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SUBJECT: Determining Eligibility for Severe Need Reimbursement for the School Breakfast Program (SBP) and the Two Cent Differential Reimbursement for the National School Lunch Program (NSLP) in School Year (SY) 2023-2024

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

Issuing Agency/Office:	Food and Nutrition Service/Child Nutrition Programs
Title of Document:	Determining Eligibility for Severe Need Reimbursement Rates for the School Breakfast Program and the Two Cent Differential Reimbursement for the National School Lunch Program in SY 2023-2024
Document ID:	
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Date of Issuance:	January 23, 2023
Replaces:	Not Applicable
Summary:	(1) This guidance applies to State agencies and school food authorities administering the National School Lunch Program and the School Breakfast Program in SY 2023-2024. (2) This guidance provides clarification on how to determine eligibility for the severe need reimbursement rates for the School Breakfast Program and the two cent differential reimbursement in the National School Lunch Program in SY 2023-2024.

Purpose

The purpose of this guidance is to clarify how to determine eligibility in school year (SY) 2023-2024 for severe need reimbursement for breakfasts served through the

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School Breakfast Program (SBP) and for the two cent differential reimbursement for lunches served through the National School Lunch Program (NSLP). This guidance provides clarification to SP 11-2022, *Determining Eligibility for Severe Need Reimbursement for the School Breakfast Program and the Two Cent Differential Reimbursement for the National School Lunch Program in School Years 2022-2023 and 2023-2024*.

Background

Schools are eligible for the severe need breakfast reimbursement rates if 40 percent or more of NSLP lunches served to students at school during the second preceding school year were at the free or reduced price rate (42 U.S.C. 1773(d) and 7 CFR 220.9(d)). School food authorities (SFAs) are eligible for the two cent differential reimbursement for lunches if 60 percent or more of the NSLP lunches served in the second preceding school year were at the free or reduced price rate (42 U.S.C. 1753(b)(2)).

Typically, data from SY 2021-2022 would be used to determine eligibility for severe need breakfast and the two cent differential reimbursements in SY 2023-2024. However, many schools participated in the Seamless Summer Option (SSO) during SY 2021-2022 under the *Nationwide Waiver to Allow the Seamless Summer Option through School Year 2021-2022* and served all students free meals due to the impacts of COVID-19. While the SSO is part of the NSLP, a distinction must be made between the two programs for purposes of determining eligibility for severe need breakfast and the two cent differential reimbursement rates, since all meals are claimed at the free reimbursement rate under SSO. As a result, schools that utilized the waiver may not have complete data needed to determine eligibility for severe need breakfast rates and the two cent differential lunch rates in SY 2023-2024.

On June 15, 2022, FNS published SP 11-2022 to provide guidance for SYs 2022-2023 and 2023-2024. The memorandum stated that schools that did not operate the NSLP during SY 2021-2022 must determine eligibility for severe need breakfast reimbursement and the two cent differential reimbursement for lunch in SY 2023-2024 using the percentage of lunches served free or at the reduced price during SY 2022-2023. For purposes of this guidance, because all meals are claimed at the free rate in SSO, FNS considers schools that opted into the previously mentioned nationwide waiver to "not have operated the NSLP" during SY 2021-2022 and therefore, these schools may not use SY 2021-2022 data to establish eligibility in SY 2023-2024.

Guidance for Eligibility Determinations for SY 2023-2024

If a State agency is able to determine which schools operated NSLP and which schools operated SSO under the waiver, it does not need to use the following simplification of reviewing claim data from SY 2021-2022. Since FNS recognizes that some State systems may not be able to easily determine which schools operated SSO under the

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nationwide waiver mentioned above, FNS is offering the following simplification: To simplify the determination of whether schools operated NSLP or SSO under waiver authority in SY 2021-2022, if a school claimed meals under the NSLP (not SSO) for each month from October 2021 through April 2022, the State agency may conclude that the school operated the NSLP for all of SY 2021-2022 and may use the guidance below for schools that operated the NSLP during SY 2021-2022; otherwise, the State agency must use the guidance below for schools that did not operate the NSLP.

Severe Need Breakfast Reimbursement

- Schools that operated the NSLP during SY 2021-2022 have second prior year data available to determine eligibility for severe need reimbursement for SY 2023-2024. Therefore, for these schools, State agencies must use the percentage of lunches served free or at the reduced price during SY 2021-2022 to determine eligibility for severe need reimbursement for SY 2023-2024.
- For schools that did not operate the NSLP during SY 2021-2022, State agencies must use data from SY 2022-2023 to establish eligibility for severe need reimbursement in SY 2023-2024. State agencies must use at least three claims from SY 2022-2023 to determine eligibility.
- As a reminder, if a school is participating in the Community Eligibility Provision (CEP) as part of a group, the school's eligibility for the severe need breakfast reimbursement may not be determined by using the group's CEP claiming percentage; the school's eligibility must be based on the school's individual identified student percentage (ISP). See Question 48 in *SP54-2016 Community Eligibility Provision: Guidance and Updated Q&As* for additional information. Applying this guidance to SY 2023-2024:
    - If the CEP school operated the NSLP in SY 2021-2022, State agencies must use the school's individual ISP from SY 2021-2022 for the severe need determination in SY 2023-2024.
    - If the CEP school did not operate the NSLP during SY 2021-2022, State agencies must use the school's individual ISP from SY 2022-2023 for the severe need determination in SY 2023-2024.
- For schools that are new in SY 2023-2024 or which do not have at least three months of claims from SY 2022-2023, State agencies may follow *Eligibility for Severe Need Rates for the School Breakfast Program | Food and Nutrition Service (usda.gov)*.

Two Cent Differential Reimbursement for Lunch

- SFAs that operated the NSLP in all of their schools during SY 2021-2022 have second prior year data available to determine eligibility for the two cent differential reimbursement for SY 2023-2024. Therefore, for these SFAs, State

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agencies must use the percentage of lunches served free or at the reduced price during SY 2021-2022 to determine eligibility for the two cent differential reimbursement for SY 2023-2024.

- For SFAs with one or more sites that did not operate the NSLP during SY 2021-2022, State agencies must use data from SY 2022-2023 to establish eligibility for the two cent differential in SY 2023-2024. State agencies must use at least three claims from SY 2022-2023 to determine eligibility.
- For SFAs that are new to the NSLP in SY 2023-2024 or which do not have at least three months of claims from SY 2022-2023, State agencies may follow *Determining Eligibility for Two Cent Differential Reimbursement in New Schools | Food and Nutrition Service (usda.gov)*.

As a reminder, this guidance is only applicable to SY 2023-2024. For SY 2024-2025, schools will have complete data from SY 2022-2023 and must use that data to make eligibility determinations for the severe need breakfast reimbursement rates and the two cent differential reimbursement for lunches.

State agencies are reminded to distribute this memorandum to Program operators immediately. Program operators should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional Office.

Sincerely,

Tina Namian
Director
School Meals Policy Division

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