SP 96-10
Reply to: CACFP 461
Attn. of: SFSP 285
Subject: Income Eligibility Guidelines. School Year (SY) 1996-1997
To: STATE AGENCY DIRECTORS -Colorado ED, Colorado DPHE, Colorado HS, (Child Nutrition Programs) Iowa, Kansas, Missouri ED, Missouri DH, Montana OPI, Montana DPHSS, Nebraska ED, Nebraska SS, North Dakota, South Dakota, Utah, Wyoming ED, Wyoming DHSS

The attached Federal Register Notice dated March 15, 1996 announces the Department's annual adjustments to the Income Eligibility guidelines to be used in determining eligibility for free and reduced price meals and free milk for the period from July 1, 1996 to June 30, 1997. These guidelines are used by schools, institutions and centers participating in the National School Lunch Program, School Breakfast Program, Special Milk Program for Children, Child and Adult Care Food Program, Summer Food Service Program, and Commodity School Program. The annual adjustments are required by Section 9 of the National School Lunch Act. The guidelines are intended to direct benefits to those children most in need and are revised annually to account for increases in the Consumer Price Index.

We do not anticipate any changes to the prototype forms which are part of the Free and Reduced Price Policy Guidance. State Agencies may continue, as in recent SYs, to incorporate modifications to their SY 1996-1997 application form in order to refer to the categorical eligibility of children who are members of households certified under the Food Distribution Program on Indian Reservations.

Please call our office if you have any questions.

Ann C. Degroat
ANN C. DEGROAT
Regional Director
Child Nutrition Programs

Attachments
Food and Consumer Service

Child Nutrition Programs—Income Eligibility Guidelines

AGENCY: Food and Consumer Service, USDA.

ACTION: Notice.

SUMMARY: This Notice announces the Department's annual adjustments to the Income Eligibility Guidelines to be used in determining eligibility for free and reduced price meals or free milk for the period from July 1, 1996 through June 30, 1997. These guidelines are used by schools, institutions, and centers participating in the National School Lunch Program, School Breakfast Program, Special Milk Program for Children, Child and Adult Care Food Program and Commodity School Program. The annual adjustments are required by section 9 of the National School Lunch Act. The guidelines are intended to direct benefits to those children most in need and are revised annually to account for increases in the Consumer Price Index.

EFFECTIVE DATE: July 1, 1996.

FOR FURTHER INFORMATION CONTACT: Mr. Robert M. Eadie, Chief, Policy and Program Development Branch, Child Nutrition Division, FCS, USDA, Alexandria, Virginia 22302, or by phone at (703) 275-1017.

SUPPLEMENTARY INFORMATION: This notice is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601-612) and thus is exempt from the provisions of that Act. In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), no new record-keeping or reporting requirements have been included that are subject to approval from the Office of Management and Budget. These programs are listed in the Catalog of Federal Domestic Assistance under No. 10.533, No. 10.555, No. 10.565 and No. 10.566 and are subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR Part 3015, Subpart V, and the final rule and notice published at 48 FR 20114, June 24, 1983.)

Background

Pursuant to sections 9(b)(1) and 17(c)(4) of the National School Lunch Act (42 U.S.C. 1758(b)(1) and 42 U.S.C. 1766(c)(4)), and sections 3(a)(6) and 4(e) of the Child Nutrition Act of 1966 (42 U.S.C. 1772(a)(6) and 1773(e)), the Department annually issues the Income Eligibility Guidelines for free and reduced price meals in the National School Lunch Program (7 CFR Part 210), School Breakfast Program (7 CFR Part 220), Child and Adult Care Food Program (7 CFR Part 226), and Commodity School Program (7 CFR Part 210), and the guidelines for free milk in the Special Milk Program for Children (7 CFR Part 215). These eligibility guidelines are based on the Federal income poverty guidelines and are stated by household size.

The Department requires schools and institutions which charge for meals separately from other fees to serve free meals to all children from any household with income at or below 130 percent of the poverty guidelines. The Department also requires such schools and institutions to serve reduced price meals to all children from any household with income higher than 130 percent of the poverty guidelines, but at or below 185 percent of the poverty guidelines. Schools and institutions participating in the Special Milk Program for Children may, at local option, serve free milk to all children from any household with income at or below 120 percent of the poverty guidelines.

Definition of Income

"Income," as the term is used in this Notice, means income before any deductions such as income taxes. Social Security taxes, insurance premiums, charitable contributions and bonds. It includes the following: (1) Monetary compensation for services, including wages, salaries, commissions or fees; (2) net income from nonfarm self-employment; (3) net income from farm self-employment; (4) Social Security; (5) dividends or interest on savings or bonds or income from estates or trusts; (6) net rental income; (7) public assistance or welfare payments; (8) unemployment compensation; (9) government civilian employee or military retirement, or pensions or veterans payments; (10) private pensions or annuities; (11) alimony or child support payments; (12) regular contributions from persons not living in the household; (13) net royalties; and (14) other cash income. Other cash income would include cash amounts received or withdrawn from any source including savings, investments, trust accounts and other resources which would be available to pay the price of a child's meal.

"Income," as the term is used in this Notice, does not include any income or benefits received under any Federal programs which are excluded from consideration as income by any legislative prohibition. Furthermore, the value of meals or milk to children shall not be considered as income to their households for other benefit programs in accordance with the prohibitions in section 12(e) of the National School Lunch Act and section 11(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1760(e) and 1780(b)).

The Income Eligibility Guidelines

The following are the income Eligibility Guidelines to be effective from July 1, 1996 through June 30, 1997. The Department's guidelines for free meals and milk and reduced price meals were obtained by multiplying the 1996 Federal income poverty guidelines by 1.30 and 1.85, respectively, and by rounding the result upward to the next whole dollar. Weekly and monthly guidelines were computed by dividing annual income by 52 and 12, respectively, and by rounding upward to the next whole dollar.
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<th>Free Meals - 130%</th>
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