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SUBJECT: 2014 Edition of *Eligibility Manual for School Meals*

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

Attached is the August 2014 version of the *Eligibility Manual for School Meals*. This version replaces the August 2013 manual and incorporates clarifications requested by State agencies and FNS regional offices as well as applicable guidance issued since the last revision. Major changes and clarifications are highlighted throughout the manual. An un-highlighted and highlighted version of the eligibility manual will be available online. Consistent with previous years, the highlighted version will be removed after three months and the un-highlighted version will remain available for use.

Two new areas added to this year's manual are Part 3 Section P: "Independent Review of Applications" and Part 7: "Effective Date of Eligibility Determination". These additions reflect the following guidance issued by FNS since last year's manual:

- SP 51-2014: Eligibility Effective Date for Directly Certified Students, June 19, 2014
- SP 44-2014: Questions and Answers Related to the Independent Review of Applications, April 30, 2014
- SP 11-2014: Effective Date of Free or Reduced Price Meal Eligibility Determinations, December 3, 2014

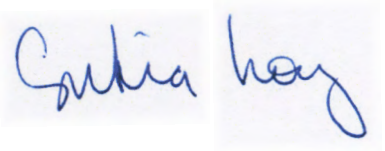
This year's manual also reinforces the importance of validating an active case number or migrant, homeless, or runaway status prior to certification. The validation process is an important tool that can reduce the household application burden, improve direct certification rates, and increase program integrity. Validation is referenced in Part 3 "Processing Applications" Section C, Section F, and Part 5 "Categorically Eligibility", Section A.

A definition for "Automated Data Matching" was added to Part 1 "Terms Used in this Manual", Section B. This definition provides a general explanation of this direct

certification method and outlines two of the most common matching processes: State/Central-level and Local/LEA-level. This definition and further clarifications on the direct certification process were included in Part 6 "Direct Certification for Assistance Programs".

An additional question and answer was added to Part 9 "Verification", Section P. This question offers additional guidance on what may be considered a "questionable application" under verification for cause.

State agencies are reminded to distribute this memorandum and attachment to program operators immediately. Local educational agencies, school food authorities, and other program operators should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional office.



Cynthia Long
Deputy Administrator
Child Nutrition Programs

Attachment

August 2014

Eligibility Manual for School Meals

Determining and Verifying Eligibility

Child Nutrition Programs
FOOD AND NUTRITION SERVICE, USDA

This manual contains information on Federal requirements regarding the determination and verification of eligibility for free and reduced price meals in the National School Lunch Program and the School Breakfast Program. These provisions also apply to the determination of eligibility for free milk under the Special Milk Program and are generally applicable to the Child and Adult Care Food Program and the Summer Food Service Program when individual children's eligibility must be established. Local educational agencies, institutions and sponsors should confer with their State agency to determine which procedures and options are followed in their State.

This manual replaces the Eligibility Guidance for School Meals Manual issued in August 2013. This updated version reflects changes made since that time, as a result of final and interim regulations, and policy clarifications.

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August 2014

Table of Contents

INTRODUCTION 9
STATUTORY AND REGULATORY AUTHORITY 9
ADMINISTRATION OF THE PROGRAMS 9
RESOURCES 9
PART 1: ADMINISTRATION 10
A. GENERAL REQUIREMENTS 10
B. TERMS USED IN THIS MANUAL 11
C. POLICY STATEMENT 16
POLICY STATEMENT FOR THE SMP 16
ADDRESSING OVERT IDENTIFICATION IN THE POLICY STATEMENT 16
D. PUBLIC (MEDIA) RELEASE 16
PART 2: APPLICATION 18
A. DESIGN 18
B. FOREIGN LANGUAGE TRANSLATIONS 18
C. INFORMING HOUSEHOLDS 19
LATE ENROLLMENTS 20
PAPER-BASED APPLICATIONS 20
COMPUTER OR WEB-BASED APPLICATIONS 20
INFORMATION LETTER 20
D. HOUSEHOLD APPLICATIONS 22
FAMILY FRIENDLY FREE AND REDUCED PRICE APPLICATION 22
EXEMPTION TO HOUSEHOLD APPLICATIONS 23
PREVENTING OVERT IDENTIFICATION OF DIRECTLY CERTIFIED CHILDREN 23
E. ELECTRONIC/SCANNED APPLICATIONS 23
F. CONTENTS OF APPLICATION 24
CATEGORICAL ELIGIBILITY BASED ON ASSISTANCE PROGRAMS 25
OTHER SOURCE CATEGORICAL ELIGIBILITY AND INCOME ELIGIBILITY 25
G. QUESTIONS AND ANSWERS 25
PART3: PROCESSING APPLICATIONS 27
A. BENEFITS PRIOR TO PROCESSING APPLICATIONS 27
CARRYOVER OF PREVIOUS YEAR'S ELIGIBILITY 27
B. APPLICATION PROCESSING TIMEFRAME 28

C. DETERMINING COMPLETION OF SUBMITTED APPLICATIONS 28
CATEGORICAL ELIGIBILITY 29
EXTENSION OF CATEGORICAL ELIGIBILITY 29
OTHER SOURCE CATEGORICAL ELIGIBILITY (EXCEPT FOSTER CHILDREN) 29
OTHER SOURCE CATEGORICAL ELIGIBILITY FOR FOSTER CHILDREN 30
INCOME ELIGIBILITY 30
INDICATION OF DIFFERENT TYPES OF ELIGIBILITY 30
REVIEWING SUBMITTED APPLICATIONS 31
D. CITIZENSHIP/LEGAL STATUS 31
E. CURRENT INCOME/CONVERSIONS 32
INCOME RECEIVED AT DIFFERENT INTERVALS 32
NO CONVERSION REQUIRED 32
CONVERSION REQUIRED 32
INDICATING INCOME AND INCOME SOURCES 33
F. DETERMINING ELIGIBILITY 33
DETERMINATION USING CASE NUMBERS 33
DETERMINATION FOR OTHER SOURCE CATEGORICALLY ELIGIBLE CHILDREN 34
DETERMINATION BASED ON INCOME 34
VERIFICATION FOR CAUSE 35
G. DURATION OF ELIGIBILITY 35
PROHIBITION ON THE USE OF TEMPORARY APPROVAL 35
H. UNAPPROVED APPLICATIONS 35
I. HOUSEHOLDS THAT FAIL TO APPLY 35
J. NOTIFICATION OF ELIGIBILITY DETERMINATION 36
K. CHANGE IN HOUSEHOLD CIRCUMSTANCES 36
L. APPEALS 37
M. RECORDKEEPING 37
APPROVED APPLICATIONS 37
DENIED APPLICATIONS 37
CHANGES DURING THE SCHOOL YEAR 37
RECORD RETENTION 37
N. TRANSFERRING ELIGIBILITY 38
Transferring Within the Same LEA 38

Transferring to another School District/LEA 38
O. RESTRICTIONS 39
P. INDEPENDENT REVIEW OF APPLICATIONS 40
Q. QUESTIONS AND ANSWERS 40
PROCESSING APPLICATIONS 40
DETERMINING IF AN APPLICATION IS COMPLETE 42
CUSTODY SITUATIONS 43
ACCEPTING BENEFITS 44
PART 4: INCOME ELIGIBILITY 45
A. GENERAL 45
B. DETERMINING HOUSEHOLD COMPOSITION 45
SPECIAL SITUATIONS 45
C. DETERMINING HOUSEHOLD REPORTABLE INCOME 47
CURRENT INCOME 48
SPECIAL SITUATIONS 48
INCOME EXCLUSIONS 51
D. QUESTIONS AND ANSWERS 52
PART5: CATEGORICALELIGIBILITY 55
A. MEMBERS OF ASSISTANCE PROGRAM HOUSEHOLDS 55
B. OTHER SOURCE CATEGORICALLY ELIGIBLE 55
HEAD START AND EVEN START 57
DOCUMENTATION OF PARTICIPATION 57
MIGRANT EDUCATION PROGRAM 57
MEP CONTACTS 58
DOCUMENTATION OF MEP ENROLLMENT 58
RUNAWAY AND HOMELESS YOUTH ACT 59
DOCUMENTATION OF RUNAWAYS' RHYA PARTICIPATION 59
MCKINNEY-VENTO HOMELESS ASSISTANCE ACT 60
DOCUMENTING FREE MEAL ELIGIBILITY FOR HOMELESS CHILDREN 60
HOMELESS CHILDREN RESIDING WITH ANOTHER HOUSEHOLD 60
FOSTER CHILD 61
DOCUMENTING FREE MEAL ELIGIBILITY FOR FOSTER CHILDREN 61
C. DURATION OF CATEGORICAL ELIGIBILITY 62

D. QUESTIONS AND ANSWERS 62
PART 6: DIRECT CERTIFICATION FOR ASSISTANCE PROGRAMS 65
A. GENERAL 65
B. MANDATORY DIRECT CERTIFICATION WITH SNAP 65
C. DIRECT CERTIFICATION WITH TANF AND FDPIR 67
D. REQUIRED DOCUMENTATION 67
E. NOTIFICATION 68
F. DELIVERY OF BENEFITS 68
G. EXPIRATION OF CATEGORICAL ELIGIBILITY 69
H. RECORDKEEPING 69
Part 7: EFFECTIVE DATE OF ELIGIBILITY DETERMINATIONS 70
A. GENERAL 70
B. APPLICATIONS 70
C. DIRECT CERTIFICATION 70
D. QUESTIONS AND ANSWERS 71
PART 8: CONFIDENTIALITY/DISCLOSURE 71
A. GENERAL 71
PREVENTING OVERT IDENTIFICATION 72
B. AGGREGATE DATA 72
C. DISCLOSURE CHART 73
D. "NEED TO KNOW" 74
E. NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS 74
F. NO CHILD LEFT BEHIND 75
G. FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT 75
H. PARENTAL NOTIFICATION FOR DISCLOSURE 76
NOTICE REQUIREMENTS 76
I. AGREEMENTS/MEMORANDA OF UNDERSTANDING 76
NON-MEDICAID/SCHIP AGENCIES 77
MEDICAID/SCHIP AGENCIES 77
J. OTHER DISCLOSURES THAT REQUIRE PARENTAL CONSENT 77
K. CONSENT STATEMENT REQUIREMENTS 78
L. PENALTIES FOR IMPROPER DISCLOSURE 78
M. QUESTIONS AND ANSWERS 79

PART 9: VERIFICATION 81
A. GENERAL DEFINITIONS 81
B. EXCEPTIONS TO VERIFICATION REQUIREMENTS 81
C. INITIAL VERIFICATION 82
ESTABLISHING THE SAMPLE POOL 82
ESTABLISHING THE SAMPLE SIZE 83
VERIFICATION COMPLETION DEADLINES 83
D. VERIFICATION FOR CAUSE 83
GENERAL 83
VERIFICATION FOR CAUSE FOR SCHOOL DISTRICT EMPLOYEES 84
E. APPLICATION SELECTION PROCEDURES 84
AVAILABLE SAMPLE SIZES 84
STANDARD SAMPLE SIZE 84
ALTERNATE SAMPLE SIZES 85
COMPLETING THE SAMPLE SIZE 85
F. QUALIFYING TO USE AN ALTERNATE SAMPLE SIZE 86
LOWERED NON-RESPONSE RATE 86
IMPROVED NON-RESPONSE RATE 86
CONTINUING ELIGIBILITY FOR USE OF AN ALTERNATE SAMPLE SIZE 87
STATE AGENCY RESPONSIBILITIES 87
G. POST SELECTION PROCEDURES 87
CONFIRMATION REVIEWS 87
OUTCOME OF CONFIRMATION REVIEWS 88
REPLACING APPLICATIONS 89
H. HOUSEHOLD NOTIFICATION OF SELECTION 89
CONTACTING THE HOUSEHOLD 89
I. SOURCES FOR VERIFICATION OF WRITTEN EVIDENCE 90
COLLATERAL CONTACTS 91
AGENCY RECORDS 91
WHEN A HOUSEHOLD INDICATES NO INCOME 92
J. CONTINUING THE VERIFICATION PROCESS 92
WHEN VERIFICATION IS CONSIDERED COMPLETE 92
FOLLOW-UP 93

K. NOTICE OF ADVERSE ACTION 94
L. BENEFITS DURING AN APPEAL 94
M. HEARING PROCEDURE 94
N. HOUSEHOLDS THAT REAPPLY FOR PROGRAM BENEFITS 95
O. RECORDKEEPING 95
INDIVIDUAL APPLICATIONS 95
P. QUESTIONS AND ANSWERS 96
PART 10: DIRECTVERIFICATION 98
A. GENERAL 98
B. NAMES SUBMITTED FOR DIRECT VERIFICATION 98
C. DIRECT VERIFICATION WITH ASSISTANCE PROGRAMS 98
D. DIRECT VERIFICATION WITH MEDICAID AND SCHIP 99
STATES WITH MEDICAID AND/OR SCHIP INCOME LIMITS OF 133% OR LESS 99
STATES WITH MEDICAID AND/OR SCHIP INCOME LIMITS BETWEEN 133%-185% 99
E. DOCUMENTATION TIMEFRAME 99
F. INCOMPLETE OR INCONSISTENT INFORMATION 100
PART 11: APPENDICES 101
APPENDIX A: POLICY STATEMENT 101
AMENDMENTS 102
LEAS OPERATING THE SPECIAL MILK PROGRAM 102
APPENDIX B: PROTOTYPE APPLICATION 103
APPENDIX C: PROTOTYPE AGREEMENT 104
DISCLOSURE OF FREE AND REDUCED PRICE INFORMATION 104

INTRODUCTION

This manual contains information on determining eligibility for free and reduced price meals for the National School Lunch Program (including commodity schools and the After School Snack Program); and the School Breakfast Program. It is also applicable to the Special Milk Program for Children when schools and institutions serve free milk to eligible children. While this eligibility guidance directly addresses the school programs, it is also generally applicable to the Child and Adult Care Food Program and the Summer Food Service Program when individual children's eligibility must be established. These programs are collectively considered the Child Nutrition Programs.

STATUTORY AND REGULATORY AUTHORITY

Statutory authority for the Child Nutrition Programs includes the Richard B. Russell National School Lunch Act (NSLA) and the Child Nutrition Act of 1966 (CNA). The statutory citations are, respectively, 42 United States Code 1751 et seq. and 42 United States Code 1771 et seq.

Regulatory authority is found, as follows, in the Code of Federal Regulations (CFR):

- 7 CFR Part 210, National School Lunch Program (NSLP)
- 7 CFR Part 215, Special Milk Program for Children (SMP)
- 7 CFR Part 220, School Breakfast Program (SBP)
- 7 CFR Part 225, Summer Food Service Program (SFSP)
- 7 CFR Part 226, Child and Adult Care Food Program (CACFP)
- 7 CFR Part 245, Determining eligibility for free and reduced price meals and free milk in schools

ADMINISTRATION OF THE PROGRAMS

The school meals programs are administered at the Federal level by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA). At the State level, the programs are administered by the State agency designated in each State. If State law prevents the State from administering the program, it may be administered by the appropriate FNS Regional Office (FNSRO; this situation is often referred to as a Regional Office Administered Program, or ROAP).

RESOURCES

To keep up to date, regularly check the Child Nutrition Programs' Web site at http://www.fns.usda.gov/child-nutrition-programs for recently posted regulations, policy clarifications, prototype application materials, and other information. State agencies may also access the PartnerWeb at https://www.partnerweb.usda.gov.

PART 1: ADMINISTRATION

A. GENERAL REQUIREMENTS

State agencies that administer the school meals programs must issue free and reduced price policy guidance and any other instructions necessary to local educational agencies to ensure awareness of Federal and State requirements pertaining to free and reduced price meals and free milk. Participating local educational agencies must provide free and reduced price meal benefits to eligible children in accordance with the statutory and regulatory requirements as detailed in this manual.

All schools participating in the NSLP or SBP must make free and reduced price meals available to eligible children; all schools and institutions participating in the free milk option of the SMP must make free milk available to eligible children.

The term "school food authority" (SFA) is used for local agencies administering the school meal programs (i.e., the governing body which is responsible for the administration of one or more schools and has the legal authority to operate the school meals programs in those schools), while the term "local educational agency" (LEA) is used for those responsible for the application, certification, and verification activities of the NSLP and SBP.

Local educational agency (LEA) means:

- The public board of education or other public or private nonprofit authority legally constituted within a State for the administrative control of public or private nonprofit schools in a political subdivision of a State;
- An administrative agency or combination of school districts or counties recognized by the State;
- Any other public or private nonprofit institution or agency having administrative control and direction of public or private nonprofit schools or residential child care institutions; or
- The State educational agency that, in any state or territory, serves as the sole educational agency for all public or private nonprofit schools.

B. TERMS USED IN THIS MANUAL

ASSISTANCE PROGRAMS Receipt of benefits by any household member from certain Assistance Programs conveys categorical (automatic) eligibility for free school meals to all children in the household. The determination is made through an application with appropriate case numbers or through "direct certification for assistance programs." The Assistance Programs are:

- Supplemental Nutrition Assistance Program (SNAP)
- Food Distribution Program on Indian Reservations (FDPIR)
- Temporary Assistance for Needy Families (TANF) [TANF is a Federal designation; each State has its own name and acronym for the Program; also see definition below]

Automated Data Matching is the most common direct certification method used to directly certify students. Matches are made between student enrollment records and benefit recipient records from Other Assistance Programs (i.e., SNAP, TANF, or FDPIR), a foster care agency, or other appropriate State or local agencies establishing categorical eligibility (e.g., Head Start, Even Start, migrant education, runaway, and homeless programs) using this method.

There are two common automated data matching processes:

- Local/LEA-level means a State agency distributes SNAP and other relevant data to the LEAs and the LEAs match the SNAP data with their student enrollment records.
- State/Central-level matching means a State agency is responsible for a system that matches a list of children enrolled in schools participating in the NSLP with a list of children receiving SNAP benefits. After conducting the match process, relevant information is provided to the LEA to process at the local level.

CATEGORICALLY ELIGIBLE CHILDREN are those children automatically eligible for free meal benefits because they, or any household member, receive benefits under Assistance Programs 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 does not convey to other children in the household.

There are two ways children may be classified as categorically eligible:

- Through participation in Assistance Programs- SNAP/FDPIR or TANF (a child or any member of the household, receives benefits from SNAP/FDPIR or TANF as determined through direct certification or an application with appropriate case numbers); or
- Through Other Source Categorically Eligible designation- children documented under the applicable definition in this section as:
    - Homeless, runaway, or migrant;
    - A foster child; or
    - Enrolled in a Federally-funded Head Start Program or a comparable State-funded Head Start Program or pre-kindergarten programs, or in an Even Start Program.

The household indication of an Other Source Categorically Eligible status must be confirmed prior to certification for free or reduced price meals.

DIRECT CERTIFICATION means determining children eligible for free meals benefits based on documentation obtained directly from the appropriate State or local agency or other authorized individuals. Direct certification of a child's eligibility status should not involve the household. The communication exchange should be between an appropriate agency and the LEA/school.

DIRECT CERTIFICATION FOR ASSISTANCE PROGRAMS can be conducted through a computer/electronic match between the Assistance Programs and/or the State or LEA. No application is necessary if eligibility is determined through the direct certification process.

Direct certification for SNAP households ***must*** be conducted using the electronic data match process. A letter provided by SNAP to households to be submitted to an LEA no longer meets the requirement for SNAP direct certification. If a household provides a SNAP eligibility letter to the LEA/school, it must be used to establish eligibility but is not considered direct certification.

However, direct certification may be conducted using letters provided to eligible participants from TANF or FDPIR agencies that the family submits to the LEA/school.

DIRECT CERTIFICATION FOR OTHER SOURCE CATEGORICALLY ELIGIBLE PROGRAMS can be conducted through a computer/electronic match between appropriate State or local agencies, officials from other source programs and/or LEA officials such as the LEA's homeless liaison. Direct certification for these programs may also be conducted using lists of eligible participants provided to the State or LEA from appropriate officials from Other Source Categorically Eligible Programs. Letters provided by such programs to eligible participants and contacts with these programs officials may also be used for direct certification. No application is necessary if eligibility for these programs is determined through the direct certification process.

DIRECT VERIFICATION means using public records as a means to verify children's eligibility for free/reduced price meals. Direct verification may be conducted with SNAP, FDPIR, or TANF agencies or appropriate officials in programs represented in Other Source Categorically Eligible Programs to confirm eligibility for free meals. Direct verification with Medicaid/State Child Health Insurance Program (SCHIP) may confirm either eligibility for free or reduced price meals depending on the Medicaid/SCHIP eligibility criteria in the state.

EVEN START refers to a Federally-funded Even Start Family Literacy Program for preschool/pre-kindergarten children.

EXTENSION OF CATEGORICAL ELIGIBILITY means that all children in a household with at least one child or household member who receives benefits from an Assistance Program are categorically eligible for free meals. Any one child's or household member's receipt of benefits from an Assistance Program extends free school meal eligibility to all children who are members of the household.

FOSTER CHILD means a child whose care and placement is the responsibility of an agency that administers a State plan under Part B or E of title IV of the Social Security Act, or a foster child who a court has placed with a caretaker household. These provisions only apply to children formally placed in foster care by a State child welfare agency or a court. They do not apply to informal arrangements or permanent guardianship placements that may exist outside of or as a result of State or court based systems. Whether placed by the State child welfare agency or a court, in order for a child to be considered categorically eligible for free meals, the state must retain legal custody of the child.

A foster child is categorically eligible for free meals without further application. For purposes of determining eligibility for free or reduced price school meals for other children in the household, the foster child is considered a member of the household in which the other children reside. The foster child's income is only considered when the foster family applies for meal benefits for the non-foster children in the household.

FREE MEAL is a meal served in the NSLP or SBP to a child eligible for such benefits under 7 CFR Part 245. Neither the child nor any member of the household pays or is required to work in the school or in the school's food service to receive a free meal.

FREE MILK is milk served in the SMP to a child eligible for free milk under 7 CFR Part 245. Neither the child nor any member of the household pays or is required to work in the school or in the school's food service to receive free milk.

HEAD START refers to the Federal Head Start Program and any State funded pre-kindergarten classes using identical or more stringent eligibility criteria than the Federal Head Start Program.

HOMELESS (Other Source Categorical Eligibility Program) means a child is considered homeless if s/he is identified as lacking a fixed, regular and adequate nighttime residence by the LEA homeless liaison, or by the director of a homeless shelter.

HOUSEHOLD means a group of related or nonrelated individuals who are living as one economic unit. The term "family" has the same definition. These definitions are found in 7CFR Part 245.2.

INCOME ELIGIBILITY GUIDELINES (IEGS) are the household size and income levels prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced price meals and for free milk. The free guidelines are at or below 130 percent of the Federal poverty guidelines and the reduced price guidelines are between 130 and at or below 185 percent of the Federal poverty guidelines.

LEP means limited English proficient.

MIGRANT means a child who is enrolled in the Migrant Education Program (MEP) as determined by the State or local MEP coordinator.

MIXED HOUSEHOLDS are households that include children designated as Other Source Categorically Eligible as well as children who are not.

OPERATING DAYS are days during which any meal service is provided.

OTHER SOURCE CATEGORICALLY ELIGIBLE PROGRAMS are those categories which make children automatically eligible for free benefits, either through direct certification or application, because the children are:

- Enrolled in a Federal Head Start Program;
- Enrolled in State-funded pre-kindergarten classes using identical or more stringent eligibility criteria than the Federal Head Start Program;
- Enrolled in Even Start - a participant in a Federally-funded Even Start Family Literacy Program for pre-school and pre-kindergarten children;
- Determined to be a homeless child by the school district's homeless liaison or by the director of a homeless shelter;
- Determined to be a migrant child by the State or local Migrant Education Program (MEP) coordinator or homeless liaison;

- Determined to be 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;
- Determined to be a foster child whose care and placement is the responsibility of the State or is *formally* placed by a court with a caretaker household, and the State retains legal custody of the child.

A child's eligibility for free meals under Other Source Categorical Eligibility does not extend to any other child in the household.

OVERT IDENTIFICATION is any action that may result in a child being recognized as potentially eligible to receive or be certified for free or reduced price school meals or free milk. SFAs must assure that a child's eligibility status is not disclosed at any point in the process of providing free or reduced price meals or free milk, including notification of the availability of free or reduced price benefits; certification and notification of eligibility; provision of meals in the cafeteria; the point of service; providing additional services, such as educational services to low income children; and the method of payment.

REDUCED PRICE MEAL is a lunch priced at 40 cents or less, an afterschool snack priced at 15 cents or less, or a breakfast priced at 30 cents or less served, to a child certified as eligible for such benefits under 7 CFR Part 245.

RESIDENTIAL CHILD CARE INSTITUTION (RCCI) is generally any distinct part of a public or nonprofit private institution that (1) maintains children in residence; (2) operates principally for the care of children; and (3) if private, is licensed by the State or local government to provide residential child-care services under the appropriate licensing code. The regulatory definition of "School" for NSLP, SBP and SMP includes RCCIs. See Parts 2 and 4 of this manual for additional guidance on how to certify residents of RCCIs.

RUNAWAY means a runaway child who is receiving assistance from a program under the Runaway and Homeless Youth Act and is identified by the LEA's homeless liaison or an official of such program.

SCHOOL YEAR is the period between July 1 and June 30.

TANF means the Temporary Assistance for Needy Families Program; categorical eligibility for free meals is limited to beneficiaries in States with TANF standards that are comparable to or more restrictive than those in effect on June 1, 1995.

WORKING DAYS are those days when school is open and teachers and/or school administration are on-site but the reimbursement meal service is not in operation.

C. POLICY STATEMENT

Each LEA participating in the NSLP, SBP or the SMP (with free milk option) must have an approved free and reduced price policy statement on file at the State agency or the Food and Nutrition Service Regional Office (FNSRO) if the program is administered by the FNSRO. If an LEA is just starting its participation in the NSLP, SBP or SMP, it must submit its policy statement to the State agency for approval as part of the application process. Once approved, the policy statement becomes a permanent document, but must be amended when the LEA makes a substantive change in its free and reduced price policy. (See Appendix A for the requirements for the policy statement and amendments.)

POLICY STATEMENT FOR THE SMP

A policy statement must be submitted to and approved by the State agency for LEAs participating in the SMP with the free milk option. An LEA may submit a single policy statement for the NSLP/SBP and SMP when some of its schools participate in the SMP and others participate in the NSLP/SBP. Specific instructions on the development of the policy statement and policy approval process are provided to LEAs by the State agency.

ADDRESSING OVERT IDENTIFICATION IN THE POLICY STATEMENT

SFAs and LEAs must avoid any policy or practice that has the effect of overtly identifying children receiving free or reduced price meal benefits. LEAs and SFAs must assure that their policy statement complies with this requirement. State agencies must ensure during an administrative review that the LEA's and SFA's policy statement addresses ways to prevent overt identification.

D. PUBLIC (MEDIA) RELEASE

Near the beginning of each school year, the public must be notified that the NSLP, SBP and/or SMP are available in the school or school district. This notice must include the eligibility criteria for free and reduced price meals and/or free milk. It must be provided to the local news media, the unemployment office, and any major employers who are contemplating large layoffs in the attendance area of the school.

The public release must explain that, when known to the LEA, households will be notified of their children's eligibility for free meals if they are members of households receiving assistance from:

- The Supplemental Nutrition Assistance Program (SNAP) or, as applicable, the Food Distribution Program on Indian Reservations (FDPIR); or
- The Temporary Assistance for Needy Families (TANF) if the State program meets the statutory requirements.

No application is required for free meal benefits for these households. All children in these households are eligible for free meal benefits. The public release must inform the household to contact the school or LEA if any student was not listed on the application. If any child(ren) was not listed on the eligibility notice, the household should contact the LEA or school to have free meal benefits extended to that child(ren).

When known to the LEA, households will be notified of any child's eligibility for free meals if the individual child is Other Source Categorically Eligible because the child is categorized as

- Homeless, migrant, or runaway as defined by law; or
- Enrolled in an eligible Head Start, Even Start or pre-kindergarten class as defined in by law.

For any child not listed on the eligibility notice, the households should contact the LEA or school about any child also eligible under one of these programs or should submit an income application for other children.

If households/children receive benefits under Assistance Programs or other source programs are not notified by the school of their free meal benefits, the parent/guardian should contact their school.

Households notified of their children's eligibility must contact the LEA or school if it chooses to decline the free meal benefits.

The public release must contain the same information supplied in the letter to households (see Part 2, Section C. Informing Households), except that the public release must contain both the free and reduced price Income Eligibility Guidelines (IEGs). However, a public release that only refers to the SMP should not contain the reduced price IEGs.

The State agency may make the public release on behalf of its LEAs. In this case, the free and reduced price policy statement must specify the responsibilities the State agency will assume (e.g., sending the public release to the local media, employment office) and the names of the schools affected by the policy.

Copies of the public release must be made available upon request to any interested person.

PART 2: APPLICATION

A. DESIGN

The application and all supporting materials must be clear and simple in design and in an understandable and uniform format. The application materials must also conform to the requirements described in this part.

B. FOREIGN LANGUAGE TRANSLATIONS

The application materials and other communications with households concerning eligibility determinations must be in a language that parents and guardians can understand in order to diminish any language barriers to participation for Limited English Proficient (LEP) families. Where households need information in a language other than English, LEAs must make reasonable efforts, considering the number of such households, to provide household letters and application forms to them in the appropriate languages.

The FNS web site has the prototype application and materials translated in a number of languages. LEAs and State agencies are responsible for ensuring that all application and other household materials used in the application process are available in a language the LEP household can understand. Additionally, households can be assisted with completing the application process through the use of personnel proficient in foreign languages.

LEAs are required to assist LEP families under Title 6 of the Civil Rights Act of 1964. Under Title 6, LEAs have a responsibility to be aware of the language needs of LEP households and ensure that these households have access to the same information other parents have in a manner they can easily understand. LEAs are reminded that free and reduced price application materials can easily be included with educational materials that are provided to LEP families under the requirements of Title 6.

LEAs must have a system in place to identify language needs of families. LEAs can use the information gained through the Home Language Survey conducted during the school enrollment process to identify the languages used in households.

LEAs and State agencies must:

- Be familiar with the translated application materials available through FNS. Use the Home Language Survey, USDA's "I Speak" survey or other surveys to help identify LEP families. Be familiar with languages used in the community and the potential need for materials in those languages.
- After assessing potential language needs, determine where information or translation services in those languages may be obtained.
- After identifying LEP households, ensure that these households that apply for benefits receive language services.
- For parents or guardians who are unable to read or have limited literacy, State agencies and LEAs must provide the necessary services so that parents or guardians are assisted with completing the application process. This may entail providing oral interpretation services. Parents should not be expected to rely on family members (especially children) or friends as interpreters as they may not be able to provide quality and accurate interpretations.
- State agencies and LEAs must have a system in place to assist LEP households through the verification process. Follow up with LEP households that do not respond to the initial verification request.
- When possible, State agencies and LEAs should also partner with State and local resources, such as migrant or refugee assistance agencies.

C. INFORMING HOUSEHOLDS

Each year, at the beginning of school, information letters must be distributed to the households of children attending the school. This letter tells families which Child Nutrition Programs are available and notifies households that meals may be available free or at a reduced price, or that milk may be available free. [All LEAs must be able to provide households with paper applications and materials.]

The information letter must be sent to households of all schoolchildren either before the beginning of the school year or very early in the school year so eligibility determinations can be made and free and reduced price benefits provided as soon as possible. Information letters cannot be sent home at the end of the school year for the next year, nor can the LEA accept and process applications before the beginning of the Federally defined School Year (July 1 through June 30). Year-round schools usually follow the July 1-June 30 school year; therefore, they would distribute information letters in June.

The information letter may be distributed by the postal service, emailed to the parent/guardian, or included in the information packet provided to students.

LATE ENROLLMENTS

Households enrolling new students in an LEA after the start of the school year must be provided an information letter and an application form and materials when they enroll.

If the LEA has the capability, the status of any newly enrolled child must be checked for Assistance Programs and Other Source Categorical Eligibility at the time of enrollment.

PAPER-BASED APPLICATIONS

If the LEA only uses paper applications, an application form and instructions must be included with the letter to households.

COMPUTER OR WEB-BASED APPLICATIONS

If the LEA uses a computer or web-based system as one of their application processes, the information letter must inform the household how to access the system in order to apply for benefits. In addition, the letter must explain to the household how to obtain and submit a paper application. This may be done by including a telephone number or a form to return requesting that an application be sent.

INFORMATION LETTER

The information letter must contain the following information:

- Income Eligibility Guidelines
    - For schools participating in the NSLP and/or SBP only the reduced price guidelines may be included, with an explanation that households with incomes at or below the reduced price limits may be eligible for either free or reduced price meals;
    - For schools participating in the SMP with the free milk option, the free guidelines must be included; and
    - For schools participating in the NSLP and/or SBP and also participating in the SMP with the free milk option for their split-session kindergarten students, both sets of guidelines must be included.
- Instructions on how to apply for free or reduced price meals or free milk, including the fact that only one application is required for all children in the household;
- Explanation that an application for free or reduced price benefits cannot be approved unless it contains complete eligibility information as indicated on the application and instructions;
- Explanation that no application is necessary if the household was notified by the LEA that all children have been directly certified. If the household is not sure if their children have been directly certified, they should contact the school;
- Statement that only the last four digits of the social security number of the adult household member signing the application is needed;

- Statement that a foster child is categorically eligible for free meals and may be included as a member of the foster family if the foster family chooses to also apply for benefits for other children and an explanation that including children in foster care as household members may help other children in the household qualify for meal benefits. If the foster family is not eligible for free or reduced price meal benefits, that does not prevent a foster child from receiving free meal benefits;
- Explanation that categorical eligibility for free meals is extended to all children in a household when the application lists an Assistance Program's case number for any household member;
- Explanation that households with any member who is currently certified to receive Assistance Program benefits may submit an application for these children with the abbreviated information as indicated on the application and instructions;
- Explanation that households with children who are categorically eligible under Other Source Categorically Eligible Programs should contact the school for assistance in receiving benefits and indicate they must mark the relevant box on the application;
- Explanation that the information submitted on the application may be subject to verification;
- Statement that a household may apply for benefits at any time during the school year;
- Statement that children of parents or guardians who become unemployed may be eligible for free or reduced price meals or for free milk;
- Statement to the effect that Special Supplemental Nutrition Program for Women, Infants and Children (WIC) participants may be eligible for free or reduced price meals;
- Explanation that a household may appeal the decision of the LEA with respect to the application using the hearing procedure described in the LEA's free and reduced price policy statement;
- Local contact information if the household has questions about the application process;
- An explanation that for up to 30 operating days into the new school year, eligibility from the previous year will continue within the same LEA. W hen the carry-over period ends, unless the household is notified that their children are directly certified or the household submits an application that is approved, the children must pay full price for school meals and the school will not send a reminder or a notice of expired eligibility.

  The following Civil Rights statement, as follows:
- 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. You may also write a letter containing all of the information

requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442, or email at program.intake@usda.gov.

Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339; or (800) 845-6136 (Spanish).

USDA is an equal opportunity provider and employer.

D. HOUSEHOLD APPLICATIONS

LEAs must provide household applications to families applying for free or reduced price meals or free milk benefits. A household application is submitted by a household for all children in that household that attend schools in the same LEA. LEAs cannot require an application for each child in a household except as discussed in the Exemptions to Household Applications below.

LEAs cannot require separate applications for households with some children who are eligible based on categorical eligibility and some who are applying based on household income. An LEA can copy an application to allow them to process different eligibility determinations in mixed household situations or to share with the different schools and/or LEAs that children in the household attend.

The application provided to a household may only be pre-filled with the child's name. All other data required on the application must be completed by the household.

FAMILY FRIENDLY FREE AND REDUCED PRICE APPLICATION

Included in the prototype application package is a "Family Friendly application." The Family Friendly application is a simplified application that includes only the information that families need when first applying for free and reduced price meals in the school meal programs. This application package has been translated into 33 languages and is available at: http://www.fns.usda.gov/school-meals/family-friendly-application-translations. LEAs are encouraged to use this application package, as appropriate.

This package includes the letter to household, application instruction, the application, and the form to share information with MEDICAID/SCHIP for additional benefits.

This newly translated package is intended to assist with the requirement that LEAs and State agencies have to ensure their application and other household materials are available in a language a LEP household can understand.

EXEMPTION TO HOUSEHOLD APPLICATIONS

Each child residing in an RCCI is considered a household of one. An application is completed for each child unless the RCCI uses an eligibility documentation sheet for all children residing in the RCCI. The documentation sheet must provide information indicating the child's name and the personal income received by the child, the child's date of birth, date of admission, and date of release. The documentation sheet must be signed by an appropriate official and provide the official's title and contact information.

Children attending but not residing in an RCCI are considered members of their household and their eligibility is determined using a household application or through direct certification.

PREVENTING OVERT IDENTIFICATION OF DIRECTLY CERTIFIED CHILDREN

LEAs are not required to provide applications to parents when children are eligible for free meals through direct certification, but must assure that these children are not overtly identified through the method used to distribute applications. If an LEA distributes applications to individual households by mail (including e-mail to a parent/guardian), in individual student packets, or provides online availability, applications do not have to be provided to households in which all children are determined eligible through direct certification. If the distribution method is not individualized, the LEA must provide applications to all households.

E. ELECTRONIC/SCANNED APPLICATIONS

The LEA may make the application and supporting materials available electronically via the Internet. In addition, the LEA may accept applications electronically and may provide for electronic signatures for such submissions. All disclosure restrictions must be met and acceptance of the application and electronic signatures must be in accordance with guidance issued by FNS. (See policy memorandum SP 10-2007 available at http://www.fns.usda.gov/sites/default/files/SFSP_06-2007.pdf).

An electronic application system should also include a statement which explains how to obtain a paper application should a household decide they no longer want to complete an electronic application.

The LEA may also scan the paper applications submitted. The scanning process must meet all regulatory requirements as well as perform functions as outlined in this guidance. For example, the software/scanner system must be able to recognize and accept less than whole dollar amounts.

Note: USDA and FNS do not evaluate, recommend, approve or endorse any software used for certification or verification purposes. There are no Federal specifications for software vendors. LEAs are responsible for assuring that the certification and verification processes meet all regulatory requirements and policies including the calculation of income frequencies discussed in Part 3, Section E. Therefore, if software is used to perform all or part of the certification or verification process, the LEA must assure that the software used is performing correctly and meets all requirements.

F. CONTENTS OF APPLICATION

Except for the information in the attesting statement, the required information on the application form may be separate from the signature block and organized at the LEA's discretion. For example, the Use of Information Statement may be referred to in the signature block but may be on the reverse side of the application or included with the instructions on how to complete the form.

Because of the statutory change requiring only the last 4 digits of a social security number, the Privacy Act statement is no longer required. In lieu, the Use of Information Statement must be provided on the application.

The application form *must* contain:

- Use of Information Statement (exactly as follows):
    - The Richard B. Russell National School Lunch Act requires the information on this application. You do not have to give the information, but if you do not, we cannot approve your child for free or reduced price meals. You must include the last four digits of the social security number of the adult household member who signs the application. The social security number is not required when you apply on behalf of a foster child or you list a Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) Program or Food Distribution Program on Indian Reservations (FDPIR) case number or other FDPIR identifier for your child or when you indicate that the adult household member signing the application does not have a social security number. We will use your information to determine if your child is eligible for free or reduced price meals, and for administration and enforcement of the lunch and breakfast programs.
    - We *may* share your eligibility information with education, health, and nutrition

programs to help them evaluate, fund, or determine benefits for their programs, auditors for program reviews, and law enforcement officials to help them look into violations of program rules.

- Statement explaining the following:
    - While disclosure of the last 4 digits of a social security number is voluntary the National School Lunch Act requires the last 4 digits of a social security number or an indication of "none" for approval of the application.
- Attesting Statement, *directly above* the signature block for the signing adult, to certify:
    - The person signing is furnishing true information and to advise that person that the application is being made in connection with the receipt of Federal funds;
    - School officials may verify the information on the application; and
    - Deliberate misrepresentation of the information may subject the applicant to prosecution under State and Federal statutes.

CATEGORICAL ELIGIBILITY BASED ON ASSISTANCE PROGRAMS

The application must provide space for identifying any household member who receives benefits from Assistance Programs and their case numbers.

When a case number for one of the three Assistance Programs for any household member is listed on the application, all children in the household are eligible for free meals.

OTHER SOURCE CATEGORICAL ELIGIBILITY AND INCOME ELIGIBILITY

In the case of children designated as Other Source Categorically Eligible, the application must provide space for indicating status in the other source categories. This is necessary because of the possibility of "mixed households" in which some children may be designated as Other Source Categorically Eligible and some may not. The LEA must contact the household to determine which child(ren) is other source categorically eligible and then confirm the status of the Other Source Categorically Eligible child with the appropriate officials, and certify them if they qualify based on the appropriate official's confirmation (as discussed in Part 5). The LEA must then determine eligibility for other children listed on the application through household size and income.

G. QUESTIONS AND ANSWERS

1. How do I handle the distribution of applications for year-round schools?

Applications should be distributed on or about the beginning of the school year, or soon thereafter, so that households are provided with current eligibility criteria and so that eligibility determinations are based on the current Income Eligibility Guidelines.

2. *In a computerized operation, may I submit a pre-printed copy of last year's application for the household to confirm the accuracy of the application and sign it? If not, what items may I preprint?*

It is the household's responsibility to complete the application. The LEA may send households an application with the child's name. No other information required for an eligibility determination may be preprinted.

3. *Are computer or web-based applications required to include a question or data field to indicate Other Source Categorical Eligibility?*

Computer or web-based applications must include a question or data field to indicate participation in Head Start, migrant, runaway, foster, or homeless status.

4. *A school wants to use the application for free and reduced price meal benefits to collect information from all households on their citizenship status. Is this permissible?*

Schools may not collect information regarding a household's citizenship on the application for school meal benefits because citizenship is not a requirement for participation in the school meal programs. Doing so would create a barrier to participation by deterring eligible households from applying for meals for their children.

5. *Applications sometimes request a birth date or other information not required through statute or regulation as a required field. Can these applications be marked as incomplete and not processed?*

The LEA must not delay approval of applications, both on-line applications as well as hard copies of applications, if the household fails to provide any information that is not required. For example, if the household fails to include its street address or birth dates, processing of the application cannot be delayed.

PART 3: PROCESSING APPLICATIONS

A. BENEFITS PRIOR TO PROCESSING APPLICATIONS

Before applications are processed for the new school year and up to the first 30 operating days, beginning with the first operating day of the school year, the LEA must carry-over eligibility and claim free and reduced price meals served to:

- Children from households with approved applications on file from the previous year;
- Newly enrolled children from households with children who were approved for benefits in the LEA the previous year; and
- Previously approved children who transfer from one school to another under the jurisdiction of the same LEA. For children transferring within the same LEA from a school using Provisions 1, 2, or 3, carryover is applicable only if the prior year was a base year and the child's individual eligibility information is available. If the applications are not centrally maintained, both the sending and the receiving school must maintain a copy of the child's approved application from the previous school year.

Children from schools participating in the Community Eligibility Provision (CEP) who transfer within the same LEA to a school not participating in CEP must complete a free and reduced price meal application or can be determined eligible for free meals through direct certification. If a child's direct certification information from the previous year is available, that child may receive free meals during the carryover period.

CARRYOVER OF PREVIOUS YEAR'S ELIGIBILITY

Carryover of previous year's eligibility applies to direct certification, categorical eligibility determinations and income applications. (See *Part 6: Direct Certification for Assistance Programs*.) Carryover is for up to 30 operating days (beginning with the first operating day of school) into the current school year or until a new eligibility determination is made, either approved or denied. *The new eligibility determination supersedes the carryover eligibility.*

Carryover of the eligibility status from the previous year also applies to children in Head Start Programs *if* the SFA administers both the Head Start Program and the school in which the child attends kindergarten.

Local school officials are encouraged to expedite eligibility determinations for new enrollees.

The carryover period is in place to allow schools an appropriate amount of time to process applications, especially large school districts. However, the carry over period is not intended to allow schools to delay the processing of applications. Instead, schools must process applications as they are received and promptly notify the household of their eligibility status.

Note: Once an application is processed and approved or denied, the LEA must implement that determination in accordance with the time frames discussed in "Application Processing Timeframe." If a household does not submit an application or children are not directly certified by the end of the carryover period, the LEA is not required to send the household a denial letter or a notice of adverse action.

B. APPLICATION PROCESSING TIMEFRAME

Unless the children in a household are determined eligible through direct certification, the household should submit an application to receive free or reduced price meals or free milk. The information that the household must provide depends on whether the children are categorically eligible based on receipt of benefits from an Assistance Program, are Other Source Categorically Eligible, or are determined eligible based on the household's size and income.

Households that choose not to apply for the NSLP cannot be required to submit an application for free or reduced price benefits. Additionally, the LEA must not delay approval of the application if the household fails to provide any information that is not required. For example, if the household fails to include its street address or a birth date, processing of the application cannot be delayed.

Applications must be reviewed in a timely manner. An eligibility determination must be made, the family notified of its status, and the status implemented within 10 operating days of the receipt of the application. Whenever possible, applications should be processed immediately, particularly for children who do not have approved applications on file from the previous year. For LEAs choosing to use the *Effective Date of Eligibility* flexibility, refer to Part 7.

Households should be notified immediately if benefits are denied or reduced from the level of the previous year in order to provide adequate time for the family to make appropriate arrangements for payment to prevent the household from accumulating meal charges. A new lower eligibility determination should be implemented only after the family has been notified. For example, in the case of a household that received free benefits the previous year and will now receive reduced price benefits for the new school year, adequate notice should be provided to the household.

C. DETERMINING COMPLETION OF SUBMITTED APPLICATIONS

To be considered, an application must include the required information which depends on the basis for applying--receipt of certain benefits (categorical eligibility) or household size and income. Any application that is missing required information, that contains inconsistent information, or is unclear is considered an incomplete application and cannot be processed. The LEA should make reasonable efforts to contact the household in order to obtain or clarify required information.

CATEGORICAL ELIGIBILITY

Assistance Programs

These sources of categorical eligibility may be determined based on an application submitted by a household because these programs provide distinct case numbers. In all instances where a case number for an Assistance Program is used on an application, there must be the corresponding household member's name.

There are no "mixed households" under the Assistance Programs because if any member of the household receives benefits from any of the Assistance Programs, all children listed on the application are eligible for free meals. If income information is also provided, it should be ignored.

For these situations, a complete application must provide:

- Names of the children for whom the application is made;
- SNAP, FDPIR or TANF case number, or other FDPIR identifier, for the child(ren) or for any household member listed on the application; and
- Signature of an adult household member.

EXTENSION OF CATEGORICAL ELIGIBILITY

LEAs must ensure that all children in a household that lists an Assistance Program case number on an application for any household member are provided free meal benefits. This extension of categorical eligibility also applies to the direct certification process. LEAs should validate case number(s)/other identifier(s) listed on the application by reviewing direct certification data or contacting local assistance program officials. For the extension of categorical eligibility, validation means a confirmation of an active case number.

OTHER SOURCE CATEGORICAL ELIGIBILITY (EXCEPT FOSTER CHILDREN)

Children may be categorically eligible due to Other Source Categorical Eligibility status through an application (or direct certification). Under this designation, an appropriate box or other indication on the application must be checked indicating the child's status. The child is determined eligible for free meals and the LEA must then document the status with appropriate officials for each program (as described below).

A complete application must provide:

- Names of children for whom application is made;
- Indication of child's categorical eligibility status (for example, a box for each category is shown on the prototype application and households must check the appropriate one); and
- Signature of adult household member.

The household indication of an Other Source Categorically Eligible status must be confirmed prior to certification for free or reduced price meals.

OTHER SOURCE CATEGORICAL ELIGIBILITY FOR FOSTER CHILDREN

A foster child, as defined in Part 1B of this manual, is categorically eligible for free meals. The child's status for free meals is taken at face value, as with income applications. No further action/follow-up is required. If an application is submitted for a foster child or the foster child is included on the foster family's application, then the application is part of the verification pool and the foster child's eligibility must then be verified, if it was not directly certified, subsequent to submission of an application.

A complete application must provide:

- Name of the foster child;
- Indication of a child's foster care status (for example, a box for each category is shown on the prototype application and households must check the appropriate one); and
- Signature of an adult household member.

INCOME ELIGIBILITY

Those households applying for meal benefits for their children who are not:

- Eligible through categorical eligibility under Assistance Programs;
- Eligible through Other Source Categorical Eligibility; or
- Foster children must submit an application and be determined eligible for meal benefits based on household size and income.

A complete application must provide:

- Names of all household members;
- Amount and source of current income for each member and the frequency of the income;
- Signature of an adult household member; and
- Last four digits of the social security number of the adult household member who signs the application or an indication that the household member does not have one.

If the family's current income does not reflect the income that will be available during the school year, the family should contact the LEA for assistance in completing the application. (See *Part 4C: Determining Household Reportable Income*.)

INDICATION OF DIFFERENT TYPES OF ELIGIBILITY

On applications indicating mixed households, where some children are Other Source Categorically Eligible and some children are not, the LEA must have a method to process different eligibility statuses that may result from these applications. While the household cannot be required to submit multiple applications, the LEA may reproduce the application to accommodate more than one eligibility status or may process the application separately in a computer-based system.

After determining a child(ren)'s Other Source Categorically Eligible status for free meal benefits (which requires documentation of their status, except for children in foster care), the LEA must use the household's income and size (including children in the other source category) to determine if the non-categorically eligible child(ren) listed on the application are eligible for meal benefits .

In such mixed households, Other Source Categorically Eligible children will receive free meal benefits even if other children listed on the application are determined either eligible for reduced price meals or ineligible for free or reduced price meal benefits.

A complete mixed application must provide:

- Names of all household members;
- Amount and source of current income for each member and the frequency of income;
- A checked box indicating the Other Source Categorical Eligibility status of a child; for a foster child, list any personal income made available to the foster child, or earned by the foster child, as appropriate (it is optional for the household to include foster children residing in their care);
- Signature of an adult household member; and
- Last four digits of the social security number of the adult household member who signs the application or an indication that the household member does not have a social security number.

REVIEWING SUBMITTED APPLICATIONS

The determining official must review each incoming application to ensure that the household has submitted a complete application. If the application is complete, the official must then determine whether the household is categorically eligible or income eligible for benefits based on the information provided on the application. LEAs should validate case number(s)/other identifier(s) listed on the application by reviewing direct certification data or contacting local assistance program officials. Validation means a confirmation of an active case number.

The LEA must not delay approval of the application if the household fails to provide any information that is not required. For example, if the household fails to include its street address, processing of the application cannot be delayed.

D. CITIZENSHIP/LEGAL STATUS

United States citizenship or immigration status is not a condition of eligibility for free and reduced price benefits. LEAs must apply the same eligibility criteria for citizens and non- citizens.

The Department has determined that the Child Nutrition Programs are not subject to Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which restricts certain welfare and public benefits for undocumented individuals.

LEAs may not request citizenship status or immigration status on the application as this may deter otherwise eligible households from applying.

E. CURRENT INCOME/CONVERSIONS

For the purposes of certification of eligibility for free or reduced price meals or free milk, the household must provide their current income which is based on the most recent information available. This may be for the current month, the amount projected for the month for which the application is filled out or for the month prior to application. If the household's current income is not a reflection of income that will be available over the school year, the household should contact the LEA for assistance. The LEA would determine the amount and frequency of income available during the school year for households.

If a household provided only annual income, the LEA must ensure that this is an accurate reflection of their current income.

INCOME RECEIVED AT DIFFERENT INTERVALS

Households may have income from different sources which are paid on different schedules. For example, the household may receive paychecks on a weekly basis and child support on a monthly basis. This section explains when conversion of income is required and how conversion is done.

NO CONVERSION REQUIRED

If there is only one source of income, or if all sources are received in the same frequency, no conversion is required. The LEA would total all sources and compare them to the appropriate Income Eligibility Guidelines (IEGs). For example, if a household of three reported receiving a monthly Social Security check and monthly child support, those amounts would be added together and the result compared to the monthly IEG category for a household of three.

CONVERSION REQUIRED

If there are multiple income sources with more than one frequency, the LEA must annualize all income by multiplying:

- Weekly income by 52; or
- Bi-weekly income (received every two weeks) by 26; or
- Semi-monthly income (received twice a month) by 24; or
- Monthly income by 12.

Do not round the values resulting from each conversion. Add all of the un-rounded converted values and compare the un-rounded total to the appropriate IEG for annual income for the household size.

LEAs *cannot* use conversion factors such as 4.33 to convert weekly income or 2.15 to convert bi-weekly income to monthly amounts. If an LEA uses software for application or certification purposes, the software cannot use conversion factors and cannot automatically convert income unless there are different frequencies.

INDICATING INCOME AND INCOME SOURCES

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.

F. DETERMINING ELIGIBILITY

How the LEA official determines eligibility depends on the basis for potential eligibility— categorical eligibility with case numbers, other source categorical eligibility without case numbers or income eligibility.

DETERMINATION USING CASE NUMBERS

The determining official must assure that the Assistance Programs case number or other identifier consistent with the identifiers used in that program in that State are valid. LEA officials need to be familiar with the format of valid case numbers/other identifiers. LEAs should validate case number(s)/other identifier(s) listed on the application by reviewing direct certification data or contacting local assistance program officials.

Validation means a confirmation of an active case number. Applications with invalid case numbers or FDPIR identifiers must not be approved. However, for any child or household member with a valid case number/other identifier, the LEA must approve all children in the household as eligible for free benefits.

Only the case number may be used to determine eligibility; for example, the electronic benefit transfer (EBT) card number used by SNAP cannot be used to establish categorical eligibility.

DETERMINATION FOR OTHER SOURCE CATEGORICALLY ELIGIBLE CHILDREN

LEA officials must document eligibility under these circumstances through the appropriate officials as discussed in Part 5 of this manual. Further, if an LEA official has knowledge that a child may be Other Source Categorically Eligible (other than foster children; see section on foster children) and an application was not submitted, that official may apply on that child's behalf and then must confirm their status through appropriate officials. Applying on a child's behalf is important when there may be a delay in documenting whether a child meets the definition of homeless, migrant, runaway or enrolled in a Head Start program. If a child's eligibility status is not confirmed, the benefits must be terminated unless household size and income information were provided through an application.

When an LEA receives an application with any of the Other Source Categorical Eligibility categories checked, the determining official must document free meal eligibility for <u>each</u> child in any of those categories as described in Part 5. An appropriate official from the agencies must confirm a child's status either through direct contact with the agency or by a list of names provided by the agency. Unlike categorical eligibility under Program Assistance which extends eligibility to all children in the household, Other Source Categorical Eligibility must be determined individually for each child listed as such.

DETERMINATION BASED ON INCOME

It is the responsibility of the determining official to compute the household's total current income and compare the total amount to the appropriate IEG.

- LEA officials must determine countable income (see *Part 4C: Determining Household Reportable Income*).
- Households that submit a complete application indicating total household income at or below the income limits for free or reduced price benefits must be approved for free or reduced price benefits, as appropriate.
- Households that submit an incomplete application cannot be approved if required information is missing; information must be obtained before an eligibility determination can be made.
    - To get the required information, the school may return the application to the household or contact the child's parent or guardian either by phone or in writing, including e-mail. The determining official should document the details of the contact, and date and initial the entry.
    - Applications missing the signature of an adult household member must be returned to the household for a signature.
    - Every reasonable effort should be made to obtain the missing information prior to denying the application.

VERIFICATION FOR CAUSE

The LEA has an obligation to verify all approved applications that may be questionable; that is, verification "for cause". However, such verification efforts cannot delay the approval of applications. If an application is complete and indicates that the child is eligible for free or reduced price meal benefits, the application must be approved. Only after the determination of eligibility has been made can the LEA begin the verification process (see *Part 9D: Verification for Cause*).

G. DURATION OF ELIGIBILITY

A child's eligibility is in effect from the date of eligibility for the current school year and up to 30 operating days into the subsequent school year. LEAs may have additional flexibility concerning the effective date of certification for meal benefits (see Part 7: Effective Date of Eligibility Determinations). 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.

H. UNAPPROVED APPLICATIONS

Any child who is not categorically eligible or who is in a household that does not meet the income eligibility standards cannot be approved for benefits. If there are any inconsistencies or questions concerning the required eligibility information provided, the household's application must be denied unless the inconsistencies or questions are resolved. For instance, if it is unclear whether the household provided weekly or monthly income, this issue must be resolved before an eligibility determination can be made. School officials should contact the household prior to denial, document the details of the contact, and date and initial the entry.

I. HOUSEHOLDS THAT FAIL TO APPLY

Local school officials may complete an application for a child known to be eligible for meal benefits if the household fails to apply. When exercising this option, the school official must complete an application on behalf of the child based on the best household size and income information known to the official.

The source of the information must be noted on the application. Names of household members, the last four digits of the social security number, and the signature of an adult household member need not be secured. These applications are excluded from verification. However, the household must be notified that the child has been certified to receive free or reduced price meal benefits.

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.

J. NOTIFICATION OF ELIGIBILITY DETERMINATION

Households must be notified of their eligibility status. Households with children who are approved for free or reduced price meal benefits may be notified in writing or verbally.

Households with children who are denied benefits must be provided with written notification of the denial. LEAs that use an automated telephone information system must also give written notification of denial. The notification must advise the household of:

- Reason for denial of benefits;
- Right to appeal;
- Instructions on how to appeal; and
- Their ability to re-apply for free and reduced price benefits at any time during the school year.

Failure to reapply during the carryover period is not a denial of benefits for the current school year. LEAs are not required to notify families or send reminders. A notice of adverse action is not required as eligibility was not established for the current school year.

K. CHANGE IN HOUSEHOLD CIRCUMSTANCES

Because of year-long duration of eligibility, households are not required to report changes in income or household size or changes with regard to participation in a program that makes the children categorically eligible. However, families may voluntarily report changes. If a change is reported that will increase benefits, the LEA must put that change into effect. However, if the change will decrease benefits (free to reduced price) or terminate free or reduced price benefits (free or reduced price status to paid status), the LEA must explain to the household that the change does not have to go into effect but that the household may request that the lower benefits go into effect. If benefits are decreased, the household would then be provided a notice of the adverse action as provided in Part 9, Section K.

L. APPEALS

A household may appeal either the denial of benefits or the level of benefits for which they have been approved. When a household requests an appeal, the hearing procedures outlined in the LEA's free and reduced price policy statement must be followed (Part 1 C: Policy Statement).

M. RECORDKEEPING

APPROVED APPLICATIONS

LEA officials must:

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

DENIED APPLICATIONS

LEA officials must:

- Indicate the denial date;
- Indicate the reason for denial;
- Indicate the date the denial notice was sent; and
- Sign or initial the application.

CHANGES DURING THE SCHOOL YEAR

If any change is made after the initial approval for the current school year, such as a transfer to another school within the LEA or if the household voluntarily requests that a change be made, the LEA officials must:

- Note the change;
- Write the date of the change on the application; and
- Implement the change by updating rosters or other methods used at point of sale, if necessary.

When a child transfers to another school within the LEA, the date of the transfer must be noted on the application.

RECORD RETENTION

All free and reduced price applications, including applications from households denied benefits and inactive applications, must be kept on file for a minimum of three (3) years after the final claim is submitted for the fiscal year to which they pertain. Files must be kept longer if they are required by an audit until resolution of the issues raised by the audit.

Special provision schools must retain base year direct certification data and applications for a minimum of 3 years after a new base year is established.

Applications may be maintained either at the school or at a central location with a list of eligible children maintained at the school. If an LEA maintains applications at a central location, applications must be readily retrievable by school, and the LEA must 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.

N. TRANSFERRING ELIGIBILITY

Transferring Within the Same LEA

If a child transfers to another school in the same LEA in the same school year, his/her eligibility must be transferred (see below for handling transfers from a Provision 1, 2, 3, or Community Eligibility Provision (CEP) school).

When a child transfers within the same LEA from a school using Provision 1, 2, or 3, a new application or direct certification is required unless the transfer is in a base year for the Provision schools when the child's individual eligibility information was taken and is available. If the transfer is done in a non-base year, a new application is required unless current individual free or reduced price eligibility information is available through direct certification or an approved application for another child in the household. These procedures are also applicable when a child transfers to a new school district.

When a child transfers *within the same LEA* from a school using CEP to a non-CEP school, a new application or direct certification is required unless the child's individual eligibility information was determined through direct certification in the same school year and is available. In addition, if there is an approved application for another child in the household, that eligibility status can be used.

Transferring to another School District/LEA

Schools accepting applications, CEP and Provision 1, 2, 3 schools are not required to share eligibility data with a new LEA/school district when a student transfers. However, the information below provides information on handling transfers between different school districts when the former district chooses to share the eligibility data.

When a student transfers to another school district, the new LEA may accept the eligibility determination from the student's former LEA without incurring liability for the accuracy of the initial determination. When a copy of an application is provided, the accepting LEA should review the application for arithmetic errors and compare the income and household size to the applicable IEGs to assure that the correct level of benefits was assigned. If the accepting LEA determines that an arithmetic error occurred, the accepting LEA must notify the household that it must file an application in the new LEA in order to receive benefits. Also, the accepting LEA must make changes that occur as a result of any verification activities or review findings conducted by that LEA.

When a student in a CEP school transfers to *another school district/LEA*, the new LEA may accept the eligibility determination from the student's former LEA if the eligibility for that student was based on current direct certification (i.e., transfers within the school year in which direct certification was conducted, or there is an approved application for other children in the household that do not attend a CEP school). If current eligibility is not available from the sending LEA, the student must either be directly certified by the receiving LEA or submit an application.

O. RESTRICTIONS

The information provided by families on the free and reduced price application will be used only for determining eligibility for meal or milk benefits and verification of eligibility. LEAs that plan to disclose children's eligibility status for purposes other than determining and verifying free or reduced price eligibility must inform households of this potential disclosure. In some cases, the LEA must obtain parental consent prior to the disclosure. LEAs that anticipate disclosure specifically to Medicaid or the State Children's Health Insurance Program (SCHIP) must notify households of this and give them the opportunity to decline the disclosure. (See *Part 8: Confidentiality/Disclosure*.)

Distribution and processing applications *solely for information about household income* to determine the funding or benefits for programs other than the school meals programs or to determine eligibility for other programs is not permitted. Therefore, funds in the nonprofit school food service account cannot be used to pay the costs associated with collecting and processing such information.

A school or LEA must obtain the household income information for non-program purposes through means other than the household's application for free or reduced price school meal benefits. If schools or LEAs collect such information for *non-program purposes*, the applications *must not be labeled as applications for meal benefits* under the school meals/milk programs or give any indication that such benefits are contingent upon a household returning the application.

If LEAs provide households with multi-use applications, which include both meal program benefits as well as non-food benefits, they must ensure that the process allows submission of an application solely for free or reduced meal or free milk benefits.

The LEA must seek written consent from the parent(s) or guardian(s) to use the information provided on the application for non-program purposes or for purposes not permitted in this guidance. (See Part 8 for additional guidance on disclosure restrictions.)

P. INDEPENDENT REVIEW OF APPLICATIONS

Beginning in SY 2014-15, LEAs designated by the State agency 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 requires a re-evaluation of the eligibility determination made by the original determining official, based on the information provided by the household on the application. The second review must determine whether the application is complete, i.e., the application contains the signature of an adult household member, the last four digits of a social security number (or an indication of "none"), names of all household members including the student for whom the application is made, income amount (received by each household member identified by the individual who receives it), income source and frequency; or categorical information, if applicable. The second review must also 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.

The second review of applications must be done 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.

Refer to SP 44-2014, *Questions and Answers Related to the Independent Review of Applications*, for more information on this requirement.

Q. QUESTIONS AND ANSWERS

PROCESSING APPLICATIONS

1. How much judgment or discretion may the LEA exercise in determining whether a household does or does not meet the eligibility criteria for benefits?

Questions frequently arise concerning what is to be included as income and what constitutes a household. This manual is intended to provide guidelines for those individuals making eligibility determinations. The guidance cannot, however, address each individual situation. Determining 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 LEA determining official should contact the State agency.

2. If any item of required information is missing from the free and reduced price application submitted by the household, may the determining official complete the application for the household using information derived from other records available to the school?

All required information must be provided by the household and cannot be derived from another source.

3. A school sent home a statement requiring all households to complete and submit the application for free and reduced price meal benefits. Is this permissible?

Schools cannot require a household to submit an application if they choose not to do so.

4. Can the determining official make an eligibility determination based upon other income sources, which were not declared on the application but about which the official knows?

The determining official must make the initial determination based upon the face value of the application. However, immediately after the application is approved, the LEA may verify that application for cause.

5. A household voluntarily provided pay stubs that conflict with the income information on the application. According to the income information on the application, the household is eligible for benefits. However, from the pay stubs, it appears that the household is not eligible. What should the determining official do?

The submission of documentation that does not support the information provided on the application must not affect the initial eligibility determination. The determining official must approve or deny the application on face value and notify the household of the initial eligibility determination. *Under these circumstances, an LEA official must take appropriate action by either:*

- Sending the household a notice of approval and a notice of adverse action at the same time. This provides the household an opportunity to resolve the discrepancy during the (10 calendar days) advance notice of adverse action; or
- Sending the household a notice of approval and a verification letter (based on verification for cause) at the same time.

LEA officials are in the best position to determine the appropriate action to take. However, the inconsistency must be resolved expeditiously.

6. 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 determining official do?

Rather than denying the application or returning the application to the household, the determining official should contact the household to ensure that the household submitted information about all sources of income. The official should document the contact, enter the income information on the application and initial and date the action. The application would then be processed accordingly.

7. May the approval of applications be delegated to a food service management company along with other management responsibilities?

An employee of the food service management company may act as an agent for the LEA in various aspects of the application, certification, and verification processes. The company's employee must comply with all requirements for these processes, including limited disclosure of individual eligibility information. However, the LEA is ultimately responsible for ensuring that all requirements are being met and that the information on the application remains the property of the LEA and cannot be used or possessed by the food service management company for any use other than to determine eligibility for free or reduced price meals.

8. In a computerized operation, where the computer generates the determination, does the determining official have to sign or initial each application?

The determining official may sign or initial and date a sheet of paper that would then be attached to a batch of applications or make a note to the electronic file. However, the computer system should be able to capture the original date of approval, the basis for the determination (i.e., what household size and income was used), and to update the status of applications to account for transfers, withdrawals, terminations, and other changes.

9. Can a web-based application system ask for a student identification number or student birth date?

A web-based application system may ask for a student identification number or student birth date if an LEA notifies households that the two data fields are not required by NSLP, SBP or SMP. The LEA must also ensure that a paper-based application is available to households that do not wish to provide the additional information. This notification should be included on the web-based portal. The disclaimer should indicate the availability of a paper-based application and provide a contact number for further assistance.

10. A number of children from a Federally declared disaster have temporarily moved to my school district. How do I certify these children?

If these children are determined homeless by the school district's homeless liaison or are receiving D-SNAP (special disaster benefits), they must be certified for free meals or free milks. Contact your State agency for assistance.

DETERMINING IF AN APPLICATION IS COMPLETE

1. Does an emancipated child sign his/her own applications? Are the last 4 digits of a social security number required?

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 for the emancipated child.

2. What if the racial/ethnic data collection question is not completed?

Parents' provision of this information is voluntary, and failure to provide the information must not affect the child's eligibility for benefits.

3. If a school is providing benefits for a child during the first 30 operating days of the school year based upon income information from the previous year's eligibility, and upon receiving the current year application for the household, the school determines that there is a decrease in the child's benefits, is it necessary to provide a notice of adverse action at the end of the 30 days?

It is not necessary to provide a notice of adverse action. The LEA must, however, notify the household of the decision made on the current school year's application.

4. What kind of notice is recommended for children determined to be eligible for free or reduced price meals?

Households must be notified of their eligibility for benefits; however, notification does not have to be in writing. LEAs may notify households of their children's eligibility for free or reduced priced benefits by letter, to the parent/guardian's email address, or phone. LEAs may also use an automated system which assures accuracy of information and confidentiality. When an application is denied, the household must always be notified in writing through the postal system or an email to the parent's/guardian's email address.

5. When foster parents apply for benefits for their own children, do they include their foster children as household members?

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.

6. A child and his mother are living with her sister's family because they were evicted. The child was determined homeless by our liaison and is therefore categorically eligible for free meals. Can the sister count the child and his mother in her household?

Yes, unless the mother and her child are not part of the same economic unit as her sister. This homeless child is always eligible for free meals even if the sister's children are ineligible or only qualify for reduced priced meals. Further, based on year-long duration, the homeless child retains his/her free meal status when his/her family is no longer homeless and the sister's children also retain their eligibility status for the current school year even if the other family moves out.

CUSTODY SITUATIONS

1. Parents share the custody of their daughter and the child lives alternately with her mother and her father. Based on the mother's income, she is entitled to free meals. I understand that the child is entitled to free meals even when she is with her father. My question is—can the father include her as a household member in his household?

Yes. Since the daughter is part of each parent's economic unit while she is in residence at the respective households, both parents may include her as a household member.

2. In a split custody situation, a child is eligible for free meals based on the application submitted by his mother. However, his father told us he doesn't want his son to get free meals while he is with him. May I still claim the boy's meals at the free rate?

When the child is residing with his father and the father pays for the meals, you cannot claim that child's meal at the free rate.

ACCEPTING BENEFITS

What if a child is eligible for free meals, but the household wants to pay the reduced price?

The school should respect the family's wishes and allow the child to pay the reduced price charge. The application should correctly reflect that the child is eligible for free meals. However, the school should note on the application that the family has elected to pay the reduced price charge. The meals served to such a child must be claimed for reduced price reimbursement since the school received the reduced price payment from the household.

PART 4: INCOME ELIGIBILITY

A. GENERAL

To determine if a household meets income eligibility requirements for benefits, LEA officials must compare the household size and the total household income to the applicable IEGs. Officials may be asked by households for guidance on whom to include as a household member or what to include as income on the application for benefits. Although LEA officials may have to use their own discretion in some instances, this section explains the requirements for determining household composition and income and also provides guidance on how to handle special situations.

B. DETERMINING HOUSEHOLD COMPOSITION

Household composition for the purpose of making an eligibility determination for free and reduced priced benefits is based on an economic unit. An economic unit is 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, and who share housing and/or 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 by economic independence from one another.

SPECIAL SITUATIONS

Adopted Child

An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. If the adoption is a "subsidized" adoption, which may include children with special needs, the subsidy is included in the total household income. (See *Part 4D: Questions and Answers*.)

Because some adopted children were first placed in families as foster children, parents may not be aware that, once the child is adopted, s/he is no longer categorically eligible for free meals as a foster child. Due to year-long eligibility, the free eligibility status of a foster child would not change within the year (including up to 30 operating days in the subsequent school year) if the child is adopted. However, for the subsequent school years, an adopted child must now be determined eligible based on the economic unit and all income available to that household, including any adoption assistance, is counted when making an eligibility determination.

Child Attending an Institution

A child who attends but does not reside in an institution is considered a member of the household in which s/he resides.

Child Residing in an Institution or RCCI

A child residing in a non-participating institution but who attends a participating school during the week or a child residing in a participating RCCI is considered a household of one.

Child Away at School

A child who is temporarily away at school (e.g., attending boarding school or college) is included as a member of the household. If a child is attending a participating boarding school and wishes to apply for meal benefits, s/he is not considered a household of one. Instead, the child's eligibility is determined based on his family's size and income. This also applies to foreign students attending boarding schools.

Child Living with One Parent, Relative, 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 s/he resides. Children of divorced or separated parents are generally 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 s/he resides. In these situations, if both parents apply for benefits in the same LEA 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.

Emancipated Child

A child living alone or as a separate economic unit is considered to be a household of one.

Foreign Exchange Student

A foreign exchange student is considered to be a member of the household in which s/he resides (i.e., the household hosting the student).

Foster Child

A foster child is a child whose care and placement is the responsibility of an agency that administers a State plan under part B or E of title IV of the Social Security Act, a child whose care and placement is the responsibility of an agency that administers a State plan under part B or E of title IV of the Social Security Act, or a foster child who a court has placed with a caretaker household. These provisions only apply to children formally placed in foster care by a State child welfare agency or a court. They do not apply to informal arrangements such as caretaker arrangements or permanent guardianship placements that may exist outside of or as a result of State or court based systems. Whether placed by the State child welfare agency or a court, in order for a child to be considered categorically eligible for free meals, the state must retain legal custody of the child.

A foster child is considered a member of the foster parents' household. The category of "foster child" also includes a child placed with relatives through a formal arrangement by the courts or State child welfare agency. A child is not considered a foster child if placed with relatives informally instead of through court or State intervention.

Family Members Living Apart

Family members living apart on a temporary basis are considered household members. Family members not living with the household for an extended period of time are not considered members of the household for purposes of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household.

Deployed Service Personnel

Family members not living with the household for an extended period of time are not usually considered household members. However, any member of the armed services who is activated or deployed in support of any military combat operation is counted as a household member. Any money made available by them or on their behalf for the household is included as income to the household with the exception of combat pay, as discussed below under Income Exceptions-Military Benefits-Combat Pay.

C. DETERMINING HOUSEHOLD REPORTABLE INCOME

Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by statute. Gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes but is not limited to:

- Earnings from work
    - Wages, salaries, tips, and commissions;
    - Net income from self-owned business and farms; and
    - Strike benefits, unemployment compensation, and worker's compensation.
- Welfare/child support/alimony
    - Public assistance payments/welfare benefits (e.g., TANF, General Assistance/General Relief); and
    - Alimony or child support payments.

Note: Benefits under SNAP and FDPIR are not counted as income.

- Retirement/disability benefits
    - Pensions, retirement income, veterans' benefits;
    - Social security;
    - Supplemental security income; and
    - Disability benefits.
- Any other income
    - Net rental income, annuities, and net royalties;
    - Interest and dividend income;
    - Cash withdrawn from savings;
    - Income from estates, trusts and/or investments;
    - Regular contributions from persons not living in the household; and
    - Any other money that may be available to pay for the child(ren)'s meals.

CURRENT INCOME

Households must report current income on a free and reduced price application. Current income means income received by the household for the current month, the amount projected for the first month for which the application is filled out or for the month prior to application. If this income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may, in conjunction with LEA officials, project its annual rate of income based on the guidelines on special situations.

SPECIAL SITUATIONS

Projected Income for Seasonal Workers

Seasonal workers and others whose income fluctuates usually earn more money in some months than in other months. Consequently, the previous month's income may distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the

projected annual rate of income.

The LEA must determine the period of time any earnings are received for seasonal workers as well as the amounts and sources. Seasonal workers include those with annual employment contracts but who may choose to have their salaries paid over a shorter period of time. This includes school employees. The LEA must determine the full amount of income available to such workers contractually on an annual basis and convert all income sources to annual amounts. This treats these employees in the same manner as employees who choose to have their salaries paid over the full year.

Income for the Self -Employed

Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure. Self-employed persons are credited with net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts.

- Gross receipts include the total income from goods sold or services rendered by the business.
- Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal, Federal, State, or local income taxes).
- Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.
- Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.
- Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others, and incidental receipts from the sale of items such as wood, sand, or gravel.
- Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farmhands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (but not local, State, and Federal income taxes).

Income from Wages and Self-Employment

For a household with income from wages and self-employment, each amount must be listed separately. When there is a business loss, income from wages must not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero.

Military Benefits

Benefits paid directly to the service person such as housing allowances and food or clothing allowances are considered income.

Deployed Service Members

Only that portion of a deployed service member's income made available by them or on their behalf to the household will be counted as income to the household. Combat Pay is excluded as discussed below under *Income Exclusions - Military Benefits - Combat Pay*.

Foster Child's Income

If the household where the foster child resides applies for benefits for their non-foster children, then the foster child's personal income is considered when making an eligibility determination. The foster child's income can be from a part-time job or from any funds provided to the child for his/her personal use. (It is optional for the household to list foster children residing in their care).

Income for a Child Residing in an RCCI or Institutions

Only the income earned by a child from full-time or regular part-time employment and/or personally received by the child while in residence at the RCCI or institution is considered income.

Child's Income

The earnings of a child who is a full-time or regular part-time employee, or who receives income from other sources such as Supplemental Security Income or Social Security, must be listed on the application as income.

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.

Alimony and Child Support

Any money *received* by a household in the form of alimony or child support is considered income to the receiving household. Any money *paid* by a household in the form of alimony or child support is not excluded as income for that household.

Garnished Wages and Bankruptcy

Income is the gross income received by a household before deductions. In the case of garnished wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnished or used to pay creditors.

INCOME EXCLUSIONS

General

Income *not to be reported or counted as income* in the determination of a household's eligibility for free and reduced price meal benefits includes:

- Any cash income or value of benefits excluded by statute (see Question and Answer #2 in this part for statutory exclusions); common exclusions are the value of benefits under SNAP or FDPIR and some Federal educational benefits;
- Payments received from the Foster Care agency or court for the care of foster children;
- 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;
- Value of in-kind compensation, such as housing for clergy and similar non-cash benefits; and
- Occasional earnings received on an irregular basis (not recurring, such as payment for occasional baby-sitting or mowing lawns).

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 are:

- Family Subsistence Supplemental Allowance (FSSA) - By law, the FSSA is not counted as income in determining eligibility for free and reduced price meals; and
- 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 statement of service members living in privatized housing. Housing allowances for households living off-base in the general commercial/private real estate market are counted as income. The exclusion only applies to service members living in housing covered under the Military Housing Privatization Initiative. 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:
    - 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 above 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 who are not considered deployed are not exempt.

Institutionalized Child's Income

Payments from any source directly received by the RCCI or institution on a child's behalf are not considered as income to the child.

Lump Sum Payments

Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house. However, when lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.

D. QUESTIONS AND ANSWERS

1. Why is the housing allowance provided to service personnel counted as income when the value of provided housing is not?

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.

2. What payments from Federal programs are excluded from consideration as income by legislative prohibition?

The following payments are excluded as income:

- Value of assistance to children and their families under the Richard B. Russell National School Lunch Act, the Child Nutrition Act of 1966, and the Food and Nutrition Act of 2008;
- Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- Any payment to volunteers under Title I (VISTA and others) and Title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act;
- Payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE);
- National Flood Insurance Program (NFIP) payments—payments received by property owners under the NFIP;

- Income derived from certain sub-marginal land of the U.S. that is held in trust for certain Indian tribes;
- Student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by that Act;
- Payments under the Agent Orange Compensation Exclusion Act (Public Law 101-201);
- Payments under the Child Care and Development Block Grant (Public Law 102-508);
- Payments and allowances to individuals participating in AmeriCorps to the extent excluded by the National and Community Service Act of 1990;
- Payments under the Low-income Home Energy Assistance Act (Public Law 99-125);
- Payments under the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1989 (Public Law 100-707);
- Payments received under the Carl D. Perkins Vocational Education Act, as amended by the Carl D. Perkins Vocational and Applied Technology Act Amendments of 1990 (Public Law 101-392);
- Value of any child care payments made under section 402(g)(1)(E) of the Social Security Act;
- Value of any "at-risk" block grant child care payments made under section 5081 of Public Law 101-508, which amended section 402of the Social Security Act;
- Value of any child care provided or paid for under the Child Care and Development Block Grant Act, as amended (Public Law 102-586, Sec. 8(b));
- Payments received under the Old Age Assistance Claims Settlement Act, except for per capita shares in excess of $2,000;
- Payments received under the Cranston-Gonzales National Affordable Housing Act (Public Law 101-625); and
- Payments received under the Housing and Community Development Act of 1987.

This list is *not* all inclusive. Legislation is periodically enacted that excludes income for the purposes of the school meals/milk programs. Here is a link to the list of income excluded by Federal law that is maintained by the Supplemental Security Income Program:
http://www.socialsecurity.gov/OP_Home/cfr20/416/416-app-k.htm

This website may assist you in determining if benefits from other programs are excluded as income from Federal means-tested programs. Determining officials should contact the State agency when there is a question of whether specific payments are to be included as income. The household always has the right to provide documentation or to request a determination about a source of income that may be excluded for the purposes of the school meals/milk programs.

3. If one household owns a housing unit and rents living space to another household, must the household receiving the rental fee report this amount as income?

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.

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

Although Sections 673 and 674 of the Social Security Act specify that, for purposes of Titles XIX (medical assistance) and XX (child care), children whose parents receive adoption payments shall be deemed to be zero benefit recipients of the Aid to Families with Dependent Children program (now TANF), the statute did not extend this TANF equivalency to the NSLP, SBP, or SMP. Additionally, since there is no legislative prohibition from considering the adoption assistance payments as income, the amount of assistance must be included as household income in the free and reduced price meal eligibility determination.

5. If a child lives with his/her parents and is required to pay for room and board, is the child a separate household?

The child is considered a separate household only in those cases when 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 children 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.

6. 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?

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

PART 5: CATEGORICAL ELIGIBILITY

A. MEMBERS OF ASSISTANCE PROGRAM HOUSEHOLDS

A child who is a member of a household that receives benefits from Assistance Programs (SNAP, TANF, FDPIR) is categorically eligible for free meal benefits. LEAs must give households applying for free and reduced price meals the opportunity to indicate on the application that the children are categorically eligible for free benefits and to provide case numbers either for a child or for any household member.

Categorical eligibility for free meals is extended to all children in a household if any member of the household receives benefits from an Assistance Program.

If a household submits an application for children who were directly certified, the LEA must disregard the paper application. Direct certification takes precedence over an application submitted by the household unless the application identifies other children in the household who were not directly certified.

Documentation for Assistance Programs using an application for meal/milk benefits requires that the household list a case number on the application. LEAs should validate case number(s)/other identifier(s) listed on the application by reviewing direct certification data or contacting local assistance program officials. For the extension of categorical eligibility, validation means a confirmation of an active case number.

B. OTHER SOURCE CATEGORICALLY ELIGIBLE

In order to ensure quick delivery of meal benefits to other source populations, LEAs/schools should have procedures in place with Other Source Categorically Eligible agency officials to ensure the LEA is promptly notified of children meeting this eligibility criterion. On or around the beginning of each school year, LEAs/schools should conduct outreach to Other Source Categorically Eligible agency officials in preparation for the new school year.

Other Source Categorical Eligibility of a child does not convey to other children in the household. If the household of an Other Source Categorically Eligible child submits an application, the appropriate box under other source on the application must be checked.

The school/LEA must then contact the household to determine which child is eligible for free meals under Other Source Categorical Eligibility. Documentation of Other Source Categorical Eligibility is required (excludes foster children, except if through verification) prior to certifying the child's eligibility for free meals.

If the household submits an application with the household's income and has also checked the box for "Other Source Categorical Eligibility", and the LEA or school has not had the opportunity to document the status of the child(ren) through other source liaisons, the LEA must process the application using the income information provided. At such time as the Other Source Eligibility is documented, the application is disregarded (if all children in the household are other source eligible). The application must be retained.

LEAs are encouraged to conduct direct certification with appropriate officials and agencies for Other Source Categorically Eligible Programs. The LEA/school must decide the most expeditious manner in which to confirm/document a child's status under Other Source Categorical Eligibility so that free meal benefits can be provided as soon as possible. For example, direct certification may be accomplished through an electronic method, such as a fax or email of lists of eligible students exchanged between appropriate agency officials and LEA/school. Or an agency may provide a letter to the household which the household, in turn, provides to the school. The procedures for mandatory and voluntary direct certification are the same. When conducting direct certification for Other Source Categorically Eligible Programs, the required documentation depends on the agency providing the information.

In cases of form letters to households or direct computer matches which may not include the official's original signature, sufficient documentation must include correspondence or a written agreement between the Other Source Categorically Eligible Program designated officials and the LEA setting out or confirming the manner in which LEA officials would be provided the children's status.

A method of data exchange between an agency and an LEA that does not involve the household is encouraged. The documentation must be retrievable by school to ensure proper delivery of benefits and to allow substantiation of the number of children eligible for free meals or milk.

An LEA or school official who has direct knowledge that a child is in another source category may expedite program benefits to the child by completing an application for that child or compiling a list of other source eligible students. As soon as possible, the eligibility determination must be documented by the appropriate agencies.

TRANSFERRING INFORMATION

To ensure that Other Source Categorical Eligible child(ren) (migrant, runaway, homeless, etc.) continue to receive benefits, LEAs are encouraged to share the child's free meal eligibility status with the new LEA when these children move from their jurisdiction if the new location is known. See Section N. *Transferring Eligibility*, in Part 3 of this manual for additional information.

HEAD START AND EVEN START

Children enrolled in Federally-funded Head Start centers are considered categorically eligible for free meals in the school meals/free milk programs. Children enrolled in State funded pre-kindergarten programs with eligibility requirements identical to or more stringent than those used by the Federally-funded Head Start centers are also considered categorically eligible.

For a child to be categorically eligible for free meals based on their participation in Even Start, the child must be enrolled as a participant in a Federally-funded Even Start Family Literacy Program or similar State programs and must be at the pre-Kindergarten level.

DOCUMENTATION OF PARTICIPATION

Documentation of a child's participation in a Federally-funded Head Start or Even Start or similar State programs is required to establish categorical eligibility for free meals in the NSLP or SBP, or for free milk in the SMP. Confirmation that the child has not yet entered kindergarten must be included in the documentation from the Even Start official.

Acceptable documentation includes:

- Statement of enrollment in Head Start or Even Start; or
- List of children participating in Head Start or Even Start; and
- For Even Start, confirmation that the child has not yet entered Kindergarten.

MIGRANT EDUCATION PROGRAM

A child is considered categorically eligible if s/he is identified as meeting the definition of migrant in section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C.6399) by the State, regional or local Migrant Education Program (MEP) director or coordinator, or the local educational liaison.

The basic definition of a migrant child for MEP is a child whohas 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.) State educational agencies and local MEP staff are responsible for identifying and maintaining supporting documentation as to who is defined as a migrant child.

MEP CONTACTS

Most State educational agencies sub-grant MEP funds to local operating agencies (LOAs) to provide program services. These operating agencies are typically school districts; however, in some States, the LOAs may be regional units that administer the MEP in multiple school districts. When an LOA or school district receives MEP funds, a MEP coordinator is usually designated. This may be a Federal program director who administers multiple Federal programs including the MEP. The operating agency or school district identifies and recruits migrant children in their geographic area and maintains a list of eligible migrant children.

DOCUMENTATION OF MEP ENROLLMENT

LEAs should work directly with their State, regional, or local MEP director or coordinator or homeless liaison, to identify migrant children and to document their eligibility for free school meals. LEAs must accept documentation that the children are migrant children from the LOA or school district's MEP coordinator.

Acceptable documentation for MEP enrollment is:

- Dated list with each child's name, and the signature of the State, regional, or local MEP director, coordinator, or local educational liaison; or
- A letter from a migrant education director, coordinator, or liaison provided by a household that confirms that a child currently meets the definition of migrant under the Elementary and Secondary Education Act.

This documentation is in lieu of free and reduced price meal applications and must be sought, as much as possible, prior to a household completing an application. Once documentation is obtained, the LEA must notify the household as soon as possible about the child's free meal eligibility. Because documentation of MEP eligibility is acceptable in lieu of a free and reduced price meal application, any application submitted on behalf of the child would be disregarded unless the other children listed on the application are not migrant or Other Source eligible, in which case the LEA has to process the application to determine eligibility for the other children listed on the application.

If the application indicates a child's status as a migrant, and the household has not contacted the school, the school/LEA must check with the migrant coordinator.

It is particularly important that newly arrived migrant children in the LEA be documented and certified for free meals as promptly as possible. LEAs need to establish procedures with the MEP coordinator to assure prompt notification, especially when a new migrant child is identified.

RUNAWAY AND HOMELESS YOUTH ACT

A runaway child is identified as a runaway receiving assistance through a program under the Runaway and Homeless Youth Act (RYHA) by the local educational liaison. If the LEA or State agency becomes aware of other officials who may be administering the RHYA in their State, they should contact the State agency or regional office, as appropriate, for guidance.

The programs for runaways are established by the Family and Youth Services Bureau (FYSB) of the U.S. Department of Health and Human Services. Because the FYSB coordinates with school district homeless liaisons, LEA officials should be able to obtain documentation of a child's participation in an RHYA-funded program.

The following is a Web site that may assist LEAs in obtaining more information about the operations of the RHYA programs in their State:

- http://www.acf.hhs.gov/programs/fysb/programs/runaway-homeless-youth

For further information on FYSB, see their web site at:

- http://www.acf.hhs.gov/programs/fysb

DOCUMENTATION OF RUNAWAYS' RHYA PARTICIPATION

Acceptable documentation to substantiate participation in a program for runaway children sponsored by RHYA must include:

- Child's name or a list of names of participating children;
- Effective date(s); and
- Signature of the school district's homeless liaison or other appropriate officials.

Because direct certification documentation of enrollment in an RHYA-funded program is acceptable in lieu of a free and reduced price meal application, any application submitted on behalf of the child would be disregarded.

It is particularly important that runaway children who may be enrolled in an RHYA-funded program be documented and certified for free meals as promptly as possible. Therefore, LEAs need to establish procedures with the homeless coordinator or other appropriate officials. If an application is submitted for a runaway child participating in an RHYA program with the box checked for runaway, the child must receive free meal benefits.

MCKINNEY-VENTO HOMELESS ASSISTANCE ACT

A child is considered homeless if s/he is identified as lacking a fixed, regular, and adequate nighttime residence under the McKinney-Vento Homeless Assistance Act by the LEA liaison, or by the director of a homeless shelter. If the LEA or State agency becomes aware of other officials who may be administering the homeless assistance act under the McKinney-Vento Act in their State, they should contact the State agency or regional office, as appropriate, for guidance.

The term "homeless" means individuals who lack a fixed, regular, and adequate nighttime residence. The definition includes:

- Children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason, or are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations;
- Children and youths who are living in emergency or transitional shelters, are abandoned in hospitals, or are awaiting foster care placement;
- Children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
- Children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
- Migratory children who qualify as homeless because the children are living in the circumstances described above.

This list is provided to assist LEA officials who may know a child's circumstances that may qualify them as homeless. However, as discussed below, the determination of whether a child meets the definition is made by the LEA's homeless liaison.

DOCUMENTING FREE MEAL ELIGIBILITY FOR HOMELESS CHILDREN

Acceptable documentation that the children are homeless is obtained from the LEA homeless liaison or directors of homeless shelters where the children reside. Documentation to substantiate free meal eligibility must consist of the:

- Child's name or a list of names;
- Effective date(s); and
- Signature of the LEA liaison or the director of the homeless shelter.

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 are not taken into consideration in determining the free meal eligibility for the child(ren) designated as homeless by the LEA liaison.

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 if 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. LEA 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 LEA liaison, even when the child is included on the host family's free and reduced price meal application.

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. A child may still be considered a foster child if placed with relatives provided the placement is made by the State or local foster care system or courts. The State must retain legal custody of the child --whether placed by a welfare agency or a court -- in order for a child to be considered categorically eligible for free meals.

A foster family may include their foster child on the same household application that includes their non-foster children. This will streamline the application process and may help the foster family's non-foster children qualify for free or reduced price meals based on household size and income.

DOCUMENTING FREE MEAL ELIGIBILITY FOR FOSTER CHILDREN

LEAs are encouraged to establish formal mechanisms with State and local foster care agencies and courts to receive information directly from these agencies to facilitate certification for free meals for foster children. LEAs and foster care agencies or courts should have a written agreement between the agency or court and the LEA setting out or confirming the manner in which LEA officials would be provided the children's status.

Documentation can be submitted by an appropriate State agency or local court (direct certification):

- Electronic/computer match directly to the LEA or other child nutrition program institution indicating the status of the child as a foster child without further application;
- LEAs can accept a State or local agency's or court's letter confirming the child's status as a foster child submitted by the household; or

- 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).

C. DURATION OF CATEGORICAL ELIGIBILITY

Since households are not required to report changes in income or household size during the school year, households are also not required to report a change in their categorical eligibility status because they no longer receive benefits or participate in the programs discussed above. For households that voluntarily report changes, see Part 3 Section K: *Changes in Household Circumstances.*

D. QUESTIONS AND ANSWERS

1. A child who has been certified homeless by the liaison earlier this year returns home. The child remains categorically eligible based on having been determined categorically eligible earlier in the year—but he was with a host family which had the option of including him on their application for meal benefits. Now that the child is back home, can his "home" family apply for free or reduced price benefits and include him as a household member?

There are several points that need to be addressed in responding to this question.

- The homeless child's eligibility status cannot "convey" to the other children in either the host or "home" family. However, the homeless child is counted as a household member in the other households.
- The homeless child remains eligible for free meals for the current school year (and up to 30 operating days in the next) regardless of where he is living.
- The host family can include the child if they apply for benefits while the child is living with them and, if he moves out of the home, there is no change in eligibility status for the remaining children because of year-long eligibility.
- When the child returns to his "home" family, he is counted as a household member if his family applies for benefits for the other children in the household. By the same token, if the homeless child leaves the family which has an approved application on file, the status of the remaining children doesn't change unless something happens that would increase their benefits.

2. May a private school serve free meals to homeless students using documentation provided by a public school homeless liaison or the State Coordinator for Education of Homeless Children and Youth?

Although the McKinney-Vento Homeless Assistance Act only applies to public schools, public school liaisons or the State Coordinator for Education of Homeless Children and Youth may share documentation with a private school and the private school may use this information to support serving free meals to this population. Private schools may also use documentation obtained from shelter directors for this purpose. While there is no policy requiring private schools to establish a homeless/runaway liaison, they are encouraged to do so for school meal program purposes.

3. Does the categorical eligibility status of a homeless student remain in effect for the entire school year even if the homeless student secures permanent housing and continues to reside in the same SFA?

Yes. A homeless child remains eligible for free meals for the current school year, plus up to 30 operating days in the subsequent school year, even if that child secures a permanent residence (e.g., returns home) at some point during the current school year.

4. Does the categorical eligibility status of a homeless student remain in effect for the entire school year even if the homeless student secures permanent housing but now attends a school in a different LEA?

The new LEA may accept the eligibility determination for students provided by the former LEA as described in *Part 3 Section O: Processing Applications - Restrictions*. However, if the LEA does not elect to accept the eligibility determination from the prior LEA, then the household is required to reapply for benefits with the new LEA. The homeless coordinator may still make a determination that the student is "homeless" and thus eligible for free meal benefits even if the student is considered to have a permanent residence (not with his/her family). If the student's status is not designated as homeless, the household where the student resides must apply for meal benefits based on household size and gross income.

5. Is a child considered a foster child if placed in a relative's home?

Provided a child is placed in a relative's home by a State child welfare agency or court system, the child is 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. Whether placed by the state welfare agency or a court, in order for a child to be considered categorically eligible for free meals, the State must retain legal custody of the child.

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

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

7. 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?

Direct certification is not required for foster children; however, LEAs and other child nutrition institutions are strongly encouraged to establish formal mechanisms with State and local foster care agencies or the courts to receive information directly from these agencies to facilitate certification for free meals for foster children. 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 place in the foster care system or, if appropriate, a list of children in foster care from the welfare or court system is sufficient.

8. What if one of the children listed on an income application is checked as a foster child?

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.

9. Is direct certification required for children in Head Start, migrant, runaway or homeless programs?

Direct certification is not a requirement for these programs but is strongly encouraged.

10. An application is submitted indicating a child is in one of these categories: Head Start, Migrant, Runaway or Homeless (Other Source Categorically Eligible). Is additional documentation needed?

Yes. Additional documentation from appropriate agency officials is required to certify that a child participates in one of these programs (this does not include foster children).

PART 6: DIRECT CERTIFICATION FOR ASSISTANCE PROGRAMS

A. GENERAL

Note: This section only discusses direct certification for Assistance Programs. Other Source Categorically Eligible children, such as homeless children identified by the school district's homeless liaison, are processed using procedures similar to direct certification. Those procedures are found in Part 5 of this manual.

Direct certification is the process under which LEAs certify children who are members of households receiving assistance under the Assistance Programs (SNAP, TANF or FDPIR) as eligible for free school meals, without further application, based on information provided by the State/local agency administering those programs.

Eligibility for free meals is extended to all children in a household if one member has been directly certified as eligible under the Assistance Programs. These children are also considered directly certified. LEAs are encouraged to take appropriate steps to identify these children who are part of the family but were not identified through direct certification through available means, which may include, but are not limited to, the use of school district enrollment records (§245.2 *documentation* (2)(iii)).

During the carryover period, categorical eligibility status is extended to any newly enrolled children who are members of a household with one or more members who were directly certified under Assistance Programs (§245.6 (c)(2)).

Because children who are directly certified are determined eligible based on documentation received from an Assistance Program, they are not subject to verification.

B. MANDATORY DIRECT CERTIFICATION WITH SNAP

All LEAs must directly certify children who are members of households receiving SNAP benefits.

METHOD OF DIRECT CERTIFICATION

While other Assistance Programs may use a data matching technique, direct certification with SNAP must use an automated data matching technique between the SNAP office and the State agency and/or the LEA/school to compare the student enrollment records and the SNAP benefit recipient records. This automated data matching technique will most likely be completed by using State/Central-level matching or Local/LEA-level matching.

LETTER METHOD

Although SNAP agencies may continue to provide letters to families as a secondary method along with use of an automated system (the additional notification to families would help to ensure that they were aware of their children's categorically eligibility if the children were not matched during a data exchange), State agencies and LEAs can no longer use the "letter method" as the sole method of direct certification for SNAP. For example, the SNAP household is no longer required to provide the LEA with a SNAP letter notifying the household of eligibility for free meal benefits. This restriction only applies to direct certification activities with SNAP. (See below for use of the letter method for TANF/FDPIR.)

FREQUENCY OF DIRECT CERTIFICATION

LEAs must conduct direct certification with SNAP at least three times during the school year. More frequent direct certification efforts are permissible and encouraged. The efforts must be made at a minimum:

- At or around the beginning of the school year (i.e., July 1);
- Three months after the beginning of the school year; and
- Six months after the beginning of the school year.

Subsequent direct certification efforts are required for children who were not initially directly certified and who are currently determined to receive reduced price or paid meals. If the LEA has the capability, the status of any newly enrolled child must be checked for SNAP eligibility at the time of enrollment. If this is not possible, the household must be provided with an application so that the child's benefits are not delayed until the next scheduled direct certification update. LEAs choosing to use the *Effective Date of Eligibility flexibility* to reduce delays in program enrollment should refer to Part 7.

ZERO SNAP BENEFIT HOUSEHOLDS

Some households may be eligible for "zero benefits" and the law restricts categorical eligibility for free school meals based on SNAP participation to children who are members of a household receiving assistance under SNAP. Therefore, a child who is a member of a household that is receiving "zero benefits" from SNAP is not categorically eligible for free meals, unless the child is categorically eligible for another reason.

For the purposes of direct certification, State agencies must ensure that SNAP matches do not identify children as categorically eligible for free meals when the children are members of a household eligible for zero SNAP benefits. SNAP defines benefits as allotments issued on electronic benefit transfer (EBT) cards, or other means approved by the Secretary, that can be used to purchase food at authorized retail food stores.

SAs must work with their counterparts who administer SNAP to assure that direct certification matching only identifies children as categorically eligible when they are in households that actually receive SNAP benefits. Any State agency that has included children who are members of a household eligible for zero SNAP benefits in their direct certification matching must ensure that their matching process is revised to no longer identify these children as categorically eligible.

C. DIRECT CERTIFICATION WITH TANF AND FDPIR

Although not required, LEAs are encouraged to conduct direct certification with the TANF program and FDPIR. Direct certification with these programs may use either a data matching technique or the letter method. If LEAs conduct direct certification with TANF and/or FDPIR agencies, there is no requirement on how frequently the contacts are made. For these programs, direct certification contact should be at or near the beginning of the school year, July 1, as defined in 7 CFR 210.2. LEAs choosing to use the *Effective Date of Eligibility flexibility* to reduce delays in program enrollment should refer to Part 7.

D. REQUIRED DOCUMENTATION

Documentation to establish children's eligibility for free meals under direct certification for Assistance Programs, and to substantiate claims for reimbursement, must include:

- Names of children or any household member currently certified to receive benefits from Assistance Programs;
- A statement certifying that each child is a member of a household where someone receives Assistance Program benefits;
- At least one piece of identifying information matching each child with a child attending a particular school. Examples of identifiers include:
    - Children's birth dates
    - Addresses
    - Parents' names
    - Child's social security number, if available
    - Last 4 digits of the social security number of the person signing an application, if available
    - Gender
    - Other identifiers
- Date; and
- Signature of an official of the Assistance Program.

For computer matches which may not include the official's original signature, sufficient documentation must include correspondence or a written agreement between the Assistance Programs office and the LEA that sets out or confirms the manner in which LEA officials would be provided the children's SNAP, TANF or FDPIR status.

The documentation must be retrievable by school to ensure proper delivery of benefits and to allow substantiation of the number of children eligible for free meals or milk.

E. NOTIFICATION

The LEA must notify the household about eligibility established through direct certification. The notification must include the following information:

- The child is eligible for free meal benefits;
- No further application is necessary;
- If applicable, an explanation of extended eligibility and how to notify the LEA of any additional children in the household; and
- How to notify the LEA if free meal benefits for directly certified children are not wanted.

This notification must also be provided to households with children directly certified through the letter method or through contacts with officials such as the LEA's homeless liaison or a foster care agency.

LEAs must ensure that all households receive either a direct certification notification or an application for free and reduced price school meals. LEAs that distribute the application materials through the mail, individual student packets, or other method that prevents the overt identification of children who were already determined eligible through direct certification are not required to distribute application materials to households in which all children were determined eligible through the direct certification process.

Notification of a child's free meal eligibility through direct certification may be done through e-mail if the LEA has an e-mail address for a parent or guardian.

AGE OF DOCUMENTATION

LEA officials must obtain from Assistance Program officials the most current certification information available.

F. DELIVERY OF BENEFITS

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

If the household refuses benefits, the LEA must discontinue benefits immediately and must document the refusal.

G. EXPIRATION OF CATEGORICAL ELIGIBILITY

Because of year-long duration of eligibility, households are no longer required to report changes in their categorical eligibility status. Further, if a subsequent direct certification contact indicates a child is no longer receiving SNAP or other benefits, no change is required.

Households may voluntarily report a change. If a household reports a change that may reduce or terminate benefits, the LEA 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 LEA must provide a notice of adverse action (§245.6a (j)).

H. RECORDKEEPING

LEAs must keep documentation for direct certification on file for a minimum of three (3) years after submission of the final claim for reimbursement for the fiscal year to which they apply. Documentation must be kept longer if it is required by an audit. If audit findings have not been resolved, the applications must be retained as long as required for resolution of the issues raised by the audit. If audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit.

Special provision schools must retain base year direct certification data and applications for a minimum of 3 years after a new base year is established.

Documentation may be maintained either at the school or at a central location with a list of eligible children maintained at the school. If an LEA maintains documentation at a central location, children's categorical eligibility status must be readily retrievable by school, and the LEA must ensure that any changes and transfers in and out of the school are accurately and promptly reflected on each school's list.

Part 7: EFFECTIVE DATE OF ELIGIBILITY DETERMINATIONS

A. GENERAL

Effective Date of Eligibility Determinations is a flexibility option available to LEAs processing applications or determining eligibility through direct certification. LEAs using this flexibility must do so consistently for all children in all participating schools and Programs.

B. APPLICATIONS

Children are generally certified eligible for free or reduced price meal benefits on the date the household application is approved. However, LEAs have flexibility concerning the effective date of certification for NSLP, SBP and SMP benefits. If an LEA chooses, it could establish the date of submission of an application as the effective date of eligibility, rather than the date the official approves it. This flexibility extends to the Child and Adult Care Food Program and the Summer Food Service Program, as applicable.

Refer to SP 11-2014, *Effective Date of Free or Reduced Price Meal Eligibility Determinations*, for more information.

C. DIRECT CERTIFICATION

The effective date of eligibility determinations is available to LEAs when determining the date of eligibility for children who are directly certified to receive free meals or free milk in the NSLP, SBP, and SMP.

The effective date of eligibility for free school meal or milk benefits is the date of the automated data matching file (or benefit recipient file from another agency) which first identifies the student as eligible for direct certification, rather than the date the LEA accesses and processes the automated data matching file into their local point of service (POS) system. To be used for this purpose, the data file must be generated and received by the LEA in the current school year. Automated data matching is the only method of direct certification acceptable for SNAP.

Letter method and lists or other forms of documentation may be used to directly certify children as members of TANF and FDPIR households, as well as Other Source Categorically Eligible Programs. LEAs using this flexibility may consider the effective date of eligibility for free school meal or milk benefits to be the date the household or appropriate State or local agency submitted the letter, list, or other form of documentation to the LEA. The flexibility in determining the effective date of eligibility also applies to the letter method of documentation from SNAP.

If categorical eligibility is based on SNAP, TANF or FDPIR, the extended eligibility provision in Part 5A also applies.

Refer to SP 51-2014, *Eligibility Effective Date for Directly Certified Students*, for specific examples using this flexibility.

D. QUESTIONS AND ANSWERS

1. Is State agency notification required if an LEA choses to use this flexibility?

LEAs must notify their State agency upon electing to implement this flexibility.

2. What documentation is required when using this flexibility?

LEAs using this flexibility for direct certification must document the effective date used, such as a date stamp to document the date received for lists or letters from other agencies, or the documented and traceable run date of automated match files or recipient benefit files from another appropriate agency. This includes children who are extended eligibility because they are members of the same household as a student identified as receiving SNAP, TANF or FDPIR benefits.

A date stamp or another method to document the date the application was submitted must be used when this flexibility is applied to the application process.

3. Do LEAs have to refund the money paid by or on behalf of a student for a reimbursable meal or milk during the period from the free meal eligibility effective date through the date the direct certification is actually implemented?

LEAs must refund any money paid by or on behalf of the child for a reimbursable meal or milk during the period from the free meal eligibility effective date through the date the direct certification is actually implemented at the local school, including forgiving accrued debt, for any meals or milk adjusted to free due to the change in effective date. The LEA can only claim those meals or milk at the free reimbursement rate if the student is given a refund or the debt is discharged.

PART 8: CONFIDENTIALITY/DISCLOSURE

A. GENERAL

The issues of privacy and confidentiality of personal data are complicated as well as sensitive. Before developing State and local disclosure policies, State agencies and LEAs should discuss the issue with their legal counsel.

LEAs may disclose children's free and reduced price meal eligibility information to programs, activities, and individuals that are specifically authorized access under the NSLA, which is the law that sets forth the disclosure limits for the Child Nutrition Programs. *Disclosure is always an option, not a requirement*. The school foodservice director, in conjunction with any LEA officials responsible for making the free and reduced price meal or free milk eligibility determination, makes the decision on whether or not children's information will be disclosed. The LEA may opt to disclose children's eligibility information to

Medicaid or State Children's Health Insurance Program (SCHIP) officials if the State agency has not prohibited such disclosure to these health insurance programs and the family does not decline to have their children's eligibility information released.

PREVENTING OVERT IDENTIFICATION

Unauthorized disclosure or "overt identification" of children receiving free or reduced price meal benefits may be an unintentional consequence of having a food service line where competitive foods are sold and a different food service line for NSLP program meals.

In the same way, schools that have a dual payment system that accepts both cash and electronic payments may overtly identify children through the method of payment.

Schools must ensure, to the maximum extent practicable, that the sale of competitive foods and the method of payment do not inadvertently result in children being identified by their peers as receiving free or reduced price meal benefits.

In addition, schools/LEAs must ensure that children who receive free or reduced price meal benefits are not overtly identified when they are provided additional services under certain programs or activities that are permitted to have access to children's eligibility information, such as academic support under No Child Left Behind. (See the Disclosure Chart in Part 8C)

LEAs must ensure compliance with disclosure limitations in this Part 8L (reference NSLA 9(b)(10) and regulations found at 7 CFR Part 245.8 and SP 45-2012 available at http://www.fns.usda.gov/sites/default/files/SP45-2012os.pdf.

B. AGGREGATE DATA

The LEA may disclose aggregate data to any program or individual when children cannot be identified through release of the aggregate data or by means of deduction. An example of aggregate data is the number of children eligible for free or reduced price meals in the school district. As aggregate data does not identify individual children, parental notification and parental consent are not needed. However, LEAs are cautioned about release of aggregate data when individual children's eligibility may be deduced (e.g., release of data about a specific classroom when the numbers of eligible children is very small).

C. DISCLOSURE CHART

The NSLA specifies that persons directly connected with the administration or enforcement of certain programs or activities are permitted to have access to children's eligibility information. The following chart shows the circumstances for disclosing eligibility information. If you have concerns or questions about disclosing children's eligibility information, contact your State agency for further guidance.

Recipient of Information	What May be Disclosed	Requirements
Programs under the National School Lunch Act or Child Nutrition Act	All eligibility information	Prior notice and consent not required
Federal/State or local means tested nutrition programs with eligibility standards comparable to the NSLP	Eligibility status only	Prior notice and consent not required
Federal education programs	Eligibility status only	Prior notice and consent not required
State education programs administered by a State agency or local education agency	Eligibility status only	Prior notice and consent not required
Local education programs	NO eligibility information, unless parental consent is obtained	Parental consent
Medicaid or the State Children's Health Insurance Programs (SCHIP), administered by a State or local agency authorized under titles XIX or XXI of the Social Security Act to identify and enroll eligible children	All eligibility information unless parents elect not to have information disclosed	Must give prior notice to parents and opportunity for parents to decline to have their information disclosed
State health programs other than Medicaid/SCHIP, administered by a State agency or local education agency	Eligibility status only	Prior consent not required
Federal health programs other than Medicaid/SCHIP	NO eligibility information, unless parental consent is obtained	Parental consent
Local health program	NO eligibility information, unless parental consent is obtained	Parental consent
Comptroller General of the United States for purposes of audit and examination	All eligibility information	Prior notice and consent not required
Federal, State, or local law enforcement officials investigating alleged violations of any of the programs under the NSLA and CNA or investigating violations of any of the programs that are authorized to have access to names and eligibility status	All eligibility information	Prior notice and consent not required

D. "NEED TO KNOW"

Although a program or person may be authorized under the NSLA to receive free and reduced price eligibility information, there must be a legitimate "need to know" to provide a service or carry out an authorized activity. State agencies, LEAs, and schools must ensure that data systems, records, and other means of accessing a student's eligibility status are limited to officials directly connected with administration or enforcement of a Federal or State program or activity. This includes Federal, State, or local program operators responsible for the ongoing operation of the program or activity, or responsible for program compliance.

Eligibility information cannot be made available to all school officials. For example, access must be limited to a student's teachers who are directly responsible for the administration of a Federal education program, e.g., No Child Left Behind (NCLB), or who are providing tutorial or other assistance under NCLB. Teachers, guidance counselors, principals, etc. who are not providing such assistance under the appropriate statutory or regulatory requirements cannot have access. On-line data systems must have a masking or de-identification capability to prevent unauthorized access to free or reduced price eligibility status.

State Medicaid and SCHIP agencies and health insurance program operators receiving children's free and reduced price meal or free milk eligibility information must use that information only to enroll eligible children in State Medicaid or SCHIP.

E. NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

LEAs may disclose, without parent/guardian consent, children's names and eligibility status to persons who are directly connected to the administration or enforcement of NAEP because NAEP is a Federal education program. Additionally, LEAs may disclose children's names and eligibility status to persons directly connected with the administration or enforcement of State educational assessment programs to the extent that the State assessment is part of the NAEP or the assessment program is established at the State, not local, level. Other State education programs also are eligible to have access to participants' names and eligibility status, without parent/guardian consent, but the program must be established at the State, not local, level.

The term "persons directly connected" for the purpose of disclosure to NAEP includes Federal, State, and local program operators responsible for NAEP program administration or program compliance, and their contractors. This does not imply that these persons have routine access to participants' eligibility status. There must be a "need to know" relating to the administration or enforcement of a Federal education program or for legitimate NAEP purposes.

LEAs are encouraged to inform households when they plan to disclose or use eligibility information outside the originating program and to have a written agreement with NAEP officials (See Part 8, Section I: *Agreements/Memoranda of Understanding*).

F. NO CHILD LEFT BEHIND

No Child Left Behind (NCLB) is a Federal education program. Therefore, LEA officials may disclose a child's eligibility status to persons directly connected with, and who have a need to know, a child's free and reduced price meal eligibility status in order to administer and enforce the NCLB requirements. However, other information obtained from the free and reduced price school meal application or through direct certification cannot be disclosed. LEA officials must keep in mind that the intent of the confidentiality provisions is to limit the disclosure of a child's eligibility status to those who have a "need to know" for proper administration and enforcement of a Federal education program. LEAs must establish procedures that limit access to a child's eligibility status to as few individuals as possible.

LEA officials, prior to disclosing information on the eligibility of individual children, should enter into a memorandum of understanding or other agreement to which all involved parties (including both officials who administer the school meals/milk programs and officials who administer the overall education functions) would adhere. This agreement would specify the names of the individuals who would have access to the information, how the information would be used in implementing NCLB, and how the information would be protected from unauthorized uses and third-party disclosures, as well as include a statement of the penalties for misuse of the information.

G. FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT

The Federal Department of Education has established that education records are under the purview of the Family Educational Rights and Privacy Act (FERPA). However, for the school meals programs and milk program, the restrictions imposed by section 9(b)(6) of the NSLA apply, not FERPA.

H. PARENTAL NOTIFICATION FOR DISCLOSURE

Unless otherwise indicated, LEAs must inform households if they plan to disclose or use eligibility information outside the originating program, i.e., lunch, breakfast, or milk program. This may be done as either a general notification of potential disclosure or a specific notification to disclose information to a particular program.

NOTICE REQUIREMENTS

The notice of potential disclosure or specific disclosure may be in the letter to households that accompanies the free and reduced price meal or free milk application, on the application, or, for children directly certified, in the document informing households of the participants' eligibility through direct certification. The notification should state that the children's names, eligibility status, and other information provided on the application or obtained through direct certification may be disclosed to certain other Federal, State, or local agencies as authorized by the NSLA. A list of the specific programs is not necessary.

Parents/guardians must be notified of the potential disclosure or specific disclosure and given the opportunity to elect not to have their children's information disclosed.

The notification of potential disclosure or specific disclosure must inform the parents/guardians that:

- They are not required to consent to the disclosure;
- The information will be used to facilitate the enrollment of eligible children in a health insurance program or other programs; and
- Their decision will not affect their children's eligibility for free and reduced price meals or free milk.

The notice of either potential or specific disclosure must be given prior to disclosure and parents/guardians given a reasonable time limit to respond. For children who are determined eligible though direct certification, the notice of potential or specific disclosure may be in the document informing parents/guardians of their children's eligibility for free meals through direct certification. (See *Appendix B: Prototype Application* for a link to prototype notification of disclosure.)

I. AGREEMENTS/MEMORANDA OF UNDERSTANDING

An agreement is not needed for Federal, State or local agencies evaluating or reviewing Child Nutrition Program operations. Similarly, an agreement is not necessary for disclosures to the Comptroller General. These activities are part of routine operations of the Child Nutrition Programs and enforcement.

NON-MEDICAID/SCHIP AGENCIES

The LEA should enter into a written agreement with other entities, including NAEP, requesting the information prior to disclosing children's eligibility information. The agreement should:

- Be signed by both the LEA and receiving entity;
- Identify the entity receiving the information;
- Describe the information to be disclosed and how it will be used;
- Describe how the information will be protected from unauthorized use and disclosure; and
- Describe the penalties for unauthorized disclosure.

MEDICAID/SCHIP AGENCIES

For any disclosures to Medicaid or SCHIP, the LEA and receiving agency must have an agreement or Memorandum of Understanding which includes:

- The health insurance program or health agency receiving the child's eligibility information;
- Information that will be disclosed, specifying that the information must only be used to seek to enroll children in State Medicaid or SCHIP;
- How the information will be used and how it will be protected from unauthorized uses and disclosures;
- Penalties for unauthorized disclosure; and
- The signature of the determining agency and the State Medicaid/SCHIP program or agency receiving the children's eligibility information.

In all cases, the receiving entity must be informed in writing that:

- Eligibility information may only be used for the purpose for which the disclosure was made;
- Further use or disclosure to other parties is prohibited; and
- A violation of this provision may result in a fine of not more than $1000 or imprisonment of not more than 1 year, or both.

A prototype agreement is in Appendix C.

J. OTHER DISCLOSURES THAT REQUIRE PARENTAL CONSENT

Children's parents or guardians may always provide consent for the disclosure of any or all of the information related to their children's eligibility status (i.e., whether children are eligible for free or reduced price meals), or the information that the household provided through the free and reduced price meal eligibility process.

A disclosure of all eligibility information to any other Federal, State or local program or individual not included in the NSLA requires parental consent. Other programs that require parental consent are local health and local education programs and other local level activities. For example, the disclosure of children's eligibility for free and reduced price meals to determine children's eligibility for free text books or reduced fees for summer school requires consent when these are local initiatives rather than State or Federal programs.

The disclosure of information other than names and eligibility status to the programs authorized only to receive participants' names and eligibility status also requires written consent. For example, determining agencies may disclose names and eligibility status to a Federal education program, but if the program requests family size or the basis of eligibility (e.g., SNAP eligibility or income level), determining agencies must obtain consent prior to disclosure.

K. CONSENT STATEMENT REQUIREMENTS

The consent statement must be in writing. It may be obtained at the time of application, or at a later time. The consent statement must:

- Identify the information that will be shared and how the information will be used;
- Be signed and dated. In the case of a child participant, the consent statement must be signed by the parent or guardian of the applicant household, even though the application for free and reduced price meals or free milk may be signed by any adult household member. For adult participants in the Child and Adult Care Food Program, the adult participant must sign the consent statement unless a guardian has been appointed;
- Indicate that failing to sign the consent statement will not affect eligibility for or participation in the program and that the information will not be shared by the receiving program with any other entity or program; and
- Enable the parent/guardian/adult to limit consent to only those programs with which he or she wishes to share information. For example, the consent statement could use a check-off system under which the applicant would check or initial a box to indicate that he or she wants to have information disclosed to determine eligibility for benefits from a certain program.

L. PENALTIES FOR IMPROPER DISCLOSURE

The NSLA establishes a fine of not more than $1000 or imprisonment of not more than one (1) year, or both, for publishing, divulging, disclosing, or making known in any manner or extent not authorized by Federal law, any eligibility information. This includes the disclosure of eligibility information by one entity authorized under the NSLA to receive the information to any other entity, even if that entity would otherwise be authorized to receive the information directly from the determining agency.

M. QUESTIONS AND ANSWERS

1. What does disclosure mean as it relates to children's personal free and reduced price meal or free milk eligibility information?

Disclosure means revealing or using individual children's program eligibility information that is obtained through the free and reduced price eligibility process for a purpose other than the purpose for which the information was obtained. Disclosure includes but is not limited to access, release, or transfer of personal data about children by means of print, tape, microfilm, microfiche, electronic communication, or any other means. It includes eligibility information obtained through the free and reduced price application or through direct certification and whether the children are eligible for free meals or reduced price meals.

2. May the principal of a school compare the test scores of individual students in his/her school, by socioeconomic status, to the test scores of students in another school in the same district?

Students' names and free or reduced price eligibility status may be disclosed, without consent, for a Federal or State education program. However, parental consent is required for disclosure to a local education program. Aggregate data may be disclosed provided that it doesn't allow for individual student identification.

3. May the LEA disclose eligibility information to other Child Nutrition Programs?

The LEA may disclose all eligibility information from children's free and reduced price applications or information obtained through direct certification to persons directly connected with the administration or enforcement of the programs authorized under the NSLA or Child Nutrition Act of 1966. This includes the NSLP, SBP, SMP, Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). This means that program eligibility information collected for any one of the Child Nutrition Programs may be shared with another Child Nutrition Program, even if the programs are sponsored by different entities. For example, a public school may disclose information from children's free and reduced price school meal applications, without parental consent, to an SFSP administered by a parks and recreation agency.

4. Who are persons "directly connected" to the administration or enforcement of a program?

The LEA may disclose children's eligibility status only to persons determined to be "directly connected" with the administration or enforcement of a Federal education program, State education program, State health program, or a means-tested nutrition program, as well as to persons directly connected with the Comptroller General Office or law enforcement for an authorized activity.

5. Who are persons "directly connected" with the administration of State Medicaid and SCHIP?

Persons directly connected with the administration of State Medicaid and SCHIP for purposes of disclosure of free and reduced price meal and free milk eligibility information are State employees and persons authorized under Federal and State Medicaid and SCHIP requirements to carry out initial processing of applications or to make eligibility determinations. Check with your State Medicaid/SCHIP coordinator to determine the persons or entities in your State authorized to enroll children in Medicaid and SCHIP.

6. What eligibility information may an LEA disclose to means-tested nutrition programs?

Without parental consent, the LEA may only disclose name and eligibility status. Disclosure of other information, such as parents' names and address, requires parental notification and consent.

7. Who is responsible for making the decision whether to disclose children's eligibility status and/or to disclose other personal information?

Whether or not to disclose children's eligibility information is a local decision that should be made by the school foodservice director in conjunction with LEA officials. The LEA should develop a policy on disclosing free and reduced price meal eligibility information. However, for disclosures to Medicaid and SCHIP, the decision on disclosure is a joint State agency/LEA decision. Both the State agency and LEA must agree to disclose children's information to Medicaid and SCHIP.

8. When I notify parents that their information will be disclosed to Medicaid or SCHIP, unless they decline to have their information shared, how long do I have to wait for a response from the parent before I release their information?

LEAs should provide adequate time for any parental response. A minimum of 10 calendar days should be provided. It is a good idea to include a date in the parental notification statement that informs households that they must respond by a specified date if they do not want their information disclosed to Medicaid or SCHIP.

9. Can the State agency enter into a Memorandum of Understanding for all LEAs for disclosing information to Medicaid/SCHIP?

No. Each LEA must be given the opportunity to decline providing information to Medicaid/SCHIP.

10. How do I know who to contact for more information regarding Medicaid and SCHIP?

For State and Federal Medicaid, visit: http://www.medicaid.gov/. For SCHIP, visit: http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Childrens-Health-Insurance-Program-CHIP/Childrens-Health-Insurance-Program-CHIP.html.

PART 9: VERIFICATION

A. GENERAL DEFINITIONS

VERIFICATION is confirmation of eligibility for free and reduced price meals under the NSLP and SBP. Verification is only required when eligibility is determined through the application process, not through direct certification conducted with an Assistance Program or officials or agencies that documented Other Source Categorical Eligibility. Verification must include either confirmation of income eligibility or confirmation that the child or any member of the household is receiving assistance under SNAP, FDPIR, or TANF or that a child is Other Source Categorically Eligible. Verification may include confirmation of any other information required on the application, such as household size.

DIRECT VERIFICATION is using records from public agencies to verify income and/or program participation. See Part 10 of this manual.

ERROR PRONE means applications within $100 per month of the applicable Income Eligibility Guideline. Error prone replaces the term "Focused Sample."

RANDOM SAMPLING means each application has an equal chance of being selected. A statistically valid random sample is not required. The LEA must determine a selection interval by dividing the number of applications by the required sample size.

SAMPLE POOL means the total number of applications approved as of October 1.

SAMPLE SIZE means the number of applications subject to verification; the minimum and maximum sample size is three percent total.

B. EXCEPTIONS TO VERIFICATION REQUIREMENTS

Verification efforts are not required:

- For children who have been certified under direct certification procedures including children documented as eligible migrant, runaway, homeless children, foster children, and children participating in Head Start/Even Start;

- For children in RCCIs, except for applications for any non-residential students attending the institution;
    - Applications from children listed above are not included in the sample pool
- In schools where FNS has approved special cash assistance claims based on economic statistics regarding per capita income (e.g., Puerto Rico and the Virgin Islands);
- In schools participating only in the SMP;
- In schools where all children are served with no separate charge for food service and no special cash assistance is claimed (i.e., non-pricing programs claiming only the paid rate of reimbursement); and
- In LEAs where all schools participate in Provisions 1, 2, 3, or CEP except in those years in which applications are taken for all students in attendance (i.e., the base year).

C. INITIAL VERIFICATION

Each LEA must annually verify eligibility of children from a sample of household applications approved for free and reduced price meal benefits for that school year unless the State agency assumes responsibility for verification on behalf of its LEAs.

The LEA may begin verification activity once the application approval process for the current school year is underway and there are approved applications on file. To do so, the LEA may project the number of approved applications (sample pool) that it anticipates will be on file on October 1. The projected number is based on prior years' experience. However, the final sample pool is the actual number of approved applications on file as of October 1. **The sample size must be based on the October 1 sample pool.** Any estimates must be compared with the actual number of applications on file on October 1 and the sample pool and sample size adjusted accordingly. If October 1 falls on a weekend, use the next operating day to establish the sample pool.

ESTABLISHING THE SAMPLE POOL

The sample pool uses the total number of approved applications on file as of October 1 of the current school year. LEAs may choose not to count applications for students in split-session kindergarten programs participating in the SMP when determining the verification sample pool.

The sample pool depends on the number of applications (paper or electronic) and is not based on the number of children eligible for free and reduced priced meals.

ESTABLISHING THE SAMPLE SIZE

Once the sample pool is determined, the LEA calculates the sample size—the number of applications that must be verified. When calculating the sample size, all fractions or decimals are rounded upward to the nearest whole number. At least one application must always be verified.

With the exception of verification for cause, LEAs must not verify more than or less than the standard sample size or the alternate sample size (when used) and must not verify all (100% of) applications. Verification conducted "for cause" is done in addition to the required verification sample size.

VERIFICATION COMPLETION DEADLINES

The LEA must complete the verification activities specified in this section no later than November 15 of each school year. However, the LEA may request an extension of the November 15 deadline, in writing, from their State agency. The State agency may approve, in writing, an extension up to December 15 of the current school year due to natural disaster, civil disorder, strike, or other circumstances that prevent the LEA from the timely completion of verification activities. A request for an extension beyond December 15 must be submitted by the State agency to FNSRO for approval.

D. VERIFICATION FOR CAUSE

GENERAL

The LEA has an obligation to verify all questionable applications (verification "for cause"). Such verification efforts cannot delay the approval of applications. If an application is complete and indicates that the child is eligible for free or reduced price meal benefits, the application must be approved. Only after the determination of eligibility has been made can the LEA begin the verification process.

To verify an approved application for cause, the LEA must send the household a letter explaining that it must submit verification of eligibility information with the application for continued eligibility. (See *Section H: Household Notification of Selection*.) The verification letter may be sent at the same time as a notice of eligibility.

The LEA verifies applications for cause following the procedures in Sections H through N, in this part of the manual. Any household that fails to submit requested verification information by the date specified by the LEA or that submits verification information that does not support the initial determination of eligibility must be sent a notice of adverse action. (See Section K*: Notice of Adverse Action*.)

Once households have been requested to provide documentation for cause, the LEA must complete the verification process for these households.

VERIFICATION FOR CAUSE FOR SCHOOL DISTRICT EMPLOYEES

Verification for cause must not be used to automatically verify the households of all school district employees whose children are certified for free or reduced price meals. However, from among the list of children approved for free or reduced price meals, an LEA could identify children of school district employees and use LEA salary information available to them to identify questionable applications and then conduct verification for cause on those questionable applications.

LEAs can use verification for cause to review approved applications for free or reduced price meals when known or available information indicates school district employees may have misrepresented their incomes on their applications to receive free or reduced price meals for their children. It is recommended that an LEA consult with legal counsel in establishing the parameters of verification for cause for school district employees.

FNS supports use of verification for cause where appropriate as a method for LEAs to address integrity concerns. LEAs and their legal counsel are strongly encouraged to consult with their State agency prior to undertaking verification for cause where concerns with employee misrepresentation of information on a household income eligibility application have been raised. State agencies should assist in ensuring that LEAs balance administrative requirements and integrity with access to free and reduced price meals for eligible children.

E. APPLICATION SELECTION PROCEDURES

AVAILABLE SAMPLE SIZES

There are three sample sizes established for verification activities. The standard sample size must be used by LEAs unless it qualifies to use one of the alternate sample sizes.

STANDARD SAMPLE SIZE

The standard sample size is the lesser of

- Three percent (3%) of all applications approved by the LEA for the school year, as of October 1 of the school year, selected from error prone applications; or
- 3,000 error prone applications approved by the LEA for the school year, as of October 1 of the school year.

ALTERNATE SAMPLE SIZES

LEAs that qualify may select one of the following sample sizes.

Alternate One:

The sample size equals the lesser of

- Three percent (3%) of all applications approved by the LEA for the school year, as of October 1 of the school year, selected at random; or
- 3,000 applications approved by the LEA for the school year, as of October 1 of the school year, selected at random.

Alternate Two:

The sample size equals the lesser of the sum of

- 1,000 of all applications approved by the LEA as of October 1 of the school year, selected from error prone applications; OR one (1) percent of all applications approved by the LEA as of October 1 of the school year, selected from error prone applications;

PLUS the lesser of:

- 500 applications approved by the LEA as of October 1 of the school year that provide a case number in lieu of income information; or
- One-half (½) of one percent (1%) of applications approved by the LEA as of October 1 of the school year that provide a case number in lieu of income information.

COMPLETING THE SAMPLE SIZE

For sample sizes based on error prone applications, there may not be enough applications that meet this criterion. When this happens, the LEA must select, at random, additional approved applications to complete the required sample size.

In other situations, the number of error prone applications may exceed the required sample size. When this happens, the LEA must randomly select the required number of applications from all error prone applications.

F. QUALIFYING TO USE AN ALTERNATE SAMPLE SIZE

There are two ways an LEA may annually qualify to use an alternate sample size based on lowered non-response rates.

LOWERED NON-RESPONSE RATE

Any LEA may use an alternate sample size for any school year when its non-response rate for the preceding school year is less than twenty percent. For example, for School Year 2012-2013, the LEA may elect to use one of the alternate sample sizes because in School Year 2011-2012, the LEA's non-response rate was 18%.

IMPROVED NON-RESPONSE RATE

An LEA with more than 20,000 children approved by application as eligible for free or reduced price meals as of October 1 of the school year may use an alternate sample size for any school year when its non-response rate for the preceding school year is at least ten percent below the non-response rate for the second preceding school year.

The following is an example of how an LEA may qualify based on an improved non-response rate.

Year 1: School Year 2011-2012

- The LEA had 21,000 children approved for free or reduced price meal benefits based on a total of 6,000 approved applications
    - Therefore, 180 household applications (3% of 6,000) must be verified
- Of those 180 households, 45 households failed to respond to verification requests, which results in a non-response rate of 25% (45 ÷ 180 as a percentage)
- The LEA must improve the 25% non-response rate by at least 10%
- The improvement rate is calculated by multiplying the non-response rate by 10%, which is 25% x 10%= 2.5%

Year 2: School Year 2012-2013

- The LEA had 6,000 approved applications, so the sample size is 180 (3% of 6,000)
- The number of non-respondents was reduced to 40 which is a non-response rate of 22.2% (40 ÷ 180 as a percentage)
- The next step is to calculate the level of improvement needed between Year 1 and Year 2
    - Subtract Year 1's non-response rate from Year 2's non-response rate (25% minus 2.5%= 22.5%)
- Since 22.2% is less than the minimum non-response rate of 22.5%, there is more than a 10% improvement
- The LEA is qualified to use an alternate sample size for School Year 2012-2013.

Year 3: School Year 2013-2014

The LEA may choose to use one of the alternate sample sizes for its verification activities

CONTINUING ELIGIBILITY FOR USE OF AN ALTERNATE SAMPLE SIZE

The LEA must annually determine if it is eligible to use one of the alternate sample sizes. If the LEA determines it is eligible, it must contact its State agency in accordance with any procedures established by the State agency for approval prior to use of alternate sample sizes.

STATE AGENCY RESPONSIBILITIES

Each State agency must establish a procedure for LEAs to designate use of an alternate sample size. The State agency may also establish criteria for reviewing and approving the use of an alternate sample size, including deadlines for submissions.

G. POST SELECTION PROCEDURES

There are two procedures that the LEA completes prior to contacting the household to obtain documentation of eligibility. These are the required confirmation reviews and the optional replacement of certain applications.

CONFIRMATION REVIEWS

Prior to any other verification activity, an LEA official, other than the official who made the initial eligibility determination, must review each approved application selected for verification to ensure that the initial determination was accurate.

This requirement is waived if the LEA uses a technology-based system that demonstrates a high level of accuracy in processing an initial eligibility determination. LEAs must contact the State agency to determine if their system qualifies them for this waiver.

Further, any LEA that conducts a confirmation review of all applications at the time of certification is not required to conduct confirmation reviews prior to verification.

OUTCOME OF CONFIRMATION REVIEWS

Depending on the outcome of each confirmation review, the LEA takes one of the following actions.

No Change in Status

If the initial eligibility status was correct, the LEA verifies the application.

Status Change From Reduced Price to Free

The LEA:

- Makes the increased benefits available immediately;
- Notifies the household of the change in benefits; and
- Verifies the application.

If verification reduces the level of benefits (from free to reduced price or paid), the household is sent a notice of adverse action.

Status Change From Free to Reduced Price

The LEA:

- Does not change the child's status; and
- Verifies the application.

If the child's free status is verified, the LEA does not notify the household. However, if the child's status changes from free to either reduced price or paid, the household is sent a notice of adverse action.

Status Change From Free or Reduced Price to Paid

The LEA:

- Immediately sends the household a notice of adverse action;
- Does not verify the application;
- Selects a similar application (for example, another error-prone application) for verification; and
- Follows the confirmation review procedures for the newly selected application.

REPLACING APPLICATIONS

After completing the confirmation reviews, the LEA may, on a case-by-case basis, replace up to five percent of applications selected. Applications may be replaced when the LEA believes that the household would be unable to satisfactorily respond to the verification request.

Any application removed must be replaced with another approved application selected on the same basis (i.e., an error-prone application must be substituted for a withdrawn error-prone application). The newly selected application must then have confirmation review.

In those LEAs where five percent of total applications result in less than one, one application may still be replaced. All results of the five percent calculation are rounded up to the next whole number.

H. HOUSEHOLD NOTIFICATION OF SELECTION

Once the LEA has completed the post selection procedures, it proceeds with household notification.

CONTACTING THE HOUSEHOLD

When a household is selected for verification and is required by the LEA to submit documents or other forms of evidence to document eligibility, the household must be sent a letter informing them of their selection and of the types of information acceptable to the LEA. Prototype notification materials may be found using the link in Appendix B of this manual.

The letter must include the following:

- That the household was selected for verification;
- Use of Information Statement (please note that the Social Security Number (SSN) for all household members is no longer required for verification);
- The types of acceptable information that may be provided to confirm current income, including pay stubs, award letters from assistance agencies for benefits such as social security or supplemental security income, and support payment decrees from courts;
- That the household may provide proof that a child or any household member is receiving benefits under the Assistance Programs instead of providing income information or that a child is Other Source Categorically Eligible; that documentation of income or receipt of assistance may be provided for any point in time between the month prior to application and the time the household is required to provide income documentation;
- That information must be provided by a date as specified by the LEA and that failure to do so will result in termination of benefits;

- Name of an LEA official who can answer questions and provide assistance; and
- A no-cost to the household telephone number.

For verification inquiries, the LEA must provide a telephone number that is available at no cost to the household. The LEA may establish a toll-free number or allow the household to reverse the charges if any households in that LEA are outside the local calling area. The LEA may also provide different telephone numbers for each local calling area within the LEA.

When the LEA uses agency records or direct verification (See Section I. Sources of Verification, Agency Records in this part and Part 10 Direct Verification in this manual) to confirm eligibility, a letter informing the household of its selection for verification is not required, since the household will not have to provide documents.

I. SOURCES FOR VERIFICATION OF WRITTEN EVIDENCE

Written evidence is the primary source of eligibility confirmation for all households including TANF, FDPIR, Other Source Categorical Eligibility Programs, and foster child households. Written evidence is most often pay stubs from employers or award letters from welfare departments or other government agencies submitted to the verifying officials as confirmation of eligibility.

Acceptable written evidence for income eligible households contains the name of the household member, amount of income received, frequency received, and the date the income was received (e.g., a pay stub with no dates would be insufficient).

Acceptable written evidence for children who are receiving benefits from an Assistance Program is an official letter or notice indicating that the child or any household member is receiving benefits from that program; for example, a notice of eligibility will suffice. For Other Source Categorical Eligibility Programs, acceptable written evidence is an official letter, notice, or list from the appropriate State agency; from a social services agency or court system for foster children; or for Head Start/Even Start enrollees, from the office or coordinator for those programs. The verifying official should examine the document provided to ensure that the child for whom the application was made is part of a household currently participating in any of these programs noted above or is a foster child. Electronic Benefit Transfer (EBT) cards cannot be used to confirm eligibility in SNAP and therefore cannot be used for categorical eligibility purposes.

A document from an assistance program that does not specify the certification period is not adequate for documentation. For example, the SNAP identification card is not acceptable because it usually does not have an expiration date.

A household that does not have satisfactory documentation may request a signed, dated letter from these offices verifying that the child is part of a household currently receiving their benefits.

COLLATERAL CONTACTS

A collateral contact is a person outside of the household who is knowledgeable about the household's circumstances and can give confirmation of a household's income participation in Assistance Programs or Other Source Categorical Eligibility Program sources. Collateral contacts include employers, social service agencies, migrant workers' agencies, and religious or civic organizations. The verifying official should request a collateral contact only in cases when the household has not been able to provide adequate written evidence.

The verifying official must give the household the opportunity to designate the collateral contact. However, the verifying official may select a collateral contact if the household fails to designate one or designates one who is unacceptable to the verifying official. In either case, no contact may be made without first notifying the household and obtaining its permission.

All collateral contacts may be written or oral and must be documented, dated, and initialed. The LEA will examine any written information provided by the collateral contact or evaluate any oral information. If the collateral contact is unwilling or unable to provide the requested information, the LEA must contact the household to complete the verification process.

Verification of eligibility for households that provided an Assistance Program case number on the application may be accomplished by submitting a list of names and Assistance Programs case numbers to the local SNAP or welfare office for confirmation of certification of receipt of benefits from agency records. (See *Part 9: Direct Verification.*)

AGENCY RECORDS

A household's eligibility may be confirmed through the use of information maintained by other government agencies to which the State agency, LEA, or school has legal access. Although USDA regulations do not require that households be notified of selection when verification is made through agency records, such agencies may have their own notification requirements.

One source of agency records is the wage and benefit information maintained by the State employment agency if that information is available to the verifying official. Such records are State records, and the release of information maintained by State employment offices is governed by State law. (See *Part 10: Direct Verification*.)

Acceptable documentation of income or receipt of assistance from any of the above sources may be provided for any point in time between the month prior to application and the time the household is required to provide income documentation.

WHEN A HOUSEHOLD INDICATES NO INCOME

If a household is selected for regular verification or verification for cause and the application indicates zero income, the LEA must request an explanation of how living expenses are met and may request additional written documentation or collateral contacts.

J. CONTINUING THE VERIFICATION PROCESS

To continue the verification process subsequent to household notification, the LEA must either determine:

- If the household has submitted adequate information to complete its individual verification activity; or
- If follow-up with the household is needed.

WHEN VERIFICATION IS CONSIDERED COMPLETE

The following demonstrates how an LEA determines whether or not the household adequately responded and whether follow-up is required.

- The household submits either adequate written evidence or collateral contact corroboration of income or categorical eligibility:
    - Verification is considered complete for this household.
- The household submits either adequate written evidence or collateral contact corroboration of income which indicates that the child(ren) should receive either a greater or lesser level of benefits:
    - Verification is considered complete for this household when the notice of adverse action is sent or household is notified that its benefits will be increased or decreased.
- The household indicates, verbally or in writing, that it no longer wishes to receive free or reduced price benefits:
    - Verification is considered complete when the notice of adverse action is sent.
- The application provides case numbers and it is determined that no household member is receiving benefits from an Assistance Program:
    - Verification is considered complete when the notice of adverse action is sent.

If verification results in higher benefits (e.g., a child who is moved from the reduced price to free category), the change is effective immediately and must be implemented no later than 3 operating days later. Parents should be notified through whatever channels the LEA uses to notify the household of approval for benefits.

FOLLOW-UP

The LEA must make *at least one follow-up attempt* to contact the household when the household does not adequately respond to the request for verification. The follow-up attempt may be in writing (including to the parent's/guardian's email) or by telephone and the LEA must document that a contact was attempted. LEAs must ensure the LEP households are provided adequate language assistance and understand the need to respond to the verification request.

- The LEA must inform the household that failure to provide adequate written evidence or to designate an adequate collateral contact will result in termination of benefits.
- The follow-up contact must attempt to obtain the missing written evidence or obtain collateral contact information.
- If the collateral contact is unwilling or unable to provide the requested information, the LEA must contact the household to complete the verification process.

The LEA must make a follow-up attempt when the household:

- Does not respond to the request for verification;
- Submits insufficient or obsolete written evidence;
- Does not designate collateral contacts; and
- Collateral contacts are unable or unwilling to provide the requested evidence.

If, after at least one follow-up attempt:

- Household responds and provides all needed evidence, verification is considered complete for this household:
    - If there is no change in benefits;
    - When household is notified that its benefits will be increased;
    - When notice of adverse action is sent.
- Household does not respond, verification is considered complete for this household:
    - When notice of adverse action is sent.
- LEA is unable to continue its verification activities because the household fails to provide adequate written evidence or knowledgeable collateral contacts, verification is considered complete for this household:
    - When the notice of adverse action is sent.

K. NOTICE OF ADVERSE ACTION

All households for whom benefits are to be reduced or terminated must be given 10 calendar days' written advance notice of the change. A prototype notice of adverse action may be found using the link in Appendix B. of this manual.

The notice of adverse action may be sent via the postal service or to the email address of a parent/guardian. The LEA cannot notify the household of adverse action by phone.

The first day of the advance notice period is the day the notice is sent. The notice must advise the household of the following:

- Change in benefits;
- Reasons for the change;
- That an appeal must be filed within the 10 calendar days advance notice period to ensure continued benefits while awaiting a hearing and decision;
- Instructions on how to appeal;
- That the household may reapply for benefits at any time during the school year; and
- Households that were terminated because no member was receiving benefits from an Assistance Program may submit an application containing household names and income information and provide written evidence of current household income.

L. BENEFITS DURING AN APPEAL

When a household appeals a reduction or termination of benefits within the 10 calendar day advance notice period, the LEA must continue to provide the benefits for which the child was originally approved until a final determination is made. The LEA may continue to claim reimbursement at that level during this period.

When a household does not appeal a reduction or termination of benefits during the 10 calendar day advance notice period, or the hearing official rules that benefits must be reduced, the actual reduction or termination of benefits must take place no later than 10 operating days after the 10 calendar day advance notice period, or 10 operating days after the decision by the hearing official.

M. HEARING PROCEDURE

The hearing procedure in the LEA's free and reduced price policy statement must be followed. The hearing official must be an individual who was not connected with the approval or verification process.

The household may request a school conference prior to a formal hearing. Any such conference must not prejudice a later appeal.

N. HOUSEHOLDS THAT REAPPLY FOR PROGRAM BENEFITS

Households affected by a reduction or termination of benefits may reapply for benefits at any time during the school year. However, if benefits to a household have been terminated and the household reapplies in the same school year, the household is required to submit income documentation or proof of participation in Assistance Programs at the time of reapplication. These are not considered new applications.

O. RECORDKEEPING

Documentation must be kept by the LEA to demonstrate compliance with the verification requirements when LEAs are reviewed by State or Federal reviewers including documentation concerning any appeals. LEAs must maintain a description of their verification efforts. The description must include a summary of the verification efforts including the selection process, the total number of applications on file on October 1, and the percentage or number of applications that are/will be verified by November 15. The LEA must also be able to demonstrate compliance with the confirmation review requirement and provision of a no-cost telephone number for assistance in the verification process.

INDIVIDUAL APPLICATIONS

For each application, the LEA must keep records of the source of information used to verify the application such as wage stubs or names and titles of collateral contacts. The LEA must retain:

- Copies of all relevant correspondence between the households selected for verification and the LEA;
- One of the following for all documentation used to verify eligibility:
    - All documents submitted by the household or reproductions of those documents; or
    - In cases where the actual documents or photocopies cannot be kept, the verifying official must make a written record of the documents submitted by the household including the type of document, e.g., wage stubs or a letter from an employer, income shown on the document, time period of the income, the date of the document, and any changes in eligibility as a result of verification procedures, the reasons for the changes, and the date the change was made.

- Documentation for any change in eligibility as a result of verification must include :
    - The reason for the change ;
    - The date the household was notified;
    - The date it became effective, if necessary; and
    - If applicable, records of follow-up attempts and results for termination for non-response.
- Title and signature of the verifying official; and
- Criteria for replacing applications for verification.

When verification information is needed for administrative review purposes, the LEA must be able to provide this information for each school selected for review.

P. QUESTIONS AND ANSWERS

1. What if an application is selected for verification, but the household transfers out of the school district before the information can be verified?

If a household selected for verification transfers out of the district before the information can be verified, verification cannot be completed. To meet the minimum verification requirements, a new application must be selected.

2. What if I am using other agency records and that agency does not respond before November 15?

The LEA should document that it contacted another agency well in advance of the deadline, which demonstrates good faith. This would be a valid reason for the State agency to extend the deadline.

3. How is overtime income counted for the purposes of verification?

The LEA official should work with the household to determine whether the overtime for the month being verified is representative of overtime received in other months. If the overtime is a one-time or sporadic source of income, income should be calculated based on the regular monthly income without overtime.

4. If a household is paid weekly and submits a pay stub for a week, must I go back and ask for pay stubs for a whole month?

If the weekly pay stub is representative of what the household normally receives each week, one pay stub is sufficient.

5. In our school district, no one lives outside of the local calling area. Do we have to provide a no-cost telephone number for verification questions?

The LEA doesn't have to have a toll-free number to call but a parent must be able to call collect if, for example, s/he works outside of the local calling area and is unable to contact the LEA during the LEA's hours of operation.

*6. What may be considered a "*questionable application*"* under verification for cause*?*

Questionable applications may include applications that provide conflicting information.

The following are a few examples that may indicate a need to verify for cause:

- *Inability to confirm household's participation in Assistance Programs.* Upon application, school officials contact the Assistance Program to confirm eligibility to facilitate future direct certification. However, the case number or household's eligibility cannot be confirmed. The school official would approve the application and verify for cause;
- *Ineligibility for other benefits based on data included on the household application.* A household completes the disclosure release form to allow other programs, such as a fee waiver program, to receive information provided on the household application. The fee waiver program determines that the household income is above the applicable IEG. The program operators notify the LEA on the basis for the denial. The LEA may verify the school meals application for cause due to the inconsistency of the fee waiver program's data with the submitted household application;
- *Variance in household size.* For example, the school official contacts an Assistance Program official to confirm the validity of the case number listed on the household application. During this process, the other Assistance Program official confirms the household's eligibility, but indicates a conflicting household size. The LEA may verify this application for cause to ensure the accuracy of the information provided on the application.

PART 10: DIRECT VERIFICATION

A. GENERAL

Direct verification is using records from public agencies to verify income and/or program participation. Direct verification may be completed at the State or local level, or through a joint effort at both levels.

LEAs are not required to conduct direct verification. However, any LEA that wishes to conduct direct verification must contact their State agency for assistance with establishing a direct verification method. Direct verification may be used when the household application, certified based on case number, is subject to verification under the LEA's use of alternative sample size.

LEAs may conduct direct verification activities with Assistance Programs, as well as the agency that administers the State plan for Medicaid and the State Children's Health Insurance Program (SCHIP). Direct verification must be conducted prior to contacting the household for documentation. The public agency's records may document income for any point in time between the month prior to application and the time the household is required to provide income documentation.

B. NAMES SUBMITTED FOR DIRECT VERIFICATION

The LEA must only submit the names of school children certified for free or reduced price meal benefits listed on the application. These names are submitted to the agency administering an eligible program (for example, SNAP or the Medicaid program). The names of other household members (all adults, children who are not attending school, or children not approved for free or reduced price meals) cannot be submitted for direct verification purposes.

C. DIRECT VERIFICATION WITH ASSISTANCE PROGRAMS

If information obtained through direct verification of an application for free or reduced price meal benefits indicates a child is participating in one of these programs, no additional verification is required. The eligibility status of the child or children listed on the application is considered verified.

D. DIRECT VERIFICATION WITH MEDICAID AND SCHIP

STATES WITH MEDICAID AND/OR SCHIP INCOME LIMITS OF 133% OR LESS

- If the income eligibility used for the Medicaid or SCHIP is not more than 133% of the official poverty line or where those households that have income that is not more than 133% of the official poverty line can be identified, records from these agencies may be used to verify eligibility.
    - If information obtained through direct verification with these programs verifies the eligibility status of the child or children listed on the application, no additional verification is required.

STATES WITH MEDICAID AND/OR SCHIP INCOME LIMITS BETWEEN 133%-185%

- Direct verification information must include either:
    - The percentage of the official poverty line upon which the applicant's participation is based; or
    - The income and household size used by Medicaid or SCHIP in order to determine that the applicant is either at or below 133% of the Federal poverty line, or is between 133% and 185% of the Federal poverty line.
- Verification for children approved for free meals is complete if the data indicates that the percentage is at or below 133% of the Federal poverty line.
- Verification for children approved for reduced price meals is complete if the data indicates that the percentage is at or below 185% of the Federal poverty line.
- If information obtained through direct verification with Medicaid or SCHIP verifies eligibility status, no additional verification is required.

E. DOCUMENTATION TIMEFRAME

The information used for direct verification must be the *most recent information available* which is defined as data which is no older than 180 days prior to the date of the free and reduced price application. To be consistent with policy established for "regular" verification, direct verification efforts may use information from any point in time between the month prior to application and the time the LEA conducts direct verification.

In other words, for direct verification, LEAs and State agencies may use:

- The latest available information for one month (within the 180-day requirement); or

- Information for all months from the month prior to application through the month direct verification is conducted.

An example of this would be where the State agency or LEA used data for the month of September or, if available, for August through October.

F. INCOMPLETE OR INCONSISTENT INFORMATION

If information provided by the public agency does not verify eligibility, the LEA must proceed with regular verification activities. (See *Part 9: Verification*.)

PART 11: APPENDICES

APPENDIX A: POLICY STATEMENT

The free and reduced price policy statement must contain, at a minimum, the following:

- Names of official(s), or the position of the LEA or school official, designated to make eligibility determinations;
- An assurance that the LEA will determine eligibility in accordance with the current Income Eligibility Guidelines (IEGs);
- The LEA's specific procedures to accept applications for benefits and its direct certification procedures;
- Description of the method(s) used to collect payments from children paying the full price of the meal or milk or the reduced price of the meal which prevents the overt identification of the children receiving free or reduced price meals or free milk;
- An assurance that the school will abide by the hearing procedures and the nondiscrimination practices;
- A copy of the application form and letter to households;
- A statement that a *foster child* is categorically eligible for free meals and may be included as a member of the foster family if the foster family chooses to also apply for benefits for other children and an explanation that including children in foster care as household members can help other children in the household qualify for free or reduced price meals. If the foster family is not eligible for free or reduced price meal benefits, this does not prevent a foster child from receiving free meal benefits;
- An explanation that households with children who are categorically eligible under Other Source Categorically Eligible Programs should contact the school for assistance in receiving benefits and mark the relevant box on the application to indicate their status;
- A statement that State agencies and LEAs will ensure there are no barriers for participation in our Programs for Limited English Proficient (LEP) families and that State agencies and LEAs are required to communicate with parents and guardians in a language they can understand throughout the certification and verification processes;
- LEAs selling competitive foods during a meal service are encouraged to include in the description of how the cafeteria and meal service prevents overt identification of the children receiving free or reduced price meals or free milk; and
- A statement of the measures the LEA has taken to prevent disclosure of confidential free and reduced price eligibility information as required under 7 CFR 245.6(f-k).

The free and reduced price policy statement should also contain a copy of the following:

- Media release;
- Notice to households of approval or denial of benefits;

- Notice to households of selection for verification;
- Notice to households of adverse action; and
- Notice of eligibility, based on direct certification.

AMENDMENTS

Unless there is a substantive change made to the free and reduced price policy of the LEA, the policy statement need not be changed and resubmitted for State agency approval. Routine changes, such as inclusion of the new IEGs, are not sufficient to require resubmission.

The LEA must amend its policy statement for any substantive changes to its free and reduced price policy and include a description of the change. In all cases, the LEA must have an approved policy statement on file at the State agency that accurately describes its current free and reduced price policies. Amendments must be submitted for approval by the State agency by October 15. The amendments must be approved by the State agency prior to implementation.

The amendments must reflect:

- Changes made necessary by law/regulations;
- Changes made by the LEA (e.g., changes in collection procedures, designation of new approving/hearing official(s), changes in procedures for accepting applications, revisions in the letter to households or application for free and reduced price meals/free milk);
- Additional information specified by the State agency.

LEAS OPERATING THE SPECIAL MILK PROGRAM

A free policy statement must be approved by the State agency or RO for LEAs participating in the SMP with the free milk option. LEAs may submit one policy statement for both meals and milk when some of the schools in the district participate in the SMP and others participate in meal programs. Specific instructions on the development of the policy statement and policy approval process are provided to LEAs by the State agency.

APPENDIX B: PROTOTYPE APPLICATION

FNS has developed a prototype application and related materials which have been translated into a number of different languages. These materials may be accessed at: http://www.fns.usda.gov/school-meals/applying-free-and-reduced-price-school-meals

States may adopt these or develop their own State specific forms. For application forms for your State, contact the State agency responsible for the administration of the Child Nutrition Programs.

APPENDIX C: PROTOTYPE AGREEMENT

DISCLOSURE OF FREE AND REDUCED PRICE INFORMATION

I. PURPOSE AND SCOPE

[Insert Name of Determining Agency] and [Insert Name of Receiving Agency] acknowledge and agree that children's free and reduced price meal and free milk eligibility information obtained under provisions of the Richard B. Russell National School Lunch Act (42 USC 1751 et seq.) (NSLA) or Child Nutrition Act of 1966 (42 USC 1771 et seq.) (CNA) and the regulations implementing these Acts is confidential information. This Agreement is intended to ensure that any information disclosed by the (insert name of determining agency) to the (insert name of receiving agency) about children eligible for free and reduced price meals or free milk will be used only for purposes specified in this Agreement and that the (insert name of determining agency) and (insert name of receiving agency) recognize that there are penalties for unauthorized disclosures of this eligibility information.

II. AUTHORITY

Section 9(b)(6)(A) of the NSLA (42 USC 1758(b)(6)(A)) authorizes the limited disclosure of children's free and reduced price meal or free milk eligibility information to specific programs or individuals, without prior parent/guardian consent. Except that, the parent/guardian must be provided the opportunity to decline to share eligibility information prior to the disclosure for identifying children eligible for benefits under or enrolling children in the State Medicaid Program and the State children's health insurance program. Additionally, the statute specifies that for any disclosures not authorized by the statute, the consent of children's parents/guardians must be obtained prior to the disclosure.

The requesting agency certifies that it is currently authorized to administer the following program(s) and that information requested will only be used by the program(s) indicated.

Check all that apply	Program	Information Authorized
	Medicaid or the *State children's health insurance program (SCHIP),* administered by a State or local agency authorized under titles XIX or XXI of the Social Security Act. Specify Program:	All eligibility information unless parents elect not to have information disclosed.
	State health program other than Medicaid/SCHIP, administered by a State agency or local education agency. Specify Program:	Eligibility status only; consent not required.
	Federal health program other than Medicaid/SCHIP Specify Program:	No eligibility information unless parental consent is obtained.
	Local health program Specify Program:	No eligibility information unless parental consent is obtained.
	Child Nutrition Program under the National School Lunch Act or Child Nutrition Act Specify Program:	All eligibility information; consent not required.
	Federal/State or local means tested nutrition program with eligibility standards comparable to the National School Lunch Program Specify Program:	Eligibility status only; consent not required.
	Federal education program Specify Program:	Eligibility status only; consent not required.
	State education program administered by a State agency or local education agency Specify Program:	Eligibility status only; consent not required.

Note: Section 9(b)(6)(A) specifies that certain programs may receive children's eligibility status only, without parental consent. Parental consent must be obtained to disclose any additional eligibility information. Section 9(b)(6)(D)(ii) specifies that for State Medicaid or SCHIP, parents must be notified and given an opportunity to elect not to have information disclosed. Social security numbers may only be disclosed if households are given notice of the disclosure and the uses to be made of their social security numbers as required by Sec.7 of the Privacy Act.

III. RESPONSIBILITIES

(Insert Name of Determining Agency) will:

When required, secure the consent of parents/guardians prior to any disclosure not authorized by the National School Lunch Act or any regulations under that Act, unless prior consent is secured by the receiving agency and made available to the determining agency;

For State Medicaid and SCHIP, notify parents/guardians of potential disclosures and provide opportunity for parents/guardians to elect not to have information disclosed;

Disclose eligibility information only to persons directly connected to the administration or enforcement of programs authorized access under the National School Lunch Act or regulations under the Act or to programs or services for which parents/guardians gave consent.

(Insert Name of Receiving Agency) will:

Ensure that only persons who are directly connected with the administration or enforcement of the (insert name of the Program) and whose job responsibilities require use of the eligibility information will have access to children's eligibility information:

Specify by name(s) or title(s)_____

_____

_____

_____

Use children's free and reduced price eligibility information for the following specific purpose(s):

(Describe)_____

_____

_____

Inform all persons that have access to children's free and reduced price meal eligibility information that the information is confidential, that children's eligibility information must only be used for the purposes specified above, and the penalties for unauthorized disclosures.

Protect the confidentiality of children's free and reduced price meal or free milk eligibility information as follows:

_____

_____

Specifically describe how the information will be protected from unauthorized uses and further disclosures.

_____

_____

Description of Procedures to Transfer Meal Eligibility Information (may be completed by either the determining agency or receiving agency)

_____

_____

Describe the procedures for transferring students' meal eligibility information from the determining agency to the requesting agency/program so as to limit the number of individuals who have access to the information.

(Describe)_____

_____

IV. EFFECTIVE DATES

This agreement shall be effective from _____ to _____.

V. PENALTIES

Any person who publishes, divulges, discloses, or makes known in any manner, or to any extent not authorized by Federal law (Section 9(b)(6)(C) of the National School Lunch Act; 42 USC 1758(b)(6)(C)) or a regulation, any information about a child's eligibility for free and reduced price meals or free milk, shall be fined not more than a $1,000 or imprisonment of not more than 1 year or both.

VI. SIGNATURES

The parties acknowledge that children's free and reduced price meal and free milk eligibility information may be used only for the specific purposes stated above, and that unauthorized use of free and reduced price meal and free milk information or further disclosure to other persons or programs is prohibited and a violation of Federal law, which may result in civil and criminal penalties.

Requesting Agency/Program Administrator

Name: _____

Title: _____

Phone: _____ Signature:_____

Date:_____

Determining Agency Administrator

Name: _____

Title: _____

Phone: _____ Signature: _____

Date:_____

**Any attachments will become part of this agreement.*