

Section 5

Special Provision Options

Section 5, Special Provision Options

Update Guide

May 19, 2023

Clarified guidance on:

- Community Eligibility Provision Data Report (CEP Report)

Created new *Definitions* and *Contact Information* sections, located at the beginning of the *Administrator's Reference Manual (ARM)*. Removed definitions and contact information from this section.

September 29,
2022

Clarified guidance on:

- Carryover
- Verification Report

July 28, 2022

Clarified information on the following topics:

- CEP Guidance – New Sites
- Extended or Extension of Categorical Eligibility definition
- Indian Tribal Organization definition

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Special Provision Options

Community Eligibility Provision (CEP) and Special Assistance Provision 2 (P2)

The special provision options—Community Eligibility Provision (CEP) and Special Assistance Provision 2 (P2)—provide contracting entities (CEs) with two alternatives to the standard requirements for determining eligibility and claiming reimbursement for the National School Lunch Program (NSLP) and School Breakfast Program (SBP).

[NOTE: These options do not apply to the Special Milk Program.]

Both options reduce requirements related to

- accepting household applications,
- verifying household applications,
- providing notification to the public, and
- submitting meal counts for reimbursement.

If a CE chooses to participate in one of the special provision options, all students that receive a reimbursable meal are served meals at no charge.

To participate in one of the special provision options, the CE must have a record of compliance with NSLP and SBP requirements.

While there are similarities between the two options, there are also differences. CEs may find the following forms helpful in determining if or which special provision option is feasible for the CE:¹

- *Community Eligibility Provision (CEP) Federal Reimbursement Estimator Worksheet* (developed by the United States Department of Agriculture [USDA])
- *Provision 2 (P2) Feasibility Worksheet*

In addition to the information provided by completing the feasibility worksheets, the CE may also want to consider if there will be a cost savings in labor for tasks or actions that will no longer be required. If CEs have additional questions, they should contact their education service center (ESC) child nutrition specialist.

Special Provision Option Timeline

The following timeline applies to the operation of CEP and P2. More detailed guidance on each of these is provided later in the section.

School Year Prior to the First Year of Operation	
October 1-March 30:	CEP and P2 CEs determine if operating a special provision option is feasible.
March 1-March 20:	CEP and P2 CEs must submit the Community Eligibility Provision Data Report (CEP Report) in the Texas Unified Nutrition Programs System (TX-UNPS). The report contains information about eligibility and enrollment, including all information related to the number of students directly certified under CEP. This applies to <u>all</u> CEs not just those who apply for CEP.

¹ Worksheets available at www.SquareMeals.org.

April 15-May 31:	P2 Only CEs submit their P2 application or renewal in TX-UNPS.
April 15-June 30:	CEP Only CEs must submit their CEP application or renewal in TX-UNPS. CEs must complete the <i>Community Eligibility Provision Worksheet</i> working with their ESC child nutrition specialist. The ESC child nutrition specialist submits the form to TDA.
November 23	CEP and P2 Verification Report
Prior to the Operation of a Special Provision Option:	CEP and P2 CEs must update its <i>Policy Statement for Free and Reduced-Price Meals, Attachment B: Meal Count/Collection Procedures</i> ² for those schools operating the special provision option.
During the Base Year:	P2 Only TDA reviews of the CE's operations of the Special Provision 2 (P2) option.
School years two, three, and four of operation,	
June 30:	CEP and P2 CEs may opt out of participation for the following school year. CEs must notify TDA that they will continue to operate CEP and about any changes in school structure that will impact the special provision option operation.

Carryover, Special Provision Schools

Carryover is not applicable while a CE is operating CEP or P2 during a non-base year. For information on carryover when a student transfers from a special provision school to a non-special provision school, or when a special provision school transitions to standard counting and claiming, see the Carryover Eligibility subsection of the *Administrator's Reference Manual (ARM), Section 4, Eligibility*.

Direct Certification Matching Requirement

All CEs are required to conduct Direct Certification matching each month. This includes Direct Certification matching for CEP and P2 schools. This information will assist the CE in preparing for the *Annual Verification Report, FNS-742 (USDA's School Food Authority [SFA] Verification Collection Report, FNS-742)* and the CEP yearly report.

Distribution and Collection of Household Applications for Purposes Other Than Benefit Issuance for NSLP or SBP

If a school is operating under a special provision option, the CE (or the school) must not collect or distribute free or reduced-price meal household applications or other types of household applications designed to collect student demographic or socioeconomic data unless the action is a requirement of the special option provision. For the two special provision options described in this section, the distribution and collection of free and reduced-price meal household

² Beginning April 15, 2015 for the School Year 2015-2016, the questions for the *Policy Statement for Free and Reduced-Price Meals, Attachment B: Meal Counting/Collection Procedures* will be completed within the Texas Unified Nutrition Programs System (TX-UNPS) Application Packet.

applications is permissible only in the base year of P2.

If the CE needs current information that would normally be collected on the free and reduced-price household application, all of costs for distribution, collection, and review for such efforts must be paid by non-school nutrition program (SNP) funds. This includes data used for PEIMS or other federal, state, or local programs.³ The Texas Education Agency (TEA) provides a sample form to assist CEs in collecting socioeconomic data at www.tea.texas.gov/Workarea/DownloadAsset.aspx?id=25769816295.

If a CE uses another form to collect student household socioeconomic data, that form cannot be substituted for a free and reduced-price household meal application when a student transfers to a non-special provision school to establish eligibility. Eligibility must be established by use of a free and reduced-price household meal application or a categorical eligibility determination method.

When planning to operate CEP, CEs are encouraged to consider the following best practices in transitioning to a new socioeconomic data collection system:

1. Engage all stakeholder groups who have used NSLP/SBP eligibility data in the past in planning for the transition to a new socioeconomic data collection form.
2. Provide the form in the languages that are common to the households in the community.
3. Use school events to reach out to households to share information about the new form and the importance of completing the form.
4. Designate a staff member who households can contact if there are questions about completing the form.
5. Reach out to community organizations who engage with parents to share information about the new form and the importance of completing the form.

Negative School Nutrition Service Account Balance, Special Provision Options

Under the special provision options, the CE is reimbursed according to the percentages that are recorded in TX-UNPS. Any shortfall in the nonprofit school food service account caused by operating under a special provision option must be subsidized and brought to a zero balance from non-federal funds on an annual basis.⁴ Therefore, if the reimbursement received for the school year is not sufficient to cover the total nonprofit school food service program costs, the CE must use non-federal funds to pay the difference.

Paid Lunch Equity (PLE) for Special Provision Options

Non-pricing schools are exempt from the paid lunch equity (PLE) requirement because they do not charge for meals. CEs should report non-pricing schools as “\$0” in meal pricing reports in TX-UNPS.⁵

³ E-Rate uses the CEP sites ISP for funding allocation purposes. Texas compensatory education funding is based on site claiming data for October.

⁴ See the *Administrator’s Reference Manual (ARM), Section 19, Meal Pricing* for more information on non-federal funds.

⁵ See the *Administrator’s Reference Manual (ARM), Section 19, Meal Pricing* for additional information on the paid lunch equity (PLE) requirement.

If a CE has both special provision sites and non-special provision sites, the CE should only include the prices for meals claimed in non-special provision sites in the average price calculation for the paid lunch equity requirement and in reporting meal prices in TX-UNPS.⁶

Adult Meal Pricing at Special Provision Sites

CEs must use *Method 2, Using Free Reimbursement Rate for Lunch, Breakfast, or Snack* for establishing the adult meal price of meals. The *Method 2, Using Free Reimbursement Rate for Lunch, Breakfast, or Snack* calculation is described in *Administrator's Reference Manual (ARM), Section 19, Meal Pricing*.

Community Eligibility Provision (CEP)

Any CE that administers NSLP or SBP is eligible to participate in the Community Eligibility Provision (CEP) if 40 percent of the students are categorically eligible when eligibility is determined solely by categorical eligibility and not determined by a free and reduced-price meal application (household application) and the CE has a record of administering the nutrition programs in accordance with regulations. The CEP is an alternative to the collection of individual household applications.⁷

If a CE chooses to participate in CEP, the CE must not distribute, collect, or use the free and reduced-price household meal application on any of the sites operating CEP.⁸

Under CEP, CEs must offer both breakfast and lunch at no charge.⁹ A CE may apply for CEP if the CE offers only breakfast or lunch in the year prior to operation, but the CE must offer both breakfast and lunch at no charge while operating CEP.

Residential Child Care Institutions (RCCIs)

RCCIs are not eligible to participate in the CEP.

CE-wide/Districtwide or Schoolwide

CEs may apply to operate CEP CE-wide/ districtwide, for a select group of schools, or for individual schools as long as the student population for the CE, the select group of schools, or the individual schools have at least 40% of total enrollment that is certified for free meals without using individual household applications.

Information Box 1

Benefits of Community Eligibility Provision (CEP)

Adopting the CEP is expected to result in the following benefits:

- Ease the stress for parents or guardians to complete household applications
- Eliminate overt identification issues since all meals are served at no charge
- Increase participation in breakfast and lunch
- Reduce labor and material costs associated with printing and distributing paper household applications
- Reduce cost for distributing information about electronic household applications
- Reduce paperwork at the CE level
- Reduce the labor costs for processing payment for meals or charging meals
- Simplify meal counting and claiming

⁶ See the *Administrator's Reference Manual (ARM), Section 19, Meal Pricing* for additional information on meal pricing requirements and reporting meal pricing in TX-UNPS.

⁷ The Community Eligibility Provision (CEP) was established in the *Healthy, Hunger-Free Kids Act of 2010, Section 104*.

⁸ See the *Distribution and Collection of Household Applications for Purposes Other Than Benefit Issuance for NSLP or SBP* subsection in this section for additional information on this topic.

⁹ Because the CE will be providing reimbursable meals at no charge at all CEP sites, the CE may find the *Community Eligibility Provision (CEP) Feasibility Worksheet* helpful in determining if CEP is financially feasible for the CE.

Breakfast and Lunch Requirement Exception

If a school operates a half day program, the school is not required to offer both breakfast and lunch to students who are not on the school campus at the time of meal service.

The percentage of students qualifying for free meals without using household applications is called the Identified Student Percentage (ISP).

Community Eligibility Four-Year Cycle

The CEP option starts at the beginning of the school year. CEs must indicate their intention to operate CEP for the upcoming school year by June 30 of each year. A CE may choose to participate in CEP for a period of up to four successive school years but may also opt out before the end of the four-year cycle.

Information Box 2

Meal Service Requirements, Community Eligibility Provision

CEs choosing to operate CEP must offer both breakfast and lunch meals at no charge.

- If a CE (or a school) chooses to opt out of the CEP at the end of or before the end of the school year, it must be prepared to return to standard counting and claiming procedures in the next school year (i.e., issue, review, and approve household applications).

If all sites in the CE have been non-pricing under CEP, the CE must establish meal prices that reflect the current year's paid lunch equity weighted average meal price

[NOTE: If the CE is able to access meal pricing data from previous years, the CE can calculate what the current meal price would be if the site had operated as a pricing program during the period of non-pricing. In this case, the CE will complete the PLE Calculation Tool for each school year when the PLE calculation was not completed.]

If some sites are pricing and some are non-pricing under CEP, the CE may establish meal prices that reflect the current year's paid lunch equity weighted average meal price or use the same pricing structuring as the existing pricing sites.

- If a CE (or school) chooses to opt out of CEP before the end of the school year, it must be prepared to
 1. return to standard counting and claiming procedures at the time it chooses to opt out of CEP (i.e., issue, review, and approve household applications, including independent review of applications,¹⁰ if applicable) and
 2. complete verification and verification report activities.

If all sites in the CE have been non-pricing under CEP, the CE must establish meal prices that reflect the current year's paid lunch equity weighted average meal price. If some sites are pricing and some are non-pricing under CEP, the CE may establish meal prices that reflect the current year's paid lunch equity weighted average meal price or use the same pricing structuring as the existing pricing sites.

[NOTE: If the CE is able to access meal pricing data from previous years, the CE can calculate what the current meal price would be if the site had operated as a pricing program during the period of non-pricing. In this case, the CE will complete the PLE Calculation Tool for each school year when the PLE calculation was not completed.]

Automatic Four-Year Cycle Adjustment

TX-UNPS may automatically update a CE's ISP to a higher ISP mid-cycle and

¹⁰ See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for more information on the requirements related to independent review of applications, and see the *Carryover, Special Provision Schools* subsection in this section for additional eligibility information.

restart the CE's four-year cycle. If the increase in ISP is significant, the increase may require a validation of the CE's increased ISP. If a validation of data is required, TDA will notify the CE and ask the CE's ESC to assist them in required actions.

Mid-Year Change to CEP

CE must indicate participation in CEP by June 30 to operate CEP in the following school year; a CE cannot switch from standard counting and claiming procedures to CEP midyear.

Continuing CEP After the End of the Four-Year Cycle

If the CE chooses to continue to participate in CEP at the end of the four-year cycle, the CE must establish a new identified student percentage (ISP)¹¹ of at least 40% of total enrollment that is certified for free meals without using individual household applications.

Grace Year

The CE may opt for an additional grace year over the four-year cycle if the following conditions is met:

The CEP CE, group of schools, or individual school has a percentage of enrolled students—who are categorically eligible without taking household applications—that meets or exceeds an identified student percentage (ISP) of more than 30 percent but less than 40 percent as of April 1 in Year 4 of the current CEP four-year cycle.

For grace year claiming, the free claiming percentage is based on the ISP established as of April 1 for Year 4 of the CEP four-year cycle.

Public Notification

To ensure that households and the public understand that meals will be served at no charge to all students, the CE should provide notifications to households and release public announcements about CEP including a notice that household applications will not be required prior to or during the first week of school.

TDA has developed the *Media Release for Free and Reduced-Price Meals Sample Form, Community Eligibility Provision (CEP)* to assist CEs in public notification. This form is available at www.SquareMeals.org.

Calculating the Community Eligibility Provision (CEP) Base Year Identified Student Percentage (ISP)

To calculate the ISP, CEs must determine the percentage of total student enrollment that is certified without a household application for the CE, group of schools, or individual school that is operating CEP. For CEs that are new to CEP, adding a new site, or renewing CEP, CEs must work with their education service child (ESC) nutrition specialist to complete the *Community Eligibility Provision Worksheet*. Working together, the CE and the ESC child nutrition specialist will ensure that the CE's calculations for identified student percentages are correct. To obtain a copy of this worksheet and make arrangements for a work session, CEs must contact their ESC. The ESC will submit the worksheet to TDA when it is completed.

¹¹ See the *Identified Student Percentage (ISP)* subsection in this section for additional information on ISP.

Students that are certified as eligible without application are referred to as Identified Students. Identified Students are approved as eligible for free meals and are not subject to verification. Any student who has access to NSLP or SBP may be an Identified Student as long as the student is certified as eligible without application.

Students who are categorically eligible based solely on information provided on an application cannot be included as an Identified Student.

For Example: A SNAP Eligibility Determination Group Number (EDG#) submitted on a household application that is not directly certified through another source.

However, if a student is first certified as eligible through a household application, and, then, is later certified based on a non-application source, that student may be counted as an Identified Student.

Enrollment That Is Certified Without Application

Enrollment that is certified without household application includes students who participate in or are extended eligible¹² as of April 1 of the prior school year in the following categorical programs:¹³

1. Federal assistance programs
 - Supplemental Nutritional Assistance Program (SNAP)
 - Temporary Assistance for Needy Families (TANF)
 - Food Distribution Program for Indian Reservations (FDPIR)¹⁴
 - Medicaid Free,¹⁵ starting October of 2017 if identification is made through TX-UNPS Direct Certification Direct Verification System
2. Head Start and Early Head Start pre-kindergarten programs
3. Foster
4. Homeless, including runaways and individuals displaced by declared disasters
5. Migrant

¹² A student who is categorically eligible because the student lives in a household where a household member participates in a program that extends eligibility to other household members—extended eligibility.

¹³ See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for additional information on eligibility.

¹⁴ In Texas, there is a small population of children who may qualify under FDPIR. To directly certify a FDPIR eligible child, the CE must reach out to the tribal governing organization or appropriate tribal official to get a list of eligible children.

¹⁵ Students identified as Medicaid Reduced cannot be included in the ISP.

Calculating the Identified Student Percentage (ISP)

Using student eligibility information from the prior year, the CE will calculate the percentage for the CE, a group of schools, or an individual school operating CEP. An ISP of 62.5% will result in 100% reimbursement at the free reimbursement rate. A CE must carry its ISP a minimum of 2 decimal places (i.e., 72.13).

If Operating CE-wide			
When a CE is operating CEP CE-wide/districtwide—the ISP must be 40% or more of the total CE/district enrollment.			
Total Number of Students Certified as Eligible for Free Meals Without a Household Application	÷	Total Enrollment of the CE/District	= ISP
8,962	÷	13,000	= 68.93%
If Operating at a Group of Schools			
When a group of schools as a collective unit is operating CEP, the ISP must be 40% or more of total enrollment for all the schools in the group.			
Total Number of Students Certified as Eligible for Free Meals Without a Household Application	÷	Total Enrollment of All the Schools in the Group	= ISP
741	÷	1,358	= 54.56%
80 (School A) + 50 (School B) + 611 (School C) = 741	÷	376 (School A) + 218 (School B) + 764 (School C) = 1,358	= 54.56%
If Operating at an Individual School			
When an individual school is operating CEP, the ISP must be 40% or more of total school enrollment.			
Total Number of Students Certified as Eligible for Free Meals Without a Household Application	÷	Total Enrollment of the Individual School	= ISP
865	÷	1,334	= 64.84%

Duration of CEP ISP

Even though the ISP established in the base year is guaranteed for the duration of the four years, CEs should continue to directly certify students for the categorical programs annually during the second, third, and fourth years of participation in the CEP because the CE has the option to adjust its ISP as described in the *Adjustment of ISP* subsection in this section.

Rounding

When determining the ISP for a site or group of sites, CEs must not round up. The percentage must be at least 40% for the CE, group of schools, or individual school to be eligible. A percentage of 39.98 does not meet the threshold.

[NOTE: Once a site or group of sites qualifies for CEP, the site or group of sites will use standard rounding for monthly claims.]¹⁶

CEP Guidance, Special Situations, Identified Student Percentage (ISP)

CEs will find the following guidance useful in addressing special situations under CEP. However, CEs may also contact their ESC for additional technical assistance on these issues.

New Sites

New sites will not have direct certification data from April 1 of the prior year and instead may use direct certification data from a later month to establish CEP

¹⁶ See the *Administrator's Reference Manual (ARM)*, Section 20, Counting and Claiming for additional information on this topic.

eligibility. If the number of identified students and total enrollment are available before the counting and claiming of meals begins and the new site meets the eligibility requirements (either individually or as part of a group), then the CE may elect CEP. New sites can elect CEP only if the number of identified students and enrollment are available because the ISP is the basis for claims for reimbursement.

Adjustment of ISP

A CE may choose to adjust its ISP during the second, third, or fourth years of the cycle based on the enrollment information as of April 1 of a prior school year.

For Example: A CE established an ISP of 52.00% in April of SY 2013–2014 to be applied in SY 2014–2015.

In March 2015, the CE determines that its ISP has increased to 66.21%. The CE may apply the 66.21% in SY 2015–2016. This 14.21% increase shifts the percentage of meals paid at the free rate from 83.20% to 100% when the Multiplier Factor for both years is 1.6.

If the CE does adjust its ISP, it must do so in the *TX-UNPS Application Packet, CEP Site List* screen. However, a CE is not required to decrease or increase its ISP in the second, third, or fourth year of the cycle if the ISP changes—higher or lower.¹⁷

Cooperative or Special Needs Schools

If a student or group of students from a non-CEP school attend classes all day and eat lunch and/or breakfast at a CEP school, the students may be included in the CEP school's ISP.

Dual Attendance Students

Students who attend two separate CEP schools located in different local education agencies and who have access to one meal at one school during the time they attend that campus and to a different meal during the time they attend the other campus may be included in the ISP for both schools as long as the student is legally enrolled at the school, has access to a least one meal at the school, and the student's meals are claimed at the serving school.

Incorrect ISP Discovered by the CE

When a CE discovers that it has miscalculated or misreported its ISP outside of the administrative review process, the CE must notify TDA. TDA will work with the CE to take all necessary actions to establish the correct ISP. CEs may also find their ESC child nutrition specialist can provide assistance in this area.

Switching from Provision 2 (P2) to CEP

If a CE decides to switch from P2 during a non-base year, the CE is required to obtain an ISP reflective of April 1 of the year prior to the year the school will operate CEP.

Vending Contract or Similar Agreement

If a CEP CE provides vended meals to schools, private schools, or charter schools that are not included in the CEP CE's agreement with TDA,¹⁸ the students receiving the vended meals are not included in the CEP CE's ISP unless the schools are listed as serving sites on the CEP CE's agreement.

¹⁷ See the *Community Eligibility Provision Reimbursement* subsection in this section or *Administrator's Reference Manual (ARM), Section 20, Counting & Claiming* for additional information on this topic.

¹⁸ Designated as serving sites for the CE in TX-UNPS.

If the vending agreement allows for the district to file claims for meals vended to the outside schools, the district must count and claim these meals separately from the district's CEP schools.

Special Guidance, Changes to Student Population

When there is change in student population for a CEP CE, CEP group of schools, or CEP school, the CE must determine if the change impacts the ISP. The following guidance provides information on when the ISP must be recalculated for the remaining years in the cycle.

Closing a School Mid-CEP Cycle

If the CE has an indication that a school may be closing mid-CEP cycle, it is recommended that the closing school be excluded from the group of schools operating CEP. If the closing school stays in a group, the identified student percentage will no longer be accurate, and a new ISP will need to be calculated.

Students Move to a New School

If the total student enrollment of a CEP school moves to a new school and no additional students are assigned to the new school, there is no change in ISP.

Students Move Within the Same Group of CEP Schools

If the total student enrollment of a CEP school moves to a school within the same group of CEP schools, there is no change in ISP.

Community Eligibility Provision Reimbursement

One of the benefits of CEP is the predetermined blended reimbursement rate—predetermined percentages of meals to be reimbursed at free and paid rates.¹⁹ Each month the CE submits the total number of reimbursable meals served for lunch and breakfast counted at the point of service, and TX-UNPS automatically assigns a percentage of the meals as free and the remaining percentage as paid.

CEs may find the *Community Eligibility Provision (CEP) Feasibility Worksheet*²⁰ helpful in determining if CEP is financially feasible for the CE.

To calculate the reimbursement percentages, the CE applies the multiplier factor to the ISP.

Multiplier Factor

The multiplier factor is applied to the ISP to adjust the percentage for the reduced-price meals that are not included in the ISP. Once the Multiplier Factor is applied, the resulting percentage is the percentage of meals served that are reimbursed at the free rate, not to exceed 100%. Any remaining percentage is reimbursed at the paid rate.

This combination of free and paid rates is called a blended rate. The same CEP reimbursement percentage will be used for both breakfast and lunch—even though the counts for breakfast and lunch are conducted separately.

The United States Department of Agriculture (USDA) has assigned 1.6 as the Multiplier Factor.

Calculating the Percentage of Reimbursable Meals Reimbursed at the Free Rate Using the ISP that the CE submitted in its CEP application, TX-UNPS will

¹⁹ See the *Administrator's Reference Manual (ARM), Section 20, Counting & Claiming* for additional information on this topic.

²⁰ Available at www.SquareMeals.org.

automatically apply the multiplier factor to determine the percentage of reimbursable meals that will be paid at the free rate.²¹ CEs must carry its claiming percentage a minimum of 2 decimal places (i.e., 81.42%)

When the multiplier factor is calculated, the reimbursement percentage cannot exceed 100 percent.

For Example:

If the CE has an ISP of 57.32%,

ISP	Multiplier	CEP Free Category Reimbursement Percentage
57.32%	x 1.6	= 91.71%

(In this case, 91.71% of the total number of reimbursable meals served will be reimbursed at the free rate.)

If the CE has an ISP of 69%,

ISP	Multiplier	CEP Free Category Reimbursement Percentage
69.00%	x 1.6	= 100% (110.40%)

(In this case, 100% of the total number of reimbursable meals served will be reimbursed at the free rate.
The percentage of meals reimbursed at the free rate cannot exceed 100%.)

Calculating the Paid Rate for Reimbursement

To calculate the percentage of reimbursable meals that will be claimed at the paid rate, subtract the percentage for the free rate from 100 percent.

For Example:

If the CE calculates its percentage of meals reimbursed at the free rate as 91.71% (57.32% x 1.6), the percentage reimbursed at the paid rate will be 8.29%.

100%	-	Percentage Free Rate	=	Percentage Paid Rate
100%	-	91.71%	=	8.29%

Verification Report

During the four-year CEP cycle, CEP sites are not required to conduct verification. However, the CE will use direct certification and categorical eligibility information collected each year to complete the *Verification Report* in TX-UNPS.²²

Use of the CEP Free Rate Percentage for Other Programs

CEs choosing the CEP option will keep the percentage for the free rate of reimbursement, unless updated during the second, third, or fourth year, for an entire four-year cycle for NSLP and SBP. The free reimbursement rate percentage for each site will also determine area eligibility for the Afterschool Care Program (ASCP), Fresh Fruit and Vegetable Program (FFVP), Seamless Summer Option (SSO), Summer Food Service Program (SFSP), and Child and Adult Care Food Program At Risk component (CACFP At Risk).

Claiming Percentage		
ISP	x	Multiplier Factor = Claiming Percentage

²¹ See the *Enrollment That Is Certified* subsection in this section for additional information on this topic.

²² See the *Administrator's Reference Manual (ARM), Section 6, Verification of Eligibility* for additional information on the verification report and the verification process.

Special Guidance, Use of Claiming Percentage for ASCP

CEP schools must use the site CEP claiming percentage to establish area eligibility (unless using non-school data to determine area eligibility). If the LEA participates in CEP districtwide or with grouped schools, each school’s area eligibility must be based on the individual site’s claiming percentage using the individual school’s ISP, not the districtwide or group ISP.

For Example: The following table illustrates how the ISP is calculated for a group of schools.

DC Students		Total Student Enrollment		ISP
80 (School A)		376 (School A)		
+ 50 (School B)		+ 218 (School B)		
+ 611 (School C)	÷	+ 764 (School C)	=	54.56%
= 741		= 1,358		

Claiming Percentage
87.296%
(54.56% x 1.6)

If School C plans to operate ASCP, only the student enrollment numbers from School C are used to determine if the 50 percent of the students are eligible based on its CEP claiming percentage.

DC Students		Total Student Enrollment		ISP
611 (School C)	÷	764 (School C)	=	79.97%

Claiming Percentage
100%
(79.97% x 1.6 = 127.952%)

[NOTE: A CEP school is area eligible if (1) at least 50 percent of students are free or reduced-price eligible (school’s individual ISP is at least 32.50%), or (2) the school is located in the attendance area of another school that is area eligible.]

Special Guidance, Use of Claiming Percentage for SSO and FFVP

If the CE participates in CEP districtwide or schools are grouped, each school’s area eligibility must be based on the individual’s site’s claiming percentage using the individual school’s ISP, not the CE-wide or group ISP.

A site’s CEP claiming percentage may also be used for other programs that base eligibility or funding on NSLP participation.

Compensatory Education Funds

The Texas Education Agency uses site level claiming percentages for this calculation. This includes the site CEP claiming percentage for individual or grouped sites. More information on calculations related to compensatory education funds²³ is available at www.tea.texas.gov/Texas_Schools/Support_for_At-Risk_Schools_and_Students/State_Compensatory_Education/

E-Rate

CEs may also use their free rate claiming percentage for E-Rate. More information on E-rate funds is available at http://tea.texas.gov/Curriculum_and_Instructional_Programs/Learning_Support_and_Programs/Technology_Planning/E-Rate/

Students Move to Another School or Other Schools

If the total student enrollment of a CEP school,

- moves to another school with an existing student population or is distributed across multiple schools and the CE operates CEP CE-wide,

²³ House Bill 3 which was signed into law in 2019 may impact this guidance. The Texas Education Agency provides updated guidance specific to House Bill 3 changes at https://tea.texas.gov/About_TEA/Government_Relations_and_Legal/Government_Relations/House_Bill_3.

there is no change in ISP.

- is distributed to some schools that operate CEP and other schools that do not, all affected CEP schools with significant change in enrollment must recalculate their ISP.
- is distributed to multiple schools that have individual site CEP ISPs, all CEP schools with significant changes in enrollment must recalculate their ISP.
- is distributed to multiple groups of CEP schools, all CEP schools with significant changes in enrollment with added enrollment must recalculate their ISP.
- is added to a single group of schools operating CEP, the group of CEP schools with significant changes in enrollment must recalculate its ISP.

Special Provision 2 (P2) Option

The Special Provision 2 (P2) Option is designed to decrease the burden of paperwork on parents and CEs by reducing the requirements related to taking household applications, verifying household applications, notifying the public, and submitting reimbursement claims by meal eligibility category.

There is not a required percentage or ratio of free, reduced-price, or paid meal participants for P2.

CE-Wide/School

P2 may be applied at the CE/district level even if not all schools in the district operate P2.

Under P2, CEs offer universal meal service or meals at no charge to all participants receiving a reimbursable meal beginning in the base year and continuing as long as the school participates in P2.²⁴ A school site may choose to apply P2 for lunch, breakfast, or both.

Base Year

During the base year, eligibility is determined by the normal processes as described in the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination*.

During the base year, the P2 school

- distributes household applications,²⁵
- collects household applications,
- determines eligibility,
- conducts direct certification,
- determines categorical eligibility,

²⁴ Because the CE will be providing meals at no charge at all P2 sites, the CE may find the *Provision 2 (P2) Feasibility Worksheet*²⁴ helpful in determining if P2 is financially feasible for the CE.

²⁵ CEs are expected to retain the household applications from the base year as long as the base year data is used to operate P2. If these records are lost or destroyed, the CE must reestablish its base year. CEs may retain these records electronically.

Information Box 3

Benefits of Special Provision 2 (P2) Option

Adopting the P2 is expected to result in the following benefits:

- Ease the stress for parents or guardians to complete applications
- Eliminates overt identification issues in the second, third, and fourth years as all students are served at no charge.
- Increase participation at breakfast and lunch
- Reduce labor and material costs associated with printing and distributing paper applications or information about electronic applications
- Reduce paperwork at the CE level
- Reduce the labor costs for processing payment for meals or charging meals
- Simplify meal counting and claiming

- provides notification to households about eligibility status, and
- conducts the verification process.²⁶

[NOTE: CEs are expected to retain the household applications used to establish the base year percentages as long as the percentages from that base year are used to operate P2. If these records are lost or destroyed, the CE must reestablish its base year.]

Prior Year Household Applications

During the base year, household applications from the prior year cannot be carried over to determine base year eligibility percentages beyond the first 30 operating days of the school year. During the second, third, and fourth years of the cycle, the CE and its P2 schools do not need to distribute or collect household applications, so the CE does not perform eligibility determination at P2 sites during the second, third, and four years of the cycle.

Remaining Years of the Four-Year Cycle

During the second, third, and fourth years, the CE uses the base year eligibility determinations for counting and claiming and does not use the normal free and reduced-price meal application process.

P2 Schools Not Operating P2 for Both Breakfast and Lunch

If the school operates P2 for lunch but not for breakfast, or vice versa, household applications must be collected and retained each year for each meal service not operating under the P2 special provision.

P2 records must be retained according to special provision records retention guidelines while non-special provision records must be retained according to normal records retention guidelines.²⁷

Special Provision 2 Four-Year Cycle

P2 has a four-year cycle. P2 must start at the beginning of the school year except as described in the *Delayed Operation* subsection in this section.

Adding P2 Schools

A CE may also add new P2 schools after the initial approval. Unless the CE designates that a newly added school will align its four-year cycle with the previously approved schools, new P2 schools will follow a four-year cycle based on the year of entry to the special provision option.

If the CE wants all P2 schools to be on the same four-year cycle, the CE must designate the end of the cycle for added schools in the TX-UNPS Application Packet screen.

Delayed Operation

TDA may allow a school to delay operating Provision 2 for a period not to exceed the first claiming period during the base year. This exception is permitted to assist schools in securing completed free and reduced-price household applications from households which might not submit an application when there is no charge for meals.

Delayed operation permits Provision 2 schools to charge participating students for reduced price and paid meals during the first claiming period of the base year.

²⁶ See the *Administrator's Reference Manual (ARM)*, Section 4, *Eligibility Determination* and Section 6, *Verification of Eligibility* for additional information on the standard procedures for determining eligibility and conducting verification.

²⁷ See the *Records Retention* subsection in this section for additional information on this topic.

Carryover During Delayed Operation

During delayed operation, carrying over the previous year’s eligibility for the first 30 operating days would undermine the ability to obtain free and reduced-price household applications for the base year. If the CE chooses to carry over the prior year’s eligibility status during a delayed operation, the CE should consider using it for a shorter timeframe (e.g., one week rather than the first 30 operating days).

Public Notification During Delayed Operation

During delayed operation, the CE must follow the notification requirements for the time the school is operating under delayed operation. The CE can send the standard media release and letter to households with a free and reduced-price application which includes the Income Eligibility Guidelines.

Information Box 4
Meal Service Requirements, Special Provision 2
CEs choosing to operate P2 have three options in serving meals at no charge:
- Breakfast and lunch at no charge
<i>or</i>
- Lunch at no charge
<i>or</i>
- Breakfast at no charge
If the school offers both NSLP and SBP, the school is not required to operate P2 for both lunch and breakfast.

Escape Clause

A CE operating under Provision 2 may return to standard application and eligibility determination procedures at any time if standard procedures better suit the CE’s program needs. However, the CE must notify TDA in writing about the change. Moreover, the CE must notify the parents of program participants of the decision and the reason for distribution of free and reduced-price household applications at the time the change is made and at the beginning of each subsequent school year. It is recommended that termination of Provision 2 only occur after the end of a school year and before the beginning of the next school year.

If all sites in the CE have been non-pricing under P2, the CE must establish meal prices that reflect the current year’s paid lunch equity weighted average meal price.

[NOTE: If the CE is able to access meal pricing data from previous years, the CE can calculate what the current meal price would be if the site had operated as a pricing program during the period of non-pricing. In this case, the CE will complete the PLE Calculation Tool for each school year.]

If some sites are pricing and some are non-pricing under P2, the CE may establish meal prices that reflect the current year’s paid lunch equity weighted average meal price or use the same pricing structuring as the existing pricing sites.

Renewal for an Additional Four-Year Cycle

CEs that choose to continue P2 after the end of the four-year cycle must elect to renew for an additional four-year cycle in the TX-UNPS Application Packet screen in TX-UNPS. Depending on the socioeconomic status of the students at the P2 school, the CE will either renew its application by establishing new base year data or without establishing new base year data.

Establishing New Base Year Data—If the socioeconomic status of students has not remained stable, the students demonstrate an improved socioeconomic status of more than 5 percent.

In this case, the CE must reestablish baseline data for the school by determining the percentage of students in the free, reduced-price, and paid categories using the free and reduced-price application process.

or

Without Establishing New Base Year Data—If the socioeconomic status of the

students has remained stable, the students' socioeconomic status remains the same, demonstrates a decrease, or a negligible improvement of 5 percent or less.

In this case, the CE does not need to reestablish baseline data for the school.

Data Sources for Assessing Socioeconomic Status Stability

The CE must identify its available and approved socioeconomic data source on its *Provision 2 (P2) Application Form* ²⁸ during the base year.

Approved data sources must meet the following criteria:

1. Be reflective of the school's population.
2. Be equivalent data for both the base year and last year of the cycle.
3. Effectively measure whether the income level of the school's population (adjusted for inflation) has remained stable, declined, or had only negligible improvement.

Pre-approved data sources include the following types of data:

- CE's direct certification data including SNAP and TANF data, provided the eligibility standard was the same or more restrictive in the base year as the current year with allowance for inflation.
- Free and reduced-price meal application data collected during the fourth year.
[NOTE: If a CE chooses to use free and reduced-price meal household applications to determine if there has been a change in socioeconomic status during the fourth year, the eligibility determinations from the redistributed household applications will not apply to student eligibility during the fourth year of the cycle. The CE will continue to use the eligibility determinations established in the base year for counting and claiming. These household applications can only be used as a data source related to the current socioeconomic status of the students at the P2 school.]
- Information collected by the city or county zoning and economic planning office.
- Local SNAP data including direct certification.
- Recent census track data compiled for the local area.
- Statistical sampling of school-population using the application or equivalent income measurement process.
- Unemployment data.

Any other source of data must be approved.

Calculating an Improvement or Lack of Improvement in Socioeconomic Status

Step 1:

Compare the base year socioeconomic status data to the current year's socioeconomic status data using the data from the source that is described in *Provision 2 (P2) Application Form*.²⁹ The data sources and types of data must be the same type to be comparable.³⁰

Possible Result 1 from Step 1 Data Comparison

²⁸ This web-based form is available from the Download Forms screen in the TX-UNPS Application Packet.

²⁹ These web-based forms are available from the *Download* screen in the TX-UNPS Application Packet.

³⁰ See the *Data Sources for Assessing Socioeconomic Status* subsection of this section for additional information on data sources.

If the data comparison indicates no change or a decrease, no further action is needed for this calculation. The P2 schools do not need to reestablish base year free and reduced-price meal application data.

Possible Result 2 from Step 1 Data Comparison

If the data comparison indicates an improvement in student socioeconomic status, the CE must perform the calculations described in Step 2 to assess the amount of improved student socioeconomic status in the P2 schools.

Step 2:

When the socioeconomic data indicates an improved socioeconomic status for the P2 school population, (1) calculate the change in percentage by subtracting the base year percentage from the current year percentage and (2) calculate the percentage of socioeconomic improvement by dividing the improvement percentage by the base year percentage.

Calculation 1—Calculating the Percentage of Change

Current Year Socioeconomic Percentage	-	Base Year Socioeconomic Percentage	=	Change in Percentage
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Calculation 2—Calculating the Percentage of Improvement

Change in Percentage	÷	Base Year Socioeconomic Percentage	=	Percentage of Socioeconomic Improvement
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Possible Result 1 from Calculation 2, Calculating the Percentage of Improvement

If the *Percentage of Socioeconomic Improvement* is 5 percent or less, the P2 school student population is considered to have negligible improvement. The P2 school does not need to reestablish base year free and reduced-price meal application data.

Possible Result 2 from Calculation 2, Calculating the Percentage of Improvement

If the *Percentage of Socioeconomic Improvement* is 5 percent or more, the P2 school student population is considered to have a significant improvement. The P2 school must reestablish base year free and reduced-price meal application data.

For example:

A P2 school uses the number of students that are directly certified for SNAP and TANF households as its data source to determine if there is a significant socioeconomic change of the student population. In the base year, a P2 school has an enrollment of 350 students; 250 of the 350 students are directly certified as living in SNAP and TANF households.

Step 1: Compare the base year data to the current year data.

Base Year Percentage Calculation for Step 1

Number of Students Directly Certified	Number Total Student Enrollment	Percentage of Total Student Enrollment Directly Certified
250	350	71.4285

In the 4th year of the cycle, the school’s enrollment increased to 425 students; 289 of the 425 students are directly certified as SNAP/TANF households.

Current Year Percentage Calculation for Step 1

Number Students Directly Certified	Number Total Student Enrollment	Percentage of Total Student Enrollment Directly Certified
289	425	68.00%

Explanation for Results for Step 1

A lower percentage of students (68%) is directly certified as living in SNAP/ TANF households compared to the base year percentage (71.40%). Based on this comparison, the CE needs to complete Step 2 to determine if there is a significant student socioeconomic improvement.

Step 2: Determine the percentage of socioeconomic improvement by divide the percentage of difference in the improvement by percentage for the base year direct certification data.

Calculation 1, Using Direct Certification Data for Step 2

Current Year Socioeconomic Percentage		Base Year Socioeconomic Percentage		Change in Percentage
68.00%	-	71.40%	=	-3.40% ³¹

Calculation 2, Using Direct Certification Data for Step 2

Change in Percentage		Base Year Socioeconomic Percentage		Percentage of Socioeconomic Improvement
3.40%	÷	71.40%	=	4.76%

Explanation of Results for Step 2

Since the improvement of 4.76% is less than 5%, the student population has shown negligible improvement in socioeconomic status. The P2 school is eligible to renew its special provision status without reestablishing a base year.

Public Notification

P2 Base Year

Before the beginning of the school year, the CE must notify the media and distribute a letter to households about the availability of meals at no charge to all students regardless of economic status under the NSLP and the SBP, if applicable. TDA recommends that CEs include this notification with the free and reduced-price meal household applications that must also be distributed prior to the beginning of the school year.

TDA has developed a sample of a base year announcement: *Media Release for Free and Reduced-Price Meals Sample Form, Special Assistance Provisions 2—Base Year*. This form is available at www.SquareMeals.org.

Public Notification, P2 Years 2, 3, and 4

Before the beginning of each school year, the CE must distribute the P2 public media announcement which informs households about the availability of meals at no charge to all students regardless of economic status under NSLP and the SBP, if applicable, and that households do not need to submit an application.

TDA has developed a sample announcement for P2 Years, 2, 3, and 4: *Media Release for Free and Reduced-Price Meals Sample, Special Assistance Provision 2—Year 2 and Successive Years*. This form is available at www.SquareMeals.org.

³¹ For this formula, the negative integer is not relevant—only the difference between the two percentages.

P2 Verification Report

In the base year, the verification report—*Mandatory Annual Verification Report, FNS-742* (USDA’s *School Food Authority [SFA] Verification Collection Report, FNS-742*)³²—must be completed through TX-UNPS. During the second, third, and fourth year of the P2 cycle, CEs are no longer required to conduct verification. However, the CE will use direct certification and categorical eligibility information collected each year³³ for the *Mandatory Annual Verification Report, FNS-742* (USDA’s *School Food Authority [SFA] Verification Collection Report, FNS-742*) which is reported in TX-UNPS.

CEs may find that downloading a paper version of the *Mandatory Annual Verification Report, FNS-742* helpful in preparing to report information. A copy of this form may be downloaded through TX-UNPS or at www.SquareMeals.org.

Special Guidance, Changes to Student Population

CEs will find the following guidance useful in addressing special situations under P2. This guidance applies even if the change is made midyear.

Students Move to a New School

If the total student enrollment of a P2 school moves to a new school and no additional students are assigned to the new school, there is no change to the eligibility percentages used for claiming.

Students Move to Another School or Other Schools

If the total student enrollment of a P2 school,

- is distributed to some schools that operate P2 and other schools that do not, the CE must reestablish base year data for all schools that plan to operate P2.
- is distributed to multiple schools that operate P2, all P2 schools with added enrollment must reestablish base year data for all schools that plan to operate P2.

If a CE changes the grade structure of an existing school,

- and the attendance area remains the same, the school may continue to use its existing percentages. It does not need to reestablish a base year,
- and the attendance area is changed, the school must reestablish base year data in order to become a Provision 2 school.

CE-Wide Student Enrollment to Re-Align Socioeconomic Distribution

If a CE/district realigns its student population in order to equalize the enrollment of all school, each P2 school must establish a new base year for its population.

Merged Schools Are in Different Positions in the P2 Cycle

If two P2 schools with the same attendance area merge with different positions in the four-year cycle, the merged school may combine the base year meal count data from the two original P2 schools and convert the combined data into new percentage ratios for free, reduced-price, and paid categories.

If the schools were at different points in their P2 cycles, the merged school adopts the cycle year of school that is in the highest position in the current four-year cycle.

³² See the *Administrator’s Reference Manual (ARM), Section 6, Verification of Eligibility* for additional information on this report and the verification process.

³³ See the *Administrator’s Reference Manual (ARM), Section 6, Verification of Eligibility* for additional information on this report and the verification process.

Special Provision 2, Reimbursement

One of the benefits of P2 in the non-base years is the predetermined blended reimbursement rate—predetermined percentage of meals to be reimbursed at the free, reduced-price, and paid rates.³⁴ In non-base years, each month the CE submits the total number of reimbursable meals served for lunch and/or breakfast counted at the point of service, and TX-UNPS automatically assigns a percentage of the meals as free, reduced-price. For P2, reimbursable meal counts for lunch must be taken and claimed separately from reimbursable meals claimed for breakfast by month according to base-year data.³⁵

CEs may find the *Provision 2 (P2) Feasibility Worksheet*³⁶ helpful in determining if P2 is financially feasible for the CE.

Non-School Age Children Visiting a P2 School

Younger children who are not school age and who visit the school are not considered to be eligible and cannot be served a meal at no charge unless the meal is paid from non-program funds. Meals served to non-school age children also cannot be claimed by the CE.

Community Eligibility Provision Data Report (CEP Report)

Each year between March 1 and March 20, **all CEs except RCCIs**³⁷ must report eligibility and enrollment information that reflects the students at each **site** as of April 1. **This includes CEs that are not planning to operate CEP in the upcoming year.** This information³⁸ (1) is preliminary data that helps CEs and TDA to identify schools that are potentially eligible to operate CEP³⁹ and (2) will automatically populate the ISP fields in the CEP application screen⁴⁰ in TX-UNPS. **For more information on completing the CEP Report, see *Administrator's Reference Manual (ARM)*, Section 4, Eligibility Determination.**

TDA Forms

CEs may find the following forms useful in their operation of the special provision options. These forms are available at www.SquareMeals.org.

Texas Department of Agriculture (TDA) Forms

Application

- *Application Form for Provision 2*
- *Policy Statement for Free and Reduced-Price Meals, Attachment B: Meal Count/Collection Procedures*

³⁴ See the *Administrator's Reference Manual (ARM)*, Section 20, *Counting & Claiming* for additional information on this topic.

³⁵ See the *Administrator's Reference Manual (ARM)*, Section 20, *Counting & Claiming* for additional information on counting and claiming under P2.

³⁶ Available at www.SquareMeals.org.

³⁷ Residential Child Care Institutions (RCCI) are exempt from this requirement since RCCIs cannot participate in CEP.

³⁸ Information prepared for the *Annual Verification Report, FNS-742* (USDA's *School Food Authority [SFA] Verification Collection Report, FNS-742*) will help the CE to prepare the required information.

³⁹ TDA will post a list of potentially eligible schools at www.SquareMeals.org.

⁴⁰ If the information recorded in this form is incorrect, TX-UNPS will not calculate the ISP for schools or group(s) of schools correctly.

Daily Record/Accuclaim

- *Daily Record/Accuclaim Form | Community Eligibility Provision (CEP)*
- *Daily Record/Accuclaim Form | Provision 2 (P2)*

Feasibility of Operating a Special Provision Option

- *Community Eligibility Provision (CEP) Feasibility Worksheet*
- *Provision 2 (P2) Feasibility Worksheet*

Letters

- *Letter to Household, Discontinuation of Community Eligibility Provision (CEP)*

Media Release

- *Media Release for Free and Reduced-Price Meals Sample Form, Community Eligibility Provision (CEP)*
- *Media Release for Free and Reduced-Price Meals Sample Form, Special Assistance Provision 2—Base Year*
- *Media Release for Free and Reduced-Price Meals Sample Form, Special Assistance Provision 2—Year 2 and Successive Years*

Onsite Monitoring or Review

- *Onsite Monitoring Form | Community Eligibility Provision (CEP)*
- *Onsite Monitoring Form | National School Lunch Program (NSLP)*
- *Onsite Monitoring Form | Provision 2 (P2), Year 2 and Following Years*

CEs will also use the following United States Department of Agriculture (USDA) forms which is available in TX-UNPS.

- *Mandatory Annual Verification Report, FNS-742 (USDA's School Food Authority [SFA] Verification Collection Report, FNS-742) which is reported in TX-UNPS*

Daily Record/Accuclaim (Edit Check) Form, Special Provision Options

Although the counting and claiming process for both special provision options is streamlined,⁴¹ the CE must continue to complete the daily record/accuclaim (edit check) form on a daily basis for these sites. TDA has created sample forms for the daily record/Accuclaim (edit check) process that will assist the CE in performing this function. These forms allow the CE to make the following checks:

CEP	P2
<ul style="list-style-type: none"> Compare the number of meals served to identify any instances of overly large or overly small meal counts by day and month by site. <p><u>If the total daily meal count exceeds the attendance/adjust enrollment</u>, the CE needs to determine why the number exceeds the attendance/adjusted enrollment before submitting its claim for reimbursement.</p>	<ul style="list-style-type: none"> Compare the number of meals served to identify any instances of overly large or overly small meal counts by day and month by site. Compare the number of meals served by category—free, reduced-price, and paid— to determine if the percentage of meals served is in line with the percentage of students in each category <p><u>If the total daily meal count exceeds the attendance/adjust enrollment</u>, the CE needs to determine why the number exceeds the attendance/adjusted enrollment before submitting its claim for reimbursement.</p>

TDA has developed the following forms for CEs to use for their Accuclaim (edit checks).

- Daily Record/Accuclaim Form | Community Eligibility Provision (CEP)*
- Daily Record/Accuclaim Form | Provision 2 (P2)*

These forms are available at www.SquareMeals.org.

Onsite Monitoring Form, Special Provision Options

The Accuclaim regulations require that each CE with more than one feeding site perform an onsite review of the meal counting and recording procedures in each site serving lunch prior to February 1 of each school year. TDA has developed a prototype monitoring form for both special provision options to be completed by the CE for each site.

- Onsite Monitoring Form | Community Eligibility Provision (CEP)*: This form is to be completed by the CE annually by February 1st of each year for each CEP school operating NSLP and at least 50 percent of the sites operating SBP. CEs must review the breakfast operation at every site at least once every two years.
- Onsite Monitoring Form | Provision 2 (P2), Year 2 and Following Years*: This form is to be completed by the CE for sites in the second, third, and fourth year of P2 operation annually by February 1st of each year for each P2 school operating NSLP and at least 50 percent of the sites operating SBP. CEs must review the breakfast operation at every site at least once every two years for sites operating SBP in the second, third, and fourth year of P2 operation.

⁴¹ See the *Administrator's Reference Manual (ARM), Section 20, Counting & Claiming* for additional information on this topic.

A CE is expected to fully complete the onsite monitoring form and take action to improve its program based on the information reported on the self-monitoring form.

These forms are available at www.SquareMeals.org.

Records Retention

CEs must retain documentation about its operation of the special provision option. CEs have the option to maintain records on paper or electronically. All documentation or records must be kept on file for a minimum of five years for public and charter schools or three years for private schools, nonprofit organizations, and residential child care institutions after the end of the fiscal year to which they pertain.

If eligibility documentation is not retained for CEP, the CE must reestablish its ISP and restart the CEP four-year cycle or return to standard counting and claiming. The CE may also establish eligibility for P2.

Information Box 5 Records Retention
Public and charter schools are required to keep documentation related to school nutrition programs for 5 years.
Private schools, other nonprofit organizations, and residential child care institutions (RCCIs) are required to keep documentation for 3 years.

If eligibility documentation is not retained for P2, the CE must reestablish its base year and restart the four-year cycle or return to standard counting and claiming. The CE may also establish eligibility for CEP.

CEP and P2 Length of Records Retention

Records used to establish CEP or P2 claiming percentages must be retained as described in the following guidance.

- For CEP sites (or grouped sites) records must be retained for the first year of CEP cycle plus years in the cycle plus the required years of retention.

For this purpose, the end of the cycle occurs when the final claim is paid.*

Public and Charter Schools				
1st Year	+	Years in the Cycle	+	5 Years After the Final Claim for the Cycle Has Been Paid*
Private Schools, Other Nonprofit Organizations, and RCCIs				
1st year	+	Years in the Cycle	+	3 Years After the Final Claim for the Cycle Has Been Paid*

* In cases where there are audit and/or administrative review findings, records must be retained until all issues are resolved plus the required years of retention.

- For P2, records must be retained as long as CE uses the base year data to establish claiming percentages plus the required years of retention.

For this purpose, the end of the cycle occurs when the final claim is paid.*

Public and Charter Schools				
Base Year	+	Years Base Year Data Is Used	+	5 Years After the Final Claim for the Cycle Has Been Paid*
Private Schools, Other Nonprofit Organizations, and RCCIs				
Base year	+	Years Base Year Data is Used	+	3 Years After the Final Claim for the Cycle Has Been Paid*

* In cases where there are audit and/or administrative review findings, records must be retained until all issues are resolved plus the required years of retention.

TDA may request documentation for both offsite and onsite administrative review processes. CEs are encouraged to develop a system of document retention that allows them to readily retrieve documentation.

The CE must retain the following types of documentation in its records retention system related to the special provision options:⁴²

- Attendance area for each special provision school
- Copy/copies of *Policy Statement for Free and Reduced-Price Meals, Attachment B: Meal Count/Collection Procedures* form(s) which contain information related to CEP, P2, or universal free
- Direct Certification documentation and categorical eligibility lists for all categorical programs
- Documentation of original calculations of claiming percentages
- Onsite monitoring forms
- Records supporting counting and claiming for reimbursement⁴³ which includes daily meal counts, accuclaim/edit checks, and other accounting documentation related to meal service by special provision school and cumulative at the CE level

In addition, CEs operating P2 are expected to retain:

- Records supporting eligibility determinations made in the base year or first year of operation
- Household applications from the P2 base year as long as the base year data is used to operate P2. If these records are lost or destroyed, the CE must reestablish its base year.

Compliance

During the base year of operating under P2, TDA will conduct a review of the foodservice operation to document and ensure compliance with the CE's methodology for determining meal eligibility categories and counting and claiming procedures. This review may be a desk audit, a comprehensive administrative review (AR), or an additional review.

TDA must validate a CE's ISP during the first year of each four-year cycle. If the CE's four-year cycle restarts because of an increase in ISP and TX-UNPS automatically restarts a new cycle, TDA will notify the CE if validation of the increased ISP is required.

During a review of a site operating one of the special provision options, if TDA discovers that the percentages used by the CE for a special provision school are miscalculated in the base year, the CE must recalculate all effected NSLP and SBP claims to adjust any claims submitted with an incorrect percentage. If the threshold percentage required for participation is not met for CEP, the school must be removed from CEP and returned to standard application and meal counting and claiming procedures.

TDA may take fiscal action for miscalculations in claiming percentages and for lack of records that demonstrate the CE's special provision claiming percentages.

⁴² See the *Administrator's Reference Manual, (ARM) Section 30, Records Retention* for additional information on this topic.

⁴³ See the *Administrator's Reference Manual (ARM), Section 20, Counting & Claiming* for additional information on point of service systems that promote accurate counting and claiming when a CE operates one of the special provision options.