

Final Rule: Child Nutrition Programs - CEP Increasing Options for Schools

The Community Eligibility Provision (CEP) is an option for eligible schools to offer meals at no cost to all enrolled students without collecting household applications. Authorized by the Healthy, Hunger-Free Kids Act of 2010 (HHFKA) and codified in regulations at [7 CFR 245.9\(f\)](#), CEP is a reimbursement alternative for eligible local educational agencies (LEAs) and schools participating in both the National School Lunch Program (NSLP) and School Breakfast Program (SBP)¹. CEP eliminates the need for schools to collect household income applications by sharing eligibility data between specific federal assistance programs, which can reduce administrative burden for both schools and families.

To be eligible for CEP, an individual school, group of schools, or LEA must meet or exceed the established, minimum identified student percentage (ISP) in the school year prior to implementing CEP. The ISP is the percentage of enrolled students who are certified for free school meals without submitting a household application, such as those directly certified through specific federal benefits programs (e.g., the Supplemental Nutrition Assistance Program (SNAP) and the Food Distribution Program on Indian Reservations (FDPIR)). For CEP, students who are certified for free meals without a household application are “identified students” (42 USC 1759a(a)(1)(F)(i); [7 CFR 245.9\(f\)\(1\)\(ii\)](#))². The ISP is calculated by dividing the total number of identified students by the total number of enrolled students: Identified Student Percentage = # Identified Students / # Enrolled Students

Under current regulations, the minimum ISP is 40 percent; therefore, to be eligible for CEP, an individual school, group of schools, or LEA must have an ISP greater than, or equal to, 40 percent (ISP ≥ 40 percent) as of April 1 of the school year prior to implementing CEP ([7 CFR 245.9\(f\)\(3\)\(i\)](#)).

The ISP determines eligibility to participate in CEP and is also the basis of federal reimbursements for meals served to students in CEP schools. The National School Lunch Act (NSLA) gives the Secretary discretion to establish a CEP “multiplier” between 1.3 and 1.6 that is used to determine the percentage of meals that CEP schools claim at the free and paid reimbursement rate levels ([42 USC 1759a\(a\)\(1\)\(F\)\(vii\)\(II\)\(aa\)](#)). To promote CEP financial viability, USDA codified a multiplier of 1.6 ([7 CFR 245.9\(f\)\(4\)\(vi\)](#)). The ISP is multiplied by 1.6 to calculate the percentage of meals reimbursed at the federal free rate. Any remaining meals, up to 100 percent, are reimbursed at the federal paid rate.³

$\% \text{ Meals reimbursed at federal free rate} = \text{ISP} \times 1.6$

$\% \text{ Meals reimbursed at federal paid rate} = 100 - \% \text{ meals reimbursed at federal free rate}$

CEP requires that LEAs must pay, with non-federal funds, any costs of offering free meals to all students that exceed the federal assistance provided. If all operating costs are covered by the federal assistance provided, then LEAs are not required to contribute non-federal funds ([7 CFR 245.9\(f\)\(4\)\(vii\)](#)).

On March 23, 2023, USDA published a proposed rule in the Federal Register ([88 FR 17406](#)), seeking to lower the minimum ISP to 25 percent, and make related, conforming changes to CEP regulatory text at [7 CFR 245.9\(f\)](#).

As described in detail in the proposed rule, CEP benefits children, families, schools, and communities. Schools participating in CEP often experience an increase in the number of students accessing the SBP and NSLP, resulting in more children benefiting from the

advantages these programs offer. ⁴ Research demonstrates that access to school meals at no cost improves students' diet quality and academic performance and can reduce social stigma and food insecurity.⁵ Researchers have observed that “CEP exposure is associated with an almost five percent decline in households classified as food insecure.” ⁶ LEAs have also reported that CEP reduces administrative burden and eliminates unpaid meal debt in schools.⁷ Lastly, CEP improves program integrity by simplifying administration and lowering error rates in certifying students.^{8, 9}

This final rule lowers the minimum ISP from 40 percent to 25 percent and makes conforming changes to ISP-related requirements (*i.e.*, grace year eligibility and identification/notification/publication requirements). Electing CEP is a voluntary decision made by LEAs based on their unique student populations. Prior to participating in CEP, LEA decisionmakers should consider student nutrition, educational, administrative, and financial factors. This rule does not impose any new requirements on LEAs or schools. Through this final rule an increased number of LEAs, schools, and groups of schools will be eligible to offer all students lunches and breakfasts at no-cost when it is financially viable. This final rule supports state and local choices to expand the availability of no-cost school meals for all students through programs supported by state or local funding.

1 On July 29, 2016, the U.S. Department of Agriculture (USDA) published the final rule, National School Lunch Program and School Breakfast Program: Eliminating Applications through Community Eligibility as Required by the Healthy, Hunger-Free Kids Act of 2010 [81 FR 50194, July 29, 2016], which codified CEP requirements that were implemented through statute and policy guidance, at § 245.9(f).

2 Identified students include students living in households participating in SNAP, Temporary Assistance for Needy Families, and FDPIR. Identified students also include those who are homeless, migrant, runaway, in foster care, or enrolled in Head Start. In some states, students are directly certified through Medicaid direct certification demonstration projects. Students in states participating in the Medicaid direct certification demonstration projects are only included in the ISP if they are certified for free meals (not reduced price meals).

3 CEP schools only claim meals at the free and paid reimbursement rates. CEP schools do not claim reduced price meals.

4 USDA's first comprehensive study since CEP became available nationwide compared the impact of CEP participation in school districts that elected CEP to similar non-participating school districts. The study showed about 7% and 12% higher student participation in NSLP and SBP, respectively, in schools under CEP compared to eligible but non-participating schools. U.S. Department of Agriculture. (2022). USDA Community Eligibility Provision Characteristics Study, School Year 2016–2017. OMB #0584–0612, expiration 9/30/2019. Available at: <https://www.fns.usda.gov/cn/usda-cep-characteristics-study-sy-2016-17>.

5 Cohen JFW, Hecht AA, McLoughlin GM, Turner L, Schwartz MB. Universal School Meals and Associations with Student Participation, Attendance, Academic Performance, Diet Quality, Food Security, and Body Mass Index: A Systematic Review. *Nutrients*. 2021 Mar 11;13(3):911. Diet quality and food security (pp. 6–9); Academic performance (p. 10). Available at: <https://pubmed.ncbi.nlm.nih.gov/33799780/>.

6 National Bureau of Economics. (2022). The Effect of Free School Meals on Household Food Purchases: Evidence from the Community Eligibility Provision. Available at: <https://www.nber.org/papers/w29395>. “CEP exposure” is the probability that a household has a child enrolled at a CEP school, based on schools' CEP participation, household zip codes, and school attendance areas.

7 U.S. Department of Agriculture. (2022). USDA Community Eligibility Provision Characteristics Study, School Year 2016–2017. OMB #0584–0612, expiration 9/30/2019. Available at <https://www.fns.usda.gov/cn/usda-cep-characteristics-study-sy-2016-17> (p. 43).

8 U.S. Department of Agriculture. (2014). Community Eligibility Provision Evaluation Final Report. Available at: <http://www.fns.usda.gov/sites/default/files/CEPEvaluation.pdf> (p. 127–135).

9 Milfort et al. (2021). Third Access, Participation, Eligibility, and Certification Study. Prepared by Westat, Inc., Contract No. AG–3198–K–15–0054. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Project Officer: Conor McGovern. Available online at: <https://fns-prod.azureedge.us/sites/default/files/resource-files/APECIII-Vol1.pdf> (p. 8–14 through 9–3).

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