Reply to
Attn. of: SP 99-02

Subject: Special Assistance Certification and Reimbursement
        Alternative Provision 3: Two New Options

To:       STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas,
          (Child Nutrition Programs) Missouri ED, Montana OPI,
          Nebraska ED, North Dakota, South Dakota, Utah and
          Wyoming ED

This memorandum makes two changes to the instructions for
implementing Provision 3, set forth in our earlier memorandum
SP 95-15 on September 15, 1995. These changes give school food
authorities (SFAs) two new options in utilizing Provision 3.

Since the implementation of Provision 3, it has come to our
attention that differences between Provisions 2 and 3 may make
it difficult for a SFA to evaluate which provision would be
most favorable for their food service operation. Therefore, to
make the special assistance certification and reimbursement
alternatives more consistent, the following policy changes are
established for Provision 3 for the school year beginning
July 1, 1998:

1. Schools operating under Provision 3 may implement the
   provision in the National School Lunch Program (NSLP), School
   Breakfast Program (SBP) or both. Previous policy required
   that schools under Provision 3 implement Provision 3 in both
   meal programs if the school participated in the NSLP and SBP.
   However, schools operating under Provision 2 have been
   allowed to implement the procedures for lunch or breakfast,
   or for both. This change in policy gives schools under
   Provision 3 the same options as schools under Provision 2
   with regard to implementing the provision in the NSLP and/or
   the SBP.

2. Schools operating under Provision 3 may provide meals at no
   charge to all students during the base year. Previous policy
   required that schools under Provision 3 charge students
   eligible for reduced price and paid meals during the base
   year for which reimbursement levels were established. This
was intended to allow schools to use their most recent year in which eligibility determinations were made and meal counts by type were obtained as the base year and begin Provision 3 immediately. This policy change allows schools that are already operating a non-pricing program to implement Provision 3, using the previous year as the base year. It also allows schools to implement a non-pricing program in the base year of Provision 3. Please note that while, under Provision 3, the base year may be either pricing or non-pricing, the base year under Provision 2 must still be a non-pricing program only.

If you have any questions, please contact our office.

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