



Food and
Nutrition
Service

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DATE: June 15, 2022

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SUBJECT: Determining Eligibility for Severe Need Reimbursement for the School Breakfast Program and the Two Cent Differential Reimbursement for the National School Lunch Program in School Years 2022-2023 and 2023-2024

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

Issuing Agency/Office:	Food and Nutrition Service/Child Nutrition Programs
Title of Document:	Determining Eligibility for Severe Need Reimbursement Rates for the School Breakfast Program and the Two Cent Differential Reimbursement for the National School Lunch Program in SY 2022-2023 and SY 2023-2024
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Summary:	This memorandum provides guidance to State agencies and school food authorities as they transition from COVID-19 nationwide waivers. This guidance applies to State agencies and school food authorities administering the National School Lunch Program and the School Breakfast Program in SY 2022-2023 and SY 2023-2024.

Section 2202(a) of the Families First Coronavirus Response Act (the FFCRA) (P.L. 116-127), as extended by the Continuing Appropriations Act 2021 and Other Extensions Act (P.L. 116-159), allowed the Food and Nutrition Service (FNS) to issue nationwide waivers related to pandemic conditions. This nationwide waiver authority was not extended beyond school year (SY) 2021-2022 and expires on June 30, 2022.

As they return to normal operations, school food authorities (SFAs) that used nationwide waivers to operate the Summer Food Service Program (SFSP) and/or National School Lunch Program (NSLP) Seamless Summer Option (SSO) during SY 2020-2021 and/or SY 2021-2022 may not have the data needed to determine eligibility for severe need

reimbursement rates for breakfast served through the School Breakfast Program (SBP) or the two cent differential reimbursement for NSLP lunches served in SYs 2022-2023 and/or 2023-2024.

Schools are eligible for severe need breakfast reimbursement rates if 40 percent or more of NSLP lunches served to students at school during the second preceding school year were at the free or reduced price rate (42 U.S.C. 1773(d) and 7 CFR 220.9(d)). Schools are eligible for the two cent differential if 60 percent or more of the NSLP lunches served in the second preceding school year were at the free or reduced price rate (42 U.S.C. 1753(b)(2)). FNS recognizes that schools participating in SFSP and/or SSO during SYs 2020-2021 and/or 2021-2022 under the nationwide waivers served all students free meals due to the impacts of COVID-19. As a result, these schools do not have complete data needed to determine eligibility for severe need breakfast rates and the two cent differential for lunch.

Below are guidelines for SYs 2022-2023 and 2023-2024 that schools should use to determine eligibility for severe need and two cent differential reimbursement.

- Schools that operated NSLP during SYs 2020-2021 and 2021-2022 have second prior year data available to determine eligibility for severe need and two-cent differential reimbursement for SYs 2022-2023 and 2023-2024, respectively. Therefore, these schools must use the percentage of lunches served free or at the reduced price during the second preceding year to determine eligibility for severe need and two-cent differential reimbursement for SYs 2022-2023 and 2023-2024.
- Schools that did not operate NSLP during SY 2020-2021 but did operate NSLP during SY 2021-2022 must use the percentage of lunches served free or at the reduced price during SY 2021-2022 to determine eligibility for severe need and two-cent differential reimbursement for SYs 2022-2023 and 2023-2024.
- Schools that did not operate NSLP during SYs 2020-2021 and 2021-2022 may use the following options to determine eligibility for SY 2022-2023.
 - Use the percentage of lunches served free or at the reduced price during SY 2019-2020. Data should only be used through the month that the school served free and reduced price NSLP meals, i.e., February or March 2020.
 - Use the percentage of lunches served free or at the reduced price during the first three months of SY 2022-2023. As indicated in [*Eligibility for Severe Need Rates for the School Breakfast Program \(SBP\)*](#) and [*Determining Eligibility for Two Cent Differential Reimbursement in New School Food Authorities – Revised*](#), schools new to NSLP or SBP participation are permitted to demonstrate that they qualify for severe need and two cent differential reimbursements. FNS is extending this method of determining eligibility for severe need rates and two cent differential reimbursement when NSLP participation data from the second preceding year is unavailable. Severe need rates and two cent differential

reimbursements are retroactively effective back to the three months that were used to establish the SFA's eligibility.

- Schools that did not operate NSLP during SYs 2020-2021 and 2021-2022 must use the percentage of lunches served free or at the reduced price during SY 2022-2023 to determine eligibility for SY 2023-2024.

FNS appreciates the exceptional efforts of State agencies and local Program operators working to meet the nutritional needs of participants during this challenging time. State agencies are reminded to distribute this memorandum to Program operators immediately. Program operators should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional Office.

Sincerely,

Andrea Farmer
Acting Director
Policy and Program Development Division