

Community Eligibility Grace Year

What is a Grace Year?

At the end of the community eligibility four-year cycle, school districts must reestablish their identified student percentage (ISP) to continue operating community eligibility. Those that no longer meet the 40 percent-eligibility threshold, but have an ISP of at least 30 percent, can continue to operate community eligibility for an additional year, called the “grace year.” The percentage of meals reimbursed at the free rate during the grace year is based on the new lower ISP.

Increasing school breakfast participation can alleviate childhood hunger, improve nutrition, and ensure children have a healthy start to their day. There are a number of ways that schools can integrate breakfast into the school day to achieve that goal. The first step is for schools to evaluate what service model would work best for their students and staff.

Why Do A Grace Year?

School districts that participate in a community eligibility grace year maintain the many benefits of operating community eligibility, such as less paperwork, increased participation in school meals, better nourished students, and reduced stigma for low-income children. Additional benefits are outlined below.

No Disruption in Service

The grace year provides the opportunity to continue operating community eligibility while the school district works to ensure that the ISP is at least 40 percent without having to immediately return to standard counting and claiming.

The grace year also reduces confusion by allowing school districts or schools to begin a new community eligibility

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Calculating Grace Year Reimbursements Example	
ISP as of April 1 in the fourth year of community eligibility	37%
Percentage of meals reimbursed at the free rate (37% x 1.6 = 59)	59%
Percentage of meals reimbursed at the paid rate (100% – 59% = 41%)	41%

Community Eligibility Basics

The Community Eligibility Provision allows high-poverty schools to offer breakfast and lunch at no charge to all students while eliminating the traditional school meal application process. A school district, a group of schools, or an individual school can implement community eligibility if at least 40 percent of the students are categorically eligible to receive free school meals because they belong to households that participates in SNAP, TANF, FDPIR, or Medicaid¹ or because they are homeless, migrant, in foster care, or Head Start (referred to as “identified students.”)

The identified student percentage (ISP) is determined as of April 1st the year prior to implementing community eligibility and can be used for four school years. The ISP determines the percentage of meals that are reimbursed at the free rate and paid rate. For more information, visit [FRAC’s community eligibility webpage](#).

¹Only some states can use Medicaid participation to directly certify students for free school meals.

four-year cycle the following school year if they become eligible for community eligibility during the grace year.

Breakfast After the Bell

Offering meals at no charge makes it easier to implement breakfast in the classroom, “grab and go,” and second chance breakfast, all of which increase school breakfast participation.

Benefit From Decreased Administrative Work and Costs

School districts do not need to distribute, collect, process, and verify school meal applications; track meals served by fee categories; or collect payments, including unpaid meal fees, at schools using a community eligibility grace year, which saves time and money.

What Happens After the Grace Year?

The grace year gives school districts the opportunity to maintain participation in community eligibility while working to increase their ISPs and meet the 40 percent-eligibility threshold for community eligibility participation the following school year. School districts or schools that meet the threshold, as well as determine that community eligibility is financially viable, must notify their state agency of their intent to participate by June 30 of the current year.

If the 40 percent-threshold is not met as of April 1 of the grace year, the school district or school must return to standard counting and claiming (i.e., collecting school meal applications and being reimbursed based upon students’ eligibility for free or reduced-price school meals), or begin using another special provision the following school year.

Is a Grace Year Right for all School Districts or Schools?

As noted above, the percent of meals reimbursed at the free rate will be lower than during the previous four-year cycle. School districts will need to take into account school meal participation rates, labor costs, meal costs, and if there are local funds available in the event that the nutrition budget falls short.

If the benefits of serving meals at no cost to all children outweighs the financial risk and the school district is confident that it will be able to regain an ISP of 40 percent for eligibility the following school year, then a grace year may be a good option.

School districts also can consider other federal reimbursement options for offering meals to all students at no charge, such as [Provision 2](#). Many high-poverty school districts and schools find that Provision 2 is a financially viable option. School districts should consider all options available to them to determine how to reach low-income students with school meals while also making sustainable financial decisions.

Grace Year Guidance

For more information and to determine if a grace year is a viable option for your school district, contact your [State child nutrition agency](#).

For more information, contact:

Food Research & Action Center
202-986-2200
frac.org