



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

**DATE:** December 7, 2012

**MEMO CODE:** SP 15 - 2013

**SUBJECT:** Community Eligibility Option: Guidance and Procedures for Selection of States for School Year 2013-2014

**TO:** Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

This memorandum sets forth the guidance and procedures for interested State agencies (SAs) to apply to be considered for selection for participation in the Community Eligibility Option for the 2013-2014 school year (SY). The Food and Nutrition Service (FNS) is permitting all States to apply to be considered for participation in SY 2013-2014. SAs must submit an application no later than **March 1, 2013**, to be considered for selection for SY 2013-2014.

Section 104(a) of the Healthy, Hunger Free Kids Act of 2010 amended section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(a)(1)) to provide an alternative to household applications for free and reduced price meals in high poverty local educational agencies (LEAs) and schools. This alternative is referred to as the Community Eligibility Option (CEO).

To be eligible, LEAs and/or schools must meet a minimum level of identified students for free meals in the year prior to implementing the CEO; agree to serve free lunches and breakfasts to all students; and agree to cover with non-Federal funds any costs of providing free meals to all students above amounts provided in Federal assistance. Reimbursement is based on claiming percentages derived from the identified student percentages which are students certified for free meals through means other than individual household applications (e.g., students directly certified through the Supplemental Nutrition Assistance Program (SNAP)). The claiming percentages established for a school in the first year may be used for a period of four school years and may be increased if the identified student percentages rise for the LEA and/or school.

The law requires the CEO to be phased in over a period of three years, beginning July 1, 2011. The CEO is currently available in eligible LEAs and schools in Illinois, Kentucky, Michigan, New York, Ohio, District of Columbia, and West Virginia. An additional four States will be added for the school year beginning July 1, 2013. The CEO will be available nationwide to all eligible LEAs and schools beginning July 1, 2014.

The law requires the Department of Agriculture to select States during the phase in period “with an adequate number and variety of schools and LEAs that could benefit from” the CEO.

FNS requests interested States to submit an application for consideration containing a four to five page narrative demonstrating the State’s ability to implement the CEO in eligible LEAs and schools for SY 2013-2014. FNS will review the applications to select the four States with the greatest potential to maximize the benefits received through the CEO.

The narrative should contain the following information:

- The State’s general understanding of the CEO procedures.
- The State’s progress in informing all LEAs with at least one eligible school of eligibility for the CEO.
- The State’s ability to address potential barriers to participating in the CEO, concentrating on issues surrounding the absence of individual free and reduced price data for State and local laws and policies pertaining to education funding.
- The State’s communication with various departments potentially impacted by participation in the CEO such as the State Department of Education.
- The characteristics of the eligible LEAs including their interest in electing the CEO for a select number of schools district wide.
- The number of eligible LEAs currently operating Provision 2/3 or other alternative provisions for some or all schools and indication of interest level in the CEO (*if applicable*).

Additionally, interested States must provide the following information for LEAs with at least one eligible school. Attachment A provides additional instruction and the preferred format for States to submit the requested data.

1. The name of each LEA with at least one school eligible to participate in the CEO.
2. The LEA ID for each LEA entered in Item 1.
3. The total number of schools for each LEA entered in Item 1.
4. The number of eligible schools in each LEA entered in Item 1. This number should match the number entered in Item 3 if the LEA is eligible to elect the CEO for the entire district.
5. The total enrollment across all eligible schools for each LEA entered in Item 1.

6. Categorize the eligible schools entered in Item 4 into three appropriate categories: (a) likely to participate in the upcoming school year; (b) not likely to participate in the upcoming school year; and (c) schools that were not contacted and the likelihood of participation is unknown.
7. An estimate of the “identified student percentage” for LEAs entered in Item 1 interested in participating in the CEO for all schools.

All information in the narrative should support the data reported on Attachment A. The narrative and Attachment A must be submitted for the application to be considered complete.

The deadline for SAs identified above to apply for consideration for selection in SY 2013-2014 is **March 1, 2013**. Applications should be sent via email to Margaret Applebaum at [Margaret.Applebaum@fns.usda.gov](mailto:Margaret.Applebaum@fns.usda.gov). SAs should notify their Regional Offices as to whether they intend to apply for consideration by **January 11, 2013**.

CEO procedures and guidance are provided in Sections I, II, and III in memorandum SP 23-2011, issued on March 15, 2011:

[http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP23-2011\\_os.pdf](http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP23-2011_os.pdf).

Supplementary guidance developed from frequently asked questions during the two implementation years is also attached to this memorandum (Attachments B).

The number of LEAs eligible to elect the CEO for the entire district for each State is provided in *Table 1* (Attachment C). This table is derived from the SY 2011-2012 *Verification Summary Report* data to provide States general information regarding the number of LEAs eligible to elect the CEO district wide. The number of LEAs with at least one eligible school is not available from the *Verification Summary Report* and must be determined through school-level data.

State agencies with questions on the CEO should contact their FNS regional offices. Regional offices with questions should contact the Child Nutrition Division.

**Original Signed**

Cynthia Long  
Director  
Child Nutrition Division

Attachments

## Attachment B

### Frequently Asked CEO Questions

<b>Question Topic: LEA and School Level Eligibility</b>
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- 1. Does each individual school need to meet the 40% identified student percentage, or may the 40% threshold be based on an aggregate of schools in the LEA?**

The 40% threshold may be determined school-by-school, by a group of schools within the LEA, or in the aggregate for an entire LEA. In any case, the LEA must determine whether they can operate the program given the expected level of Federal reimbursement and other non-Federal resources available to them.
- 2. Are new schools able to elect the CEO?**

If the number of identified students and total enrollment are available before the counting and claiming of meals begins and the school meets the eligibility requirements, then the school may elect or be included in a group of schools to elect the CEO. If the number of identified students and enrollment are not available, the new school may not elect the CEO.
- 3. If a district has a district-wide identified student percentage of at least 40% but some schools do not elect the CEO, does the district still qualify?**

The identified student percentage threshold must be met by the participating schools. If the threshold is not met as an entire LEA with the deletion of the schools, the LEA is not eligible to participate on a district-wide basis. Individual schools or groups of schools may still participate.
- 4. Can schools be randomly grouped together to become eligible for the CEO?**

Yes, as long as the schools are in the same LEA.
- 5. How is the identified student percentage determined for groups of schools electing CEO?**

The identified student percentage for a group of schools is calculated by taking the sum of the identified students for the group of schools divided by the sum of student enrollment for the group of schools.
- 6. What schools are eligible to participate in the CEO?**

Any school that has an agreement with the State agency (SA) to participate in the National School Lunch Program (NSLP) and/or the School Breakfast Program (SBP) and meets the eligibility criteria to elect the CEO may participate.
- 7. Are LEAs with schools currently operating Provision 2/3 in a NON BASE year permitted to express interest in electing the CEO?**

The SA may establish identified student percentages for the purpose of applying for consideration for selection for current Provision 2 or Provision 3 schools that are not in the base year. Please

provide base year numbers if these are the only numbers available. Provision 2 and Provision 3 schools would be required to establish identified student percentages for the purpose of receiving reimbursement under the CEO if the State is selected for participation.

**Question Topic: Identified Student Percentage Determination**

**8. Who are the identified students?**

The identified students are the number approved as free eligible who are not subject to verification. This definition includes students directly certified through SNAP, Temporary Assistance for Needy Families, and Food Distribution Program on Indian Reservation participation as well as homeless on the liaison list, income-eligible Head Start, pre-K Even Start, migrant youth, runaways, and non-applicants approved by local officials. Foster children certified through means other than an application are also included as well as students certified for free meals based on a letter provided by the household from the SNAP agency. Students who are categorically eligible based on a case number submitted through a free and reduced price application are NOT included.

**9. What number should be used as the total enrollment for determining the percentage of identified students?**

The identified student percentage should reflect the percentage of students with access to the NLSP and SBP enrolled in the school as of April 1, 2012. Please note that the number of students enrolled should reflect all those students with access to the NLSP and SBP and not just those students participating in the programs.

**10. When does the identified student percentage have to be drawn in relation to April 1<sup>st</sup>?**

The law States that the identified student percentage must be established using the identified students and students enrolled with access to the program from no later than April 1<sup>st</sup> of the prior year. The intent is to capture the most recent number of identified students available while still meeting the notification deadline of May 1, 2012, for participating LEAs and schools.

**11. How should we round when determining the identified student?**

When determining the percentage of identified students you should NOT round. The percentage must be at least 40% to be eligible. A percentage of 39.98% does NOT meet the threshold

**Question Topic: Non-Federal Sources**

**12. What may be counted as “funding from non-Federal sources”?**

Any funds other than Federal reimbursement available to the nonprofit school food service account may be used. Please note that, similar to Provision 2 and 3, the use of non-Federal funds is only necessary if the total amount of Federal reimbursement through the CEO does not cover the costs of serving free meals to all students.

Examples of non-Federal sources include: Any portion of State revenue matching funds that exceeds the minimum requirement established in 7 CFR Part 210.17, profits from a la carte sales, and in-kind contribution funds from outside sources such as volunteer services or a cash donation.

<b>Question Topic: Reimbursements</b>
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**13. Are schools electing the CEO able to receive the extra 2 cents lunch reimbursement and severe need breakfast reimbursements?**

Yes. CEO schools will be reimbursed at their usual reimbursement rates, including the 2 cent lunch differential and severe need breakfast rates, if applicable.

**14. Will the 1.6 multiplier change?**

The law States that the multiplier is 1.6 through SY 2013-2014 (July 1, 2013 through June 30, 2014). After that time, FNS is permitted to change the multiplier to a number between 1.3 and 1.6. Schools electing the CEO will keep the same multiplier for an entire four-year cycle and do not have to implement changes to the multiplier until the next cycle if the CEO is elected again.

**15. How is breakfast reimbursed through the CEO?**

The identified student percentage for each school is used to determine reimbursements for both breakfasts and lunches. This percentage multiplied by 1.6 is then applied to both the total breakfasts and total lunches served to determine how many breakfasts and lunches are covered at the free rate. The remaining meals are reimbursed at the paid rate.

**16. When is a school permitted to elect out of the CEO?**

Schools may decide not to elect the CEO or to stop utilizing the CEO at any time as long as the State is notified by June 30<sup>th</sup> of the current school year. Since the new percentage of identified students must be established before April 1<sup>st</sup> of the prior year, schools will have time to decide if continuing or beginning the CEO will be advantageous for the next year. Schools electing to stop the CEO must be prepared to return to their normal counting and claiming procedures in the next school year.

**17. How will area eligibility percentages be determined for CEO schools?**

Since the 1.6 multiplier is intended to provide an estimate of the total number of students eligible for free and reduced price meals in the eligible schools, the product of the identified student percentage multiplied by 1.6 will be used for area eligibility purposes. These percentages can be used for determining area eligibility in the Summer Food Service Program, Seamless Summer CEO, Child and Adult Care Food Program (CACFP) at-risk afterschool snacks, CACFP tiering, and afterschool snacks through the NSLP.

**18. How are Fresh Fruit and Vegetable Program (FFVP) award determinations made for CEO schools?**

School level CEO percentages (the school level number of identified students divided by the school level enrollment multiplied by the 1.6) will need to be determined for the purposes of awarding FFVP funds. Schools in districts electing the CEO district wide or as part of a group of schools electing the CEO with a shared identified student percentage must use the individual school CEO percentage for purposes of awarding FFVP funds.

**Question Topic: Verification**

**19. Do LEAs and schools electing the CEO conduct verification?**

No, since applications are not collected, LEAs are exempt from verification for the schools electing CEO. LEAs with some but not all schools electing the CEO must still conduct verification in the schools not electing the CEO.

Attachment C

Table 1: Approximate Number of SFAs Eligible to Elect the CEO District wide			
Source: SY 2011-2012 Verification Summary Report Data			
State	Number of SFAs	Number of SFAs with identified student % >=40%	% of SFAs in State with identified student % >=40%
AK	73	40	54.8%
AL	189	87	46.0%
AR	289	15	5.2%
AZ	458	114	24.9%
CA	1094	57	5.2%
CO	226	22	9.7%
CT	185	5	2.7%
DC	61	21	34.4%
DE	42	15	35.7%
FL	223	46	20.6%
GA	232	78	33.6%
GU	3	1	33.3%
HI	35	7	20.0%
IA	480	14	2.9%
ID	148	6	4.1%
IL	1132	164	14.5%
IN	499	35	7.0%
KS	400	8	2.0%
KY	189	47	24.9%
LA	113	45	39.8%
MA	429	22	5.1%
MD	73	27	37.0%
ME	189	24	12.7%
MI	882	233	26.4%
MN	697	40	5.7%
MO	785	130	16.6%
MS	197	66	33.5%
MT	241	7	2.9%
NC	162	61	37.7%
ND	215	16	7.4%
NE	378	7	1.9%
NH	100	3	3.0%
NJ	697	48	6.9%
NM	220	27	12.3%
NV	32	12	37.5%
NY	1105	82	7.4%
OH	1222	231	18.9%
OK	574	70	12.2%
OR	245	38	15.5%
PA	853	87	10.2%
PR	38	3	7.9%
RI	54	3	5.6%
SC	106	34	32.1%
SD	211	8	3.8%
TN	201	100	49.8%
TX	1259	112	8.9%
UT	85	1	1.2%
VA	161	25	15.5%
VT	226	39	17.3%
WA	327	52	15.9%
WI	848	114	13.4%
WV	73	14	19.2%
WY	58	0	0.0%