



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

**DATE:** April 10, 2012

**MEMO CODE:** SP 24 - 2012

**SUBJECT:** Interim Review Guidance for States with Local Educational Agencies Electing the Community Eligibility Option.

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

State Directors  
Child Nutrition Programs  
All States

Authorized by the Healthy, Hunger-Free Kids Act of 2010, the Community Eligibility Option (CEO) is an alternative to the collection of individual household applications. Local Educational Agencies (LEAs) in three States are operating the CEO in the 2011-2012 school year (SY) and an additional four States will be added for each SY beginning July 1, 2012, and July 1, 2013. The CEO is available nationwide to all eligible LEAs and schools beginning July 1, 2014. Currently, State Agencies (SAs) are conducting administrative reviews in school districts electing the CEO. Interim guidance on reviewing CEO schools is needed during this phase-in period and further guidance will be established in policy and regulations.

**Development of Identified Student Percentage (ISP):**

The ISP is defined as the percentage of students not subject to verification requirements in the school and/or LEA. During the four year CEO cycle, LEAs and/or schools may choose the higher of the ISP determined by using one of the following methods:

1. Use the ISP established as of April 1<sup>st</sup> of the SY prior to the first year of electing CEO; or
2. Update the ISP for a new SY using a percentage established as of April 1<sup>st</sup> of the prior SY.

For example, for LEAs and/or schools electing the CEO for SY 2011-2012, the ISP would be established using the number of identified students enrolled as of April 1, 2011, for claiming meal reimbursements during SY 2011-2012. For claiming meal reimbursement during SY 2012-2013, LEAs and/or schools may choose to use the ISP established April 1, 2011 or update the ISP by April 1, 2012. The ISP must reflect the number of students certified for free meals without a household application no later than April 1<sup>st</sup> of the establishment year and number of students enrolled with access to the National School Lunch Program (NSLP) and School Breakfast Program (SBP) no later than April 1<sup>st</sup> of the establishment year. The percentage used during the year in which the review is conducted should be verified. The SA must verify the documentation and records from the year used

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to establish the ISP in accordance with 7 CFR Part 210.18 and must also determine that all information required under 7 CFR Part 245.6 has been completed.

**Violations in the Identified Student Percentage:**

During a review, if the State Agency discovers the determination of the ISP is incorrect, the SA must recalculate the ISP and the LEA must provide documented corrective action in accordance with 7 CFR 210.18(k). All identified student percentages in error must be corrected immediately and all NSLP and SBP claims submitted with the erroneous ISP must be adjusted accordingly following standard procedures in 7 CFR 210.18(m) and 7 CFR Part 210.19(c)(2). Depending on the severity of the problem, the State may withhold payments at its discretion. However if the determination results in an ISP below the required threshold of 40%, the school and/or LEA must be removed from the CEO and return to standard application and meal counting and claiming procedures. For this transition to occur, in consultation with the Food and Nutrition Service (FNS), the SA may establish a reasonable timeframe based on when the violation was discovered.

State agencies should direct questions concerning this guidance to the appropriate FNS Regional Office.

**Original Signed**

Cynthia Long

Director

Child Nutrition Division