



United States
Department of
Agriculture

Food and
Nutrition
Service

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DATE: March 7, 2005

SUBJECT: Statutory Changes in the Free and Reduced Price Eligibility
Determination Process and Revised Prototype Application
Implementation Memo – SP 12

TO: State Directors
All States

Regional Directors
Special Nutrition Programs
All Regions

The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265), enacted June 30, 2004, amended sections of the Richard B. Russell National School Lunch Act (NSLA) affecting the eligibility determination process for free and reduced price benefits under the National School Lunch Program, School Breakfast Program, and the Special Milk Program for Children. As a result of these changes (as listed below), we have updated the prototype free and reduced price application and related materials for School Year 2005-2006.

Reauthorization Changes Affecting the Free and Reduced Price Certification Process

These Reauthorization changes are:

- ✓ **School districts are required to use household applications beginning in school year 2005-2006.**
- ✓ Households must be informed on the free and reduced price application that WIC participants may be eligible for free or reduced price meals.
- ✓ Homeless, migrant and runaway youth are categorically eligible for free meals.
- ✓ Privatized military housing allowance is excluded from income eligibility determinations.
- ✓ School districts must have a no-charge telephone number for verification inquiries from households.
- ✓ Eligibility determinations are valid for the entire school year.

Interim Prototype Application

As a result of the changes above, we have updated the prototype application and related materials. In addition to the statutory changes we have updated wording and formatting for consistency purposes while maintaining the basic format suggested by the contractor we hired in 2002 to reformat and restructure the free and reduced price application and related materials. The contractor, specialized in form design and language simplification, was hired to provide an application with a reduced reading level and in a format that is easier to accurately complete.

Enclosed for your use and distribution are the School Year 2005-2006 prototype application form and related materials. Once regulations are published and made final, we may be issuing revised prototype application materials. The packet contains the following forms for school programs:

1. Instructions to School Districts (1 page)
2. Letter to Households (2 pages)
3. Free and Reduced Price School Meals Application (2 pages)
4. Sharing Information with Medicaid/SCHIP (1 page)
5. Sharing Information with Other Programs (1 page)
6. Notification of Selection for Verification of Eligibility (2 pages)
7. Letter of Verification Results (1 page)

The free and reduced price application and related materials are available on our website: www.fns.usda.gov/cnd/; select National School Lunch Program, then Free and Reduced Price. A Spanish translation will also be made available in Spring 2005.

Income Frequency

In addition to the changes required by Public Law 108-265, we are using this opportunity to provide additional guidance with regard to income conversion. Many households have different sources of income at different frequencies, such as weekly or bi-weekly wages and monthly social security benefits. Past practice has been to convert all income to a monthly amount; we established a conversion factor of 4.33 for weekly income and 2.15 for bi-weekly income. However, use of these conversion factors has resulted in some perceived inconsistencies in the relationship between converted amounts and the weekly, bi-weekly, bi-monthly, and monthly income limits shown in the published Income Eligibility Guidelines, which are established by dividing annual income limits by the annual income frequency, and rounding up to the next whole dollar. While these conversion factors have created some inconsistent results, no eligible household has been denied eligibility.

To avoid these problems, we are recommending the following procedures:

- If a household has only one income source, or if all sources are the same frequency, do not use conversion factors. Compare the income or the sum of the incomes to the published IEG for the appropriate frequency and household size to make the eligibility determination.
- If a household reports income sources at more than one frequency, the preferred method is to annualize all income by multiplying weekly income by 52, income received every two weeks by 26, income received twice a month by 24, and income received monthly by 12. *Do not round the values resulting from each conversion.* Sum all the unrounded converted values and compare the

unrounded total to the published IEG for annual income for the appropriate household size.

School districts which are currently using software which uses the published conversion factors (4.33 for weekly income, 2.15 for bi-weekly income) to calculate household income on a monthly basis may continue to use that software, as long as the same income determination process is used for all households. School districts are encouraged to work with their software vendors to update the conversion methods.

If you have any comments or questions, please call your Regional office.

A handwritten signature in black ink, appearing to read "Stanley C. Garnett". The signature is written in a cursive style with a large initial 'S'.

STANLEY C. GARNETT
Director
Child Nutrition Division

Attachments