

Earning and Keeping Your 6 Cents

- Presenters: **Margaret Applebaum**, Program Analyst, Food and Nutrition Service, Child Nutrition Division, USDA
Jessica Saracino, Program Analyst, Food and Nutrition Service, Child Nutrition Division, USDA

Overview

The Healthy, Hunger-Free Kids Act updates the meal pattern requirements for school meals and provides additional funding (six cents per lunch) to school food authorities (SFAs) that meet the nutritional requirements. To receive the additional reimbursement, SFAs must be certified, which requires submitting appropriate documentation, including a completed USDA-approved Certification Tool. SFAs are also subject to validation and administrative reviews. State agencies play a key role in certification and in the initial and ongoing reviews.

Context

USDA's Jessica Saracino detailed the requirements for SFAs to become certified to receive an additional six cent per lunch reimbursement. She explained the responsibilities of SFAs and state agencies, and described validation reviews and administrative reviews. Margaret Applebaum described and demonstrated USDA's prototype Certification Tool.

Key Conclusions

- HHFKA makes available an additional six cents per lunch for schools meeting updated meal pattern requirements.**

The Healthy, Hunger-Free Kids Act (HHFKA) requires that SFAs follow the updated meal pattern requirements and provides additional "performance-based reimbursement" of six cents per lunch to SFAs that demonstrate compliance with the updated meal pattern.

This funding becomes available October 1, 2012. The amount of the reimbursement will be adjusted beginning July 2013 based on changes in the food away from home series of the Consumer Price Index for all Urban Consumers. (So, the amount of the reimbursement may not stay at six cents over time; it could change.)

"Section 201 of the HHFKA makes an additional six-cent reimbursement available for meals meeting the updated meal pattern requirements. . . . To be eligible to receive this new performance-based reimbursement, the state must certify that the SFA is in compliance with the meal pattern requirements."

– Jessica Saracino

- To receive this six cents, SFAs must be certified.**

Certification is paper or electronic documentation submitted by the SFA to the state agency to demonstrate compliance with the new meal pattern requirements. If an SFA offers breakfast, its documentation must also show compliance with the breakfast requirements.

The certification process entails:

1. An SFA **submits certification documentation** to the state.
2. The state agency makes a **certification determination** within 60 days.
3. State agencies conduct a **validation review** of at least 25% of all certified SFAs in school year 2012/13 (more on validation reviews below).
4. Ongoing compliance with meal pattern requirements is monitored during **administrative reviews**. State agencies are not required to conduct administrative reviews in the 2012/13 school year (more on administrative reviews below).

In addition, to receive the additional performance-based funding an SFA must:

- *Be in compliance when it applies for certification.* An SFA must demonstrate it is in compliance with the meal pattern requirements in effect at the time it applies for certification. (While many requirements are effective for the 2012/13 school year, some are phased in later.)
- *Be in compliance throughout the SFA.* For an SFA to be certified, all schools in the SFA must be in compliance with meal pattern requirements. If even one school is not in compliance, the entire SFA will be denied the six-cent reimbursement.

- Both SFAs and state agencies have important roles in certification.**

Certification Options

There are three options for certification. Common to all options is submitting one week of menus for each menu type offered (by age grade group, lunch and breakfast), a menu worksheet, and a nutrient assessment. If the SFA serves multiple distinct menus within one age group, the SFA must submit all menus served.

The difference in the options is the type of nutrient assessment that is conducted and who completes it. The three options are:

- *Option 1.* In this option, the SFA submits one week of menus, detailed menu worksheets showing food items and quantities

for breakfast and lunches, and a nutrient analysis with calories and saturated fat for each menu type. SFAs that choose this option must use FNS-approved nutrient analysis software. (This option acknowledges the large number of SFAs that already use such software.)

- *Option 2.* This is similar to Option 1 except an SFA submits a simplified nutrient assessment. This option recognizes that not all SFAs use nutrient analysis software. The simplified nutrient assessment is intended as a proxy for the nutrient analysis.
- *Option 3.* The option allows the state agency to certify an SFA during an on-site review. To complete this certification the SFA needs to furnish the same information as in options 1 and 2, and must provide the information needed to conduct a nutrient analysis.

For all options, an SFA must provide documentation that reflects current meal practices. This means that documentation must reflect meal service in the calendar month the certification materials are submitted or in the preceding month. (An exception is for the time period before the availability of funds—from July 1, 2012 through September 30, 2012—SFAs may submit documentation that reflects *planned* meals that will be served in October or November 2012.)

As part of all certification submissions, SFAs must attest that:

- *They are compliant.* SFAs must attest that they are meeting all current meal pattern requirements.
- *Documentation is representative.* SFAs must attest that their documents are representative of their ongoing meal service.
- *Minimums are available to all students.* SFAs must attest that the minimum food quantities for all meal components are available to students in every serving line.

In addition, subsequent to the initial attestation at the time of certification, SFAs must attest annually (through the 2014/15 school year) to compliance with the meal pattern requirements as new requirements are phased in. This annual attestation must be provided to the state agency as an addendum to the agreement.

Responsibilities of State Agencies

State agencies must establish a process for certification in the state based on the interim rule and FNS guidance. Also, states must train and disseminate information about certification to SFAs, accept certifications from SFAs, review them, and approve/deny them within 60 days of receipt. Importantly, state agencies are responsible for dispersing the six cents to certified SFAs.

State agencies are also responsible for conducting validation reviews and administrative reviews.

Ensuring compliance with the new meal pattern requirements entails validation and administrative reviews.

Validation Reviews

A validation review is an on-site visit conducted by the state agency to affirm that a certified SFA meets the updated meal requirements. The validation review must ensure that the meal service provided is consistent with the certification documentation submitted by the SFA. These reviews are a one-time, one-year requirement to be conducted only in school year 2012/13. A validation review checklist is being created to assist states.

During a validation review, state agencies must:

- *Observe meals.* The state agency must observe a meal service for each type of menu that is certified.
- *Review the production records.* The agency must review the school production records for the observed meals to ensure they are consistent with the menus on which the certification was based.
- *Review the certification documentation.* The agency must review the certification documentation submitted to ensure ongoing meal service operations are consistent with this documentation.

Validation reviews are to be conducted for at least 25% of all SFAs certified in a state, including all large SFAs. (A large SFA is one with 40,000 or more children. If there are less than two large SFAs in a state, the two largest SFAs with at least 2,000 children are to have validation reviews.) One school representing each menu type should be randomly selected for a validation review. SFAs certified via an on-site review (option 3) are exempt from a validation review.

Certified SFAs should be selected for review throughout the year during: 1) October–December; 2) January–March; and 3) April–June. To prevent improperly paying funds due to erroneous certification, state agencies are strongly encouraged to conduct validation reviews prior to an SFA's first claim for reimbursement. Validation reviews must occur during times when meal service is in operation so state agencies can confirm that submitted documentation reflects actual program operation. All validation reviews must be completed by June 30, 2013.

Validation Reviews: assessments and corrective actions

If a state agency is unable to validate the certification documentation, the agency must assess:

- *The problems.* Specifically, the state agency must assess the severity and longevity of the problems that exist.
- *Corrective action.* The state agency must assess whether corrective action can occur immediately.

These assessments determine any possible violations, whether an SFA can continue to earn the six-cent reimbursement, and what fiscal action is to occur for the current month and prior periods. (There are two types of “fiscal actions.” They are: actions associated with: 1) the six cents; and 2) free/reduced/paid reimbursement.) During a validation review a state agency must recover improperly paid reimbursement for violations. Note: HHFKA makes clear that only SFAs meeting both updated breakfast and lunch requirements are eligible for the six-cent reimbursement, but reimbursement is provided only for lunches.

When a violation is determined, a corrective action must be made. If this corrective action occurs immediately, the six cents is not turned off. If the corrective action does not occur immediately, the six cents must be turned off. The longevity and severity of the violation and whether it is systemic determine the specific fiscal action. If the state observes something that would normally trigger a fiscal action, the state would conduct an administrative review/CRE instead of a validation review. (If during the CRE the state agency sees a component missing from the lunches, it could take back not just the six cents, but the entire reimbursement.) In the event of a violation, states have the discretion to determine the proper recovery of the six cents.

If an SFA’s six-cent reimbursement is turned off as a result of a validation review, the SFA must reapply for certification.

Administrative Reviews (CRE)

The final meal pattern rule establishes a framework for state agency administrative reviews. These reviews are conducted by state agencies on a three-year review cycle. Since validation reviews are to be conducted in the 2012/13 school year, the administrative reviews may be postponed until 2013/14, with the exceptions of the state agency being aware of an SFA that is at risk for improper payments, for planned follow-up reviews, or for additional administrative reviews. In 2013/14, states must review any SFA that was scheduled to be reviewed in 2012/13 but had its review postponed. Also, state agencies are required to conduct an administrative review of non-certified SFAs early in the new cycle, which begins in the 2013/14 school year.

Administrative Reviews: handling of problems found

While the SFA must be in compliance with breakfast and lunch meal pattern requirements at the time of certification, the six-cent reimbursement is earned just for lunches.

If any lunch violations are found (any violation of Performance Standard 2 requirements) during an administrative review, an SFA may not receive the six-cent reimbursement for lunches. The reimbursement will be “turned off” unless immediate corrective action occurs. A violation of the breakfast program results in the state agency following normal CRE procedures, including pursuing a corrective action. However, in the event of a violation of the breakfast program found during an administrative review, an SFA would continue to receive the six-cent reimbursement for lunches. (An SFA could lose its six-cent reimbursement for a breakfast violation discovered in a validation review.)

In the event that a violation occurred and funds were paid improperly, states must recover these funds. This includes reimbursement for free/reduced meals as well as the six-cent reimbursement. States have discretion in determining fiscal action and how far they go back to recover funds.

The chart below summarizes fiscal actions for various types of violations.

	Missing Menu Items/Food Items	Milk Type and Vegetable Subgroup	Whole Grain Rich, Food Quantities and Dietary Specs
Standard Fiscal Action for F/R/P (from updated Meal Pattern rule)	Immediate fiscal action required	Fiscal action required for unresolved, repeat violations (after technical assistance and corrective action have taken place)	State agencies may take fiscal action for unresolved, repeated violations (after technical assistance and corrective action have taken place)
New Fiscal Action for 6 cents	Standard fiscal action includes 6 cents Absent immediate corrective action, must turn off 6 cents for future months	Standard fiscal action includes 6 cents Absent immediate corrective action, must turn off 6 cents for future months	Standard fiscal action includes 6 cents Absent immediate corrective action, must turn off 6 cents for future months

States have a number of tools to deal with non-compliance. State agencies must provide technical assistance to SFAs who violate the lunch and breakfast requirements after certification, which isn’t new. The six-cent reimbursement may be “turned back on” when an SFA demonstrates that it is back in compliance with the lunch requirements.

If non-compliance is found during a validation review, an SFA must re-apply for certification. If non-compliance is found during an administrative review, the six-cent reimbursement is turned

off. But for the reimbursement to resume, an SFA does not need to go through the certification process again; it only needs to demonstrate that it is back in compliance.

An SFA cannot appeal a state agency's denial of certification but can appeal if a state agency turns off the six-cent reimbursement. Standard appeal processes must be followed.

- **Part of the certification process requires completing a menu worksheet and nutrient assessment. USDA has created a prototype Certification Tool to assist with this requirement.**

This tool is part of the one-time certification. Tool worksheets must be completed just one time unless a state determines that an SFA does not meet the requirements and the state does not certify the SFA or if the state cannot validate the certification during a validation review. In those cases, the SFA must reapply (but could reuse and edit its completed worksheets).

The tool contains two sections: 1) a detailed menu worksheet; and 2) a simplified nutrient assessment. This tool is in Microsoft Excel (the 97-2003 version) and is easy to use. Only data entry and minimal spreadsheet navigational skills are required.

Those SFAs that chose Option 2 for certification must conduct a simplified nutrient assessment. To conduct the simplified nutrient assessment, SFAs must input weekly menu information into the worksheet, using dropdown arrows to select information. Check boxes pertain to the milk types offered. For certain items (like fruit, milk, and vegetables), SFAs select the option that best represents how these items are served. Average and total servings are prepopulated and a calorie and saturated fat "budget" is calculated.

When this section is completed, an SFA then enters calories and fat information for the meat/meat alternates and grain offerings for each reimbursable meal, and the number of servings planned or prepared. The reimbursable meals are then prepopulated and the weighted average for calories and saturated fat are calculated. Desserts, grain-based sides, and condiments are also added. The result is a simplified nutrient assessment that is easy to save, store, review, and submit online.

Other Important Points

- **Certification software.** SFAs and states may use any USDA-approved certification software for 6 cents certification.
- **Contractors are OK.** States may use contractors in the certification process and for validation reviews.
- **Implementation funding.** The HHFKA provided \$47 million this year, with another \$47 million available in October 2012, to assist state agencies with state-level implementation costs such as training and certification.

Additional Resources

- **USDA site.** More information about HHFKA is available at: <http://www.fns.usda.gov/cnd/governance/legislation/nutritionstandards.htm>
- **Best practices.** A website with best practices and information sharing is: <http://healthymeals.nal.usda.gov/best-practices>

The information contained in these summaries reflects BullsEye Resources, Inc.'s subjective condensed summarization of the applicable sessions from School Nutrition Association's 2012 Annual National Conference "Explore New Horizons." There may be material errors, omissions, or inaccuracies in the reporting of the substance of the sessions. In no way does BullsEye Resources or School Nutrition Association assume any responsibility for any information provided or any decisions made based upon the information provided in this document.