

## Office of Health and Nutrition Services

# Severe Need and \$0.02 Differential Frequently Asked Questions

### What is Severe Need Breakfast?

Severe need breakfast is a United States Department of Agriculture (USDA) program that provides additional breakfast reimbursement to schools participating in the National School Lunch Program (NSLP) and School Breakfast Program (SBP) that meet certain eligibility requirements.

### How is eligibility for Severe Need for Breakfast determined each year?

A building is eligible for the severe need rate for breakfast when forty percent (40%) or more of the total lunches served in that building in the second preceding school year (SY) were free or reduced price. The “second preceding school year” is defined as the two years prior to the current school year.

### What is the \$0.02 Differential?

USDA provides a higher payment of two additional cents per lunch to School Food Authorities (SFAs) operating the NSLP and SBP that meet certain eligibility requirements. This higher payment rate is referred to as the “\$0.02 differential.”

### How is eligibility for the additional \$0.02 for lunch determined each year?

The entire district is eligible for the additional \$0.02 for lunch when sixty percent (60%) or more of total lunches served district wide in the second preceding school year were free or reduced price.

### Who calculates the eligibility for the Severe Need rate at breakfast and additional \$0.02 for lunch?

The Michigan Department of Education (MDE) calculates the severe need and \$0.02 eligibility for sponsors each year through the Michigan Nutrition Data (MiND) System.

### How will eligibility for Severe Need and \$0.02 Differential be determined for SY 2022-2023?

The method for determining eligibility for severe need and \$0.02 differential reimbursement rates will depend on how SFAs have been claiming meals during the last two years of the COVID-19 pandemic.

SFAs that did not operate NSLP during SYs 2020-2021 and 2021–2022 may use one of the following options to determine eligibility for SY 2022-2023:

Option 1- SFAs may use the percentage of lunches served free or at the reduced-price rate during SY 2019–2020.

Option 2- SFAs may also use the percentage of lunches served free or at the reduced-price rate during the first three months of SY 2022–2023.

What if the SFA did operate NSLP in SY 2020-2021 and/or SY 2021-2022?

SFAs that operated NSLP during SY 2021–2022 must use the percentage of lunches served free, or at the reduced-price, during SY 2021–2022 to determine eligibility for severe need and two-cent differential reimbursement for SYs 2022–2023 and 2023–2024.

SFAs that operated NSLP during SYs 2020–2021 and 2021–2022 have second prior year data available to determine eligibility for severe need and two-cent differential reimbursement. Therefore, these schools have the data needed to determine both additional reimbursements.

Where can I find more information about the Severe Need and \$0.02 Differential Eligibility for SY 2022-2023?

The link to the USDA policy memo issued on June 15, 2022:

[Determining Eligibility for Severe Need Reimbursement for the SBP and the Two Cent Differential Reimbursement for the NSLP in SY 2022-23 and 2023-24 | Food and Nutrition Service \(usda.gov\)<sup>1</sup>](https://www.fns.usda.gov/cn/determining-eligibility-severe-need-reimbursement-school-breakfast-program-and-two-cent)

Who can I contact if I have additional questions?

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<sup>1</sup> <https://www.fns.usda.gov/cn/determining-eligibility-severe-need-reimbursement-school-breakfast-program-and-two-cent>