**Section 2: The Basis of Eligibility**

This section provides an overview of how to determine:

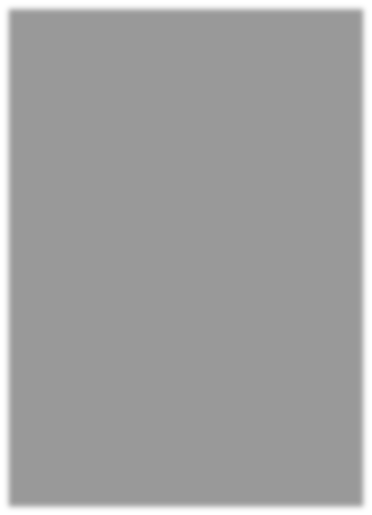
* Household composition when making an income eligibility determination,
* Household reportable income and income exclusions,
* Categorical eligibility based on participation in Assistance Programs, and • Categorical eligibility through an Other Source Categorical Eligibility designation.

**Determining Eligibility Based on Income Applications**

To establish income eligibility for a household, determining officials must compare the household size and the total household gross income to the applicable IEGs. Families may ask determining officials to explain whom to include as a household member or what to include as income when submitting the application. This section explains the overarching requirements for determining household composition and income and provides guidance on how to handle special situations. LEAs with additional questions should contact the State agency for further clarification.

**Determining Household Composition**

For the purpose of making an eligibility determination for free and reduced priced benefits, household composition 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 [7 CFR 245.2].



Generally, individuals residing in the same house or apartment unit are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same residence are characterized by prorating expenses and by economic independence from one another.

Please see the following table for a review of special situations to consider when determining household composition.

|  |
| --- |
| **Special Situations for Determining Household Composition** |
| Adopted child |
| An adopted child for whom a household has accepted legal responsibility is considered to be a member of the household. If the household receives assistance payments or a subsidy for the adoption, the assistance payments or subsidy are included as income. |
| Child attending an institution or Residential Child Care Institution (RCCI) |
| A child who attends, but does not reside in an institution or RCCI 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 attending a participating boarding school who applies for meal benefits is also considered a member of the parent’s or guardian’s household. Eligibility is determined based on the family’s size and income. |
| Child living with one parent, relative or friend |
| In cases where the child is living with one parent, relative, or friend, the child is considered to be a member of the household with whom the child resides. Children of divorced or separated parents are considered part of the household with custody. |
| Families with joint custody |
| In joint custody situations, a child may physically change residence regularly. If both  parents/guardians apply for meal benefits within the same LEA, but the eligibility determination is different, the greater benefit level is used. For example, if one parent or guardian’s application results in eligibility for free meals but the other parent or guardian’s application is denied, the child would receive free meals regardless of where the child resided on a given school day.  However, one parent or guardian may elect not to have the child receive free or reduced price meal benefits while residing with them. When the child is residing with this parent or guardian, the school should respect their wishes and allow the parent or guardian to pay for the meals. In this situation, the child’s meals must be claimed at the paid rate. |
| Emancipated child |
| A child living alone or as a separate economic unit is considered to be a household of one. 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. |
| **Special Situations for Determining Household Composition** |
| Child paying room and board |
| Separate economic units are usually characterized by prorating most household expenses. Children living within a household and paying for room and board are usually paying a token amount, and are not economically independent of the household. Therefore, in most situations, these children are not considered to be a household of one and are instead included in the larger household for purposes of determining eligibility. |
| Foreign exchange student |
| A foreign exchange student is considered to be a member of the household (the “host household”) in which the foreign exchange student resides. |
| 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. For CNP eligibility purposes, 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. 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. |
| Family members living apart from family |
| 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. |
| Deployed service personnel |
| Members of the armed services who are activated or deployed in support of any military combat operation are counted as household members. |

**Determining Household Reportable Income**

Households must report current income on a free and reduced price application.

* ***Income*** is any money (before deductions), received on a recurring basis, including earnings, pensions, and child or spousal support, unless an income source is specifically excluded by law for the CNPs. (See: *Income Exclusions*.)
* ***Gross earned income*** means all money earned before deductions such as income taxes, employee’s Social Security taxes, insurance premiums, and bonds.
* ***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

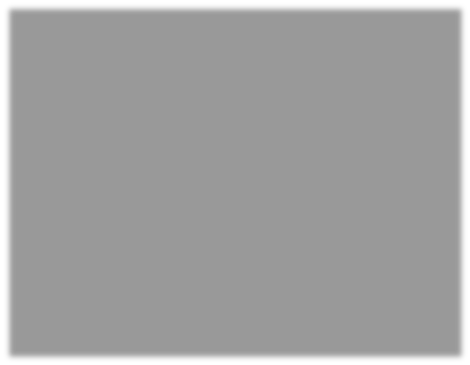
usual and does not fairly or accurately represent the household’s actual circumstances, the household may, in conjunction with determining officials, project its annual rate of income. FNS does not set any specific requirements regarding the frequency (e.g., weekly, bi-weekly, monthly) at which household income is reported on an application. While in most cases earners report income on a more frequent basis, there is no prohibition against annual income reporting. For more information, see: SP 19-2017: *Reporting Annual Income on School Meal Applications*, [https://www.fns.usda.gov/school-meals/reporting-annual-income-school-mealapplications.](https://www.fns.usda.gov/school-meals/reporting-annual-income-school-meal-applications)

***Indicating Income and Income Sources***

Each household must provide the total amount of current gross income. The application must identify the source of the income earned by adults or children as applicable, and the adult or child who received it (such as wages or Social Security) [7 CFR 245.6(a)(5)(i) and 245.6(a)(5)(ii)].

***Indication of No Income***

Each household member must be listed on the application, even if they have no reportable income. Household members must be asked to report their status as zero income earners. This may be done by indicating zero or no income. A paper application must include a clear and easy to understand instruction that communicates to households that any income field left blank is a positive indication there is no income to report. When no income is provided for any of the adult household

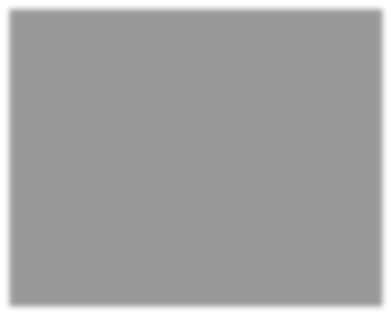


members, the application is still considered complete. On web-based applications, LEAs may incorporate functionality that prevents applicants from progressing or making a final submission when fields have been left blank. This eliminates the possibility of blank fields altogether, and is recommended as an integrity-promoting feature. Web-based applications may also include error or warning messages that highlight missing information and/or direct the applicant to fields where that information must be submitted.

If local officials have knowledge or available information suggesting a household has intentionally misreported its income, including by leaving the income fields blank, the LEA must verify the household’s application for cause [7 CFR 245.6a(c)(7)]. For more information, see *Verification for Cause*.

The following table, Determining Household Reportable Income, provides an overview of income types to include when determining household reportable income.

|  |  |  |
| --- | --- | --- |
|  | | **Determining Household Reportable Income** |
| **Category** |  | **Description** |
| **Earnings from work** | • • •  • | Wages, salaries, tips, commissions, and cash bonuses;  Net income from self-owned business, including farms; Strike benefits, unemployment compensation, and worker’s compensation; and  Military basic pay and cash bonuses and allowances for off-base housing, food, and clothing (excluding combat pay, Family Subsistence  Supplemental Allowance, and privatized housing allowances; for more information, see *Income Exclusions*). |
| **Public assistance, alimony, pensions and child support** | • • • • • • •  • | Unemployment benefits;  Worker’s compensation;  Supplemental Security Income (SSI);  Regular cash assistance from State or local governments;  Alimony payments;  Child support payments;  Veteran’s benefits;  Pensions; |
|  | • | Retirement Social Security (including railroad retirement and black lung benefits); |
|  | • | Private pensions or disability benefits; and |
|  | • | Adoption assistance payments. |
| **Any other income regularly received** | • • • • •  • | Income from trusts or estates;  Annuities;  Investment income;  Earned interest;  Net rental income;  Regular cash payments from outside household; |
|  | • | Cash withdrawn from savings; and |
|  | • | Any other money regularly available to pay for children’s meals. |



**Determining Household Reportable Income - Special Situations**

USDA has identified several “special situations” LEAs may encounter when determining children’s eligibility for free and reduced price meals. This section provides guidance for LEAs to use when determining eligibility in special situations.

***Projected Income for Seasonal Workers***

Certain workers, such as seasonal workers, experience

income fluctuations throughout the year, meaning they earn more money in some months than in other months. For these workers, reporting the previous month’s income may distort the household’s actual financial 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 amount and source. 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 their previous 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-employed farmers, for example, is figured by subtracting the farmer’s operating expenses from the gross receipts.

* Deductible business expenses include:
  + The cost of goods purchased;
  + Rent;
  + Utilities; o Depreciation charges; o Wages and salaries paid; and o Business taxes.
* Non-deductible business expenses include:
  + The value of salable merchandise used by the proprietors of retail businesses; and o Personal, Federal, State, or local income taxes.
* Gross receipts include:
  + The total income from goods sold or services rendered by the business; o The value of all products sold;
  + Money received from the rental of land, buildings, or equipment to others; and o 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; o Cash wages paid to employees; o Depreciation charges; o Cash rent;
  + Interest on farm mortgages; o Farm building repairs; and o Farm taxes.

***Income from Wages and Self-Employment***

For a household with income from wages and self-employment, each amount must be listed separately. When a household experiences 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***

For households with rental properties, income includes money derived from the rental of rooms, apartments, homes and other leases. The treatment of rental income is similar to the treatment of self-employment income.

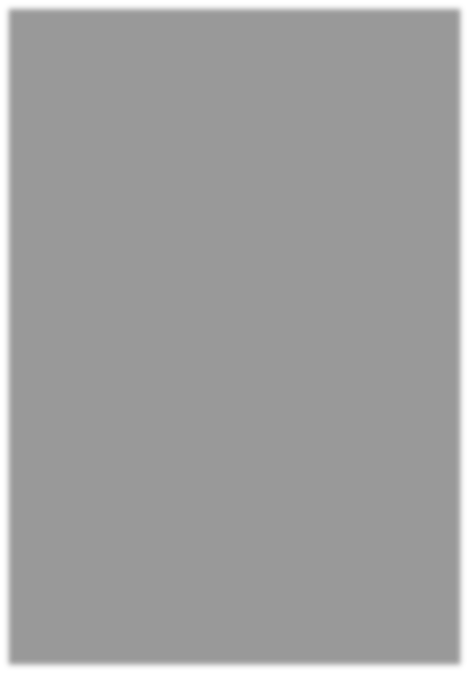
***Military Benefits***

For non-deployed service members, income includes benefits paid directly to the service member, such as food and clothing allowances. Income also includes housing allowances for households living off-base in the general commercial or private real estate market.

For deployed service members, income only includes the portion of a deployed service member’s income made available to the household by the deployed service member, (or on their behalf). For more information, see: SP 06-2010, CACFP 03-2010, SFSP 04-2010: *Exclusion of Military Combat Pay*, https://www.fns.usda.gov/cacfp-03-2010r-exclusion-military-combat-pay.

***Foster Child’s Income***

If a household where a foster child resides applies for benefits for their non-foster children, the foster child may be included as a household member and any personal income received by the foster child is reportable. The foster child’s income can be from a part-time job held by the child, or from any funds provided to the child for the child’s personal use.



***Child’s Income***

The current earnings of a child, regardless of age, or student grade 12 or below who is a full-time or regular part-time employee, must be listed on the application as income. Additionally, children’s income from other sources, such as Supplemental Security Income or Social Security, must be listed on the application as income.

Infrequent earnings, such as income from occasional baby-sitting or mowing lawns, are not

counted as income and should not be listed on the application. The same requirement applies to children residing in an RCCI: only the income earned from full-time or regular part-time employment or personally received by the child, while in residence at the RCCI, is considered income. For more information, see *Income Exclusions*.

***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. 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***

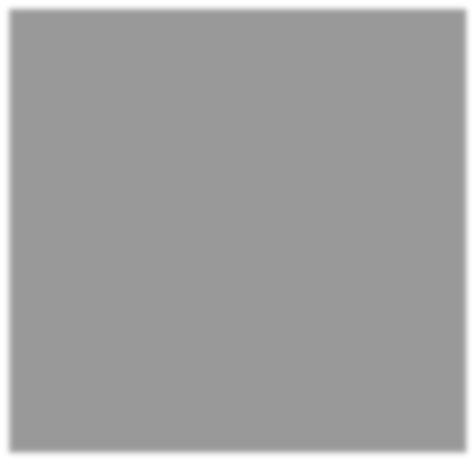
In the case of garnished wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of the portions garnished or used to pay creditors.

**Income Exclusions**

Income excluded from 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 yard work.

With regard to eligibility determinations for the CNPs, FNS has adopted the income exclusions provided under the Social Security Act and other Federal laws. A number of these exclusions are discussed below. This manual does not list all sources of income excluded from the eligibility determination. To view a list of all income sources excluded by the Social Security Act, please see: Section 1612 of the Social Security Act [(https://www.ssa.gov/OP\_Home/ssact/title16b /1612.htm#ACT-B1612-B)](https://www.ssa.gov/OP_Home/ssact/title16b/1612.htm%23ACT-B1612-B).



To see a list of income sources excluded by other Federal laws, 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)](http://www.socialsecurity.gov/OP_Home/cfr20/416/416-app-k.htm).

Unless a source of income is specifically listed as excluded by the Social Security Act or Appendix to Subpart K, it should be included as income on the household application. Determining officials should contact the State agency when there is a question of whether specific payments are to be included as income. The following tables provide examples of payments from Federal programs excluded as income and examples of other payments excluded as income in the CNPs. Please note, this is not an exhaustive list.

|  |  |
| --- | --- |
| **Examples of Payments Excluded as Income** | |
| **Category** | **Description** |
| **SNAP, WIC, and CNP**  **Benefits** | • Value of assistance to children and their families under the NSLA, the CNA of 1966, and the Food and Nutrition Act of 2008. |
| **Housing assistance** | * Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. * Payments received under the Cranston-Gonzales National Affordable Housing Act, P.L. 101-625. * Payments received under the Housing and Community Development Act of 1987. |
| **Volunteer payments** | * 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). * Payments and allowances to individuals participating in AmeriCorps to the extent excluded by the National and Community Service Act of 1990. |
| **Child care** | * 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 P.L. 102-586,106 Stat. 5035. * Value of any “at-risk” block grant child care payments made under Section 5081 of P.L. 101-508, which amended Section 402 of the Social Security Act. |
| **Old age assistance** | • Payments received under the Old Age Assistance Claims Settlement Act, except for per capita shares in excess of $2,000. |

|  |  |
| --- | --- |
| **Student financial aid** | * 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 received under the Carl D. Perkins Vocational Education Act, as amended by the Carl D. Perkins Vocational and Applied Technology Act Amendments of 1990, P.L. 101-392. |

|  |  |
| --- | --- |
| **Examples of Payments Excluded as Income** | |
| **Category** | **Description** |
| **Disaster assistance** | * National Flood Insurance Program (NFIP) payments received by property owners. See: SP 02-2006, CACFP 02-2006, SFSP 01-2006: *Treatment of Family Subsistence Supplemental Allowance and National*   *Flood Insurance Program payments in Income Eligibility Determinations for Food and Nutrition Service Programs,*  [https://www.fns.usda.gov/treatment-family-subsistence-supplementalallowance-and-national-flood-insurance-program-payments-0.](https://www.fns.usda.gov/treatment-family-subsistence-supplemental-allowance-and-national-flood-insurance-program-payments-0)   * Payments under the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1989, P.L. 100-707. |
| **Utility assistance** | • Payments under the Low-income Home Energy Assistance Act, P.L. 99-125. |
| **Military compensation** | * Payments under the Agent Orange Compensation Exclusion Act, P.L. 101-201. * Family Subsistence Supplemental Allowance (FSSA). See: SP 30-2006,   CACFP 14-2006, SFSP 07-2006: *U.S. Armed Forces Family*  *Supplemental Subsistence Allowance – Permanently Excluded from*  *Income Consideration for the Child Nutrition Programs,* [https://www.fns.usda.gov/us-armed-forces-family-supplementalsubsistence-allowance-%E2%80%93-permanently-excluded-income-1.](https://www.fns.usda.gov/us-armed-forces-family-supplemental-subsistence-allowance-%E2%80%93-permanently-excluded-income-1)   * Privatized housing allowances to service members living in housing covered under the Military Housing Privatization Initiative. (See: Department of Defense (DOD) Military Housing Privatization for a description of this type of housing, [http://www.acq.osd.mil/housing/)](http://www.acq.osd.mil/housing/). |
| **Combat pay** | * Deployment Extension Incentive Pay (DEIP) 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. * Also exclude combat pay:   + 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. |
| **Examples of Payments Excluded as Income** | |
| **Category** | **Description** |
| **Land payments** | • Income derived from certain sub-marginal land of the U.S. that is held in trust for certain Indian tribes. |
| **Institutionalized child’s income** | • Payments from any source directly received by an RCCI 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. * **Note:** 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. |
| **In-kind benefits** | • In-kind benefits (housing for clergy, cars for salespersons, employee medical or dental benefits, etc.) 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. |

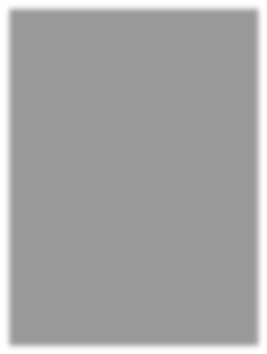
**Determining Categorical Eligibility Using an Application**

This section describes establishing eligibility for children who are automatically eligible for free meals or free milk because they (or another member of their household) receive Assistance Program benefits, or because they are determined individually eligible through an Other Source Categorically Eligible designation. In general, categorical eligibility may be established through the application process or through the direct certification process. For more information about direct certification, see *The Direct Certification Process*.

**Assistance Program Participants**

A child who is a member of a household that receives Assistance Program benefits (SNAP, TANF, FDPIR) is categorically eligible for free meals or milk. If one child or adult in the household receives Assistance Program benefits, categorical eligibility for free meal benefits through the CNPs is extended to all children in that household [7 CFR 245.6(b)(7)].

LEAs are required to use direct certification to identify children receiving SNAP benefits. (See: *Mandatory SNAP Direct Certification*.) LEAs may still accept SNAP notification letters to a household as a secondary method of recognizing categorical eligibility for free meals for SNAP households [7 CFR 245.6(b)(5)(ii)(A)]. 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.



When using an application to establish eligibility, LEAs must give households the opportunity to provide SNAP, TANF, or FDPIR case numbers or identifiers for any household member

[7 CFR 245.6(a)(6)]. Households receiving benefits under Assistance Programs must list a case number when submitting an application. Determining officials must ensure the Assistance Program’s case number or identifier listed on the application is consistent with the

format used by the Assistance Program in the State. If the case number seems incorrect, the LEA should contact the household or the local Assistance Program agency to confirm the household’s eligibility or verify the application for cause. (See: *Verification for Cause*.)

When a household submits an application indicating an Assistance Program:

* The applicable Assistance Program must be identified and the program case number must match the applicable Assistance Program.
* The child must be given free meals.
* The LEA official should compare the applications with case numbers to the direct certification list to determine if any children listed on the application are on that list.
  + When a match is found:
    - The application must be disregarded;
    - The household 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.

**Other Source Categorically Eligible Program Participants**

Children designated as Other Source Categorically Eligible can also be determined eligible for free meals through the application process. To determine Other Source Categorical Eligibility through the application, the household must submit an application indicating the applicable program. Only the individual children designated on the application as participating in an Other Source Categorically Eligible Program may receive free meal benefits. Other Source Categorical Eligibility of one child in a household does not convey free eligibility to other children in the household [7 CFR 245.6(b)(8)].

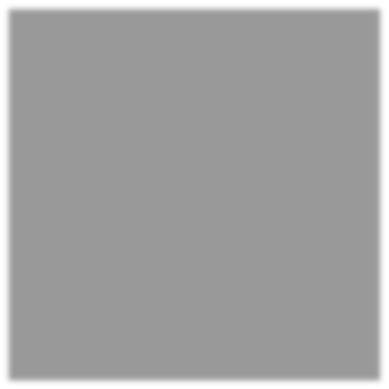
If the household submits an application with income and also indicates Other Source Categorical Eligibility for one or more children, the LEA must confirm the children’s status before meal benefits can be provided. If a household submits an application indicating both income and Other Source Categorical Eligibility, and 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 those children.

When a household submits an application indicating Other Source Categorical Eligibility:

* 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 for the applicable program. FNS recommends LEAs confirm contact information for the agency liaisons at the beginning of each school year.

T**he Direct Certification Process**



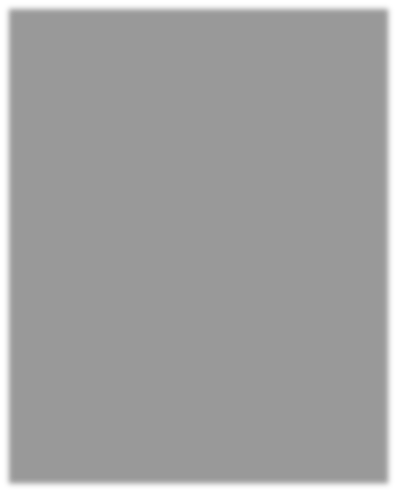
Direct certification allows LEAs to certify children as eligible for free meal benefits using participant data from other means-tested programs (as permitted), eliminating the need for an application. The direct certification process uses information provided by State or local agencies administering Assistance Programs and Other Source Categorically Eligible Programs. The data exchange, most often completed by using either State or local-level matching, may use automated data matching, an e-mail exchange, or an exchange of faxes with appropriate agency officials. Automated data matching is required for SNAP, and encouraged for TANF and FDPIR [7 CFR 245.6(b)(4)]. The exchange must include a date and signature. An electronic signature is acceptable. See: SP 10-2007,

CACFP 07-2007, SFSP 06-2007: *Update on Electronic Transactions in the Child Nutrition*

*Programs*, [http://www.fns.usda.gov/update-electronic-transactions-child-nutrition-programs-1.](http://www.fns.usda.gov/update-electronic-transactions-child-nutrition-programs-1) There are many steps State agencies and LEAs can take to improve the direct certification process and increase access among eligible children. For an overview of strategies to improve the process, see SP 43-2016 (v.2): *Ensuring Access to Free and Reduce Price School Meals for Low-Income Students - Revised*, [http://www.fns.usda.gov/ensuring-access-free-and-reducedprice-school-meals-low-income-students.](http://www.fns.usda.gov/ensuring-access-free-and-reduced-price-school-meals-low-income-students)

**Assistance Program Participants**

Eligibility for free meals is extended to all children in a household if any member of the household receives Assistance Program (SNAP, TANF, FDPIR) benefits [7 CFR 245.6(b)(7)]. LEAs are encouraged to take appropriate steps to identify children who are part of a household receiving benefits, but were not identified through the direct certification process. For example, LEAs may review school district enrollment records or reference submitted meal benefit applications to find potential matches that were missed through the direct certification process.



According to 7 CFR 245.6(b)(1), LEAs must directly certify children in SNAP households using an automated data matching technique. For example, the

LEA can compare the student enrollment records and the SNAP benefit recipient records. In addition, an LEA may obtain a list (signed and dated) of SNAP-eligible children from an appropriate agency official via fax or e-mail. LEAs are encouraged to work with agency liaisons to identify eligible students and to consistently check and match student records with information from these agencies, ensuring privacy protections are in place as, required by 7 CFR 245.6(f).

The following are acceptable methods for identifying Assistance Program eligible children [7 CFR 245.2]:

* A household application including a case number for any household member.

(See: *Assessing Completeness of Categorically Eligible Applications*.)

* A letter from an Assistance Program agency official or a letter from an Assistance Program agency provided to the household, which in turn, the household provides to the school.
* A list of eligible children provide by local Assistance Program officials, including a signature and the date.
* Completion of an application by a local school official with direct knowledge of the child’s status [7 CFR 245.6(d)].

***Direct Certification with Medicaid***

Beginning in SY 2016-2017, FNS began conducting new demonstrations to evaluate direct certification using Medicaid data in the NSLP and SBP. The demonstrations are conducted under the administrative pilot authority in Section 18(c) of the NSLA. State agencies that administer the NSLP and SBP were invited to apply to participate in these new demonstrations to evaluate direct certification with Medicaid.

Under the demonstrations, State agencies match school enrollment data with Medicaid eligibility data to identify children who receive Medicaid, or live with a child who receives Medicaid, and whose family income, before expenses and deductions, does not exceed:

* 130 percent of the Federal Poverty Level for free school meal eligibility; or
* 185 percent of the Federal Poverty Level for reduced price meal eligibility

For more information about the pilot program, see: SP 23-2016: *Request for Applications to Participate in New Demonstration to Evaluate Direct Certification with Medicaid*, [https://www.fns.usda.gov/request-applications-participate-new-demonstrations-evaluate-directcertification-medicaid.](https://www.fns.usda.gov/request-applications-participate-new-demonstrations-evaluate-direct-certification-medicaid)

**Other Source Categorical Eligibility**

To ensure eligible children are promptly connected with meal benefits, LEAs must have an agreement with the Other Source Categorically Eligible Program designated officials. The agreement must include an overview of procedures to follow when exchanging information and confirming the children’s status, and must ensure privacy protections are in place, as required by

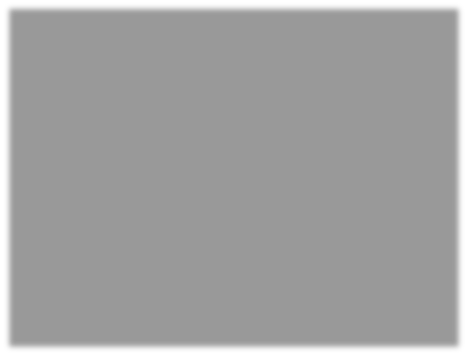
7 CFR 245.6(f). FNS also encourages LEAs to communicate with Other Source Categorically Eligible agency officials in preparation for the direct certification data exchange. This communication should occur prior to the beginning of each school year. Additionally, throughout the school year, school officials are encouraged to consistently check and match student records with these programs.

The following are acceptable methods for identifying Other Source Categorically Eligible children:

* A household application indicating “Other Source Categorical Eligibility” for one or more children.
* A form letter from an Other Source Categorically Eligible agency to the household, which in turn, the household provides to the school.
* A signed and dated list of eligible children exchanged between the Other Source Categorically Eligible officials and the LEA.
* A list of Other Source Categorically Eligible children compiled by the LEA and submitted to the determining official.
* Completion of an application by a local school official with direct knowledge of the child’s status [7 CFR 245.6(d)].

If form letters are sent to Categorically Eligible households or direct computer matches (which might not include the designated official’s original signature) are used to determine Categorical Eligibility, the LEA must have documentation including correspondence or a written agreement between the Other Source Categorically Eligible Program designated officials and the LEA.

**Other Source Categorical Eligibility Descriptions**



This section provides in-depth information about Other Source Categorical Eligibility designations, which apply to migrant, runaway, homeless, and foster children. Children enrolled in Head Start or enrolled in an eligible pre-kindergarten program with eligibility criteria identical to or more stringent than Federal Head Start are also categorically eligible for free meals. For more information about Head Start, please see SP 40-2013, CACFP 11-2013, SFSP 13-2013: *Q&As Regarding the Participation of Head Start Programs in Child Nutrition Programs*, [https://www.fns.usda.gov/qas-regarding-participation-head-start-programs-child-nutritionprograms-0.](https://www.fns.usda.gov/qas-regarding-participation-head-start-programs-child-nutrition-programs-0)

***Migrant Education Program (MEP)***

Children identified by the State, regional, or local MEP director or coordinator or the local educational liaison as meeting the definition of migrant are categorically eligible for free school meals. The definition of migrant is included in Section 1309 of the Elementary and Secondary Education Act of 1965, 20 U.S.C. 6399.

The 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.

The LEA must attempt to obtain MEP enrollment status early in the school year, 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 meal benefits. A child in the MEP is eligible for free meals for the duration of the current school year, regardless of a change in circumstances, and up to 30 operating days into the next school year, due to the year-long eligibility requirement [7 CFR 245.6(c)(1)].

LEAs must establish procedures with the MEP coordinator or homeless liaison to document and certify migrant children for free meal benefits as promptly as possible, especially when a new migrant child is identified. LEAs and MEP officials are responsible for identifying a migrant child and maintaining supporting documentation.

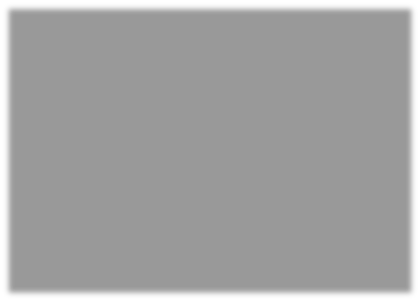
Acceptable documentation [7 CFR 245.2] for MEP participation includes:

* A list of names of participating children;
* The effective dates and the signature of a MEP official; or
* A letter from an MEP official or local educational liaison provided by the household to the school confirming the child currently participates in MEP.

***Programs under the Runaway and Homeless Youth Act (RHYA)***

Programs under the RHYA, established by the Family and Youth Services Bureau (FYSB) of the U.S. Department of Health and Human Services, provide temporary housing, transitional living, and street outreach programs for runaway, homeless, and human trafficked youth. For more information about these programs, see: *Putting an End to Youth Homelessness,* [http://www.acf.hhs.gov/programs/fysb/programs/runaway-homeless-youth.](http://www.acf.hhs.gov/programs/fysb/programs/runaway-homeless-youth)

A child identified by the local educational liaison as receiving assistance through a program under the RHYA is categorically eligible for free meals. The FYSB coordinates with school district homeless liaisons; thus, determining officials should have access to documentation of a child’s participation in an RHYA-funded program. If the LEA or State agency becomes aware of other officials who may be administering the RHYA in their State, the LEA or State agency should contact the State agency or Regional office, as appropriate, for guidance.



A child in a RHYA program is eligible for free meals for the duration of the current school year, regardless of a change in circumstances, and up to 30 days into the subsequent school year, due to the yearlong eligibility requirement [7 CFR 245.6(c)(1)].

Acceptable documentation [7 CFR 245.2] for RHYA participation includes:

* A list of names of participating children;
* The effective dates and the signature of an RHYA official; or
* A letter from a RHYA official or homeless liaison provided by the household to the school confirming the child currently participates in a RHYA program.

***McKinney-Vento Homeless Assistance Act***

The McKinney-Vento Homeless Assistance Act provides Federal money for homeless shelter programs and facilitates public school access for homeless children and youth. According to the Act, a student is considered homeless if they lack a fixed, regular, and adequate nighttime residence or if they are identified as residing in a homeless shelter.

The circumstances that may qualify children as homeless include:

* Sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason.
* Living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations.
* Living in emergency shelters, transitional shelters, or hospitals due to abandonment.
* Awaiting foster care placement.
* Having 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.
* Living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings.
* Living in any of the circumstances described above, due to migratory status.

Homeless children remain eligible for free meals for the duration of the current school year, regardless of a change in their living situation, and up to 30 days into the subsequent school year, due to the yearlong eligibility requirement [7 CFR 245.6(c)(1)].

The LEA homeless liaison or an official of a homeless shelter may identify a student as homeless. Private schools may use documentation obtained from shelter directors, 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. Forming and maintaining partnerships with organizations that work with homeless students can help ensure these children are promptly provided with benefits.

If the LEA or State agency becomes aware of other officials administering homeless assistance under the McKinney-Vento Act in their State, the LEA or State agency should contact the State agency or Regional Office, as appropriate, for guidance.

Acceptable documentation [7 CFR 245.2] to establish eligibility based on homelessness includes:

* A list of names of homeless children;
* The effective dates and the signature of a homeless liaison; or
* A letter from a homeless liaison provided by the household to the school confirming the child is currently homeless.

***Children Experiencing Homelessness Due to a Disaster***

Children determined to be homeless due to a disaster are categorically eligible for free meals in the CNPs. In this situation, the homeless liaison makes a determination of homelessness and provides to the LEA a list of all children determined homeless due to the disaster.

Children certified for free or reduced price meal benefits because of a disaster situation maintain their eligibility status for the entire school year and up to 30 days in the next school year [7 CFR 245.6(c)(1)]. For more information, see SP 46-2014, CACFP 12-2014, SFSP 18-2014: *Disaster Response*, [http://www.fns.usda.gov/disaster-response-0.](http://www.fns.usda.gov/disaster-response-0)

***Homeless Children Residing Within Another Household***

When a household hosting a homeless family applies for free and reduced price benefits for their own children, the host family may include members of the homeless family as household members if the host family provides financial support to the homeless family. “Financial support” may include shelter, utilities, clothing, or food. When applying for benefits, the host family must also include 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. However, as stated at 7 CFR 245.6(b)(8), the categorical eligibility of a homeless child does not convey categorical eligibility to other children in the household.

Documentation of a homeless child’s status is provided by the LEA liaison, even when the child is included on a host household’s application. 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. Children determined to be homeless are categorically eligible for free meals, regardless of the eligibility determination for the host family’s children. 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 [7 CFR 245.6(c)(1)].

Acceptable documentation [7 CFR 245.2] to establish eligibility for homeless children residing in another household includes:

* A list of names of homeless children;
* The effective dates and the signature of a homeless liaison; or
* A letter from a homeless liaison provided by the household to the school confirming the child is currently homeless.

***Foster Children***

A foster child is a child whose care and placement is the responsibility of a State or local welfare agency or who is placed with a caretaker household by the court. This definition applies only to foster children who are formally placed by the State welfare agency or court. This may include foster children placed with relatives, provided the placement is made by the State or local foster care system or courts, but does not apply to informal arrangements, such as caretaker arrangements or to permanent guardianship placements, when such arrangements exist outside of or as a result of State or court based systems. The State must retain legal custody of the child (whether placed by a welfare agency or a court) in order for a foster child to be considered categorically eligible for free meals.

LEAs are encouraged to establish formal procedures with State and local foster care agencies to facilitate direct certification for free school meals for foster children. States may use different terms and may have different definitions for children in foster care. State agencies and LEAs should work to understand the placement arrangements and terminology used in that State so that they can provide appropriate guidance regarding eligibility determinations. For more information, see: SP 17-2011, CACFP 08-2011, SFSP 05-2011: *Categorical Eligibility of Children in Foster Care*, https://www.fns.usda.gov/categorical-eligibility-children-foster-care.

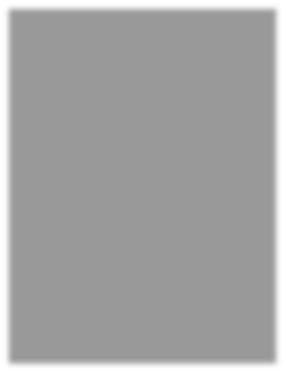
Acceptable documentation [7 CFR 245.2] for foster children includes:

* An electronic or computer match provided 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;
* Documentation 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.

A foster family may include their foster child on the household application for 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.

***Eligible Households that Have Not Applied***

According to 7 CFR 245.6(d), local school officials may complete an application for a child known to be eligible for meal benefits if, after household applications have been disseminated, the household has not applied. 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.

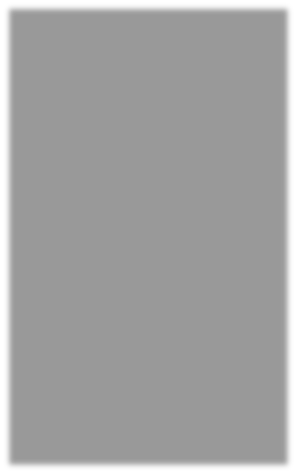


When exercising this option, the school official must complete the application on behalf of the child based on the household size and income information or Other Source Categorical Eligibility status known to the official, and must notify the household that their child has been certified to receive free or reduced price benefits.

The source of the information used by the school official to determine eligibility 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 are not required. These applications are excluded from verification.

**Area Eligibility**

SFAs may use school meal data to establish area eligibility for the Afterschool Snack component of the NSLP and Seamless Summer Option (SSO) of the NSLP. NSLP Afterschool Snacks offers cash reimbursement to help SFAs serve snacks to children enrolled in education or enrichment activities after their regular school day. More information about the Afterschool Snack component of the NSLP may be found on the NSLP Afterschool Snacks webpage: [https://www.fns.usda.gov/schoolmeals/afterschool-snacks.](https://www.fns.usda.gov/school-meals/afterschool-snacks) SSO gives SFAs operating the NSLP or SBP a streamlined option for providing summer meals. SFAs operating the SSO continue to follow the same operational requirements they follow during the regular school year, such as the NSLP and SBP meal pattern requirements, when serving summer meals to children. More information about the SSO may be found on the School Meal Programs webpage: [https://www.fns.usda.gov/school-meals/opportunity-schools.](https://www.fns.usda.gov/school-meals/opportunity-schools)



Snacks and meals served at area eligible NSLP Afterschool Snack and SSO sites are reimbursed at the free rate, regardless of an individual child’s status. Snacks and meals served at sites that are not area eligible are reimbursed at the appropriate rate, depending on each individual child’s eligibility status.

In order to be area eligible based on meal data, the proposed site must be located in a school, or in the attendance area of a school, where at least 50 percent of enrolled children are eligible for free or reduced price school meals.

To determine area eligibility for a Community Eligibility Provision (CEP) school’s attendance area, the individual school’s identified student percentage (ISP) is multiplied by a factor of 1.6. If the resulting percentage is at least 50, sites within the school’s attendance area are area eligible. Individual school data must be used to determine area eligibility, even if the school is participating in CEP as part of a group or district claiming with a shared ISP.

Once a site establishes area eligibility, the eligibility is effective for a period of five years. In addition to using school meal data, SSO sites are also permitted to establish area eligibility using census data. For more information please see: SP 08-2017, CACFP 04-2017, SFSP 03-2017: *Area Eligibility in Child Nutrition Programs*, [https://www.fns.usda.gov/area-eligibility-childnutrition-programs.](https://www.fns.usda.gov/area-eligibility-child-nutrition-programs)

**Section 2: Questions and Answers**

1. **When foster parents apply for benefits for their non-foster children, do they include their foster children as household members?**

Households with foster and non-foster children may choose to include the foster child as a household member. If the foster child is included as a household member, any personal income earned by the foster child must be included on the household application. This will streamline the application process and may help the foster family’s non-foster children qualify for free or reduced price meals based on household size and income. The foster child is categorically eligible for free meals regardless of the eligibility of the foster family’s non-foster children.

1. **If a foster child is adopted, is the foster child still categorically eligible for free meals based on foster status?**

Once a foster child is adopted, the child is no longer categorically eligible for free meals based on foster status. However, 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. The household that adopted a foster child would need to apply for meal benefits at the start of the subsequent school year to determine if the household is eligible for free or reduced price meal benefits.

1. **If family members or friends are temporarily “doubling up” in a home, may the host family count their guests as members of the household?**

If the temporary household members are part of the same economic unit as the host family, the host family may count their guests as members of the household. In this situation, income for the temporary household members must also be counted. If the temporary household members are not part of the same economic unit as the host family, they are not considered part of the household.

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

Yes. Income includes all money received, including money from rental properties or rooms. If a household receives and keeps rental income from another household, it must be counted as income.

1. **Is the housing allowance (Basic Allowance for Housing, or BAH) received by military service personnel counted as income when making an eligibility determination for free or reduced price meals?**

No. Income is defined as all cash received on a recurring basis. In-kind benefits, by definition, are not cash payments. Therefore, in-kind benefits (such as provided housing) are not considered income for the purposes of determining free and reduced price eligibility.

1. **If a household member receives a cash subsidy for health insurance from an employer, must the household report the subsidy on the application for school meals?**

Yes. All household members must report gross income, which includes cash subsidies for insurance payments.

1. **A child is not employed full-time or part-time, but occasionally babysits for a neighbor in the evening and on weekends. Must the household report the child’s earnings from babysitting on its income application?**

No. Infrequent earnings, such as income from occasional baby-sitting or mowing lawns, is not counted as income and should not be listed on the application.

1. **Are children in households receiving Tribal TANF benefits categorically eligible for free school meals?**

Yes. Children in households receiving Tribal TANF benefits under Title IV of the Social Security Act are categorically eligible for free school meals and can be determined eligible through direct certification, as long as the Tribal TANF program standards are comparable to or more stringent than NSLP standards. This determination is made by the Child Nutrition State agency.

1. **How should an LEA certify children from a federally declared disaster area who have temporarily moved into the school district?**

Typically these children are determined homeless by the school district’s homeless liaison or are receiving Disaster SNAP (D-SNAP, special disaster benefits) and they must be certified for free meals and/or milk. LEAs should contact their State agency for more information.

**Section 3: Establishing Eligibility**

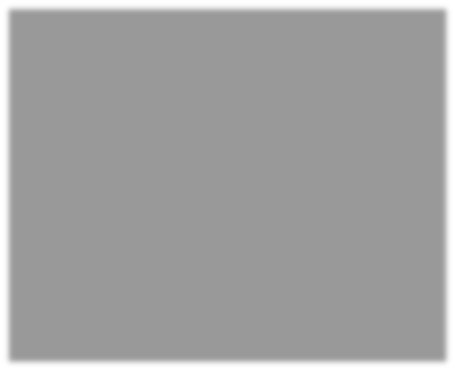
This section includes information about:

* Carryover of eligibility;
* Processing, approving, and denying applications;
* Addressing special situations when establishing eligibility; • Reviewing different types of applications; and
* Determining a child’s eligibility status.

**Carryover of Previous Year’s Eligibility**

For purposes of the CNPs, carryover refers to a child’s eligibility from the previous school year being carried over into the current or new school year. According to 7 CFR 245.6(c)(2), an individual student’s eligibility from the previous school year (before July 1) carries over for up to 30 operating days into the new school year, or until a new eligibility determination is made, whichever comes first. The 30 operating days begins on the first operating day of school. Operating days are the days on which reimbursable meals or milk are provided by a school or another program sponsor [7 CFR 245.2]. Carryover applies to eligibility established through a household application or through direct certification. Meals served during the carryover period are claimed at the appropriate rate, depending on the individual child’s eligibility status from the previous school year.

Carryover allows students to continue receiving school meal benefits while families complete and submit, and schools process, applications. The carryover period is not intended to delay processing of applications. Instead, schools must process applications as they are received and promptly notify households of their eligibility status. Within 10 days of receiving the application, the LEA must make a determination and notify the household of its eligibility status [7 CFR 245.6(c)(6)].



While not required to issue a notification about the carryover period, school officials are encouraged to clarify for families that the carryover will end after 30 operating days. School officials should inform affected families that they must submit a new application for meal benefits to re-establish their child’s eligibility before the end of the carryover period.

**Carryover Within an LEA**

Carryover of eligibility within an LEA is mandatory, whether a child is continuing in the same school or will attend a different school within the same LEA. The LEA must carryover a child’s eligibility status for no less than 30 operating days, unless a new eligibility determination is made prior to the end of the 30-day carryover period. When a student moves to a new school within an LEA, the LEA must carryover eligibility for free or reduced price benefits for:

* Children with approved applications on file from the previous year;
* Children who are newly enrolled in the LEA, but who reside in a household where another child (e.g., a sibling) has an approved application on file from the previous year;
* Children directly certified for free meal benefits in the previous school year;
* Children who are newly enrolled in the LEA, but who reside in a household where another child (e.g., a sibling) was approved through direct certification with an Assistance Program in the previous year;
* Children determined Other Source Categorically Eligible for free benefits in the previous school year; and
* Children in kindergarten who were enrolled in Head Start under the jurisdiction of the same LEA during the previous school year.

**Carryover Between LEAs**

When children move to a new LEA, either at the beginning of the new school year or during the summer months, the new LEA is encouraged to use the former LEA’s eligibility determination from the previous school year and carryover the child’s eligibility status. As stated in

7 CFR 245.6(a)(4), the receiving school may accept the former school’s eligibility determination without incurring liability for the accuracy of the determination. LEAs opting to do this can use the former LEA’s eligibility determination for up to 30 operating days, or until a new eligibility determination is made, whichever comes first. FNS strongly encourages carryover between LEAs to ensure students do not experience a gap in school meal access.

**Carryover for Provision Schools**

When children from schools participating in a Special Provision (i.e., Provision 1, 2, or 3 or CEP) move to a non-provision school, at the State agency’s discretion, the LEA may carry over children’s eligibility for free reimbursable meals for up to 30 operating days or until a new eligibility determination is made for the current school year, whichever comes first [7 CFR 245.6(c)(2)]. This discretion applies to moves within an LEA or between LEAs. FNS strongly encourages State agencies to implement the discretionary carryover provision for children transitioning from Provision 1, 2, or 3 or CEP schools to ensure these children do not experience a gap in school meal access.

**Transfer of Eligibility**

Unlike carryover, which occurs at the start of a new school year, transfer of eligibility occurs when a child moves to another school during the school year.

When a child transfers to another school, the date of the transfer must be noted on the application and the point of service must be updated to include the new student’s information. 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, as necessary.

**Transferring Within an LEA**

Once a child is determined eligible for free or reduced price meals, eligibility remains in effect for the remainder of the school year, and for up to 30 operating days into the next school year [7 CFR 245.6(c)(1)]. According to 7 CFR 245.3(c), when a child transfers to a new school within the same LEA, the new school must accept the eligibility determination from the child’s former school, if the child has an individual eligibility determination. The following table, Transferring Within an LEA, describes how schools should handle transfer eligibility for children transferring from schools using standard counting and claiming, and schools operating a special Provision.

|  |
| --- |
| **Transferring Within an LEA** |
| **Non-Provision Schools to Non-Provision Schools** |
| Eligibility for free and reduced price meal benefits for children from non-Provision and nonCEP schools must transfer to schools within the same LEA [7 CFR 245.3(c)]. |
| **Provision 1, 2, or 3 or CEP Schools to Non-Provision Schools** |
| A child transferring within the same LEA from a Provision 1, 2, 3 or CEP school to a non-Provision school must be given free reimbursable meals for up to 10 operating days or until a new eligibility determination is made, whichever comes first. State agencies have discretion to allow LEAs to provide free reimbursable meals for up to 30 operating days or until a new eligibility determination is made, whichever comes first [7 CFR 245.9(l)]. |

**Transferring Between LEAs**

When a student transfers to a new LEA, the new LEA is permitted to accept the eligibility determination from the student’s former LEA [7 CFR 245.6(a)(4)]. LEAs and schools are strongly encouraged to accept the former LEA’s eligibility determination to ease the new student’s transition and ensure there is no break in the student’s meal access. The new LEA should retain written documentation of the eligibility determination made by the former LEA. An email from the former LEA stating the eligibility status is sufficient.

While the new LEA is not liable for the accuracy of the former LEA’s determination, the accepting LEA should review the application for arithmetic errors and compare the income and household size to the applicable IEGs to ensure that the correct level of benefits had been assigned. If the accepting or new LEA determines that an arithmetic error occurred, the accepting LEA must notify the household that they must submit a new application in order to determine benefits. Additionally, if the child’s eligibility status is determined to be incorrect during an Administrative Review or as part of verification, the child’s eligibility status would change. The following table, Transferring Between LEAs, describes how schools should handle these cases.

|  |
| --- |
| **Transferring Between LEAs** |
| **Non-Provision Schools to Non-Provision Schools** |
| Eligibility for free and reduced price meal benefits for children from non-Provision schools may transfer from the former LEA to the new LEA. The new school will not incur liability for the accuracy of the former determination [7 CFR 245.6(a)(4)]. While accepting an eligibility determination from another LEA is not required, it is a best practice and may ease the student’s transition to the new school by ensuring there is no break in meal service. |
| **Provision 1, 2, or 3 or the CEP Schools to Non-Provision Schools** |
| LEAs may provide free reimbursable meals for 10 operating days for a child who transfers to a different LEA from a Provision 1, 2, 3, or CEP school to a non-Provision school. State agencies have discretion to allow LEAs to provide free reimbursable meals for up to 30 operating days or until a new eligibility determination is made, whichever comes first  [7 CFR 245.9(l)]. Effective July 1, 2019, LEAs must provide free reimbursable meals for 10 operating days for a child who transfers from a Provision 1, 2, or 3 or CEP school to a nonProvision school in another LEA. LEAs are encouraged to implement this provision early. |

For more information, please see SP 51-2016: *Ensuring Year-long Eligibility in the School Lunch and School Breakfast Programs*, [http://www.fns.usda.gov/ensuring-year-long-eligibilityschool-lunch-and-school-breakfast-programs.](http://www.fns.usda.gov/ensuring-year-long-eligibility-school-lunch-and-school-breakfast-programs)

**Processing Applications**

**Application Processing Timeframe**

Applications must be reviewed in a timely manner. Whenever possible, applications should be processed immediately, and must be processed within 10 operating days. This is particularly important for children who are not eligible to receive carryover benefits because they were not certified as eligible for free or reduced price meals during the previous school year.

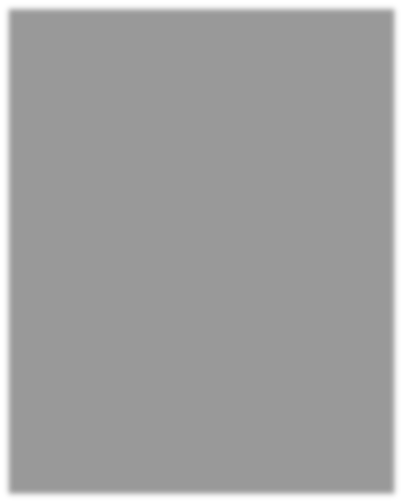
According to 7 CFR 245.6(c)(6)(i), within 10 operating days of receipt of the application:

* An eligibility determination must be made, • The family must be notified of its status, and
* The status must be implemented.

While households must be notified of their child’s status within 10 operating days, FNS encourages LEAs to inform households of their child’s status as soon as an eligibility determination has been made. This is important if benefits are denied or reduced from the level of the previous year. If households are not notified of a reduction in benefits, they risk accruing

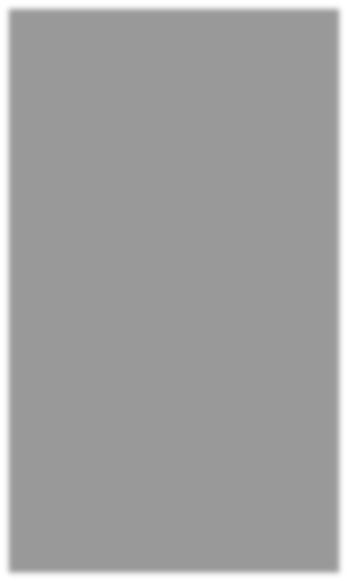
unpaid meal charges. (See: *Unpaid Meal Charges*, [https://www.fns.usda.gov/schoolmeals/unpaid-meal-charges.](https://www.fns.usda.gov/school-meals/unpaid-meal-charges)) A new eligibility determination that reduces benefits (e.g., free to reduced price) should be implemented only after the household has been notified of the change.

The LEA must not delay approval of applications if the household fails to provide any non-essential information. For example, if an application has all of the required information for determining eligibility, but the household did not include its street address or the child’s birth date, processing of the application must not be delayed. As stated at 7 CFR 245.6(a)(1), the information requested in the application should be limited to information required to demonstrate that a household does (or does not) meet the eligibility criteria for free and reduced price meals. For more information, see: SP 50-2011, CACFP 27-2011 SFSP 20-2011: *Free and Reduced Price Meal Applications – Requests for Additional Information,* [http://www.fns.usda.gov/free-and-reduced-price- meal-applications-%E2%80%93-requests-additionalinformation.](http://www.fns.usda.gov/free-and-reduced-price-meal-applications-%E2%80%93-requests-additional-information)



***Independent Review of Applications***

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 [7 CFR 245.11(a)]. The second review must be conducted by an independent individual or entity that did not make the original eligibility determination. This individual or entity is not required to be an employee of the LEA, but must be trained on how to make application determinations [7 CFR 245.11(c)].



A second review of applications requires a re-evaluation of the initial 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”) for income applications;
* Names of all household members, including the children for whom the application is made; and
* Identification of:
  + The amount of income received by each household member for income applications; or
  + The applicable Assistance Program and program case number, for applications based on categorical eligibility with an Assistance Program; or
  + The applicable program, for applications based on Other Source Categorical Eligibility.

The second review also must confirm the application was correctly approved based on the current IEGs or accurate categorical eligibility information, as applicable.

In addition, as stated at 7 CFR 245.11(c)(1), the second review of applications must be completed before the household is notified of eligibility and must not delay the eligibility determination. LEAs required to conduct a second review of applications must still notify households of the child’s eligibility determination within 10 operating days of receiving the application. For more information, see SP 44-2014: *Questions and Answers Related to the Independent Review of Applications,*[http://www.fns.usda.gov/qas-related-independent-reviewapplications.](http://www.fns.usda.gov/qas-related-independent-review-applications)

**Approved Applications**

***Notification of Application Approval***

Households must be notified, either in writing or verbally, of their child’s eligibility status within 10 operating days of receipt of the application [7 CFR 245.6(c)(6)]. LEAs are permitted to communicate the written notification via e-mail to the adult household member who signed the application. Determining officials must record the eligibility determination as follows:

* Indicate the approval date;
* Indicate the level of benefit for which the children or each child is approved (if the levels are different); and
* Sign or initial and date the application.

This information may be recorded on the application itself or on a separate piece of paper attached to one or more applications.

If a computer system is used, the system can be used to capture the original date of approval, benefit level of each child, and the basis for the determination (i.e., the household size and income used). The system may also be used to update the status of applications to account for transfers, withdrawals, terminations, and other changes. A notation (i.e., date and initials) should be made to an electronic file.

More information about paper and electronic applications may be found in *Section 4: The School Meal Application*.

***Delivery of Benefits***

The LEA must provide benefits promptly to ensure eligible children do not experience a break in meal access. The LEA may assume consent to receive free meal benefits from directly certified households if the household does not refuse benefits within a certain number of days, as determined by the LEA. As provided in 7 CFR 245.6(c)(6)(iii), if a household refuses free meal benefits, the LEA must discontinue providing free meal benefits as soon as possible. The LEA must document and maintain notification of the refusal. The documentation should correctly reflect the child’s eligibility status, but should include a note that the family has elected to pay for meals.

The LEA has a regulatory obligation to verify “for cause” all approved applications that may be questionable [7 CFR 245.6a(c)(7)]. However, the verification effort may not delay the approval of the application [7 CFR 245.6a(c)(1)(ii)]. 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. More information about verification may be found in *Section 6: Verification*.

***Flexibility in Determining Effective Date of Eligibility***

Children are eligible for free or reduced price meal benefits on the date their eligibility is determined; however, flexibility exists to allow LEAs to move the effective date of eligibility to an earlier date under certain circumstances. This applies to both traditional household applications and direct certification. An LEA electing to exercise this flexibility must notify its State agency. LEAs using this flexibility must do so consistently for all children, in all schools.

* **Flexibility for Household Applications:** LEAs may establish the date of submission of an application as the effective date of eligibility, rather than the date the official approves the application. This flexibility applies only to complete applications containing all required information at the time of submission. LEAs may use this flexibility when processing household income applications, as well as when waiting for documentation of other source categorical eligibility (e.g., for homeless or migrant children) indicated on a household application. See SP 11-2014: *Effective Date of Free or Reduced Price Meal Eligibility Determinations*, [http://www.fns.usda.gov/effective-date-free-or-reduced-price-mealeligibility-determinations.](http://www.fns.usda.gov/effective-date-free-or-reduced-price-meal-eligibility-determinations)

* **Flexibility in Data Matching:** LEAs using automated data matching may establish the effective date of eligibility as the date of the automated data matching (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. See SP 51-2014: *Eligibility Effective Date for Directly Certified Students,* [http://www.fns.usda.gov/eligibility-effective-date-directlycertified-students.](http://www.fns.usda.gov/eligibility-effective-date-directly-certified-students)

* **Flexibility in the Letter Method:** Letters, lists, or other forms of documentation may be used to directly certify children as members of households that participate in TANF, FDPIR, and 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, rather than the date the school official approves the documentation. The flexibility in determining the effective date of eligibility also applies to the letter method of documentation from SNAP. See SP 51-2014: *Eligibility Effective Date for Directly Certified Students,* [http://www.fns.usda.gov/eligibility-effective-date-directly-certified-students.](http://www.fns.usda.gov/eligibility-effective-date-directly-certified-students)

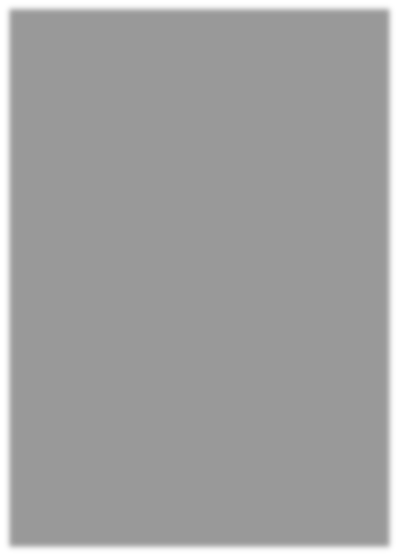
LEAs using this flexibility must document the effective date used. Documentation may include:

* A method to document the date the application was received;
* A date stamp indicating the date letters or lists from other agencies are received by the LEA; or
* The documented, traceable run date of automated match files or recipient benefit files from another appropriate agency.

LEAs adopting this flexibility must refund any money paid by or on behalf of the child for reimbursable meals or milk during the period from the effective date through the date the certification is actually implemented at the local school. This includes forgiving accrued debt for any meals or milk adjusted to free or reduced price due to the change in effective date. The LEA can only claim those meals or milk at the free or reduced price reimbursement rate if the child is given a refund or the debt is discharged. If categorical eligibility is based on SNAP, TANF, or FDPIR, the flexibility applies to all children in the household, and all children must be given refunds in order for the LEA to claim reimbursable meals or milk served to those children at the free rate.

***Duration of Eligibility***

As stated at 7 CFR 245.6(c)(1), once an eligibility determination is made, a child’s eligibility status remains in effect for the remainder of the school year. At the start of the subsequent school year, children retain their previous year’s eligibility status for 30 operating days or until a new determination is made, whichever comes first. A new eligibility determination can be made through the approval or denial of a new application or through direct certification. Temporary approval of eligibility is not permitted because of the year-long duration of eligibility.



If no new application is submitted and eligibility is not established through direct certification by the end of the 30-day carryover period, a child’s eligibility for free or reduced price meals expires and the LEA must discontinue benefits. The LEA

cannot send a notice of denial or adverse action if a child’s eligibility expires at the end of the 30-day carryover period. The household does not have a right to appeal a discontinuation of benefits due to the expiration of the carryover period because no eligibility determination was made during the current school year.

While schools are not required to notify parents and guardians about the end of the carryover period, school officials are encouraged to send expiration reminders to families via email, text message, auto-dialed calls, or mailed notices. Reminding families that their free or reduced price meal benefits will end after the carryover period and encouraging households to submit a new application may reduce the risk of households accruing unpaid meal charges. The reminder could include the cost of reduced price and paid meals and a copy of the SFA’s written meal charge policy. For more information on preventing unpaid meal charges, see: SP 29-2017: *2017 Edition: Overcoming the Unpaid Meal Challenge: Proven Strategies from Our Nation’s Schools*, https://www.fns.usda.gov/school-meals/2017-edition-overcoming-unpaid-meal-challengeproven-strategies-our-nations-schools.

***Changes in Eligibility During the School Year***

Due to the year-long duration of eligibility, households are not required to report changes in income, household size, or their participation in a program that impacts their child’s eligibility status [7 CFR 245.6(c)(1)]. A subsequent direct certification contact indicating that a child is no longer receiving benefits from Assistance Programs or Other Source Categorically Eligible Programs will not impact their eligibility status for the current school year.

For example, a household is eligible for and participates in SNAP in August. The child in the household is identified as eligible for free meals through automated data matching. In December, the household is no longer participating in SNAP. The child remains eligible for free school meals through the end of the school year, and for up to 30 operating days into the subsequent school year, due to the year-long eligibility requirement.

Households may, however, voluntarily report a change. If a change is reported that will increase benefits, the LEA must put the change into effect. Schools should inform families they may submit applications at any point during the school year and remind families their child may become eligible if the household experiences a change in financial circumstances (i.e., household size goes up or income goes down). Schools are encouraged to reach out to families experiencing a financial hardship which may result in a change in eligibility status for their child.

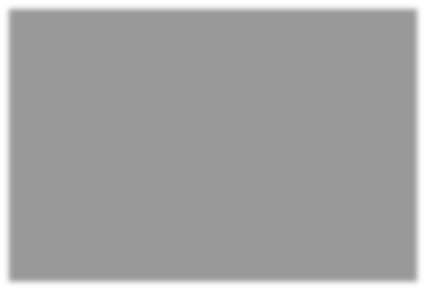
If the change will decrease benefits (from free to reduced price) or terminate benefits (from free or reduced price to paid), the LEA must explain to the household the change is not required and will only go into effect if the household requests the change in writing, for example, by submitting a new application [7 CFR 245.6(c)(3)(i)].

If benefits are voluntarily decreased, the LEA must send a notice of adverse action that includes:

* Written confirmation of the action;
* An indication that the change was made at the request of the household; and
* An explanation of the household’s right to continue receiving free or reduced price benefits, should the household choose to do so.

If any change (such as a household’s voluntary request to withdraw) is made after the initial approval of eligibility for free or reduced price benefits during the current school year, the determining officials must indicate the change on the application. The determining official will use the same method used to record initial eligibility determinations, which includes:

* 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.

In cases where the initial eligibility determination is incorrect, the change in eligibility status will not be voluntary. In these situations, LEA officials must make appropriate changes in eligibility, and send a notice of adverse action:

* 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.

**Denied Applications**

As stated at 7 CFR 245.6(c)(7), 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. The LEA must document and retain the denied application, and reasons for ineligibility, for three years [7 CFR 245.6(e)].

Households with children who are denied benefits must receive prompt, written notification of their denial. The notification may be provided by mail or e-mail to the adult household member who signed the application. Posting the denial on the “notification” page of an online system does not meet this requirement. Likewise, informing the household of denial via telephone 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 reapply for free and reduced price benefits at any time during the school year.

Determining officials must record the eligibility determination and notification in an easily referenced format. The record must include 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).

***Notice of Adverse Action***

All currently certified households for whom benefits are to be reduced or terminated must be given 10 calendar days’ written notice of the change prior to the date the change will go into effect [7 CFR 245.6a(j)]. The first day of the advance notice period is the day the notice is sent. The notice of adverse action may be sent via mail or to the e-mail address of the parent or guardian. The LEA cannot notify the household of adverse action by phone only.

As stated at 7 CFR 245.6a(j), the notice of adverse action must advise the household of:

* 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; and
* The household may reapply for benefits at any time during the school year.

When households that applied based on Assistance Program participation are terminated because no member receives benefits from an Assistance Program, the LEA should inform the household that they may submit an application containing household names, income information, and documentation of current household income [7 CFR 245.6a(f)(7)].

A notice of adverse action cannot be provided if the household fails to reapply during the carryover period because eligibility during the carryover period is based on the previous years’ eligibility determination. The household has no right to appeal a discontinuation of benefits based on the expiration of the carryover period. LEAs are encouraged to remind families of the end of the carryover period, but may not send a notice of adverse action, as this would confer the right to appeal.

***Appeals and Hearing Procedures***

A household may appeal the denial of benefits or the level of benefits for which it has been approved. As stated at 7 CFR 245.6(c)(8), the household may request a conference with an appropriate LEA or school food service official prior to a formal hearing. However, the conference must not prejudice a later appeal.

According to 7 CFR 245.7, hearing procedures must provide the family and the LEA:

* 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;
* An opportunity to present oral or documentary evidence and arguments supporting a position without undue interference; and
* An opportunity to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses.

In addition, at 7 CFR 245.7, Federal regulations state:

* The hearing must be held with reasonable promptness and convenience, and adequate notice shall be given as to the time and place of the hearing;
* The hearing must 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;
* 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;
* The parties concerned and any designated representative shall be notified in writing of the decision of the hearing official;
* 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
* The written record of each hearing shall be preserved for a period of three years and shall be available for examination by the parties concerned or their representatives at any reasonable time and place during that period.

***Benefits During an Appeal***

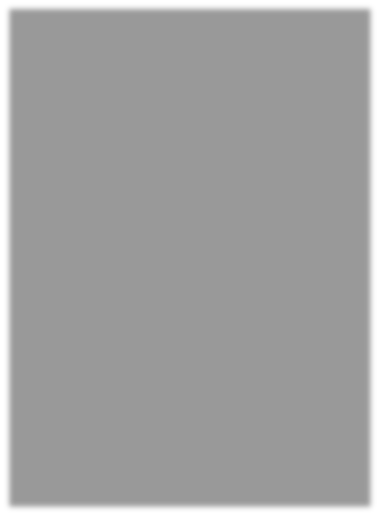
According to 7 CFR 245.7(b)(1), when a household appeals a reduction or termination of benefits within the 10 calendar day advance notice period, the LEA must continue to provide the benefits for which the child was originally approved, until a final determination is made. The LEA may continue to claim reimbursement at the original 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 the child’s 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, and schools should remind families their children may become eligible for free meals if the household unit experiences a change in financial circumstances (i.e., household size goes up or income goes down). 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 [7 CFR 245.6a(f)(7)]. These are not considered new applications.

**Special Situations When Determining Eligibility**

***Applications with Different Eligibility Types*** LEAs must have a method in place to process applications from mixed households (i.e. households where some children are Other Source Categorically Eligible and some children are not). These applications may result in different eligibility statuses for different children in a single household.



After Other Source Categorical Eligibility has been determined for the appropriate children through contact with the program liaisons, the LEA must use the household’s size and income level to determine if the children in the household who are not categorically eligible are eligible for benefits based on income. Households should include children identified as Other Source Categorically Eligible when determining their household size and income.

In mixed households, Other Source Categorically Eligible children must receive free benefits, even if the other children listed on the application are determined ineligible for free benefits.

A complete mixed application must provide:

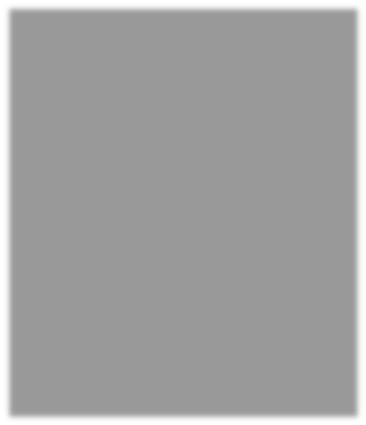
* Names of all household members;
* Amount, source, and frequency of current income for each household member;
* An indication of the program source of Other Source Categorical Eligibility status;
* Signature of an adult household member; and
* Last four digits of the Social Security Number of the household’s primary wage earner or another adult household member, or an indication that no adult household member has a Social Security Number.

***RCCI Resident Application***

Each child residing in an RCCI is considered a household of one. An application must be 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 must include:

* Child’s name;
* Any personal income received by the child;
* Child’s date of birth;
* Date of admission;
* Date of release;
* Official’s title and contact information.

Children attending but not residing in an RCCI (commonly referred to as “day students”) are not considered a household of one, and are instead considered members of their household. Their eligibility is determined using a household application or through direct certification.



**Reviewing Applications Based on Income**

According to 7 CFR 245.6(a)(1), applications must be clear and simple in design, and limit the information requested to the information necessary to make an eligibility determination for free and reduced price meals. To be considered complete, an application must include all required information. Any application that is missing required information, contains inconsistent information, or is unclear is considered an incomplete application and should not be processed. The LEA should make reasonable efforts to contact the household in order to clarify or obtain the required information.

LEAs may pre-populate applications with data other than income data from the prior school year or from another school source. (See: SP 43-2016 (v.2)*: Ensuring Access to Free and Reduced Price School Meals for Low-Income Students*, https://www.fns.usda.gov/ensuring-access-freeand-reduced-price-school-meals-low-income-students.) However, the LEA may not complete the income portion of the application using income information derived from other records available to the school. Any income information on the application must be provided by the household.

**Assessing Completeness of Income Applications**

Households may submit applications that provide income information in order to establish free or reduced price eligibility for all children in the household. According to the definition of “Documentation” included at 7 CFR 245.2 a complete income-based 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 (an electronic signature is acceptable for web-based applications); 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 no adult household member has a Social Security Number.

***Indication of No Income***

On a paper application, any income field left blank is a positive indication of no income; therefore, paper applications with blank income fields are to be processed as complete. The adult household member’s signature certifies that there is no income to report. In an online application, if income fields are submitted with blank responses, these also are processed as complete.

**Income Conversions**

For the purposes of certification of eligibility for free and 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 income:

* For the current month;
* Projected for the month in which the application is filled out; or
* For the month prior to application.

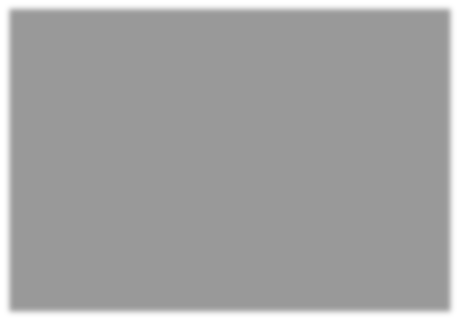
If current income is not a reflection of the amount of income that will be available to the household over the course of the school year, the household should contact the LEA for assistance. Households may have income from a variety of sources and may be paid on different schedules. For example, the household may receive paychecks on a weekly basis and child support on a monthly basis.

In other cases, for seasonal workers or those who are self-employed, annual income reporting may be the preferred income frequency as households may only be paid once or a few times per year. The LEA will determine the amount and frequency of income available during the school year for such households, and households can report income on an annual basis. For more information, see: SP 19-2017: *Reporting Annual Income on School Meal Applications,* [https://www.fns.usda.gov/school-meals/reporting-annual-income-school-meal-applications*.*](https://www.fns.usda.gov/school-meals/reporting-annual-income-school-meal-applications)

Depending on a household’s specific circumstances, an income conversion may or may not be required.

* **No Income Conversion Required:** If a household has only one source of income, or if all sources are received in the same frequency, the LEA takes the sum of all income sources and compares the household’s total income 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 a household has multiple income sources and the income sources are received with varying frequency, the LEA must annualize (calculate all income as for an entire year) by multiplying:



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

LEAs should not round the values resulting from each conversion, and should instead 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 cannot 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.

**Determining Eligibility for Applications 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 reportable income (see: *Determining Household Reportable Income - General*). When households submit a complete application indicating total household income, those with income at or below the income limit for free or reduced price benefits must be approved for the appropriate level of benefits.

When a household submits an incomplete application or their application is missing required information, the household cannot be approved for benefits. The missing information must be obtained before an eligibility determination can be made. The following applications are some examples of those considered incomplete:

* Applications that fail to indicate the amount of income for each adult household member, and instead provide pay stubs.
* Applications missing the signature of an adult household member.

Every reasonable effort should be made by the determining official to obtain the missing information prior to denying the application. To obtain the required information, the school or LEA may return the application to the household, or contact the child’s parent or guardian by phone, by mail, or via e-mail. The determining official should document the details of the contact, dating and initialing the entry.

**Assessing Completeness of Categorically Eligible Applications**

***Complete Assistance Program Application***

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

* The names of the children for whom the application is made;
* A SNAP, TANF or FDPIR case number or identifier for the children or any household member listed on the application; and
* The 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 their State. If the case number seems incorrect, the LEA should contact the household or a local Assistance Program official to confirm the household’s eligibility or may verify the application for cause (See: *Verification for Cause*.) Determining officials must obtain the most current certification information available from the local Assistance Program officials when confirming the household’s eligibility for meal benefits.

***Complete Other Source Categorical Eligibility Application***

Applications for Other Source Categorical Eligibility will include a check box or other indicator to identify the child’s status as homeless, migrant, or runaway. The *Prototype Application* has a box for homeless, migrant, or runaway children. Households must check the appropriate box to indicate their child’s status. Enrollment in Head Start, by contrast, does not need to be identified on the application. A child participating in Head Start is not determined eligible for free benefits until the LEA documents the child’s status with Head Start program officials.

A complete application for Other Source Categorical Eligibility must provide:

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

***Complete Application for Foster Children***

Foster children are categorically eligible for free meals. The *Prototype Application* has a box for foster children. Households must check the appropriate box to indicate their child’s status. 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 for a foster child must provide:

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

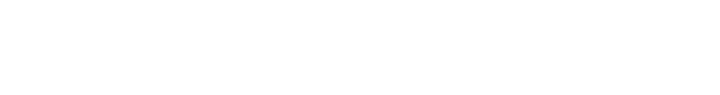
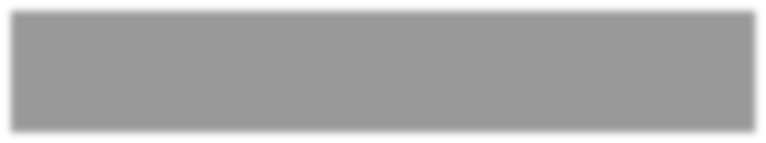
**Determining Eligibility for Categorically Eligible Applications**

***Eligibility Determination Using Case Numbers***

The determining official must assure the case number or other identifier included on an Assistance Program application is consistent with the format used for the applicable program in the State. Determining officials must be familiar with the format for valid case numbers. If a case number seems incorrect, the LEA should contact the household or the appropriate agency to confirm the household’s eligibility.

LEAs are encouraged to review direct certification lists to determine if any Assistance Program applications can be matched with names on the lists. As stated at 7 CFR 245.6(b), if a household submits an application for directly certified children, the direct certification eligibility determination will take precedence. If a match is found, the application is disregarded and all children in the household are categorically eligible for free meals through the direct certification process. Any application 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. If a match is not found, and the LEA considers the application to be questionable, the determining official should verify the application for cause.

**Note:** Only the case number may be used to determine eligibility.



The electronic benefit transfer (EBT) card number used by SNAP

may not be used to establish categorical eligibility.

***Eligibility Determination for Other Source Categorical Eligibility***

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 [7 CFR 245.6(b)(8)]. When an LEA receives an application with any of the Other Source Categorical Eligibility categories checked, an appropriate program official must confirm the status for each child, either through direct contact with the agency or using a list of names provided by the agency, prior to providing benefits. (Foster children, however, do not require confirmation of eligibility status prior to receiving benefits. See *Assessing Completeness of Categorically Eligible Applications* for more information.)

**Reviewing Direct Certification for Assistance Programs**

This section provides guidance on direct certification for Assistance Programs. The direct certification process allows LEAs to certify children for free meal benefits, without further application, based on information provided by the State or local agencies administering SNAP, TANF, and FDPIR. Other Source Categorically Eligible children, such as homeless children identified by the LEA’s homeless liaison, are processed using procedures similar to direct certification. Although direct certification is only required with SNAP (see: *Mandatory SNAP Direct Certification*) expanding systems beyond mandatory SNAP matching to include TANF, FDIPR, and Other Source Categorically Eligible designations can help increase access among eligible children.

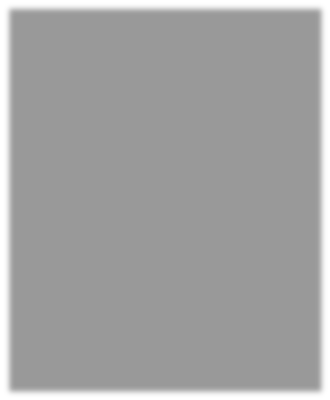
Eligibility for free meals is extended to all children in a household if any member has been identified through the direct certification process as eligible for benefits under the Assistance Programs. These children are also considered directly certified. LEAs are encouraged to take appropriate steps to identify children who are part of an Assistance Program household but were not identified through direct certification through available means, such as through the use of school district enrollment records.

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. For example, if a student beginning kindergarten resides in the same household as an older student determined eligible by the same LEA through Assistance Program participation in the previous school year, the kindergarten student would be eligible to receive carryover benefits for up to 30 operating days at the start of the new school year.

**Required Documentation for All Direct Certification Options**

Documentation to establish eligibility and to substantiate claims for reimbursement based on direct certification must be retrievable by a school to ensure proper delivery of benefits and to allow substantiation of the number of children eligible for free meals or free milk.

Documentation based on direct certification must include:



* For Assistance Program households, the names of children or any household member currently certified to receive benefits from the Assistance Program and information certifying each child as a member of a household where someone receives benefits.
* For Other Source Categorically Eligible children, the names of children currently certified to receive benefits from Other Source Categorical Eligibility Programs.
* For all direct certification options, at least one form of identifying information matching each child with a child attending a particular school. Examples include:
  + Children’s birth dates; o Addresses; o Parent or guardian names;
  + Child’s Social Security Number, if available;
  + Last four digits of the Social Security Number of the person signing an application, if available; and
  + Gender identity.
* For all direct certification options, the date.
* For all direct certification options, the signature of an official of the program.

Computer matches do not need to include the official’s original signature. For computer matches, sufficient documentation must include correspondence or a written agreement between the Assistance Program office and the LEA. The correspondence must set out or confirm the manner in which determining officials would receive the children’s SNAP, TANF or FDPIR status.

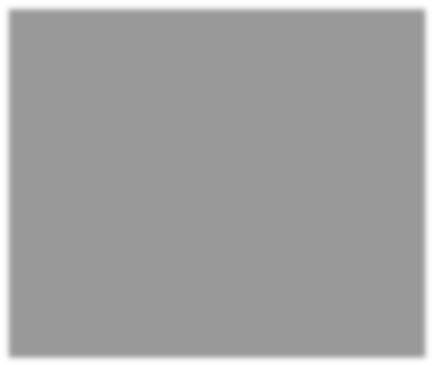
**Mandatory SNAP Direct Certification**

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 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 [7 CFR 245.6(b)].

***Zero SNAP Benefit Households***

SNAP defines “benefits” as allotments issued on EBT cards (or other means approved by the Secretary) that can be used to purchase food at authorized retail food stores. Some SNAP households may be eligible for “zero benefits.” However, Section 9(b)(12)(A)(i) of the NSLA restricts categorical eligibility for free school meals based on SNAP participation to children who are members of a household receiving assistance under SNAP. Therefore, a child who is a member of a household that is receiving “zero benefits” from SNAP is not categorically eligible for free meals based on SNAP participation. In these situations, a child’s eligibility for free or reduced price school meals must be determined by household income on a household application or information from an appropriate source (TANF, FDPIR, migrant, homeless, runaway, foster) that establishes categorical eligibility for other reasons.

State agencies must ensure SNAP direct certification matches do not identify children who are members of a household eligible for zero SNAP benefits. Any State agency that has included children who are members of a household eligible for “zero benefits” in their direct certification matching must revise their matching process to no longer identify these children as categorically eligible. For more information, see: SP 02-2012: *Direct Certification and Zero Benefit Households*, October 25, 2011, [https://www.fns.usda.gov/directcertification-and-zero-benefit-households.](https://www.fns.usda.gov/direct-certification-and-zero-benefit-households)



**TANF and FDPIR Direct Certification**

Expanding direct certification systems beyond mandatory SNAP matching can help capture students participating in other eligible programs, increasing access and improving program integrity. Although not required, LEAs are encouraged to conduct direct certification with TANF and FDPIR. Direct certification with TANF and FDPIR may use an automated data matching technique or the letter method [7 CFR 245.6(b)(4) and 7 CFR 245.6(b)(5)(ii)(B)]. The letter method involves the household, or an agency official, submitting official documentation of the child’s status to the LEA or school.

Direct certification contact for TANF and FDPIR should start at or near the beginning of the school year (July 1, as defined in 7 CFR 210.2). If LEAs opt to conduct direct certification with TANF or FDPIR agencies, there is no requirement on how frequently the contacts are made.

**Methods and Frequency of Direct Certification Efforts**

While other Assistance Programs may use a data matching technique, direct certification with SNAP must use an automated data matching technique. To facilitate this process, each State agency must enter into an agreement with the State agency conducting eligibility determinations for SNAP. The agreement must specify the procedures that will be used to facilitate the direct certification of children who are members of a household receiving assistance under SNAP [7 CFR 245.6(b)(1)(iv)]. Completing the direct certification process 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 (central-level) matching or local (LEA-level) matching.

* **Direct Certification Matches:** LEAs operating standard counting and claiming must conduct direct certification with SNAP a minimum of three times during the school year. More frequent direct certification efforts are encouraged, and may help increase access to free school meals among eligible children. LEAs and schools operating a special Provision must conduct a data match between SNAP records and student enrollment records at least once annually [7 CFR 245.6(b)(1)(v)].

According to 7 CFR 245.6(b)(3(ii), at minimum, LEAs operating standard counting and claiming must conduct direct certification matching with SNAP: o At or around the beginning of the school year; o Three months after the beginning of the school year; and

o 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. For more information, see *The Direct Certification Process*.

* **Letter Method:** According to 7 CFR 245.6(b)(5)(ii), LEAs may accept SNAP notification letters to a household as a secondary method of recognizing categorical eligibility for free meals. Letters to households may also serve as an additional means to notify households of children’s eligibility based on receipt of SNAP benefits.

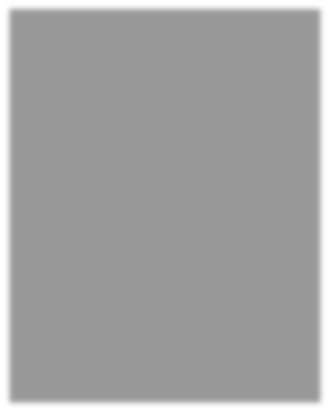
If a household provides a SNAP eligibility letter to the LEA or school, the letter must be used to establish eligibility, but will not be considered direct certification for reporting purposes. This restriction applies only to SNAP and does not impact the use of the letter method for TANF or FDPIR [7 CFR 245.6(b)(5)(ii)(B)].

**Notification of Eligibility Established Through Direct Certification**

According to 7 CFR 245.6(c)(6)(ii), the LEA must notify the household, in writing, of eligibility established through direct certification. The notification must explain that the child is eligible for free benefits without further application. Further, the notification must clarify eligibility that free meal benefits extend to all school-aged children in the household, and must inform households of how to notify the LEA of any additional school-aged children in the household not listed on the notification. Finally, the notification must explain how the household can notify the LEA if the household does not wish to receive free benefits for directly certified children.

The LEA must also provide a notification 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 all households receive either a direct certification notification or an application, and must also ensure their methods of contact do not result in overt identification of students determined eligible through the direct certification process [7 CFR 245.1(b)]. Overt identification is any action that may result in a child being recognized as eligible to receive free or reduced price meals. To prevent overt identification, LEAs could distribute application materials through the mail. LEAs may also distribute applications with other school materials in individual packets received by all students. For more information, see *Preventing Overt Identification*.



**Record Retention**

**Applications**

All free and reduced price applications, including applications from households determined ineligible for benefits, 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 [7 CFR 245.6(e)]. Additional documentation, such as notices of adverse action, must also be retained if the documentation shows changes made to a child’s eligibility status during the school year.

Any application 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. As stated at 7 CFR 245.6(b), if a household submits an application for directly certified children, the direct certification eligibility determination will take precedence.

Each school must maintain a list of eligible children by status on site, while the actual applications may be maintained within the school or LEA or at another central location. If an LEA maintains applications at a central location, the applications must be readily retrievable by school. The LEA must ensure any changes in eligibility status and transfers in and out of the school are accurately and promptly recorded on each school’s list. Additionally, adequate documentation for changes in eligibility status or student transfers must be retained with the applications for three years. Files must be kept longer if they are required by an audit. Such files must be retained until any issues raised by the audit are resolved.

**Direct Certification Documents**

LEAs must keep direct certification documentation on file for a minimum of three years after submission of the final claim for reimbursement for the fiscal year to which the records apply. Documentation must be kept longer if 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 [7 CFR 245.6(e)].

A list of eligible children must be maintained at the school. However, documentation may be maintained either at the school or at a central location. If an LEA maintains documentation at a central location, children’s categorical eligibility status must be readily retrievable by school. 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 Provisions**

Recordkeeping requirements for Provisions 2 and 3 and CEP are outlined at 7 CFR 245.9(h). LEAs must retain records for all schools operating Provision 2 or 3. Base year records for Provision 2 or 3 must:

* Establish claiming percentages to support subsequent years’ reimbursement;
* Be retained during the entire period (established by the base year) Provision 2 or 3 is in effect, including all extensions, and for three years after the final claim for reimbursement or until all audits are resolved; and
* Include documentation of the verification activities from the base year.

LEAs and schools operating CEP must retain records used in the development of the ISP during the entire period CEP is in effect. This includes records for the initial approval year and all records from the year any updates are made to the ISP.

Upon request, the LEA must make documentation available for review or audit to document compliance with the recordkeeping requirements. Depending on the certification or reimbursement alternative used, such documentation includes, but is not limited to: enrollment data, participation data, ISPs, available and approved socioeconomic data that was used to grant an extension, if applicable, or other data [7 CFR 245.9(i)].

All Provision 2 or 3 and CEP records must be retained for three years after submission of the final claim for reimbursement. Record retention must continue 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 [7 CFR 245.9(h)].

**Section 3: Questions and Answers**

1. **If an LEA uses a computer system to generate eligibility determinations, must the determining official sign or initial each application?**

The LEA (not the computer system) is ultimately responsible for determining eligibility for free or reduced price meals. The LEA must ensure their computer system meets all requirements and performs all functions as outlined in this guidance with a high degree of accuracy. The determining official may sign or initial and date a separate sheet of paper that could then be attached to a batch of applications. Alternatively, the official may make a note to the electronic file. The computer system should be able to capture the original date of the approval and the basis for the determination (i.e., household size and income), and update the status of applications to account for transfers, withdrawals, terminations, and any other changes.

1. **May a food service management company assist with the processing of applications, along with other management responsibilities?**

While the LEA is ultimately responsible for ensuring all Program requirements are met, 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 employee must comply with all requirements for these processes, including limited disclosure of individual eligibility information. For more information, see *Section 5: Confidentiality and Disclosure.*

1. **What notification is recommended when an eligibility determination is made?**

Households must be notified of their eligibility for benefits. LEAs may notify households of their children’s eligibility by letter, via email, over the telephone, or by using an automated notification system. If an application is denied, however, the household must be notified of the denial in writing through the postal service or an email sent to the parent or guardian’s email address.

1. **May a household determined to be eligible for free meals at the start of the school year choose to submit a new application later in the school year?**

Yes. While households are not required to report changes in their circumstances, a household may choose to submit a new application during the school year. The new application would supersede the original application. In this case, the LEA must explain to the household that the household is not required to report the change due to the year-long duration of eligibility. The change will only go into effect if the household requests the change in writing. If benefits are voluntarily decreased, the LEA must send a notice of adverse action.

1. **What should a school do if a household eligible for free meals wishes to pay at the reduced price?**

The school should respect the household’s wishes and allow the household to pay the reduced price charge. The household’s application should correctly reflect the child’s eligibility status, but should include a note that the family has elected to pay the reduced price charge. Meals served to such a child must be claimed at the reduced price reimbursement rate, since the school received the reduced price payment from the household.