The attached Federal Register Notice dated March 16, 1998 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, 1998 to June 30, 1999. 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 Guidance. State Agencies may continue, as in recent SYs, to incorporate modifications to their SY 1998-1999 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
Regional Director
Child Nutrition Programs

Attachments
<table>
<thead>
<tr>
<th>Household Size</th>
<th>Reduced Price Meals - 185%</th>
<th>Free Meals - 130%</th>
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**Effective from July 1, 1999 to June 30, 1999**

**Income Eligibility Guidelines**