



Healthy, Hunger-Free Kids Act Update

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Direct Certification Implementation

- Direct Certification Benchmarks and Continuous Improvement Plans
 - FNS Memorandum SP 32-2011: April 28, 2011
 - Proposed Rule: Fall 2011
 - Final Rule: Winter 2013
- Direct Certification Performance Awards and Use of Funds
 - FNS Memorandum SP 33-2011: April 28, 2011



**FNS Memorandum SP 32-2011: Direct Certification
Benchmarks and Continuous Improvement Plans**



Direct Cert Benchmarks and Continuous Improvement Plans

- Overview

- Benchmarks set for State direct certification rates with SNAP
- States not meeting benchmarks each year must implement Continuous Improvement Plans (CIPs) to improve rates for the next school year
- Goal is for States to reach 95% and maintain at least this level ...Phased in



Benchmarks

<i>SY 2011-12</i>	<i>SY 2012-13</i>	<i>SY 2013-14</i>	<i>Future SYs</i>
≥ 80%	≥ 90%	≥ 95%	≥ 95%

- As published in the annual Reports to Congress:
 - Direct Certification in the National School Lunch Program: State Progress in Implementation
- The 2010 Report to Congress (for SY 2009-10) shows the national average direct certification rate as 72%



Continuous Improvement Plans

- Each Fall, beginning 2012, FNS will notify States that did not meet the required benchmark for previous school year
- With FNS assistance, these States are to develop and implement continuous improvement plans (CIPs) to improve direct certification rates with SNAP



Continuous Improvement Plans

- CIPs should include
 - The specific measures the State will use to identify more children who are eligible for direct certification based on SNAP data
 - A multiyear timeline for the State to implement these measures
 - Goals for the State to improve direct certification results
- Should also address progress in complying with requirements to phase out SNAP “letter method” and conduct multiple direct certification matches with SNAP



**FNS Memorandum SP 33-2011: Direct Certification
Performance Awards**

Direct Certification Performance Awards

General Information

Total # of Awards/yr	Total \$ amt /yr	Categories of awards	Timing of Awards
Up to 15 awards per year, for each of three years	\$4 million per year for performance awards, for each of three years	Two categories: Outstanding Performance and Significant Improvement	Awards will be given: Sept. 2012 Sept. 2013 Sept. 2014

Additional Guidance

Further guidance will be issued in Spring 2012, 2013, and 2014 to remind States of these award opportunities and to give more-specific information about the award process for the given year.



Letter Method Overview

- SNAP “Letter Method” Eliminated
 - Eliminates the “Letter Method” as a method of direct certification for children in households receiving **SNAP**
 - If a household provides a **SNAP** letter to the school, it **must** still be used in lieu of an application to certify the child for free meals
 - Can still use letter method to directly certify children in households receiving **TANF** or **FDPIR**. No change for these programs

Direct Certification Grants Extended Opportunities - Non-Competitive

Original Eligibility

ELIGIBILITY:
States with Direct certification rate \leq median rate, 72% in 2009 or 2010 Report to Congress

- **Planning Grants -- up to \$75,000** each (with follow-up implementation grant due 210 days after award)
- **Implementation grants up to \$1 million each. Remaining application deadlines:**
 - July 29, 2011
 - Oct. 31, 2011
 - Jan. 31, 2012

Change in Eligibility

ELIGIBILITY:
Expanded to States with Direct certification rate $< 80\%$ in 2010 Report to Congress (to prepare for first benchmark)

- **Planning Grants -- Two new opportunities:**
 - July 29, 2011
 - Oct. 31, 2011
- **Implementation grants -- Application Deadlines remain same**



Direct Certification with Medicaid

- Section 103: Direct Certification for Children Receiving Medicaid Benefits
- Intent
 - Demonstration project to test the effectiveness of direct certification using Medicaid program data matching



Direct Cert Medicaid Overview

- Phased in starting with SY 2012-13
- By SY 2014-15, and thereafter, will reach LEAs that collectively serve 10% of students certified for free and reduced price meals nationwide
- Suggests criteria for selecting States and LEAs to participate
- Provides \$5 million for FNS study to evaluate results



Direct Cert Medicaid Implementation

- **Phase In** with an increasingly wider scope
 - For SY **2012-13** , demos will be conducted in selected LEAs that collectively **serve 2.5 %** of students certified for free and reduced price meals nationwide
 - For SY **2013-14**, **5 %**
 - For SY **2014-15**, and thereafter, **10%**

SY 2012-13	SY 2013-14	SY 2014-15	Future SYs
2.5%	5%	10%	10%

Direct Cert Medicaid Timeline

Direct Certification for Children Receiving Medicaid Benefits

Demo Project	Study
Release Request for Applications (RFA) Summer 2011	Study begins July 1, 2012
Select SAs for SY 2012-13 demo Fall 2011 Select LEAs for SY 2012-13 demo Winter 2011	Interim Report to Congress October 1, 2014
Projects begin July 1, 2012	Final Report to Congress October 1, 2015



Community Eligibility Overview

- LEA or schools electing Community Eligibility special assistance payments agree to serve all students free lunches and breakfasts for 4 successive school years
- The percentage of identified students must be greater than or equal to 40% to qualify
- Meal program claims are based on the percentage of identified students multiplied by a factor of 1.6
- The remainder of meals not covered under the identified student percentage multiplied by the factor will be reimbursed at the paid rate



Community Eligibility Implementation

- Year 1: 3 States selected: Illinois, Kentucky, and Tennessee for school year beginning July 1, 2011. All eligible LEAs and schools in these States can participate.
- Years 2 and 3: An additional 4 States will be selected 2013
- All LEAs and schools in all States are eligible to participate for school years starting on or after July 1, 2014
- Proposed rule in Spring 2012
- Final rule in December 2013, in advance of full implementation in July 2014



Categorical Eligibility of Foster Children

- Section 102: Categorical eligibility of foster children
- Intent
 - Extend categorical eligibility to any foster child whose care and placement is the responsibility of the State or who is placed by a court with a caretaker household



Implementation

- Effective October 1, 2010
- LEAs and other child nutrition institutions should work to implement this change as soon as possible for any new foster children identified by foster agencies or who submit applications for the remainder of this school year
- Guidance
 - Implementation memo was issued January 31, 2011, Q&A was issued March 16, 2011



Outreach to Eligible Families

- Section 112 : Outreach to Eligible Families
- Intent
 - To increase participation in the federal feeding programs
 - To reach eligible families to inform them of the Summer Food Service Program (SFSP) available during the summer months and remind households of the availability of the School Breakfast Program (SBP)



Implementation

- SFSP portion implemented through Policy Memorandum published on January 25, 2011 - Outreach to Households on the Availability of the Summer Food Service Program Meals, SFSP 04-2011, SP 15-2011
- Policy Memorandum regarding SBP outreach, Summer 2011



Privacy Protection

- Section 301: Privacy Protection
- Intent
 - Increase Privacy Protection
 - May not require full SSN for verification
 - Only require the last four digits of SSN on application
- Implementation memo issued February 2011



New Meal Patterns

- Section 201: Performance-based reimbursement rate increases for new meal patterns
- Intent
 - To improve the diets of children by issuing regulations to update the school meal patterns and nutrition standards according to the recommendations issued by the Institute of Medicine
 - To provide additional reimbursement to schools that comply with the final regulation



Implementation

- Proposed Rule: Nutrition Standards in the National School Lunch and School Breakfast Programs
 - Issued January 13, 2011; Federal Register (76 FR 2494)
 - 90-day comment period ended April 13, 2011
 - 132,919 public comments received
 - Comments posted on www.regulations.gov. See public submissions under docket FNS-2007-0038
- USDA webinar on proposed rule
 - http://www.fns.usda.gov/multimedia/Webinars/Proposed_Rule_SessionNoQA_011911.wmv




Performance-Based Reimbursement Rate Increase

- Section 201: Compliance/Certification for New School Meal Patterns
- Intent
 - Facilitate schools' adoption of the new meal requirements that are aligned with the Dietary Guidelines for Americans



Implementation

- Reimbursement rate increase effective the latter of
 - October 1, 2012 or
 - Publication of the implementing regulations for school meals
- When reimbursement is available, compliance standards will be established for State Agencies to certify if meals meet interim/final rule requirements
- SFAs certified compliant receive +6¢/lunch
 - Adjusted annually for change in Consumer Price Index
- Funding for State Agency implementation (\$50 million) available for two years, starting the fiscal year the new meal pattern implementing regulations are published



Nutrition Requirements for Fluid Milk

- Section 202: requires that a variety of fluid milk be served consistent with the most recent Dietary Guidelines for Americans. The 2010 Dietary Guidelines recommend that persons over two years of age consume fat-free or low-fat (1%) fluid milk.
- Intent
 - To improve the diets of children by issuing regulations to update the school meal patterns and nutrition standards according to the recommendations issued by the most recent Dietary Guidelines for Americans



Overview

- To offer milk variety consistent with this recommendation, school food authorities must offer at least two choices from the following
 - fat-free milk
 - low-fat (1%) milk
 - fat-free or low-fat lactose reduced milk
 - fat-free or low-fat lactose-free milk
 - fat-free or low-fat buttermilk
 - and fat-free or low-fat acidified milk
- Such products must be pasteurized fluid milk that meets State and local standards, as currently required in 7 CFR 210.10(m)(1)(ii)



Implementation

- This provision is effective October 1, 2010
- We also recognize the range of complexities that may be involved in schools ability to implement this provision, therefore we encourage schools to implement this as soon as possible, but not later than the beginning of SY 2011-12



Timeline

- Implementation Memo - Spring 2011
- Proposed rule, Nutrition Standards in the National School Lunch and School Breakfast Programs, published in Federal Register - January 13, 2011
 - Includes similar provision that addresses allowable fat content of milk and also addresses flavored milk
 - Until an implementing rule goes into effect, plain or flavored low-fat and fat-free milk may be offered to meet the variety requirements
- Final Rule - Winter 2012



Water

- Section 203: Water availability during meal service
- Intent:
 - To make free potable water available to children in the place where meals are served



Overview

- While potable water is required to be made available to students, it is not considered part of the reimbursable meal
- Implementation will vary greatly given the diversity of facilities
- There is no funding available for this provision and reimbursement may not be claimed
- However, the costs associated with providing potable water would be an allowable cost to the non-profit food service account



Implementation

- This provision is effective October 1, 2010
- Implementation Memo - Spring 2011
- Follow-up Memo including Q&As - Summer 2011
- Proposed Rule Winter 2012 (with Competitive Foods)
- Final Rule - Summer 2013



Nutritional Standards All Foods Sold in Schools

- Section 208: Nutrition Standards for all Foods Sold in Schools
- Intent
 - Establish a timeframe for the Secretary to promulgate proposed, as well as interim or final, regulations to establish science-based nutrition standards for foods sold in schools other than reimbursable meals



Overview: Standard Requirements

- Science- based nutrition standards for all foods sold in school other than reimbursable foods
- Apply to food items available for sale on the school campus throughout the school day
- Consistent with the goals of the Dietary Guidelines for Americans
- Consider scientific research, existing voluntary agreements and practical applications of nutrition standards
- Consider exemptions for infrequent school sponsored fundraisers



Implementation

- Proposed regulation required one year after enactment
- Law requires implementation to occur no earlier than one year after the implementing rule is published but not more than two years after publication



Timelines

- Competitive Food Working Group with CDC established to review recommendations made in the IOM report and existing voluntary standards recommended and implemented by a variety of groups
- Participated in listening sessions and webinars
- Currently drafting the proposed rule for publication in December 2011



Local Wellness Policies (LWP)

- Section 204: Wellness policy requirements
- Section 209: Information for the Public on the School Nutrition Environment
- Intent
 - Strengthen local wellness policies so they become useful tools in evaluating, establishing and maintaining healthy school environments
 - Provide transparency to the public on key areas that affect the nutrition environment in each school



LWP Overview

- Policies will include:
 - Goals for nutrition promotion and education, physical activity and wellness
 - Guidelines to promote health and reduce obesity
 - Permission for certain groups to participate in the development, implementation, periodic review and update of LWPs
- Local Education Agencies (LEAs) determine specific policies appropriate for their schools
- LEAs required to inform and update the public on the content, implementation, and assessment of LWPs



LWP Implementation

- Issue Implementation Memo - July 2011
- Develop Plan with CDC and ED for Technical Assistance Activities - Summer 2011, available on http://www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm

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LWP Implementation

During School Year 2011-2012

- LEAs should begin reviewing and updating existing LWPs
- Move forward implementing new requirements to extent practicable
- Consult LWP reference materials on FNS website: www.fns.usda.gov/tn/healthy/wellnesspolicy.html and CDC website: www.cdc.gov/HealthyYouth
- Review strategies to facilitate LWPs as outlined in CDC's School Health Guidelines to Promote Healthy Eating and Physical Activity Among Youth (available Summer 2011 on CDC website)
- Inform and update public on content, implementation, and assessment of LWPs by end of SY11-12



LWP Timeline

- Proposed Rule - Fall 2012
- Provide technical assistance materials throughout implementation of this provision
- Public comment period – FNS is hopeful that the operational experiences LEAs gain from implementing Section 204 will provide an informed body of comment on the Proposed Rule
- Final Rule - Fall 2013



Indirect Cost Overview

- Guidance addresses program rules pertaining to indirect costs- Issued July 9
- Study will assess extent to which indirect costs are charged-report due October 1, 2013
- The law also provides USDA the authority to issue regulations based on the results of the study
- SNA Session: Tuesday, July 12 at 2:15 Ryman AD



Indirect Cost Overview

- Guidance provides definitions for both direct and indirect costs, including
 - Proper classification of costs
 - Discussion on the treatment of certain typical costs in the NSLP and SBP
 - Direct costs are discussed because direct and indirect costs are complementary



Indirect Cost Overview

- An overview of Federal cost principles and explanation that all costs (direct or indirect) paid with funds from nonprofit school food service account must be allowable
 - The document also provides criteria that will aid an SFA in determining allowable costs and includes examples on typical costs treated as allowable or unallowable
- Information on how school district's general fund recovers indirect costs from nonprofit school food service account
 - This information includes appropriate application of the indirect cost rate and the information the SFA needs in determining such



Indirect Cost Overview

- Considerations for the SFA when assessing indirect costs charged to the nonprofit school food service account
 - This information includes how an SFA should deal with errors and the billing of previous years' indirect costs
- An overview of how the indirect cost rate is developed as relevant background information for SFAs
 - The information includes a discussion on appropriate uses of restricted or unrestricted indirect cost rates and adjustment of the rates



Equity in School Lunch Pricing

- Section 205: Equity in School Lunch Pricing
- Intent
 - To ensure that sufficient funds are provided to the food service account for paid lunches



Implementation

- Provision is effective July 1, 2011
- Interim rule is published in Federal Register. Comments are due by September 15, 2011
- Guidance: Question and Answer Memo was issued June 13, 2011, Fact Sheet was issued March 2, 2011



Price Lunch Equity Tool

- A PLE tool available on FNS site to help SFAs calculate:
 - Average price across the SFA
 - New required average price across SFA
 - Distribution of price increases across SFA
 - Non-Federal source contribution amount
- PLE tool is located at:
www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm



Revenue from Nonprogram Foods Sold in Schools

- Section 206: Revenue from Nonprogram Food
- Intent
 - To ensure that sufficient funds are provided to the food service account foods sold in schools outside of reimbursable meals



Nonprogram foods

- Sold outside of program meals
- Purchased with funds from the school food service account
- Includes competitive foods as currently provided in regulations



Overview

- A SFA must ensure that the overall revenue from nonprogram foods meets or exceeds the cost of obtaining these foods
- If nonprogram food is purchased the SFSA, all revenue must accrue back to the school food service account



Implementation

- Provision is effective July 1, 2011
- Section 205 and 206 should be implemented by schools in SY 2011-2012
- SNA Session on Tuesday July 12 at 9:45



USDA Listening Sessions

- Paid Meal Equity/Nonprogram Food Revenue
 - Monday, July 11, 3:30-4:30 PM
 - Ryman H-I
- Compliance and Certification of New Meal Patterns (6 Cents)
 - Tuesday, July 12, 7:30-8:30 AM
 - Ryman H-I