



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

DATE: April 28, 2011

MEMO CODE: SP 32-2011

SUBJECT: Child Nutrition Reauthorization 2010: Direct Certification  
Benchmarks and Continuous Improvement Plans

TO: Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

The Healthy, Hunger-Free Kids Act of 2010 (the Act), Public Law 111-296, includes several provisions designed to improve direct certification. The purpose of this memorandum is to implement provisions contained in Section 101 of the Act which establish direct certification rate benchmarks for States and require continuous improvement plans (CIPs) from States that do not meet the benchmarks. Direct certification is a critical tool to improve access, increase accuracy, and reduce paperwork in the school nutrition programs by simplifying the certification process.

Additional direct certification provisions of the Act were communicated in the following two memoranda and should be reviewed in combination with the information in this memorandum:

- SP 13-2011, Child Nutrition Reauthorization 2010: Letter Method for Direct Certification, dated January 14, 2011; and
- SP 33-2011, Child Nutrition Reauthorization 2010: Direct Certification Performance Awards and Use of Funds, dated April 28, 2011.

Also, implementation procedures for the new statutory provisions are aligned with the following new regulations and related memorandum, as referenced in this memorandum:

- Federal regulations at 7 CFR 245.2 and 245.6 concerning direct certification of children in households receiving Supplemental Nutrition Assistance Program (SNAP) benefits (published in Federal Register Vol. 76, No. 79 on April 25, 2011, titled Direct Certification and Certification of Homeless, Migrant and Runaway Children for Free School Meals); and
- SP 31-2011, Frequency of Direct Certification Matching Activities Beginning in School Year 2011-2012, dated April 27, 2011.

## **STATUTORY AND REGULATORY BACKGROUND**

Section 101(b) of the Act amended section 9(b)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)(4)) to define required State percentage benchmarks for direct certification rates for children in households receiving assistance under SNAP beginning with school year (SY) 2011-2012. The provision requires each State that does not meet the benchmark for a particular school year to implement a CIP to improve direct certification and fully meet the benchmarks in subsequent school years. The provision also requires the Food and Nutrition Service (FNS) to provide technical assistance to States in developing and implementing CIPs. While this provision focuses on direct certification of children in households receiving SNAP, FNS encourages States to improve direct certification of other eligible children as well, including those in households receiving Temporary Assistance for Needy Families cash assistance or benefits through the Food Distribution Program on Indian Reservations, as well as homeless, runaway, migrant, and foster children.

Section 101(c) of the Act also amended section 9(4)(b) to clarify that direct certification with SNAP must be conducted “without further application,” meaning that no action is required by the household of the child. (Please refer to Memorandum SP 13-2011, Child Nutrition Reauthorization 2010: Letter Method for Direct Certification, dated January 14, 2011.) This effectively removes the “letter method” as a form of direct certification with SNAP. In addition, new Federal regulations at 7 CFR 245.6(b) published April 25, 2011 and related Memorandum SP 31-2011 (Frequency of Direct Certification Matching Activities Beginning in SY 2011-2012, dated April 27, 2011), require that State agencies administering the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) conduct direct certification with SNAP at least three times each school year beginning SY 2011-2012 (unless phased in as described in SP 31-2011). Further, direct certification with SNAP is to be conducted using only data matching techniques, to be phased in by SY 2012-2013. These restrictions on using the letter method for direct certification for children in households receiving SNAP benefits affect the calculation of the direct certification rate, so the new regulatory requirements for phasing-out the “letter method” and transitioning to data matching as they apply to benchmarks and CIPs are included in this memorandum. (See the section, “Phase-out of Letter Method for SNAP as a form of direct certification, as it applies to benchmarks and CIPs,” later in this memorandum for more detailed description and discussion of the letter method.)

The Child Nutrition and WIC Reauthorization Act of 2004, Public Law 108-265, required all local educational agencies (LEAs) to establish, by SY 2008-2009, a system to directly certify as eligible for free school meals children from households that receive SNAP benefits. The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill; P.L. 110-246) required FNS to assess the effectiveness of State and local efforts to directly certify children for free school meals under the NSLP and to provide annual reports to Congress. Each year since 2008, FNS has computed direct certification rates for each State using estimates of the number of school-age SNAP participants (between ages 5 and 17) and the number of children from SNAP households directly certified as eligible for free school meals. These rates have been published in the annual *Report to Congress: Direct Certification in the National School Lunch Program: State Implementation Progress* (Report to Congress). The national average direct certification rate for children in SNAP households for SY 2009-2010 was calculated as 72%.

### **BENCHMARKS FOR STATE DIRECT CERTIFICATION RATES**

To encourage improved performance, this new provision in Public Law 111-296 sets a State-level direct certification rate benchmark for children in households receiving SNAP benefits for each school year, beginning with SY 2011-2012.

Benchmarks for State direct certification rates for children in households receiving SNAP benefits (the percentage of school-age SNAP-participant children directly certified for free school meals) are set at:

- 80% for SY 2011-2012;
- 90% for SY 2012-2013; and
- 95% for SY 2013-2014 and each school year thereafter.

### **CONTINUOUS IMPROVEMENT PLANS**

Following each school year, FNS will evaluate direct certification data that goes into the Report to Congress, identify States that fall below the benchmark for the previous school year, and notify the affected State agencies that they must develop a CIP. FNS plans to complete the data calculations that will go into the annual Report to Congress in time to notify States of their direct certification rates by approximately August each year. (Please refer to the section, “Source of Direct Certification Data to Evaluate State Progress,” for information on the data FNS will use.)

State agencies required to develop CIPs must submit their plans via their FNS Regional Offices for FNS approval. A State must implement the plan according to the timeframes in the approved plan. FNS will provide technical assistance to the affected States to support their efforts in developing and implementing the CIP.

CIPs must, at a minimum, include:

- the specific measures the State will use to identify more children who are eligible for direct certification based on SNAP data, including improvements or modifications to technology, information systems, or databases;
- a multiyear timeline for the State to implement these measures; and
- goals for the State to improve direct certification results.

In addition, to ensure that States are in compliance with the new direct certification requirements at 7 CFR 245.6(b), published April 25, 2011, CIPs should include information about the State’s progress toward implementing requirements to conduct direct certification with SNAP at least three times per school year and implementing the phase-out of the “letter method” as a form of direct certification with SNAP (please refer to the section, “Phase-out of Letter Method for SNAP as a form of direct certification, as it applies to benchmarks and CIPs,” later in this memorandum).

As an example of how this provision will be implemented, FNS will evaluate compliance with the SY 2011-2012 benchmark using data from SY 2011-2012 that will go into the Report to Congress for that school year. If a particular State fails to meet the 80% benchmark for SY 2011-2012, it will be identified, notified (by approximately August 2012), and then required to submit a CIP to FNS, via the appropriate FNS Regional Office, within 60 days of such notification. Technical assistance to the State in developing CIPs will be available at both the FNS regional and national office levels.

Since the CIP itself would be developed during SY 2012-2013, it should reflect any plans that could be implemented immediately to help the State agency meet the requirements, as well as those plans that could improve direct certification for the following school year, SY 2013-2014, and future school year(s), as applicable.

FNS recognizes that by the time a CIP has been developed and approved for a State, the current school year will be well in progress, and the impact of the CIP on the current school year's data may be minimal. However, the CIP is meant to be an ongoing management instrument to help the State work toward improvement on a continuing basis. FNS also recognizes that if a State is below the benchmark for the first year, it may take longer than a year to meet the statutory benchmark(s), particularly since the benchmarks are raised in each of the following two school years. This is why it will be important to develop a CIP that has a multiyear scope.

#### **SOURCE OF DIRECT CERTIFICATION DATA TO EVALUATE STATE PROGRESS**

The annual Report to Congress is typically released in October following the end of the school year under review. The data elements that are currently used for the computation of the direct certification rates in the Report to Congress come primarily from the Verification Summary Report (FNS-742) and SNAP program and quality control data. For the Report to Congress, FNS obtains this data, validates it, and applies other adjustment formulas to compute the direct certification rates for States that it includes in the report. (Please refer to the Report to Congress for a detailed description of the computations and the data limitations. The 2010 report can be accessed online at: <http://www.fns.usda.gov/ora/menu/Published/CNP/cnp.htm>.) FNS currently is revising the FNS-742 to better capture the number of children in households receiving SNAP assistance who are directly certified for school meals. FNS also is examining ways to refine the estimate of the school-age population in SNAP-participant households. If these data elements or adjustment formulas are modified, FNS will amend this memorandum to reflect the change in the way State progress is evaluated.

#### **PHASE-OUT OF LETTER METHOD for SNAP as a form of direct certification, *as it applies to benchmarks and CIPs***

In many school districts, the SNAP agency sends letters to households receiving SNAP benefits to notify them that their children are eligible for free school meals based on the household's receipt of SNAP benefits. Households bring the letters to the school as proof of their children's categorical eligibility, and schools certify the children based on the SNAP letter, in lieu of applications. This certification method is known as the "letter method" and is an important means to notify SNAP households of their children's categorical eligibility for free meals, particularly when children are missed in the direct certification matching process. When

households voluntarily provide the SNAP letters to schools, the schools must continue to accept them, in lieu of applications, as documentation of categorical eligibility and certify the children for free meals, as described in the new Federal regulations at 7 CFR 245.2 (definition of “Documentation,” paragraph (2)(ii)(B)).

The new regulations continue to instruct schools to certify children for free meals based on a household’s voluntary submission of the SNAP letter to establish categorical eligibility. However, under the Act, the “letter method” procedure is no longer considered as a form of direct certification with SNAP because it requires some action by the household, namely bringing the letter to the school. FNS Memorandum SP 13-2011 implemented this provision effective October 1, 2010, and requires that as soon as possible, all State agencies must ensure they have a method in place to exchange eligibility information from SNAP officials directly with LEAs. New Federal regulations at 7 CFR 245.6(b)(1) allow for a phase in period for States to transition to full compliance by SY 2012-2013 in implementing data matching techniques to replace the letter method in order to meet the mandatory direct certification requirements for children in households receiving SNAP benefits.

For the purposes of the benchmarks and CIPs, and in line with requirements in the new Federal regulations at 7 CFR 245.6(b)(1), the “letter method” procedure for SNAP certifications should be phased out in the following fashion:

- **SY 2010-2011** –This school year occurs before the benchmarks and CIPs in the Act provisions take effect, so there will be no CIPs required of any State, but there are actions the State should be taking to phase out the use of the “letter method” as a means of directly certifying children in households receiving SNAP benefits. The State should begin to identify the steps that need to be taken at all levels throughout the State to eliminate the “letter method” from SNAP direct certification systems and to replace it with automated data-matching methods to directly certify children in households receiving SNAP benefits, including establishing or amending agreements with the State agencies conducting eligibility determinations for SNAP. For this school year, States may continue to include “letter method” certifications in their reported data for SNAP direct certification on the Verification Summary Report, FNS-742.
- **SY 2011-2012** – This is the first school year for which a direct certification rate benchmark—80%—is set. For this school year, States that are still utilizing the “letter method” for some or all SNAP direct certifications should be actively phasing it out and replacing it with automated data-matching methods to directly certify children in households receiving SNAP benefits. States may continue to include “letter method” certifications in their reported data for SNAP direct certification. For this school year, FNS will use the data on the current FNS-742 form, as reported and validated, whether or not the direct certification counts contain the “letter method” certifications. However, FNS is working on revisions to the FNS-742 to allow for a more granular separation of data and more accurate reporting on SNAP direct certification, to be in place for the SY 2012-2013 reports. Therefore, States should be working on ways to be able to report this data separately, because certifications made via the “letter method” will not be

included in SNAP direct certification counts after SY 2011-2012. States whose direct certification rates fall below the 80% benchmark for this year will be required to develop and implement a CIP. The CIPs should address States' progress toward phasing out the "letter method" and conducting matches at least three times per school year, including their plans for meeting these requirements to be in compliance with Federal regulations at 7 CFR 245.6(b).

- **SY 2012-2013** – The benchmark for this year is set at 90%. For this school year and every school year thereafter, the "letter method" must be fully phased-out as a means of direct certification of children in households receiving SNAP benefits, and the mandatory direct certification with SNAP must be conducted using data-matching techniques only. Letters to SNAP households may continue to be used as an additional means to notify households of children's categorical eligibility based on receipt of SNAP benefits, and schools may continue to use the letter to certify children in lieu of an application; however, such certifications cannot be counted as direct certification—they instead would be considered to be a form of non-direct certification that exempts the child from verification. In addition, States must no longer include "letter method" certifications with SNAP in their reported data for direct certification. FNS expects that the revised FNS-742 form will be in use for this purpose by SY 2012-2013.
- **SY 2013-2014, and beyond** – The guidance for school years from this point on is the same as for SY 2012-2013 (see above), except that the benchmark for this school year and each subsequent school year is 95%. As time goes on, States must have systems that effectively handle more frequent direct certification with SNAP without the use of the "letter method," and direct certification rates are expected to meet the 95% benchmark.

### **EXTENDED GRANT OPPORTUNITIES**

Should States need additional funds to help improve their direct certification rates to meet the first benchmark, please note that FNS is offering additional direct certification improvement grant opportunities to eligible States—both for planning grants and for implementation grants—as part of the \$22 million funded by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Act of 2010, Public Law 111-80. This grant funding is intended to help States ensure that children who are members of households receiving SNAP are certified to receive free National School Lunch Program (NSLP) and School Breakfast Program (SBP) meals without further action by the household.

Planning Grants are intended for NSLP State agencies that know they need to improve their State's direct certification system, but may need to conduct additional research to identify the most effective way of doing so and/or planning to ensure that a chosen approach is actually the most effective approach. Implementation Grants are intended for NSLP SAs that know what they need to do to improve their State's direct certification systems, but lack the resources to implement those changes.

When the grant opportunities were originally announced, they targeted States that had direct certification rates at or below the national median direct certification rate in the Reports to

Regional Directors

State Directors

Page 7

Congress (72% for SY 2008-2009, or 72% for SY 2009-2010). Since the Act sets benchmarks that are higher than these two median rates, FNS has extended opportunities for grants to States whose rates are above the national median direct certification rate, but below the 80% level of the SY 2011-2012 benchmark. These extended opportunities provide for two additional planning grant opportunities, as well as extra follow-up implementation grant opportunities. Any State that has a direct certification rate **under 80% for SY 2009-2010**, as published in the 2010 Report to Congress under the “Percent of School-age SNAP-Participant Children Directly Certified for Free School Meals,” and that has not already applied for a direct certification grant under this authority, is eligible to apply under this extended opportunity. Please refer to Memorandum SP 27-2011, Expansion of Opportunities for Additional States to Apply for Direct Certification Planning and Implementation Grants, dated April 7, 2011. Also see Amendment #1 to the Request for Applications for the FY 2010-2012 Direct Certification Grants, dated April 7, 2011, at <http://www.fns.usda.gov/cnd/grants.htm>.

These grants are non-competitive so long as funds remain available and applications are timely and describe viable projects to improve processes and systems for directly certifying children in households receiving SNAP benefits. Eligible States are urged to apply.

#### **INFORMATION**

State Agencies should direct any questions concerning this guidance to the appropriate FNS Regional Office. Regional Offices with questions should contact the Child Nutrition Division.



Cynthia Long

Director

Child Nutrition Division