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Food and Nutrition Service

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SUBJECT: 2015 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 July 2015 version of the *Eligibility Manual for School Meals*. 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.

This version incorporates clarifications requested by State agencies and Food and Nutrition Service (FNS) regional offices as well as applicable guidance issued since the last revision. This updated version reflects changes made since that time, specifically:

- Pertinent policy memoranda issued since August 2014,
- Information on the new prototype application,
- Elimination of duplicative information, and
- Incorporation of the questions and answers into the appropriate sections.

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.

Angela Kline
Director
Policy and Program Development Division
Child Nutrition Programs

Attachment

July 2015

Eligibility Manual for School Meals

Determining and Verifying Eligibility

Child Nutrition Programs
FOOD AND NUTRITION SERVICE, USDA

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ABOUT THIS GUIDANCE

Millions of children across the nation participate in Child Nutrition Programs, each day, receiving benefits that make an important contribution to their overall nutrition. *Eligibility Manual for School Meals* provides comprehensive information on Federal requirements to help State and local education agencies accurately determine, certify, and verify children's eligibility for free and reduced price school meals and free milk.

The Food and Nutrition Service (FNS) understands that emphasizing flexibility in how programs are operated, with strong accountability for outcomes, eases access for eligible families, while reducing paperwork and administrative errors in schools. It is critical that State and local policies and procedures support schools and encourage effective methods, including direct certification and direct verification, to enroll children who currently qualify for free and reduced price benefits, but are not participating.

This manual explains the basic requirements that must be addressed by State and local agencies in modernizing the requests for benefits, simplifying the review of applications, and properly determining and confirming eligibility. The information provides practical guidance to assist State and local agencies in establishing free and reduced price school meal and free milk policies and procedures that are effective, increase Program integrity, and reduce administrative burden, without compromising access for families in need.

The chapters of this manual highlight:

- Application design and processing,
- Determining income eligibility,
- Determining categorical eligibility,
- Direct certification methods,
- Verification procedures and sources,
- Confidentiality and disclosure, and
- Recordkeeping

Although the requirements outlined in this manual are directed at local education agencies and school food authorities, there is information for operators of other Child Nutrition Programs that is useful when eligibility for individual children or adult participants must be established. The sections of this manual on income eligibility, categorical eligibility, confidentiality, and disclosure provide guidance that may also be applied to the Child and Adult Care Food Program and Summer Food Service Program.

This edition replaces the manual issued in August 2014. FNS' goal is to issue annual guidance to ensure that all Child Nutrition Program agencies will have current policy information to begin the application and certification process at the start of each school year.

Local education agencies and other Child Nutrition Program participants should contact the appropriate State agency for additional guidance. State agencies should direct questions to the appropriate FNS Regional Office.

A. KEY TERMS

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 direct certification for Assistance Programs or through an application with appropriate case numbers. The Assistance Programs are:

- Supplemental Nutrition Assistance Program (SNAP)
- Food Distribution Program on Indian Reservations (FDPIR)
- Temporary Assistance for Needy Families (TANF)

AUTOMATED DATA MATCHING: The most common direct certification method used to directly certify students. Matches are made between student enrollment records and benefit recipient records from Assistance Programs (SNAP, TANF, or FDPIR), foster care agencies, or other appropriate State or local agencies to establish categorical eligibility (Head Start, Migrant Education Program, and runaway and homeless programs). There are two common automated data matching processes:

1. Local or LEA-level: The State agency distributes SNAP, TANF, foster care, and other relevant data to the LEA and the LEA matches the data to the children's enrollment records; or
2. State or central-level matching: The State agency is responsible for a system that matches a list of children enrolled in schools in the NSLP with a list of children receiving SNAP benefits, and then provides relevant information to the LEA to process at the local level.

CARRYOVER OF ELIGIBILITY: A child's eligibility from the previous school year, carried into the current school year for up to 30 operating days, beginning on the first operating day of school.

CATEGORICAL ELIGIBILITY: Children automatically eligible for free meals or free milk because they, or any household member, receive benefits under Assistance Programs; or

they are designated as members of Other Source Categorically Eligible Programs. There are two ways children may be classified as categorically eligible:

1. Participation in Assistance Programs: A child or any member of the household receives benefits from SNAP, FDPIR, or TANF, as determined either through direct certification or an application with the appropriate case number; or
2. Other Source Categorically Eligible designation: A child is documented as meeting the applicable definition, as defined in this section, as:
    - Homeless, runaway, or migrant;
    - A foster child; or
    - Enrolled in a federally-funded Head Start or comparable State-funded Head Start or pre-kindergarten program.

An individual child's eligibility for free benefits under any of the Other Source Categorically Eligible Programs does not convey to other children in the household. Except for a foster child, the household indication of Other Source Categorically Eligible status must be confirmed through documentation prior to certifying the child's eligibility for free meals.

DETERMINING OFFICIAL: An LEA official responsible for determining children's eligibility for free or reduced price benefits.

DIRECT CERTIFICATION: Determining children eligible for free benefits based on documentation obtained directly from appropriate State or local agencies 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 State agency, LEA, or school.

DIRECT CERTIFICATION FOR ASSISTANCE PROGRAMS: A process conducted through an electronic match between the Assistance Program and the State agency or LEA. No application is necessary.

Letters from TANF and FDPIR agencies submitted by households are considered direct certification. However, direct certification for SNAP households ***must*** be conducted using an automated data match process. If a household provides a SNAP eligibility letter to the LEA or school, the letter must be used to establish eligibility, but it is not considered direct certification for reporting purposes.

DIRECT CERTIFICATION FOR OTHER SOURCE CATEGORICALLY ELIGIBLE PROGRAMS: A process conducted through an automated data match between appropriate State or local agencies and officials from Other Source Categorically Eligible Programs, such as the LEA's homeless

liaison. Direct certification may also be conducted using lists of eligible children provided to the State or LEA from appropriate officials of these programs. Letters and contacts from officials of theses may also be used as direct certification.

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

EXTENSION OF CATEGORICAL ELIGIBILITY FOR ASSISTANCE PROGRAMS: Any one child or household member's receipt of benefits from an Assistance Program extends eligibility for free benefits to all children who are members of the household.

FOSTER CHILD: An Other Source Categorical Eligibility Program designation for a child who is formally placed by a court or a State child welfare agency. This definition does not apply to informal arrangements or permanent guardianship placements that may exist outside of State or court-based systems.

FREE MEAL: A meal served in 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: 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: An Other Source Categorically Eligible Program, which refers to Federal Head Start and any State-funded pre-kindergarten program that use eligibility criteria that are identical or more stringent than Federal Head Start.

HOMELESS: An Other Source Categorically Eligible Program designation for a child who is identified by the LEA homeless liaison or by an official of a homeless shelter as lacking a fixed, regular, and adequate nighttime residence.

HOUSEHOLD: A group of related or nonrelated individuals who are living as one economic unit. The term "family" has the same definition as "household" under 7 CFR Part 245.2.

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

LOCAL EDUCATIONAL AGENCY (LEA): The term "LEA" refers to:

- A 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.
    - 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 and reduced price meals

LIMITED ENGLISH PROFICIENCY (LEP): A limited ability to read, speak, write, or understand English. Recipients of Federal financial assistance have a responsibility to take reasonable steps to ensure meaningful access to their programs and activities by persons with limited English proficiency.

MIGRANT: An Other Source Categorical Eligibility designation for a child who is enrolled in the Migrant Education Program (MEP) as determined by the State or local MEP coordinator.

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

OPERATING DAYS: The days on which a meal or milk is provided.

OTHER SOURCE CATEGORICALLY ELIGIBLE: Categories which make children automatically eligible for free benefits, either through direct certification or application. A child's eligibility for free benefits under Other Source Categorical Eligibility does not extend to any other child in the household. A child is Other Source Categorically Eligible if the child is:

- Enrolled in Federal Head Start;
- Enrolled in State-funded pre-kindergarten programs that use eligibility criteria that are identical or more stringent than Federal Head Start;
- Determined to be homeless by the LEA's homeless liaison or by an official of a homeless shelter;
- Determined to be a migrant by the State or local MEP coordinator or homeless liaison;
- Determined to be a runaway who is identified by the local education liaison as receiving assistance through a program under the Runaway and Homeless Youth Act;
- Determined to be a foster child whose care and placement is the responsibility of the State, or who is *formally* placed by a court with a caretaker household through which the State retains legal custody of the child.

OVERT IDENTIFICATION: 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. LEAs and 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;
- Point of service;
- Provision of additional services, such as educational services to low income children; or
- Method of payment.

REDUCED PRICE MEAL: 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): Any distinct part of a public or nonprofit private institution that:

- Maintains children in residence;
- Operates principally for the care of children; and
- If private, is licensed by the State or local government to provide residential child-care services under the appropriate licensing code.

The definitions of "School" and "Child" under 7 CFR 210.2, 215.2 and 220.2, outline the requirements for eligible RCCIs and eligible residents.

RUNAWAY: An Other Source Categorical Eligibility designation for a runaway child who is identified by the LEA's homeless liaison or a program official as receiving assistance from a program under the Runaway and Homeless Youth Act.

SCHOOL FOOD AUTHORITY (SFA): The governing body responsible for the administration of one or more schools. It is the local agency that has the authority to enter into a legal agreement with the State administrating agency to operate the School Meal Programs.

SCHOOL YEAR (SY): The period from July 1 through June 30.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF): A Federal designation for a State-funded program under part A of title IV of the Social Security Act. Each State has its own name and acronym for the program. Categorical eligibility for free benefits is limited to beneficiaries in States with TANF standards that are comparable to or more restrictive than those in effect on June 1, 1995. See *SP-22- 2010, CACFP 10-2010, SFSP 08-2010: Categorical Eligibility—Temporary Assistance to Needy Families*, http://www.fns.usda.gov/sites/default/files/SP_22-2010_os.pdf.

WORKING DAYS: The days when school is open and teachers or school administration are on-site, but the reimbursable meal service is not in operation.

B. 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

C. ADMINISTRATION OF THE PROGRAMS

Child Nutrition 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 a designated State agency. If State law prevents State administration, the program may be administered by the appropriate FNS Regional Office (FNSRO), often referred to as a Regional Office Administered Program (ROAP).

State agencies that administer Child Nutrition 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 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.

D. RESOURCES

To keep up to date on Child Nutrition Program regulations, policy clarifications, and prototype application materials, sign up for GovDelivery notifications at https://service.govdelivery.com/accounts/USFNS/subscriber/new and regularly check the FNS web site at http://www.fns.usda.gov/child-nutrition-programs. State agencies may also access this information through the CN PartnerWeb at https://www.partnerweb.usda.gov

OVERVIEW OF THE SCHOOL MEAL PROGRAMS

A. GENERAL REQUIREMENTS

State agencies that administer Child Nutrition 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 guidance.

All schools participating in 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.

B. POLICY STATEMENTS

SCHOOL MEAL PROGRAMS

Each LEA participating in the NSLP or SBP 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 LEA participants under a ROAP. If an LEA is just starting its participation in the NSLP or SBP, 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.

SPECIAL MILK PROGRAM

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 when some of its schools participate in the SMP and others participate in the NSLP or 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

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. During an administrative review, the State agency must ensure that the policy statement addresses ways to prevent overt identification.

C. PUBLIC OUTREACH REQUIREMENTS

PUBLIC MEDIA RELEASE

Near the beginning of each school year, the public must be notified that free and reduced price meals and free milk are available. This notice must include the eligibility criteria for free and reduced price meals 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.

- REQUIRED INFORMATION
  - The public release for school meal benefits must contain the same information supplied in the letter to households, except that the public release must contain Income Eligibility Guidelines (IEGs) for free as well as reduced price school meals. However, a public release that only refers to the SMP should not contain the reduced price IEGs. The public release must also explain the following information:
- 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);
  - Food Distribution Program on Indian Reservations (FDPIR); or
  - Temporary Assistance for Needy Families (TANF), if the State program meets Federal standards.
- An application is not required for free meal benefits for Assistance Program participants and all of the children in the household are eligible for free meal benefits. If any children were not listed on the notice of eligibility, the household should contact the LEA or school to have free meal benefits extended to them.
- 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 defined by law as:
  - Homeless,
  - Migrant,
  - Runaway,
  - Enrolled in an eligible Head Start, or
  - Enrolled in an eligible pre-kindergarten class.

  If any children were not listed on the notice of eligibility, the household should contact the LEA or school about their eligibility through an Other

Source Categorically Eligible Program or should submit an income application.

- If children or households receive benefits under Assistance Programs or Other Source Categorically Eligible Programs and are not notified by the school of their free meal benefits, the parent or guardian should contact the school.
- Households notified of their children's eligibility must contact the LEA or school if the household chooses to decline the free meal benefits.

See *Information Letters to Households* in this section for a full list of criteria that must be addressed in the public release.

ISSUANCE

The State agency may issue 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, such as sending the public release to the local media and employment offices, and the names of the schools covered under the policy. Copies of the public release must be made available upon request to any interested person.

INFORMATION LETTERS TO HOUSEHOLDS

At the beginning of school, information letters must be distributed to the households of children attending the school. This letter informs families about the Child Nutrition Programs that free or reduced price meals or free milk may be available to children.

The information letter must be sent to households of all schoolchildren either before the beginning or very early in the school year. 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 federally defined school year, which begins on July 1. However, year-round schools, may distribute the letters in June.) The letters may be distributed by the postal service, e-mailed to the parent or guardian, or included in an information packet provided to students.

INFORMATION LETTERS FOR LATE ENROLLMENTS

Households enrolling new students in an LEA, after the start of the school year, must be provided an information letter, 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.

REQUIRED INFORMATION

- Income Eligibility Guidelines
    - For schools participating in the NSLP or SBP only the reduced price guidelines are provided 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 are provided; and
    - For schools participating in the NSLP or SBP and also participating in the SMP with the free milk option for their split-session kindergarten students, both sets of guidelines are provided.
- Instructions on how to apply for free and reduced price meals or free milk, including local contacts and mailing addresses, prominently displayed, explaining how to submit an application to a school or LEA office and where to direct questions about the process.
- An explanation that:
    - Only one application is required for all children in the household;
    - An application for free or reduced price benefits cannot be approved unless complete eligibility information is submitted, as indicated on the application and in the instructions;
    - 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;
    - Only the last four digits of the social security number of the household's primary wage earner or another adult household member is needed;
    - 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;
    - Including children in foster care as household members may help other children in the household qualify for benefits;
    - If the foster family is not eligible for free or reduced price meal benefits, it does not prevent a foster child from receiving benefits;
    - Categorical eligibility for free benefits is extended to all children in a household when the application lists an Assistance Program's case number for any household member;
    - 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;

- Households with children who are categorically eligible under Other Source Categorically Eligible Programs may be eligible for free benefits and should contact the school or LEA for assistance in receiving benefits.
- Information submitted on the application may be subject to verification;
- A household may apply for benefits at any time during the school year;
- Children of parents or guardians who become unemployed may be eligible for free and reduced price meals or free milk;
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC) participants may be eligible for free and reduced price meals;
- A household may appeal the application decision, using the hearing procedure described in the LEA's free and reduced price policy statement;
- For up to 30 operating days into the new school year, eligibility from the previous year will continue within the same LEA.
- When 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 USDA Nondiscrimination Statement:

  The U.S. Department of Agriculture prohibits discrimination against its customers, employees, and applicants for employment on the bases 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.

CHAPTER 1: THE APPLICATION

A. APPLICATION DESIGN

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

NEW FNS PROTOTYPE APPLICATION

LEAs are encouraged to use the FNS prototype application to support access to school meals. The prototype application complies with Federal requirements and meets all criteria examined during administrative reviews.

FEATURES OF THE PROTOTYPE APPLICATION

- Income is accepted only in whole dollars.
- Income reporting is streamlined for non-adult household members, in recognition that children do not receive income on a regular basis. Income for children is totaled into a single reporting field.
- Applicants without income are requested to write a "zero" in the applicable field or mark "no income." The application must convey to the applicant that any income field left blank is a positive indication of no income and certifies that there is no income to report. Applications with blank income fields will be processed as complete.
- When no income is provided for any of the adult household members, the application is still considered complete.

Design features and improvements streamline and clarify the application process for households. See *SP33-2015: Revised prototype Free and Reduced Price Application Materials: Policy Changes and Design Overview,* http://www.fns.usda.gov/revised-prototype-free-and-reduced-price-application-materials-policy-changes-and-design-overview

If the LEA does not use the prototype, it may continue to accept income in dollars and cents. The LEA may modify the prototype to include the signature of the approving official, date of approval, and status.

HOUSEHOLD APPLICATIONS

LEAs must provide household applications to families applying for free or reduced price meals or free milk benefits, unless the household has been directly certified.

- Applications provided to households must be accompanied by instructional materials similar to those included with the FNS prototype application.
- One household application is submitted for all children in the household who attend schools in the same LEA.
- The LEA cannot require a separate application for each child in the same household or multiple applications from a mixed household that includes children who are Other Source Categorically Eligible and others who apply based on household income.
- The LEA may scan or photocopy an application submitted by a household in order to process different eligibility determinations in mixed households and to share with the different schools and 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.
- The LEA cannot require a household to submit an application.

FAMILY FRIENDLY APPLICATION

FNS provides a simplified prototype "Family Friendly" application that includes only the information that families need when first applying for free and reduced price school meals. It is part of a package that is intended to assist State agencies and LEAs in ensuring that the application and other household materials are available in languages which LEP households can understand.

This package has been translated into 33 languages. Each translation includes:

- Letter to household,
- Application instructions,
- Application form, and
- A form to share information with MEDICAID or SCHIP for additional benefits.

Although FNS fully revised the prototype application materials for SY 2015-2016, work is still being done to translate those materials into every language for which the Family Friendly application is currently available. A Spanish version of the prototype application is currently available. See http://www.fns.usda.gov/school-meals/applying-free-and-reduced-price-school-meals. FNS anticipates that all of the translations of the updated prototype application materials will be completed for SY 2016-2017.

LEAs are encouraged to continue to use the existing Family Friendly Foreign Language Translations, as appropriate, to assist households whose language needs are not met by the updated materials. See http://www.fns.usda.gov/school-meals/family-friendly-application-translations.

FOREIGN LANGUAGE TRANSLATIONS

Application materials and other communications with households concerning eligibility determinations must be in a language that parents or guardians can understand in order to diminish any language barriers to participation for LEP families. Under title 6 of the Civil Rights Act of 1964, LEAs are required to assist LEP families, be aware of their language needs and ensure that these households have access to the same information other parents have in a manner they can easily understand.

State agencies and LEAs 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. 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. Additionally, liaisons proficient in foreign languages may assist households with completing the application process.

To summarize, State agencies and LEAs must:

- Be familiar with the translated application materials available through FNS. State agencies must ensure that FNS prototype applications are available to their LEAs, and that LEAs that do not have their own translations make the FNS applications available to the families who need them.
- Use the Home Language Survey, USDA's "I Speak" survey or other surveys to help identify LEP families and language needs.
- 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, provide language services to assist with meal benefit applications.
- Provide the necessary services so that parents or guardians, who are unable to read or have limited literacy, 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.
- Have systems 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, partner with State and local resources, such as migrant or refugee assistance agencies.

PAPER APPLICATIONS

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

A sample household letter and instructions are included with the Prototype Household Application developed by FNS. See *Applying for Free and Reduced Price School Meals,* http://www.fns.usda.gov/school-meals/applying-free-and-reduced-price-school-meals.

ELECTRONIC AND SCANNED APPLICATIONS

The LEA may make available and accept applications electronically. The LEA may also scan paper applications.

- All disclosure restrictions must be met and acceptance of the application and electronic signatures must conform with FNS policy. See *SP 10-2007, SFSP 06-2007, CACFP 07-2007: Update on Electronic Transactions in the Child Nutrition Programs*, http://www.fns.usda.gov/update-electronic-transactions-child-nutrition-programs-1.
- The system should include a statement which explains how to obtain a paper application if households decide they no longer want to complete an application electronically.
- The process for scanning applications must meet all requirements as well as perform functions as outlined in this guidance. For example, the software or scanner system must be able to recognize and accept less than whole dollar amounts.

COMPUTER OR WEB-BASED APPLICATIONS

If the LEA uses a computer or web-based system as one of their application processes, the letter to households must inform the household how to access the system in order to apply for benefits. It must also explain how the household may obtain and submit a paper application, such as including a telephone number or a form to request an application.

The system must include a question or data field to indicate a child's Head Start, migrant, runaway, foster, or homeless status.

The system may ask for a student identification number or a child's birth date. However, the household must be informed that these data fields are not required by NSLP, SBP, or SMP.

The LEA does not have to amend the system to reflect the FNS prototype application. However, if modifications are made, the system must be able to recognize and accept 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 any automated certification and verification processes meet all regulatory requirements and policies, including the calculation of income frequencies, and that the software used is performing correctly and meets all requirements.

APPLICATIONS FOR RESIDENTS OF RCCIS

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 be signed by an appropriate official and include:

- Child's name
- Personal income received by the child,
- Child's date of birth,
- Date of admission,
- Date of release,
- Official's title, and
- Official's contact information.

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

B. APPLICATION CONTENT

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.

REQUIRED INFORMATION

USE OF INFORMATION STATEMENT

Because of the statutory change requiring only the last four digits of a social security number, the Privacy Act statement is no longer required. The *Use of Information Statemen*t must be provided on the application instead, 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 submit all needed information, 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.

ATTESTING STATEMENT

A statement, *directly above* the signature block for the signing adult, to certify that:

- 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.

CHILDREN'S RACIAL AND ETHNIC IDENTITIES

Although survey questions on children's ethnicity and race are optional for households to complete, they must be included on the application. The categories and format must be identical to that listed on the USDA *Prototype Application for Free and Reduced Price School Meals*, at http://www.fns.usda.gov/sites/default/files/cn/SP33-2015a4.pdf.

See *FNS Instruction 113-1, Civil Rights Compliance and Enforcement – Nutrition Programs and Activities*, at http://www.fns.usda.gov/sites/default/files/113-1.pdf

CATEGORICAL ELIGIBILITY BASED ON ASSISTANCE PROGRAMS

The application must provide space to identify 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, with the exception of Head Start where LEAs should have access to complete participation records for children, 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 children are Other Source Categorically Eligible;
- Confirm the status of the Other Source Categorically Eligible child with the appropriate officials;
- Certify them if they qualify based on the appropriate official's confirmation; and
- Then determine eligibility for other children listed on the application through household size and income.

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. The LEA must, however, assure that these children are not overtly identified through the method used to distribute applications.

Applications do not have to be provided to households in which all children are determined eligible through direct certification, if the LEA distributes applications to individual households by mail, including e-mail to parents or guardians, prepares individual student packets, or provides online availability. If the distribution method is not individualized, the LEA must provide applications to all households.

CITIZENSHIP AND 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.

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

LEAs are prohibited from requesting citizenship or immigration status on the application because citizenship or immigration status is not a requirement for participation in the school meal programs, and may pose a barrier to participation and deter otherwise eligible households from applying.

INDICATION OF "NO INCOME"

Applicants without income are requested to write a "zero" in the applicable field or mark "no income." The application must convey to the applicant that any income field left blank is a positive indication of no income and certifies that there is no income to report. Applications with blank income fields will be processed as complete.

CHAPTER 2: DETERMINING ELIGIBILITY

A. APPLICATIONS WITH HOUSEHOLD SIZE AND INCOME

To establish that a household meets income eligibility requirements for benefits, determining 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. Although determining 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.

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 whose members share housing, significant income, and expenses.

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 FOR DETERMINING HOUSEHOLD COMPOSITION

CONDITION	HOUSEHOLD STATUS
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. Because some adopted children may first be placed in families as foster children, parents may not be aware that, once a child is adopted, the child 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 school year, including up to 30 operating days into the subsequent school year, if the child is adopted. However, for the subsequent school years, an adopted child must be determined eligible based on the economic unit. All income available to that household, including any adoption assistance, is counted in establishing eligibility.
Child Attending an Institution or RCCI	A child who attends, but does not reside, in an institution is considered a member of the household in which the child is a resident.
Child Residing in an Institution or RCCI	A child who is a resident of a non-participating institution and attends a participating school during the week, or a child who resides 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. A child, including a foreign student, who is attending a participating boarding school and wishes to apply for meal benefits, is not considered a household of one. Instead, the child's eligibility is determined based on the family's size and income.
Child Living with Relative or Friend	In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with other relatives or friends of the family, the child is considered to be a member of the household with whom the child resides.

Child Living with One Parent	In cases where the child is living with one parent, the child is considered to be a member of the household with whom the child 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 the child resides. If both parents apply for benefits for the child, in the same LEA, but the eligibility status is different, the greater 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. However, one of the parents may elect not to have the child receive free meal benefits while residing with them. When the child is residing with this parent and the parent pays for the meals, the child's meals cannot be claimed at the free or reduced price rate.
Emancipated Child	A child living alone or as a separate economic unit is considered to be a household of one.
Children Who Pay for Room and Board	Separate economic units are usually characterized by the prorating of most household expenses. Most children living with their parents and paying for room and board are usually paying a token amount, are not economically independent of their parents, and are, therefore, not 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 the student resides, i.e., the host household.
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, or a child who is formally placed with a relative or other caretaker household by a court or State child welfare agency. 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. For purposes of eligibility for Child Nutrition Programs, a foster child is considered a member of the foster parents' household if the child is placed through a formal arrangement by a court or State child welfare agency.

Family Members Living Apart	Family members who are living apart on a temporary basis are considered household members. Family members who are not living with the household for an extended period of time are not considered members of the household for purposes of determining eligibility. However, 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 who are not living with the household for an extended period of time are not usually considered household members. However, members of the armed services who are activated or deployed in support of any military combat operation are counted as household members. 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. See *Military Benefits* in this section.

DETERMINING HOUSEHOLD REPORTABLE INCOME

Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by law. 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, commissions, and cash bonuses;
  - Net income from self-owned business and farms;
  - Strike benefits, unemployment compensation, and worker's compensation;
  - Military basic pay and cash bonuses (excluding combat pay, Family Substance Supplemental Allowance, and privatized housing allowances); and
  - Allowances for off-base housing, food, and clothing.

- Public assistance, alimony, and child support:
  - Adoption assistance payments,
  - Unemployment benefits,
  - Worker's compensation,
  - Supplemental Security Income (SSI),
  - Regular cash assistance from State or local government,
  - Alimony payments,

    - Child support payments,
    - Veteran's benefits,
    - Pensions,
    - Retirement social security (including railroad retirement and black lung benefits), and
    - Private pensions or disability benefits.

- Any other income regularly received:
    - Income from trusts or estates;
    - Annuities;
    - Investment income;
    - Earned interest;
    - Rental income;
    - Regular cash payments from outside household; and
    - Any other money that may be available to pay for children's meals.

DETERMINING CURRENT HOUSEHOLD INCOME

Households must report current income on a free and reduced price application. Current income means the gross income received by a household, before deductions, for the current month, or 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 determining officials, project its annual rate of income based on the guidelines on special situations.

SPECIAL SITUATIONS FOR DETERMINING CURRENT HOUSEHOLD INCOME

SOURCE	REPORTING
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 with annual employment contracts, such as school employees, may choose to have their salaries paid over a shorter period of time. To treat these employees in the same manner as employees who choose to have their salaries paid over the full year, the LEA must determine the full amount of income available contractually on an annual basis, and convert all income sources to annual amounts.
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. • Deductible business expenses include the cost of goods purchased; rent; utilities; depreciation charges; wages and salaries paid; and business taxes; • Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses; and personal, Federal, State, or local income taxes; • Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross

SOURCE	REPORTING

	receipts;
	• Gross receipts include:
	  ○ The total income from goods sold or services rendered by the business;
	  ○ 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;
	• Non-deductible operating expenses include Federal, State, or local 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 is listed as zero.
Income from Rental Properties	Income includes money derived from the rental of rooms, apartments, homes and other leases. The treatment of rental income would be similar to the treatment of self-employment income.
Military Benefits	Benefits paid directly to the service member, such as food, clothing allowances and housing allowances for households living off-base in the general commercial or private real estate market 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. See *Military Benefits* in this section.

SOURCE	REPORTING
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 the child's personal use. It is an option for the household to list foster children residing in its care on an application for non-foster children.
Income for a Child Residing in an RCCI or Institution	Only the income earned from full-time or regular part-time employment or personally received by the child, while in residence at the RCCI or institution, is considered income.
Child's Income	The current earnings of a child or student grade 12 or below, regardless of age, who is a full-time or regular part-time employee, or who receives income from other sources, such as SSI 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	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

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, such as the value of benefits under SNAP or FDPIR and some Federal educational benefits;
- Payments received from a 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; and
- Infrequent earnings received on an irregular basis, such as payment for occasional baby-sitting or mowing lawns.

IN-KIND BENEFITS

In-kind benefits 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.

FEDERAL PROGRAMS

The following payments from Federal programs 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 the Act;
- Payments to volunteers under section 8(b)(1)(B) of the Small Business Act (SCORE and ACE);
- National Flood Insurance Program (NFIP) payments received by property owners;
- 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 the Act;
- Payments under the Agent Orange Compensation Exclusion Act, Public Law 101-201;
- 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;

- The value of any child care provided or arranged, or any payment or reimbursement for costs incurred for such care, under the Child Care and Development Block Grant Act, as amended by section 8(b) of Public Law 102-586,106 Stat. 5035;
- Value of any "at-risk" block grant child care payments made under section 5081 of Public Law 101-508, which amended section 402 of the Social Security Act;
- 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 Child Nutrition Programs. See *Appendix to Subpart K of Part 416—List of Types of Income Excluded Under the SSI Program as Provided by Federal Laws Other Than the Social Security Act*, 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.

MILITARY BENEFITS

The following payments to service members are excluded:

- Family Subsistence Supplemental Allowance (FSSA);
- Privatized housing allowances to service members living in housing covered under the Military Housing Privatization Initiative. See DOD *Military Housing Privatization*, http://www.acq.osd.mil/housing/; and
- Exclude Combat Pay when it is:
    - Received in addition to the service member's basic pay;
    - Received as a result of deployment to or service in an area that has been designated as a combat zone; and
    - Not received by the service member prior to deployment to or service in the designated combat zone.

Combat pay is extended to Deployment Extension Incentive Pay (DEIP), which 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 an 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.

B. APPLICATIONS FOR CATEGORICAL ELIGIBILITY

This section describes applications for children who are automatically eligible for free meals or free milk because they, or any household member, receive benefits under Assistance Programs; or they are designated as members of Other Source Categorically Eligible Programs.

ASSISTANCE PROGRAM HOUSEHOLDS

A child who is a member of a household that receives benefits from an Assistance Program is categorically eligible for free meals or milk. LEAs must give households the opportunity to provide SNAP, TANF, or FDPIR case numbers or identifiers, either for a child or for any household member, in order to establish categorical eligibility for free benefits for all children in the household.

Households receiving benefits under Assistance Programs and submitting a free and reduced price application must list a case number on the application. Determining officials must ensure that the Assistance Program's case number, or identifier listed on the application, is consistent with the format used by the Assistance Program in that State.

If the case number seems incorrect, the LEA should contact the household or the local Assistance Program to confirm the household's eligibility or verify the application for cause. LEAs are encouraged to review the direct certification list to determine whether any of the applications with case numbers can be matched with children on the direct certification list:

- If a match is found, the application must be disregarded, the family must be placed on the direct certification list, and categorical eligibility must be extended to all children in the household;

- When a match is not found, the LEA should contact the household for further clarification, or verify the application for cause.

Direct certification may be accomplished by the LEA or school through the exchange of a fax or e-mail list of eligible children with appropriate agency officials.

OTHER SOURCE CATEGORICALLY ELIGIBLE HOUSEHOLDS

In order to ensure prompt delivery of meal benefits to other source populations, the LEA should have direct certification procedures in place with Other Source Categorically Eligible agency officials to ensure that the LEA is promptly notified of children meeting this criterion. The LEA must have documentation of the procedures that will be followed for exchanging information and confirming the children's status.

If form letters are sent to these households or direct computer matches are used, 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.

The LEA should conduct outreach to Other Source Categorically Eligible agency officials, prior to the beginning of each school year, in preparation for the data exchange.

Acceptable methods for identifying children who are Other Source Categorically Eligible include:

- Submission of a household application that indicates "Other Source Categorical Eligibility" for one or more children;
- A form letter from the Other Source Categorically Eligible agency to the household, which in turn, the household provides to the school;
- Completion of an application by a local school official with direct knowledge of the child's status; or
- Submission to the determining official of a list of Other Source Categorically Eligible children compiled by the LEA.

Other Source Categorical Eligibility of a child does not convey eligibility to other children in the household. If the household of an Other Source Categorically Eligible child submits an application, the applicable programs must be indicated. The LEA official must contact the Other Source Categorically Eligible agency liaison to confirm that the children are eligible under one of these programs before free benefits are provided.

If the household submits an application with income and indicates "Other Source Categorical Eligibility" for one or more children, the LEA must confirm the children's status before

benefits can be provided. If the LEA cannot confirm the children's status, the LEA must process the application using the income information provided.

If Other Source Categorical Eligibility is documented for all children in the household, the determination based on income is superseded. However, if some children in the household are not determined Other Source Categorically Eligible, the income determination remains in effect for them, and the application must be retained in the LEA's records.

OTHER SOURCE CATEGORICALLY ELIGIBLE PROGRAMS

HEAD START

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

Acceptable documentation, in lieu of an application, includes:
A statement of a child's enrollment in Head Start or State funded pre-kindergarten ; or
A list of children enrolled in Head Start or State funded pre-kindergarten.

MIGRANT EDUCATION PROGRAM (MEP)

A child is considered categorically eligible if the child 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 MEP director, coordinator, or local educational liaison.

MEP provides services to children who have moved across school district lines, within the last three years, in order to accompany or join a parent or guardian who seeks or obtains temporary or seasonal work in agriculture or fishing. Minors who move with a spouse or by themselves to perform this work may also qualify. State educational agencies and local MEP officials are responsible for identifying a migrant child and maintaining supporting documentation.

It is particularly important that newly arrived migrant children in the LEA be documented and certified for free benefits 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. LEAs should work directly with MEP officials or homeless liaison, to identify migrant children and to document their eligibility for free benefits. Acceptable documentation for MEP enrollment is:

- A dated list with each child's name, and the signature of the MEP official or local educational liaison; or

- A letter from an MEP official or local educational liaison provided by a household, which confirms that a child currently meets the definition of migrant.

No application is required. The LEA must attempt to obtain MEP enrollment status prior to a household completing an application. Once documentation is obtained, the LEA must notify the household as soon as possible of the child's eligibility for free benefits.

Any application submitted on behalf of the child would be disregarded unless other children listed on the application are not migrant or Other Source Categorically Eligible. The LEA must then process the application to determine eligibility for the other children listed on the application.

PROGRAMS UNDER THE RUNAWAY AND HOMELESS YOUTH ACT

A child or youth who is identified by the local educational liaison as a runaway receives assistance through a program under the Runaway and Homeless Youth Act (RYHA). 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, determining officials should be able to obtain documentation of a child's participation in an RHYA-funded program. See Putting an End to Youth Homelessness, http://www.acf.hhs.gov/programs/fysb/programs/runaway-homeless-youth.

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 designated officials to quickly identify these children.

Acceptable documentation consists of:

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

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

MCKINNEY-VENTO HOMELESS ASSISTANCE ACT

A child is considered homeless if the child is identified as lacking a fixed, regular, and adequate nighttime residence under the McKinney-Vento Homeless Assistance Act by the LEA liaison; or residing in a homeless shelter by an official of the shelter.

If the LEA or State agency becomes aware of other officials who may be administering homeless assistance under the McKinney-Vento Act in their State, they should contact the State agency or Regional office, as appropriate, for guidance. Homeless children remain eligible for free meals for the duration of the current school year, and up to 30 operating days in the next, regardless of where they are living.

The circumstances that may qualify children as homeless, include:

- 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.

Acceptable documentation that a child is homeless is obtained from the LEA homeless liaison or officials of homeless shelters where the child resides. It consists of:

- Child's name or a list of names of residents;
- Effective dates; and
- Signature of the LEA liaison or official of the homeless shelter.

For example, a homeless liaison may provide a list of children residing in or evacuated from a disaster area as documentation of homelessness.

Private schools may use documentation obtained from shelter directors or a public school liaisons or the State Coordinator for Education of Homeless Children and Youth to determine a child's eligibility for free meals. Although the McKinney-Vento Homeless Assistance Act only applies to public schools, private schools are encouraged to establish a homeless or runaway liaison for this purpose.

HOMELESS CHILDREN RESIDING WITHIN ANOTHER HOUSEHOLD

A child or family may temporarily reside with another household and still be considered homeless. In these cases, the household size and income of the host family are not taken into consideration in determining eligibility for the children designated as homeless by the LEA liaison.

When a host family applies for free and reduced price benefits 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.

The host family must include their income and any income received by the homeless family. The eligibility status for the host family is based on its income or other sources of categorical eligibility. The homeless child's eligibility status cannot convey eligibility to the other children in either family. Eligibility for the homeless child is based on the documentation provided by the LEA liaison, even when the child is included on the host household's application. Due to year-long eligibility, a change in household composition will not impact the eligibility determination for either the host family's children or the homeless child.

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. It does not apply to informal arrangements, such as caretaker arrangements or to permanent guardianship placements, which 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.
If necessary, 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 benefits based on household size and income.

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 determining officials would be provided the children's status.

Acceptable documentation may consist of:

- An electronic or computer match directly to the LEA indicating the status of the child as a foster child without further application;
- A letter from the State or local welfare agency or court confirming the child's status as a foster child;
- Documents from the welfare agency or court stating that the courts have taken legal custody of a child who has been placed in the foster care system;
- A list of children in foster care from the welfare agency or court; or
- An application that indicates the child's status as a foster child.

ELIGIBLE HOUSEHOLDS THAT HAVE NOT APPLIED

Local school officials may complete an application for a child known to be eligible for meal benefits if the household has not applied. 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 or Other Source Categorical Eligibility status 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 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.

EXPIRATION OF CATEGORICAL ELIGIBILITY

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

However, 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 be made. If the household wants the change to go into effect, the LEA must provide a notice of adverse action.

C. DIRECT CERTIFICATION FOR ASSISTANCE PROGRAMS

This section provides guidance on direct certification for Assistance Programs. Other Source Categorically Eligible children, such as homeless children identified by the LEA's homeless liaison, are processed using procedures similar to direct certification.

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 benefits, without further application, based on information provided by the State or local agencies administering those programs.

Eligibility for free meals is extended to all children in a household if any member has been identified through the direct certification process as eligible for benefits 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.

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

MANDATORY DIRECT CERTIFICATION WITH SNAP

All LEAs must directly certify children who are members of households receiving SNAP benefits. If the child is determined eligible for free benefits through an application, and subsequently determined free, through direct certification, the application must be disregarded, and the child will be considered directly certified. The date the application was disregarded must be indicated and the application must be kept on file.

METHODS OF DIRECT CERTIFICATION

While other Assistance Programs may use a data matching technique, direct certification with SNAP must use an automated data matching technique, which may require the SNAP agency, State agency, LEA, or 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 either State or central-level matching or local or LEA-level matching.

LETTER METHOD

LEAs may still accept SNAP notification letters to a household as a secondary method of recognizing categorical eligibility for free meals for SNAP households. Letters to households may also serve as an additional means to notify households of children's eligibility based on receipt of SNAP benefits.

Thus, if a household provides a SNAP eligibility letter to the LEA or school, the letter must be used to establish eligibility, but it is not considered direct certification for reporting purposes. This restriction only applies to SNAP and does not impact the use of the "letter method" for TANF or FDPIR.

FREQUENCY OF DIRECT CERTIFICATION MATCHES

Except for districts participating in the special provisions in a non-base year, 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, 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.

ZERO SNAP BENEFIT HOUSEHOLDS

Some SNAP households may be eligible for "zero benefits." The law restricts categorical eligibility for free school meals based on SNAP participation to children who are members of a household receiving SNAP assistance.

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. 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.

State agencies 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.

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 an automated data matching technique or the letter method. If LEAs conduct direct certification with TANF 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. Direct certification may be conducted using letters provided to eligible participants from TANF or FDPIR agencies that the household submits to the LEA or school.

REQUIRED DOCUMENTATION FOR ALL DIRECT CERTIFICATION OPTIONS

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 form of identifying information matching each child with a child attending a particular school. Some examples of identifiers are:
    - Children's birth dates
    - Addresses
    - Parents' names
    - Child's social security number, if available
    - Last four digits of the social security number of the person signing an application, if available
    - Gender
- 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 determining 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 free milk.

NOTIFICATION OF ELIGIBILITY ESTABLISHED THROUGH DIRECT CERTIFICATION

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 benefits;
- No further application is necessary;
- An explanation of extended eligibility and how to notify the LEA of any additional children in the household not listed on the notification; and
- How to notify the LEA if free 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. 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 eligibility through direct certification may be done through e-mail if the LEA has an e-mail address for a parent or guardian.

CHAPTER 3: PROCESSING APPLICATIONS

A. DETERMINING COMPLETE APPLICATIONS

To be considered complete, an application must include the required information. Any application that is missing required information, contains inconsistent information, or is unclear is considered an incomplete application and may not be processed. The LEA should make reasonable efforts to contact the household in order to obtain or clarify required information.

The determining official may not complete the application for the household using information derived from other records available to the school. Any missing information on the application must be provided by the household.

If an emancipated child lives alone as a household of one, or as a member of a household with no adult household members, the emancipated child must sign the application. No portion of the social security number is required on the application of an emancipated child.

COMPLETE INCOME AND HOUSEHOLD SIZE APPLICATION

Applications may be submitted that provide income information in order to establish free or reduced price eligibility for all children in the household. A complete application must provide:

- Names of all household members;
- Amount, source, and frequency of current income for each household member;
- Signature of an adult household member; and
- Last four digits of the social security number of the household's primary wage earner or another adult household member, or an indication that the household member does not have one.

Applications must still request that applicants write a zero when there is no income to report but will no longer require a separate indication of no income from the applicant.

- A household with any member income field left blank is a positive indication that there is no income.
- When no income is provided for any of the adult household members, the application is still considered complete.
- Income for all children is consolidated in one income field on the prototype application.

COMPLETE ASSISTANCE PROGRAM APPLICATION

For applications with a case number for an Assistance Program, a complete application must provide:

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

Determining officials must ensure that the Assistance Program's case number – or other identifier listed on the application – is consistent with the format used by the Assistance Program in that State. If the case number seems incorrect, the LEA should contact the household or the local Assistance Program to confirm the household's eligibility or may verify the application for cause. Determining officials must obtain the most current certification information available from Assistance Program officials.

COMPLETE OTHER SOURCE CATEGORICAL ELIGIBILITY (EXCEPT FOSTER CHILDREN) APPLICATION

Under this designation, an appropriate box or other indication on the application must be checked to identify the child's status as homeless, migrant, or runaway. The prototype application has a box for each category, except Head Start, and households must check the appropriate one. Enrollment in Head Start does not need to be identified on the application. The child is determined eligible for free benefits when the LEA documents the child's status with appropriate program officials.

A complete application must provide:

- Names of children for whom application is made;
- Indication of child's categorical eligibility status; and
- Signature of adult household member.

COMPLETE FOSTER CHILD APPLICATION

A foster child is categorically eligible for free meals. An appropriate box or other indication on the application must be checked to identify the child's status. The prototype application has a box for foster child, which must be checked. The child's status for free meals does not require confirmation of eligibility status prior to receiving benefits. No further action is required.

A complete application must provide:

- Name of the foster child;
- Indication of the child's foster care status; and
- Signature of an adult household member.

COMPLETE APPLICATIONS WITH 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.

After the Other Source Categorical Eligibility has been determined for the appropriate children through contact with the program liaisons, the LEA must then use the household's income and size, which includes the Other Source Categorical Eligible children, to determine if the non-categorically eligible children listed on the application are eligible for benefits.

In mixed households, Other Source Categorically Eligible children will receive free benefits, even if the other children listed on the application are determined ineligible or eligible for reduced price 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;
- An indication of the program source of Other Source Categorical Eligibility status;
- Signature of an adult household member; and
- Last four digits of the social security number of the household's primary wage earner or another adult household member, or an indication that the household member does not have a social security number.

Applications must still request that applicants write a zero when there is no income to report but will no longer require a separate indication of no income from the applicant.

- A household with any member income field left blank is a positive indication that there is no income.
- When no income is provided for any of the adult household members, the application is still considered complete.
- Income for all children is consolidated in one income field on the prototype application.
- For a foster child, include any personal income made available to the foster child, or earned by the foster child.

B. REVIEWING APPLICATIONS

APPLICATION PROCESSING TIMEFRAME

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. The LEA may choose to establish the date of submission of an application as the effective date of eligibility, rather than the date of approval. See *SP 11-2014; CACFP 06-2014; SFSP 11-2014: Effective Date of Free or Reduced Price Meal Eligibility Determinations*, http://www.fns.usda.gov/effective-date-free-or-reduced-price-meal-eligibility-determinations

Once an eligibility determination is made, households should be notified immediately. This is essential if benefits are denied or reduced from the level of the previous year, in order to provide adequate time for the household to make appropriate arrangements for payment and prevent the household from accumulating meal charges. A new lower eligibility determination should be implemented only after the household has been notified.

The LEA must not delay approval of applications, if the household fails to provide any information that is not required. For example, if an application has all of the required information for determining eligibility, but the household did not include its street address or birth dates, processing of the application may not be delayed.

INCOME REPORTING

CURRENT INCOME AND INCOME CONVERSION

For the purposes of certification of eligibility for free or reduced price meals or free milk, based on household income, the household must provide their current income. The amount of income must be based on the most recent information available, which may be:

- For the current month,
- 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 the amount 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 the household provided only annual income, the LEA must ensure that the amount is an accurate reflection of the household's current income.

Questions frequently arise concerning what is to be included as income and what constitutes a household. The guidance cannot address each individual situation. The LEA's determining official should contact the State agency, and potentially, contact the household for further clarification of the information provided on the application.

INCOME RECEIVED AT DIFFERENT INTERVALS

Households may have income from a variety of 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.

NO INCOME CONVERSION REQUIRED

If there is only one source of income, or if all sources are received in the same frequency, the LEA totals all sources and compares the total to the IEGs. For example, if a household of three only reported receiving a monthly social security check and monthly child support, those amounts would be added together and the result compared to the IEG monthly category for a household of three.

INCOME CONVERSION REQUIRED

If there are multiple income sources with more than one frequency, the LEA must annualize, that is, calculate all income as for an entire year, 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 and household size.

LEAs *may not* use conversion factors such as 4.33 to convert weekly income or 2.15 to convert bi-weekly income to monthly amounts. If the 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 current income. The prototype application requires that all income figures be reported in whole dollars only. Income earned or received by adults *must* be identified with the individual who received it, and the source, such as wages, or social security. Income for non-adults – infants, children, and students enrolled in school and eligible to participate regardless of age – must be combined into a single income reporting field, as these individuals rarely have income to report.

However, if the LEA does not use the prototype application, income is recorded as previously required, in dollars and cents, and income received by individual children is recorded for each child.

Each household member who does not have income should also be identified. Household members must be asked to report their status as "zero income" earners. Zero income may be indicated by writing in "zero" or "no income," or by inserting $0. When no income is provided for any of the adult household members, the application is still considered complete. The application form must also include a clear and easy to understand instruction that communicates to households that any income field left blank is a positive indication that there is no income to report.

If local officials have knowledge or available information that a household has intentionally misreported its income by leaving the income fields blank, the LEA must verify the household's application for cause.

DETERMINING ELIGIBILITY FOR APPLICATIONS

How the determining official determines eligibility when the household submits an application depends on the basis for potential eligibility— income eligibility, categorical eligibility with case numbers, or Other Source Categorical Eligibility without case numbers.

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 IEGs.

- Determining officials must determine countable income. See*: 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. The missing information must be obtained before an eligibility determination can be made.
    - To get the required information, the school or LEA 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 that provide pay stubs, but do not indicate the amount of income for each adult household member on the application are considered incomplete.
    - 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.

DETERMINATION USING CASE NUMBERS

The determining official must assure that the Assistance Program case number or other identifier, consistent with the identifiers used in that program in that State, are valid. Determining officials need to be familiar with the format of valid case numbers or other identifiers. Determining officials must ensure that the Assistance Program's case number – or other identifier listed on the application – is consistent with the format used by the Assistance Program in that State. If the case number seems incorrect, the LEA should contact the household or the local Assistance Program to confirm the household's eligibility.

LEAs are encouraged to review the direct certification list to determine whether any of the applications with case numbers can be matched with children on the direct certification list. If a match is found, the application should be disregarded and categorical eligibility must be applied to all children within the household. When a match is not found, the LEA should contact the household for further clarification. If the LEA still considers the application to be questionable, the determining official may verify the application for cause.

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

DETERMINATION FOR OTHER SOURCE CATEGORICALLY ELIGIBLE APPLICATIONS

When an LEA receives an application with any of the Other Source Categorical Eligibility categories checked, the determining official must document eligibility for each child, prior to providing benefits. An appropriate program official 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 Assistance Programs, which extends eligibility to all children in the household, Other Source Categorical Eligibility must be determined individually for each child.

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 with:

- Signature of an adult household member,
- Last four digits of a social security number or an indication of "none,"
- Names of all household members, including the children for whom the application is made, and

- Income amount received by each household member, identified by the individual who receives it.

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 children's names correctly records their 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. See *SP 44-2014: Questions and Answers Related to the Independent Review of Applications*, http://www.fns.usda.gov/qas-related-independent-review-applications.

C. APPROVED APPLICATIONS

Households must be notified, either in writing or verbally, of their eligibility status as approved for free or reduced price benefits. The LEA may e-mail the notification of the household's approval for meal benefits to the adult household member who signed the application.

Determining officials must record the eligibility determination as follows:

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

The determining official must sign or initial and date each application, or sign or initial and date a cover sheet attached to a batch of applications.

Recording this information will depend on the LEA's application method:

- The prototype application may be modified to collect this information, or it can be recorded in the margins or on a separate piece of paper attached to the application.
- A notation should be made to an electronic file.
- A computer system should be able to capture the original date of approval, the basis for the determination (that is what household size and income was used), and update the status of applications to account for transfers, withdrawals, terminations, and other changes.

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. The LEA has a regulatory obligation to verify "for cause" all approved applications that may be questionable.

However, the verification effort cannot delay the approval of the application. If an application is complete and indicates that the child is eligible for free or reduced price benefits, the application must be approved. Only after the determination of eligibility has been made can the LEA begin the verification process.

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

FLEXIBILITY IN DETERMINING THE EFFECTIVE DATE FOR CHILDREN RECEIVING FREE OR REDUCED PRICE BENEFITS

Children are eligible for free or reduced price benefits on the date their eligibility is determined. Flexibility exists to allow LEAs to move the effective date of eligibility back under various circumstances. LEAs processing applications or determining eligibility through direct certification while using this flexibility must do so consistently for all children, in all participating schools and Programs. LEAs electing to exercise this flexibility must notify the State agency.

The effective date of free eligibility determinations is available to LEAs when determining the date of eligibility for children who are directly certified to receive free school meals or free milk.

For LEAs using the direct certification method, the effective date of eligibility for free school meals or free milk is the date of the automated data matching file or benefit recipient file from another agency, which first identifies the child as eligible for direct certification, rather than the date the LEA accesses and processes the automated data matching file into the local point of service 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, 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 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 applies. This includes children who are extended eligibility because they are members of the same household as a child identified as receiving SNAP, TANF, or FDPIR benefits.

LEAs using this flexibility for direct certification must document the effective date used, such as:

- A date stamp of the dates that letters or lists from other agencies are received, or
- The documented, traceable run date of automated match files or recipient benefit files from another appropriate agency.

See *SP 51-2014, Eligibility Effective Date for Directly Certified Students*, http://www.fns.usda.gov/eligibility-effective-date-directly-certified-students.

For LEAs processing applications, children are generally certified eligible for free or reduced price benefits on the date the household application is approved. However, LEAs have flexibility concerning the effective date of certification for school meal benefits or free milk. If the 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. See *SP 11-2014, CACFP 06-2014, SFSP 11-2014: Effective Date of Free or Reduced Price Meal Eligibility Determinations*, http://www.fns.usda.gov/effective-date-free-or-reduced-price-meal-eligibility-determinations.

LEAs processing applications or determining eligibility through direct certification must refund any money paid by or on behalf of the child for a reimbursable meal or milk during the period from the free or reduced price meal eligibility effective date through the date the 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 reduced or free reimbursement rate if the student is given a refund or the debt is discharged.

DURATION OF ELIGIBILITY

A child's eligibility is in effect from the date of eligibility for the current school year until a new application is approved or denied or children are directly certified, up to 30 operating days into the subsequent school year. If no new application is submitted or children are not directly certified in the subsequent school year, children must continue to receive the previous year's level of benefits for up to 30 operating days.

However, officials must make appropriate changes in eligibility, if:

- The initial eligibility determination was found to be incorrect during a second review of applications or an administrative review; or
- When verification of household eligibility, including verification for cause, does not support the level of benefits for which the household was approved.

Temporary approval of eligibility is no longer permitted because of the year-long duration of eligibility provision. If there is concern about the authenticity of the information provided on an application, the school or LEA may, on a case by case basis, verify the approved application for cause.

CARRYOVER OF PREVIOUS YEAR'S ELIGIBILITY

Children are eligible for school meal benefits or free milk for the school year and for up to 30 days in the subsequent school year. The LEA must permit a carryover period of 30 operating days, beginning on the first operating day of school, or until a new eligibility determination is made. The LEA may not have a carryover period of less than 30 operating days.

Carryover is in place to allow schools, especially in large LEAs, an appropriate amount of time to process applications. However, the carryover 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.

The LEA must carryover eligibility and claim free or reduced price benefits 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;
- Children from households directly certified for free benefits in the previous school year;
- Children determined Other Source Categorically Eligible for free benefits in the previous school year;
- Children in kindergarten who were enrolled in Head Start under the jurisdiction of the same LEA during the previous school year; and
- Children previously approved who transfer from one school to another school under the jurisdiction of the same LEA;

For children transferring within the same LEA from a school using Provisions 1, 2, or 3 to a non-provision school, 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" schools must maintain copies 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 either complete an application or be determined eligible through direct certification. If a child's direct certification information from the previous year is available, the child may receive free benefits during the carryover period.

For children who transfer to a new LEA, at the beginning of the new school year or during the summer months, the new LEA may use the former LEA's eligibility determination from the previous school year and carry over the eligibility status, until a new determination is made, for up to 30 operating days. The new LEA may accept the former LEA's eligibility determination during the carryover period without incurring liability for the accuracy of the determination.

TRANSFERRING ELIGIBILITY

TRANSFERRING WITHIN THE SAME LEA

If a child transfers to another school in the same LEA in the same school year, the child's eligibility must be transferred.

When a child transfers within the same LEA from a school using Provision 1, 2, or 3 to a non-provision school in the base year, the child's eligibility status also transfers. However, if a transfer from a provision to a non-provision school occurs during a non-base year, a new application is required, unless current individual eligibility status is available through direct certification or an approved application for another child in the household.

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. If there is an approved income or categorical eligibility application for another child in the household, that eligibility status can be used.

TRANSFERRING TO ANOTHER LEA

LEAs and schools are encouraged, but not required to share available eligibility data with a new LEA when a child transfers. When a child transfers to another LEA, the new LEA may accept the eligibility determination from the child'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 had been assigned. If the accepting LEA determines

that an arithmetic error occurred, the accepting LEA must notify the household that it must file a new application in order to receive benefits. Also, the accepting LEA must make changes that occur as a result of any verification activities or review findings the LEA conducts.

When a child in a CEP school transfers to *another LEA*, the new LEA may accept the eligibility determination from the child's former LEA, if the eligibility was based on current direct certification or there is an approved application for other children in the household who do not attend a CEP school. If current eligibility is not available from the sending LEA, the child must either be directly certified by the receiving LEA or submit an application.

TRANSFERRING DURING THE SCHOOL YEAR

When a child transfers to another school within the LEA, the date of the transfer must be noted on the application and the point of service must be updated. If the LEA has an application on file and any change is made after the initial approval for the current school year, the determining 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.

CHANGE IN HOUSEHOLD CIRCUMSTANCES

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 (from free to reduced price) or terminate benefits (from free or reduced price to paid), the LEA must explain to the household that the change does not have to go into effect, but the household may request that the lower benefits go into effect. Even if benefits are decreased at the household's request, the LEA must send a notice indicating the change in the household's eligibility status. For voluntary withdrawals, the LEA should indicate – in writing – that benefits are being terminated at the request of the household. This provides written confirmation of the request and the household's right to continue receiving free or reduced price benefits.

If any change is made after the initial approval of eligibility for free or reduced price benefits during the current school year – such as a household's request to decrease their meal benefits or voluntary withdraw – the determining officials must indicate the change on the application, using the same method used to record initial eligibility determinations, by:

- Noting the change;

- Recording the date of the change; and
- Implementing the change by updating rosters or other methods used at point of sale, if necessary.

D. DENIED APPLICATIONS

If a household provides an incomplete application or does not meet the eligibility criteria for free or reduced priced benefits, the application must be denied. Households with children who are denied benefits must be provided with written notification of the denial.

The written notification of denial can be provided by mail or e-mail to the adult household member who signed the application. The "notification" page of an online system does not meet this requirement. LEAs that use automated telephone information systems 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
- Ability to re-apply for free and reduced price benefits at any time during the school year.

A notice of denial is not required if the household fails to reapply during the carryover period as eligibility was not established for the current school year.

Determining officials must record the eligibility determination and notification in an easily referenced format that includes the:

- Denial date,
- Reason for denial,
- Date the denial notice was sent, and
- Signature or initials of the determining official (may be electronic, where applicable).

E. APPEALS AND HEARING PROCEDURES

A household may appeal either the denial of benefits or the level of benefits for which it has been approved. When a household requests an appeal, the hearing procedures outlined in the LEA's free and reduced price policy statement and in Program regulations must be followed. The regulation under 7 CFR 245.7 states:

The hearing procedure shall provide for both the family and the local educational agency:

- A simple, publicly announced method to make an oral or written request for a hearing;
- An opportunity to be assisted or represented by an attorney or other person;
- An opportunity to examine, prior to and during the hearing, any documents and records presented to support the decision under appeal;
- That the hearing shall be held with reasonable promptness and convenience, and that adequate notice shall be given as to the time and place of the hearing;
- An opportunity to present oral or documentary evidence and arguments supporting a position without undue interference;
- An opportunity to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses;
- That the hearing shall be conducted and the decision made by a hearing official who did not participate in making the decision under appeal or in any previously held conference;
- That the decision of the hearing official shall be based on the oral and documentary evidence presented at the hearing and made a part of the hearing record;
- That the parties concerned and any designated representative shall be notified in writing of the decision of the hearing official;
- That a written record shall be prepared with respect to each hearing, which shall include the challenge or the decision under appeal, any documentary evidence and a summary of any oral testimony presented at the hearing, the decision of the hearing official, including the reasons therefor, and a copy of the notification to the parties concerned of the decision of the hearing official; and
- That the written record of each hearing shall be preserved for a period of 3 years and shall be available for examination by the parties concerned or their representatives at any reasonable time and place during that period.

The hearing procedure in the LEA's free and reduced price policy statement must be followed. The hearing official must be an individual who is not connected with the approval or verification process. The household may request a school conference prior to a formal hearing. However, the conference must not prejudice a later appeal.

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. The first day of the advance notice period is the day the notice is sent. The notice of adverse action may be sent via the postal service or to the e-mail address of the parent or guardian. The LEA cannot notify the household of adverse action by phone.

The notice must advise the household of the following:

- Change in benefits;
- Reasons for the change;
- 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;
- 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.

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 request an appeal during the 10 calendar day advance notice period, benefits must be reduced or terminated no later than 10 operating days after the notice period. If 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 hearing official's decision.

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 because of failure to complete the verification or verification for cause process 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.

CHAPTER 4: VERIFICATION

A. VERIFICATION OVERVIEW

Verification is confirmation of eligibility for free and reduced price school meals. Verification is only required when eligibility is determined through the application process, not through direct certification conducted with an Assistance Program or with agencies or officials who documented Other Source Categorical Eligibility.

Verification must include confirmation of either income eligibility; or that the child or any member of the household is receiving assistance under SNAP, FDPIR, or TANF; or that the child is Other Source Categorically Eligible.

Verification may also include confirmation of any other information required on the application, such as household size.

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 enrolled in Head Start;
- For children in RCCIs, except for applications for any non-residential students attending the institution;
- In schools where FNS has approved special cash assistance claims based on economic statistics regarding per capita income, such as in Puerto Rico and the Virgin Islands;
- In schools participating only in the SMP;
- In schools with non-pricing programs, which claim only the paid rate of reimbursement, where all children are served with no separate charge for food service and no special cash assistance is claimed;
- In LEAs where all schools participate in CEP or in Provisions 1, 2, 3, <u>except</u> in the base years in Provision 1, 2, or 3 schools in which applications are taken for all children in attendance; and
- For other FNS determined exemptions, on a case-by-case basis.

KEY VERIFICATION TERMS

DIRECT VERIFICATION	Use of records from public agencies to verify income or program participation.
ERROR PRONE	Applications within $100 per month of the applicable IEGs.
RANDOM SAMPLING	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	The total number of applications approved as of October 1.
SAMPLE SIZE	The number of applications subject to verification; the minimum and maximum sample size is three percent total or 3,000 applications, whichever is less.

INITIAL VERIFICATION

Each LEA must annually verify eligibility of children from a sample of household applications approved for free and reduced price 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 must be 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 approved applications, paper or electronic, and is not based on the number of children eligible for free and reduced priced benefits.

If applications are submitted for "mixed households," which include children who are eligible based on income and others based on Other Source Categorical Eligibility, these applications are subject to verification and are included in the sample pool.

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 the 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 the FNSRO for approval.

VERIFICATION FOR CAUSE

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 l benefits, the application must be approved.

Only after the determination of eligibility has been made can the LEA begin the verification process. Determining officials are strongly encouraged to contact the household during the certification process to clarify any information that is unclear or questionable, before certifying the application and proceeding with verification for cause. Once households have been requested to provide documentation for cause, the LEA must complete the verification process for these households.

FNS supports use of verification for cause where appropriate as a method for LEAs to address integrity concerns. To verify an approved application for cause, the LEA must send the household a Notification of Selection. This notification letter may be sent with the Notice of eligibility. The LEA verifies applications for cause following the procedures in this Chapter. 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.

QUESTIONABLE APPLICATIONS AND INFORMATION

LEAs have an obligation to follow-up on questionable and incomplete information when reviewing applications submitted for free and reduced price meals or free milk. Prior to certifying children for benefits, the determining official should review the application for any discrepancies in the information provided.

If a discrepancy is found, the determining official should:

- Seek clarification about the information provided in order to make a determination in a timely manner;
- Deny the application with an explanation that incomplete information was provided; or
- Approve the application, and verify for cause.

VERIFICATION FOR CAUSE FOR SCHOOL DISTRICT EMPLOYEES

LEAs can use verification for cause to review approved applications when known or available information indicates school district employees may have misrepresented their incomes on their applications.

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 benefits. However, from among the list of children approved, the LEA could identify children of school district employees and use salary information available to the LEA to identify questionable applications and then conduct verification for cause on those questionable applications.

It is recommended that an LEA consult with legal counsel in establishing the parameters of verification for cause for school district employees. State agencies should assist in ensuring that LEAs balance administrative requirements and integrity with access to free and reduced price benefits for eligible children.

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 the State agency prior to undertaking verification for cause where concerns with employee misrepresentation of information on a household income eligibility application have been raised.

B. 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 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.

ALTERNATIVE SAMPLE SIZES that the LEA may qualify to use:

- Alternate One, where the sample size equals the lesser of:
  - Three percent 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, where the sample size equals the lesser of the sum of:
  - Either
    - 1,000 of all applications approved by the LEA, as of October 1 of the school year, selected from error prone applications; or
    - One 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, which provide case numbers in lieu of income information; or
    - One-half (½) of one percent of applications approved by the LEA ,as of October 1, of the school year that provide case numbers 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.

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 20 percent. For example, for SY 2014-2015, the LEA could have elected to use one of the alternate sample sizes because in SY 2013-2014, the LEA's non-response rate was 18 percent.
- Improved Non-Response Rate: An LEA with more than 20,000 children approved by application as eligible, 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 10 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 2012-2013

- 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 2013-2014

- 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, by subtracting Year 1's non-response improvement 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 2014-2015

The LEA could 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 the State agency in accordance with any procedures established by the State agency for approval prior to use of alternate sample sizes.

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.

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, a determining 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. The LEA must contact the State agency to determine if its 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.

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.

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, such as 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, that is, 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.

HOUSEHOLD NOTIFICATION OF SELECTION

Once the LEA has completed the post selection procedures, the LEA 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.

The letter must include the following:

- That the household was selected for verification;
- Use of Information Statement (note that the social security numbers 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 SSI, 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 from 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 specified by the LEA and that failure to do so will result in termination of benefits;
- Name of an determining official who can answer questions and provide assistance; and
- A no-cost to the household telephone number.

When the LEA uses agency records or direct verification 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.

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 household 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.

C. SOURCES FOR VERIFICATION

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. For example, 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 is sufficient.

For Other Source Categorical Eligibility Programs, acceptable written evidence is an official letter, notice, or list from the appropriate State agency, Social Service agency, or program office or coordinator, or court.

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 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.

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

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: *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*: Direct Verification*.) If the LEA contacts the another agency well in advance of the November 15 deadline and the other agency does not respond, the LEA has a valid reason to ask the State agency to extend the deadline.

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 PROVIDES PAY STUBS

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

If the household submits a pay stub that includes overtime, the determining 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.

WHEN A HOUSEHOLD INDICATES NO INCOME

If a household is selected for verification, or the application is being verified 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, For example, the collateral contact may be asked to document the duration and type of assistance that is provided to the household.

D. DIRECT VERIFICATION

Direct verification is using records from public agencies to verify income 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 intends to conduct direct verification must contact the 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 with the agency that administers the State plan for Medicaid and 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.

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

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. The names of other household members – all adults, children who are not attending school, or children not approved for free or reduced price benefits – cannot be submitted for direct verification purposes.

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.

DIRECT VERIFICATION WITH MEDICAID AND SCHIP

If information obtained through direct verification with Medicaid or SCHIP confirms eligibility status, no additional verification is required. Records that may be used to verify eligibility will depend upon State income limits for these programs.

States with Medicaid or SCHIP Income Limits of 133 Percent or Less:
If the income eligibility used for the Medicaid or SCHIP is not more than 133 percent of the federal poverty line, or where those households that have income that is not more than 133 percent of the federal poverty line can be identified, records from these agencies may be used to verify eligibility.

States with Medicaid or SCHIP Income Limits Between 133 and 185 Percent:
Direct verification information must include either:

- The percentage of the Federal poverty line upon which the applicant's participation is based; or
- The income and household size used by Medicaid or SCHIP to determine that the applicant is either at or below 133 percent or between 133 and 185 percent 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 percent 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 percent of the Federal poverty line.

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.

INCOMPLETE OR INCONSISTENT INFORMATION

If information provided by the public agency does not verify eligibility, the LEA must proceed with regular verification activities.

E. 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.

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 or guardian's e-mail) 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 initial 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, the household responds and provides all needed evidence, verification is considered complete for this household:

- If there is no change in benefits; or
- When the household is notified that its benefits will be increased; or
- When notice of adverse action is sent.

If the household does not respond, verification is considered complete for this household when notice of adverse action is sent.

If, after at least one follow-up attempt, the 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.

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 children 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 provided 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.

CHAPTER 5: CONFIDENTIALITY AND DISCLOSURE

A. OVERVIEW

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 SCHIP must notify households of this and give them the opportunity to decline the 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 the school or LEA collects such information for *non-program purposes*, the applications *must not be labeled as applications for meal benefits* under the Child Nutrition 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 or guardian to use the information provided on the application for non-program purposes or for purposes not permitted in this guidance. Parental consent must be obtained each school year and consent forms cannot be extended from one school year to the next. See *SP 31-2010, CACFP 17-1010, SFSP-15-2010: Disclosure Requirements for the Child Nutrition Programs*, http://www.fns.usda.gov/disclosure-requirements-child-nutrition-programs.

B. CONFIDENTIALITY REQUIREMENTS

Section 9(b)(6) of the NSLA,(42 U.S.C.1758(b)(6), regulations found at 7 CFR Part 245.6 delineates the restrictions on the disclosure and use of information obtained from an application for free and reduced price meals, as well as the criminal penalties for improper release of information. While the law discusses applications, the disclosure requirements also apply to information obtained through the direct certification process.

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

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.

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 establishes 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 staff who are determining officials review free and reduced price meal or free milk applications and make 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 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. The children's individual information must be protected and is subject to limited disclosure beyond the current school year.

PREVENTING OVERT IDENTIFICATION

Overt identification is any action that may result in a child being recognized as potentially eligible to receive or certified for free or reduced price school meals. 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, including notification of the availability of free or reduced price benefits; certification and notification of eligibility; provision of meals in the cafeteria; and the point of service. Unauthorized disclosure or "overt identification" of children receiving free or reduced price meal benefits is a prohibited under NSLA.

Schools that have a dual payment system that accepts both cash and electronic payments must ensure that children are not overtly identified through the method of payment. Schools must ensure, to the maximum extent practicable, that the sale of non-program foods and the method of payment do not inadvertently result in children being identified by their peers as receiving free or reduced price benefits.

In addition, schools and LEAs must ensure that children who receive free or reduced price 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 *SP 45-2012: Preventing Overt Identification of Children Certified for Free or Reduced Price School Meals*, http://www.fns.usda.gov/preventing-overt-identification-children-certified-free-or-reduced-price-school-meals.

AGGREGATE DATA

The LEA may disclose aggregate data to any program or requestor when individual 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, such as, release of data about a specific classroom when the numbers of eligible children is very small.

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 LEA	Eligibility status only	Prior notice and consent not required
Local education programs	NO eligibility information, unless parental consent is obtained	Parental consent
Medicaid or 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 or SCHIP, administered by a State agency or LEA	Eligibility status only	Prior consent not required
Federal health programs other than Medicaid or 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

"NEED TO KNOW"

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.

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 as a general practice. 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, or who are providing tutorial or other assistance under that educational program. 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 eligibility information must use that information only to enroll eligible children in State Medicaid or SCHIP.

Programs Considered "Directly Connected" to School Eligibility Data	
FEDERAL OR STATE EDUCATION PROGRAMS	Students' names and free or reduced price eligibility status may be disclosed, without consent, for a Federal or State education program. Determining 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 Child Nutrition 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 a Federal education program, 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.
NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP)	LEAs may disclose, without parent or 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 or 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 *Agreements and Memoranda of Understanding*.
NO CHILD LEFT BEHIND (NCLB)	NCLB is a Federal education program. Therefore, determining officials may disclose a child's eligibility status to persons directly connected with, and who have a need to know in order to administer and enforce the NCLB requirements. However, other information obtained from the free and reduced price application or through direct certification cannot be disclosed. Determining 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.
FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT (FERPA)	The Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99) is a Federal law that protects the privacy of student education records. The law applies to all schools that receive funds under an applicable program of the U.S. Department of Education. However, Child Nutrition Programs are subject to the disclosure restrictions imposed by section 9(b)(6) of the NSLA and not FERPA.
OTHER FEDERAL CHILD NUTRITION PROGRAMS	The LEA may disclose all eligibility information from a household's free and reduced price meal application or information obtained through direct certification to persons directly connected with the administration or enforcement of the programs authorized under the NSLA or CNA. This includes the NSLP, SBP, SMP, CACFP, 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.
FEDERAL OR STATE MEANS-TESTED NUTRITION PROGRAMS	Without parental consent, the LEA may only disclose a child's name and eligibility status. Disclosure of other information, such as parents' names and address, requires parental notification and consent.

DISCLOSURES THAT REQUIRE PARENTAL NOTIFICATION

Unless otherwise indicated, LEAs must inform the adult household member who signed the application if they plan to disclose or use eligibility information outside the originating program, i.e., disclosure to a means-tested Federal or State nutrition program, Federal education program, Medicaid or SCHIP, law enforcement, the U.S. Comptroller General for audit purposes, or other Child Nutrition Programs. 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 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.

The notification of potential disclosure or specific disclosure must inform the parents or 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 or 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 or guardians of their children's eligibility for free meals through direct certification. See *Prototype Application* in *Appendix B*.

DISCLOSURES THAT REQUIRE PARENTAL CONSENT

Parents or guardians may always provide consent for the disclosure of any or all of the information related to their children's eligibility status, or the information that the household provided through the free and reduced price meal eligibility process. In addition, parents or guardians may request release of information to programs. The LEA must obtain written consent signed by a parent or guardian that follows the guidelines below.

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, , determining agencies must obtain consent prior to disclosure.

NONCUSTODIAL PARENTS REQUEST FOR DISCLOSURE

The LEA cannot disclose the eligibility status or the source of the child's eligibility to the noncustodial parent without consent from the parent household member who signs the application. The sole exception would be under a court order or subpoena; an attorney's request would not be a sufficient justification for the release of the application data. LEAs should consult with an attorney to determine if disclosure may be required.

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 CACFP, 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 parents, guardians, or adult participants to limit consent to only those programs with which they wish 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 want to have information disclosed to determine eligibility for benefits from a certain program.

AGREEMENTS AND 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 AND 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 AND SCHIP AGENCIES

For disclosures to Medicaid or SCHIP, the decision on disclosure is a joint State agency and LEA decision. Both the State agency and LEA must agree to disclose children's information to Medicaid or SCHIP. A State agency may not enter into a Memorandum of Understanding for all LEAs for disclosure to Medicaid or SCHIP as each LEA must be given the opportunity to decline providing free or reduced price meal and free milk eligibility information to Medicaid or SCHIP.

Persons directly connected with the administration of Medicaid or 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 or SCHIP requirements to carry out initial processing of applications or to make eligibility determinations. Check with the Medicaid or SCHIP coordinator to determine the persons or entities in the State who are authorized to enroll children in Medicaid or SCHIP.

LEAs must notify parents of their intent to disclose a child's free or reduced price school meal eligibility to Medicaid or SCHIP and provide adequate time for any parental response. A minimum of 10 calendar days should be provided. LEAs should 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.

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 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
- Signatures of officials of the determining agency and the Medicaid or SCHIP 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 one year, or both.

See Prototype Agreement in Appendix C. More information on the State and Federal Medicaid Programs is available at 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.

PENALTIES FOR IMPROPER DISCLOSURE

The NSLA at section 9 (b)(6)(C) establishes a fine of not more than $1000 or imprisonment of not more than one 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.

CHAPTER 6: RECORD RETENTION

A. CERTIFICATION DOCUMENTS

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 years after the final claim is submitted for the fiscal year to which they pertain. In addition, documents, such as notices of adverse action, must also be retained if these show changes made to eligibility status during the school year.

Any application that was submitted but was disregarded because all children in the household were determined categorically eligible through direct certification must be retained and the date of disregard must be documented.

Applications may be maintained either at the school or at the LEA or other central location with a list of eligible children by type 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 and that adequate documentation for these transfers or changes are retained with the applications for 3 years.

Files must be kept longer if they are required by an audit, such files must be retained until resolution of the issues raised by the audit.

DIRECT CERTIFICATION DOCUMENTS

LEAs must keep documentation for direct certification on file for a minimum of three years after submission of the final claim for reimbursement for the fiscal year to which they apply. Documentation must be kept longer if 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.

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.

SPECIAL PROVISION CERTIFICATION DOCUMENTS

The LEA must retain records for all schools operating Provision 2 or 3. Base year records for Provision 2 or 3:

- Establish claiming percentages which support subsequent years' reimbursement;
- Must be retained during the entire period the special provision – established by that base year – is in effect, including all extensions; and
- Must include documentation of the verification activities from the base year.

For Community Eligibility Provision (CEP), LEAs/schools must retain those records used in the development of the Identified Student Percentage (ISP) (e.g., records for the initial approval year and all records from the year any updates are made to the ISP) during the entire period the CEP is in effect.

All Provision 2 or 3 and CEP records must be retained for three years after submission of the final claim for reimbursement. Records must continue to be retained if any audit findings from the period during which the records were in use remain outstanding. In any such case, records must be retained until all issues raised by the audit have been fully resolved.

B. VERIFICATION DOCUMENTS

Documentation must be kept by the LEA to demonstrate compliance with the verification requirements when LEAs are reviewed by State or Federal officials 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 verified, 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. When verification information is needed for administrative review purposes, the LEA must be able to provide this information for each school selected for review:

- Copies of all relevant correspondence between the households selected for verification, and the LEA including notices of adverse action and records of follow-up attempts, information obtained from collateral contacts, etc.
- One of the following for all documentation used to verify eligibility:
    - All documents submitted by the household or reproductions of those documents;
    - 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; or
    - Direct certification results, documentation from Assistance Program or Other Categorical Assistance Program officials with dates of receipt of benefits and date of the information provided.
- 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.

APPENDICES

APPENDIX A: POLICY STATEMENT

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

- Names of officials, 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 methods 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 indicate the source of their status on the application;
- 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 or regulations;
- Changes made by the LEA (e.g., changes in collection procedures, designation of new approving or hearing officials, changes in procedures for accepting applications, revisions in the letter to households or application for free and reduced price meals or 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 FNSRO 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. The new prototype application has not been translated into different languages at this time, however, LEAs may use the translated applications and materials currently available, 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; Prior consent not required.
	Federal health program other than Medicaid/SCHIP Specify Program:	No eligibility information unless prior parental consent is obtained.
	Local health program Specify Program:	No eligibility information unless prior 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):

_____

_____

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.*