

---

# PROMOTE USE OF THE FEDERAL COMMUNITY ELIGIBILITY PROVISION FOR SCHOOL MEALS

The National School Lunch Program and School Breakfast Program provide meals to students in participating public and nonprofit private schools across the U.S. Meals are served to students free, at reduced cost, or at full cost, depending on the student's eligibility status.

The Community Eligibility Provision is a federal program that authorizes certain schools to serve meals free to all enrolled students, regardless of their eligibility status. The program offers a number of benefits for students and schools, including that it may increase students' access to school meals and improve student nutrition. In addition, the Community Eligibility Provision may increase federal reimbursement for school meal programs, conserve school resources, and eliminate unpaid meal charges.

Although many Texas school districts are implementing the Community Eligibility Provision at their eligible schools, others have not applied for the program. One of the reasons that eligible school districts, including charter schools, may not be participating is lack of awareness or confusion about the program. The state's 20 regional Education Service Centers provide services to school districts, including services related to food and nutrition. Requiring the Education Service Centers to conduct outreach to eligible school districts that are not participating in the Community Eligibility Provision program could increase participation. Outreach could be targeted to school districts whose federal reimbursement would increase the most from participating in the program.

## FACTS AND FINDINGS

- ◆ According to data from the Texas Department of Agriculture, approximately 323 school districts are implementing the Community Eligibility Provision program at one or more schools during school year 2018–19. These districts include 2,694 participating schools. Participating in the program authorizes these schools to serve school meals to the approximately 1.6 million enrolled students at no cost to students for the school year.
- ◆ Approximately 493 school districts were eligible to elect the Community Eligibility Provision program for one or more schools but chose not to participate

during school year 2018–19. These districts include 2,013 individually eligible schools with a total enrollment of approximately 1.1 million students. Approximately 29 of these school districts and 525 of these schools could have served every meal free to all enrolled students and received the highest rate of federal reimbursement if they chose to participate in the program.

- ◆ By eliminating the collection of school meal applications, Community Eligibility Provision participation affects certain school district funding streams that traditionally are calculated using data from the applications, including the State Compensatory Education allotment. Greater participation in the program is expected to increase these allotments to participating school districts and, therefore, increase costs to the Foundation School Program.

## CONCERNS

- ◆ Eligible school districts that have chosen not to participate in the Community Eligibility Provision program may not have enough information or may have inaccurate perceptions about the program requirements.
- ◆ Misconceptions about ramifications of the Community Eligibility Provision, especially how participation may affect other state and federal funding streams to school districts, is a source of confusion and apprehension to some eligible school districts that are not participating in the program.

## OPTION

- ◆ **Option 1:** Include a rider in the 2020–21 General Appropriations Bill to direct the regional Education Service Centers to conduct outreach to eligible school districts that are not participating in the Community Eligibility Provision program. Outreach could be targeted to school districts whose federal reimbursement would increase the most from participating in the program.

**DISCUSSION**

Established in 1946 by the Richard B. Russell National School Lunch Act, the National School Lunch Program (NSLP) provides low-cost or free lunches to children in public and nonprofit private schools and residential childcare institutions across the U.S. During 2016, 30.4 million children participated in the program. The School Breakfast Program (SBP), which operates in a similar manner as NSLP, became a national program in 1975. In 2016, the program served 14.6 million children.

NSLP and SBP benefit students by providing access to meals in school. Research shows that inadequate nutrition can negatively affect a student’s health and educational outcomes. NSLP and SBP have demonstrated success in decreasing food insecurity and improving diet quality and health status, including obesity reduction. In addition, participating in SBP has shown to have educational benefits for students such as improved attendance, behavior, academic performance, and academic achievement as well as decreased tardiness.

Schools that participate in NSLP and SBP offer nutritious meals to all students free, at reduced cost, or at full cost, depending on the student’s eligibility status. Eligibility is determined through an application process or by using data from another means-tested program, known as direct certification.

Students may receive meals for free if they participate in certain federal and state programs. This qualification is known as categorical eligibility. **Figure 1** shows the programs that meet this requirement.

Students also may receive free meals if they meet income eligibility requirements. Income eligibility for free meals is at or less than 130 percent of the Federal Poverty Level (FPL), which is \$21,398 for a family of two in 2018. Students in families with income at or less than 185 percent of FPL (\$30,451 for a family of two in 2018) can purchase meals at a reduced cost, which amounts to no more than \$0.40 for lunch and \$0.30 for breakfast. Other students may purchase meals at the price established by the school district and in accordance with the paid lunch equity requirements in federal statute.

School districts, which include public school districts and charter schools, must track which students receive school meals and whether those students qualify for free, reduced-cost, or full-cost meals to receive federal reimbursement by the U.S. Department of Agriculture (USDA). In Texas,

**FIGURE 1  
FEDERAL AND STATE PROGRAMS THAT QUALIFY PARTICIPATING STUDENTS FOR CATEGORICAL ELIGIBILITY SCHOOL YEAR 2018–19**

- Supplemental Nutrition Assistance Program;
- Temporary Assistance for Needy Families;
- Food Distribution Program for Indian Reservations;
- Medicaid;
- homeless, including runaways and individuals displaced by declared disasters;
- foster;
- migrant; and
- designated state or federally funded early literacy and prekindergarten programs

NOTE: Some Medicaid-eligible students may receive free meals.  
SOURCE: Texas Department of Agriculture.

USDA reimbursement funds are received by the Texas Education Agency (TEA) and disbursed to public school districts and charter schools. School districts are reimbursed different amounts based on the number of meals served free, at reduced cost, or at full cost. Meals served free receive the highest reimbursement amount, known as the federal free rate, and meals served at full cost receive the lowest reimbursement amount, known as the federal paid rate. For instance, among lunches served in the contiguous states during school year 2018–19, the USDA reimbursed a maximum of \$3.54 per lunch served free and a maximum of \$0.45 per lunch served at full cost.

**COMMUNITY ELIGIBILITY PROVISION**

Authorized by the Healthy, Hunger-free Kids Act of 2010, the Community Eligibility Provision (CEP) is a federal program that authorizes schools located in high-poverty-level areas to serve breakfast and lunch free to all enrolled students, regardless of their eligibility status.

Schools participating in CEP do not collect school meal applications. Instead, every student may receive a free meal if they attend a school or district in which at least 40.0 percent of enrolled students are certified for free school meals through direct certification. These students are known as identified students. A school or school district’s percentage of enrolled students that are certified for free school meals is referred to as its identified student percentage (ISP).

Each school is reimbursed using claiming percentages based on its ISP. The ISP multiplied by a factor of 1.6 equals the percentage of total meals served that are reimbursed at the federal free rate, known as the Free Claiming Percentage. The remaining percentage of total meals served is reimbursed at

the federal paid rate. A school or school district with an ISP of 62.5 percent or greater is reimbursed for all meals at the federal free rate. Although CEP claiming percentages can remain in effect for up to four years, schools and districts may reestablish claiming percentages annually if their ISP increases.

School districts decide whether to adopt CEP and, if so, for which eligible schools. Districts may implement CEP for an individual school, group of schools, or districtwide. A school that is not eligible to participate in CEP based on its ISP can become eligible after being grouped with one or more schools with higher ISPs within the same district. Different grouping options may maximize CEP claiming percentages.

School districts that participate in CEP may withdraw participating schools from the program at any time.

#### ***BENEFITS OF THE COMMUNITY ELIGIBILITY PROVISION***

Schools that adopt CEP can increase students' access to school meals. Research from USDA's Food and Nutrition Service indicates that schools participating in CEP have increased participation in school meal programs. Considering that increased participation in school meal programs improves student nutrition, participation can affect a student's health and educational outcomes positively.

CEP enables all students to receive meals at no cost, which may benefit students who would prefer not to be identified as someone in need of assistance. Some students who are not able to receive free meals may have difficulty paying for them. This group includes those who are eligible for free or reduced-price meals but are not certified yet and those who pay the reduced price or full price of meals. When students do not have sufficient funds to pay for a meal, schools may allow students to charge the meal or provide these students with alternative meals. Such students may experience feelings of embarrassment or stigmatization as peers and staff become aware of their difficulty paying for meals.

Schools also benefit from adopting CEP through receiving greater federal reimbursement for school meal programs. Factors that may increase federal reimbursement include the school or district's ISP; whether the school qualifies for a higher reimbursement rate because of its percentage of meals served free or at reduced price or for meeting a performance benchmark; its level of student participation in the school meal programs; and anticipated participation increase due to adopting CEP.

Participation in CEP also may conserve school resources and enable more of them to be used for instruction and administrative functions. For instance, by eliminating the need for eligibility determinations for meals, CEP may result in cost savings for school administrators. Cost savings could include fewer staff hours required to determine student eligibility, lower printing costs, and a decrease in other costs associated with processing applications.

Moreover, school resources may be conserved because CEP simplifies the meal counting process and may increase efficiency in the serving line. This efficiency could decrease administrative burdens on cafeteria staff, enabling them to focus on preparing and serving meals. In addition, as CEP increases participation in school meal programs, these programs may achieve economies of scale regarding food and labor costs.

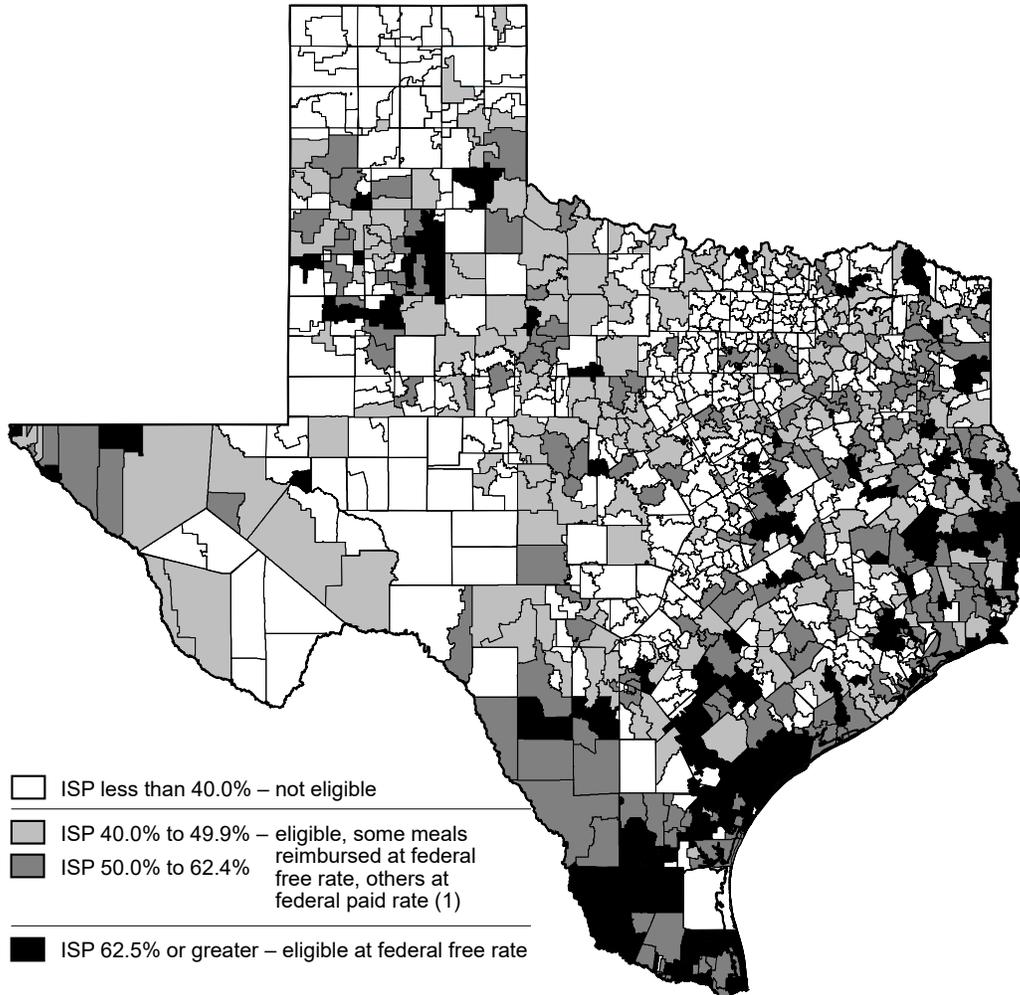
Additionally, schools that participate in CEP do not incur unpaid meal charges because they do not collect funds from students for meals served. Schools commonly have a significant amount of delinquent school meal debt, which they must absorb if they are unsuccessful in collecting it. This amount varies across school districts based on factors such as student enrollment, the number of students who qualify for free meals, and a school district's policy on students charging meals or providing students with alternative meals. Contacting families to request payment of unpaid charges or to encourage submission of an application for free or reduced-price meals is time-consuming and affects staff ability to perform other duties.

#### ***ADOPTION OF THE COMMUNITY ELIGIBILITY PROVISION IN TEXAS***

According to data from the Texas Department of Agriculture (TDA), 816 school districts were eligible to elect CEP for one or more schools for school year 2018–19. These 816 school districts include 4,925 individual schools that were eligible to participate in CEP. An unknown additional number of schools also could be eligible if grouped with one or more other schools within the same district. Approximately 648 school districts were eligible to implement CEP districtwide.

**Figure 2** shows Texas public school districts that were eligible to elect CEP for one or more schools according to their districtwide ISPs. A school district participating in CEP with an ISP of 62.5 percent or greater is reimbursed for all meals served across the district at the federal free rate; in comparison, a school district with an ISP of less than 40.0 percent is not

**FIGURE 2**  
**TEXAS PUBLIC SCHOOL DISTRICTS ELIGIBLE TO ELECT FEDERAL COMMUNITY ELIGIBILITY PROVISION MEAL PROGRAM BY DISTRICTWIDE IDENTIFIED STUDENT PERCENTAGE SCHOOL YEAR 2018–19**



**NOTES:**

- (1) Within these ranges, 64.0% of meals are reimbursed at the federal free rate at a district with an Identified Student Percentage (ISP) of 40.0%, and 99.8% of meals are reimbursed at the federal free rate at a district with an ISP of 62.4%. Any meal that is not reimbursed at the federal free rate is reimbursed at the federal paid rate.
- (2) Districts may implement the Community Eligibility Provision for an individual school, group of schools, or districtwide. The ISP of a school may be different from the ISP of the district in which it is located.

SOURCE: Texas Department of Agriculture.

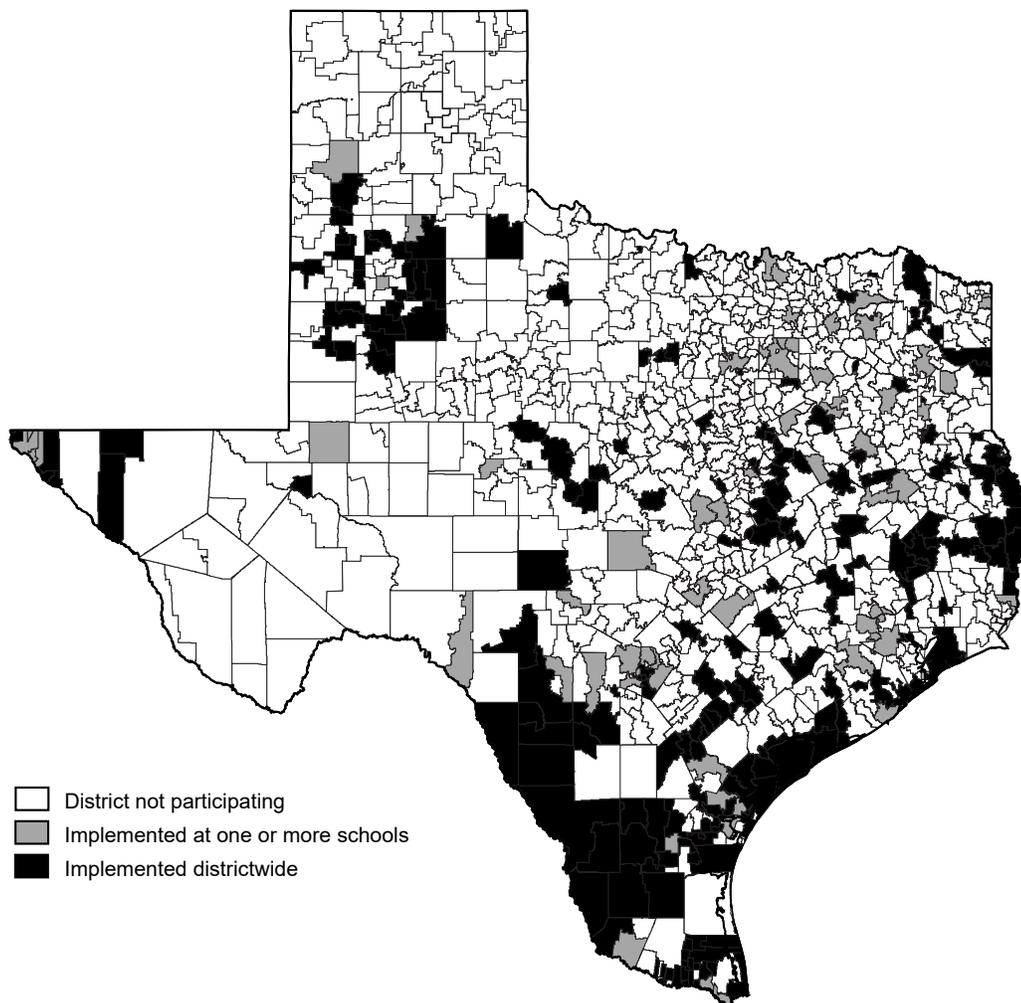
eligible for CEP districtwide. School districts with ISPs situated between these thresholds are eligible to elect CEP, but their Free Claiming Percentage, the percentage of total meals served that are reimbursed at the federal free rate, will vary based on the ISP of each district.

Approximately 323 Texas school districts are implementing CEP at one or more schools for school year 2018–19. These districts include 2,694 participating schools with

approximately 1.6 million enrolled students, according to TDA enrollment data. Approximately 240 school districts chose to implement CEP districtwide, and 83 school districts chose to implement CEP at one or more schools. **Figure 3** shows public school districts that elected CEP for one or more schools or implemented the program districtwide.

Conversely, approximately 493 Texas school districts were eligible to elect CEP for one or more schools but chose not

**FIGURE 3**  
**TEXAS PUBLIC SCHOOL DISTRICTS IMPLEMENTING FEDERAL COMMUNITY ELIGIBILITY PROVISION MEAL PROGRAMS**  
**SCHOOL YEAR 2018–19**



SOURCE: Texas Department of Agriculture.

to participate for school year 2018–19. These districts include 2,013 individually eligible schools. Total enrollment for these schools was approximately 1.1 million, according to TDA enrollment data. Approximately 525 of these schools and 29 school districts had ISPs of 62.5 percent or greater.

Some eligible school districts that chose not to participate in CEP elected instead for one or more schools to participate in an alternate federal program, Provision 2. This program is similar to CEP in that students are able to receive school meals free, regardless of their eligibility status. The benefits of Provision 2 also are similar to those for CEP, including the potential to increase access to school meals, conserve school resources, and eliminate unpaid meal charges. According to

data from TDA, approximately 135 Texas schools are participating in Provision 2 in 21 school districts for school year 2018–19.

**BARRIERS TO PARTICIPATION**  
**IN THE COMMUNITY ELIGIBILITY PROVISION**

Eligible school districts may have chosen not to participate in CEP for various reasons. Despite potential cost savings from participating in CEP, it still may not be financially viable for all eligible school districts to implement. Eligible schools and districts with lower ISPs may not receive federal reimbursements sufficient to cover the food and labor costs for preparing and serving meals at no charge to all students.

If federal reimbursements are not sufficient, the school district must use nonfederal funding to cover any remaining costs incurred. Each school district implementing CEP must identify every eligible student so that its ISP is not artificially low. USDA and TDA have tools online to help school districts that are interested in CEP understand the financial ramifications of participation.

Community expectations also may prevent eligible school districts from participating in CEP. For instance, a school district may be reluctant to implement CEP at one campus if others are not able to participate. In addition, an eligible school district may choose not to participate if it believes it will have to discontinue the program in subsequent years due to a change in program eligibility or the financial viability of participation. CEP participation and the ISP must be reestablished at least every four years.

Schools that implement CEP typically are located in districts that have large student enrollments. This factor may indicate that smaller school districts with eligible schools do not have the capacity to participate in CEP. Administrative impediments to participation—such as conducting an analysis to determine whether CEP is financially feasible, deciding whether and how to group schools to maximize ISP, and submitting an application for the program—may be difficult for smaller school districts to overcome.

Eligible school districts that have chosen not to participate in CEP also may not have enough information or may have inaccurate perceptions about program requirements. In addition, misconceptions about the ramifications of the program may be a source of confusion or apprehension to some eligible school districts. In a survey of regional Education Service Centers (ESC) conducted in August 2018, some reported that eligible school districts lacked understanding of the program and how it operates. ESCs also reported that a major source of confusion is how program participation affects other state and federal school funding sources that rely on data from school meal applications. CEP eliminates the collection of school meal applications; therefore, school districts may be concerned that they will lose funding that traditionally is tied to data in the applications.

Federal agencies and TEA have published guidance outlining how state and federal funding to schools will be affected by participating in CEP. For school districts implementing CEP, their Free Claiming Percentage, which is the ISP multiplied by a factor of 1.6, is a factor in their State Compensatory

Education (SCE) allotment. SCE funding provides financial support for programs and services intended to increase the achievement of students at risk for dropping out of school. In addition, schools adopting CEP use their Free Claiming Percentage to determine discounts on services received through the federal E-rate program, which help schools and libraries obtain telecommunications and Internet access.

Although adopting CEP does not affect the amount of federal funding that a school district receives pursuant to the Elementary and Secondary Education Act, Title I, it may affect how funds are allocated to individual campuses. The U.S. Department of Education has specific guidelines that each school district must follow when making allocations to its schools. Title I funding provides financial assistance to schools and school districts with high numbers or percentages of children from low-income families.

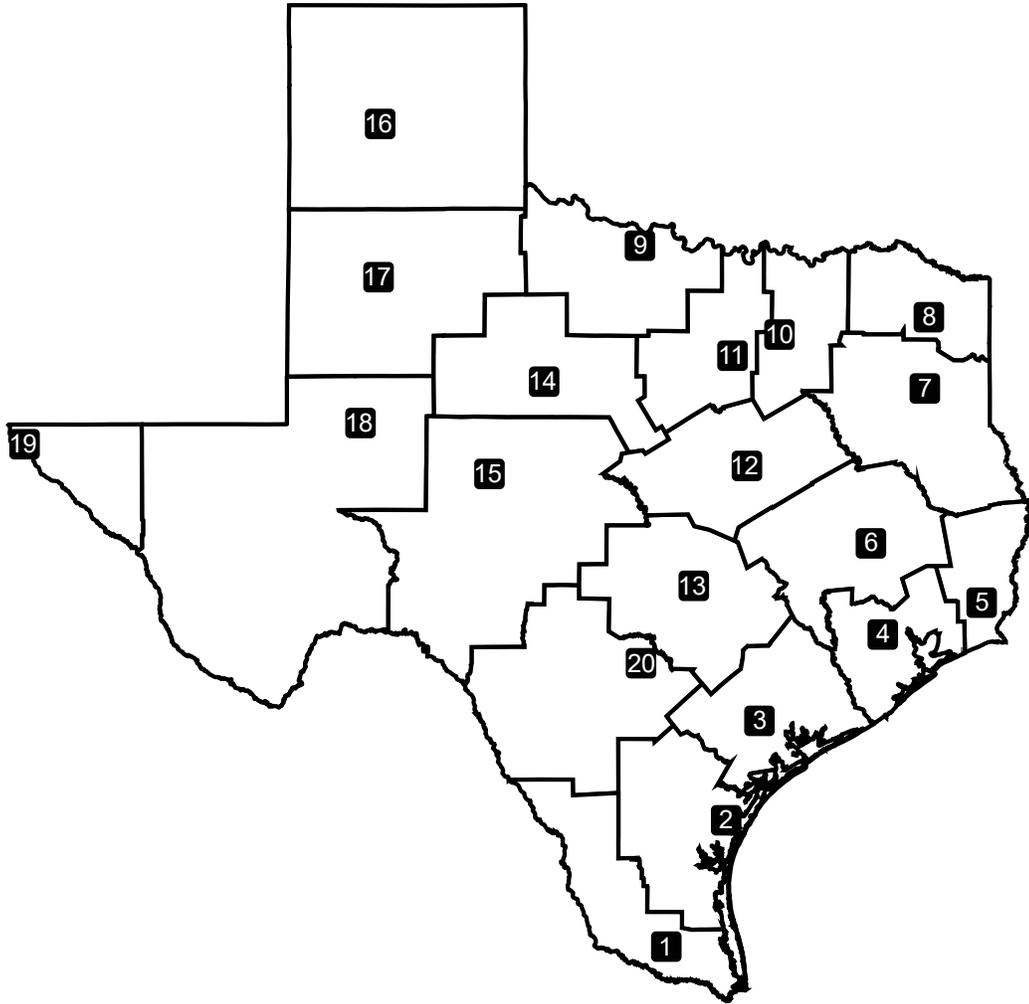
**EDUCATION SERVICE CENTER OUTREACH**

Texas has 20 regional ESCs that provide assistance to local school districts, including services intended to improve student performance, increase operational efficiency and economy, and implement certain initiatives. TDA contracts with the ESCs to provide services related to food and nutrition for school districts, including technical assistance to districts that want to implement CEP. **Figure 4** shows the location of each ESC region and headquarters in Texas.

Option 1 would add a rider to the 2020–21 General Appropriations Bill to direct the ESCs to conduct outreach to eligible school districts that are not participating in CEP. ESCs’ outreach could utilize existing resources developed by TDA and USDA to inform school districts about the benefits and requirements of CEP. Outreach also could inform school districts that ESCs provide technical assistance related to CEP.

ESC outreach would decrease confusion and misperceptions about the requirements and ramifications of CEP among eligible school districts. Outreach also would increase knowledge among school districts of the resources available to assist them in applying for the program, which may be particularly helpful to smaller school districts facing administrative impediments. Although many ESCs report that they have conducted outreach to eligible school districts, several ESCs indicated that they had not or were unsure. Sustained outreach by each ESC to eligible school districts that are not participating could increase participation in CEP, providing more students and schools across the state with benefits from the program.

**FIGURE 4**  
**TEXAS REGIONAL EDUCATION SERVICE CENTERS**  
**DECEMBER 2017**



REGION	HEADQUARTERS	REGION	HEADQUARTERS
1	Edinburg	11	Fort Worth
2	Corpus Christi	12	Waco
3	Victoria	13	Austin
4	Houston	14	Abilene
5	Beaumont	15	San Angelo
6	Huntsville	16	Amarillo
7	Kilgore	17	Lubbock
8	Mount Pleasant	18	Midland
9	Wichita Falls	19	El Paso
10	Richardson	20	San Antonio

SOURCE: Texas Education Agency.

Outreach could be targeted to school districts with ISPs of 62.5 percent or higher. These school districts may receive the greatest increase in federal reimbursement, because they are able to implement CEP districtwide with all meals reimbursed at the federal free rate.

**FISCAL IMPACT OF THE OPTION**

Option 1 would direct the ESCs to conduct outreach to eligible school districts that are not participating in CEP. Increased participation in CEP would increase costs to the Foundation School Program (FSP). The average of the best six months of meal claims for the prior federal fiscal year determines a school district’s count of students generating FSP entitlement for the SCE allotment and related weighted-student entitlement. The extent of the cost increase to FSP would vary according to how many school districts choose to participate in CEP and the associated increase in student counts relative to estimated student counts projected in accordance with current law.

If all school districts that are not participating in CEP or the Provision 2 alternative program and have ISPs of 62.5 percent or greater for school year 2018–19 chose to implement CEP, an estimated cost of \$23.9 million to FSP would result for the 2020–21 biennium. This estimate assumes that these districts would implement CEP beginning in school year 2019–20. It also assumes that the school districts would remain eligible for CEP for school year 2019–20 and that their ISPs would continue to be 62.5 percent or greater.

Increased participation in CEP is expected to increase federal reimbursement for the school meal programs. Federal reimbursement funds are received by TEA and disbursed to public school districts and charter schools. The extent of the increase in federal reimbursement would vary according to each school’s or district’s ISP; whether the school qualifies for a higher reimbursement rate because of its percentage of meals served free or at reduced price or for meeting a performance benchmark; its level of student participation in the school meal programs; and anticipated participation increase due to adopting CEP. School districts with ISPs of at least 62.5 percent are likely to see the greatest increase in federal reimbursement, as all meals are reimbursed at the federal free rate.

The amount that the federal reimbursement would increase if all nonparticipating school districts with an ISP of 62.5 percent or greater for school year 2018–19 chose to implement CEP cannot be estimated.

**FIGURE 5  
FIVE-YEAR FISCAL IMPACT OF OPTION 1  
FISCAL YEARS 2020 TO 2024**

YEAR	PROBABLE SAVINGS/(COST) TO FOUNDATION SCHOOL FUND
2020	\$0
2021	(\$23,948,760)
2022	(\$23,895,381)
2023	(\$26,748,406)
2024	(\$24,382,082)

SOURCE: Legislative Budget Board

It is anticipated that Option 1 would not result in additional costs to TEA. ESCs could conduct outreach utilizing existing resources developed by TDA and USDA.

Figure 5 shows the five-year fiscal impact of Option 1.

The introduced 2020–21 General Appropriations Bill does not include any adjustments as a result of this option.