified Student* threshold that the LEA is eligible for the Community Eligibility option for next four school years. This notification also must include the reimbursement claiming percentages the LEA would receive, and the procedures for participating.
- *Potentially Eligible LEAs:* The State agency must notify each non-participating LEA with an *Identified Student* percentage between 30 and 40 percent that the LEA may be eligible for the Community Eligibility option in future years if the *Identified Student* percentage reaches at least 40 percent.

Notification to Certain LEAs Currently in the Community Eligibility Option

- *LEAs in the First Year:* The State agency must notify all currently participating LEAs in the First Year of the 4-year cycle of the reimbursement claiming percentages the LEA would receive for Year 2.
- *LEAs in Year 4:* The State agency must notify all currently participating LEAs in Year 4 that have *Identified Student* percentages between 30 and 40 percent, of the ability to participate for a grace year. This notification also must include the reimbursement claiming percentages the LEA would receive, and the procedures for participating.

LEA Requirements

By May 1 of each year beginning May 1, 2012, for States participating in the Community Eligibility option, all LEAs with one or more eligible schools must submit information to the State agency, and the State agency must publish this information.

- A list of non-participating schools that meet or exceed the 40 percent *Identified Student* threshold.
- A list of non-participating schools that have *Identified Student* percentages between 30 and 40 percent.
- A list of currently participating schools in Year 4 of the 4-year cycle that have *Identified Student* percentages between 30 and 40 percent.

IV. How to Apply

The ten State agencies eligible to apply for consideration for the Community Eligibility option in SY 2011-2012 should notify their Regional Office no later than **April 1, 2011** whether they intend to apply.

To be considered for final selection, interested State agencies eligible to apply for SY 2011-2012 must provide the information described below to FNS by **April 29, 2011**. In compiling the data, States may use data on school food authorities (SFAs) from the FNS-742 or more recent data if available.

1. The name of each SFA with at least one eligible school that would likely participate in the Community Eligibility option for SY 2011-2012.
2. The number of eligible schools in the SFAs in number 1 above that would likely participate in the Community Eligibility option for SY 2011-2012.
3. Total student enrollment in the eligible schools in number 2 above that would likely participate.
4. If available, the number of schools in each SFA eligible to participate in the Community Eligibility option (i.e., those that meet the 40 percent *Identified Student* threshold). (These are eligible schools that would not likely choose to participate.)

For schools currently participating in Provision 2 or Provision 3 that are not in the base year, the State agency may establish *Identified Student* percentages for the purpose of applying for consideration for selection, if possible. If the base year numbers are all that are available, please provide these numbers. If the State is selected for participation, Provision 2 and Provision 3 schools would be required to establish *Identified Student* percentages for the purpose of receiving reimbursement under the Community Eligibility option.

Attachment A contains the instructions and preferred format for State agencies to apply.