



Food and  
Nutrition  
Service

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SUBJECT: Reporting Annual Income on School Meal Applications

TO: Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

The purpose of this memorandum is to clarify guidance on the permissibility of including annual income reporting frequencies on free and reduced price school meals applications. In addition, this memo revises the existing Administrative Review requirements for State agencies as they relate to applications on which annualized income is reported in whole or in part.

### **Reporting Annual Income**

When completing a free and reduced price meal application, households must report all current income. Income is considered to be any money received, such as earnings, pensions, cash bonuses, and child or spousal support, unless the income source is specifically excluded by law for the Child Nutrition Programs.

Households may have income from a variety of sources that is received at different frequencies. For example, a household may receive paychecks on a weekly basis, and child support on a monthly basis. In other cases, such as households that rely primarily on seasonal work, agricultural work, or self-employment, annual income reporting might make it easier for households to capture their income as these households may receive payments at irregular intervals or only at certain times of the year.

FNS does not set specific requirements regarding the income frequency options that must be included on free and reduced price school meals applications (e.g., weekly, bi-weekly, monthly). The 2016 *Eligibility Manual for School Meals* provides direction on how to process applications that include incomes at different frequencies. There is no prohibition against annual income reporting on free and reduced price school meal applications.

Although annual income reporting is not currently included on the FNS paper and web-based prototype applications, State agencies and local officials are encouraged to adapt the prototypes to best fit the needs of their applicants. For example, State and local agencies have the discretion to include annual income in the “Earnings from Work” category of Step 3

on the prototype. More information on the two prototype applications is available at <https://www.fns.usda.gov/sites/default/files/cn/SP34-2016a2.pdf> and at <https://www.fns.usda.gov/school-meals/web-based-prototype-application>.

### **Confirming Annual Income**

As noted above, State agencies and local educational agencies (LEAs) have discretion to include annual income frequency reporting on their school meal program applications. Reporting some income sources as annual amounts on the free and reduced meal application may provide the LEA with the most accurate measure of a household's current income and may reduce improper program payments tied to applicant error. If a household provides only annual income, the LEA is not required to secure additional income information from the household prior to making an eligibility determination. Therefore, sources reported in annual amounts are not subject to additional pre-certification review as described in past versions of the *Eligibility Manual for School Meals*. This will be corrected in the next version of the manual.

Similarly, the Administrative Review process currently requires documentation that the school food authority has contacted the household to ensure the accuracy of annual income reporting. Since the use of annual income is at the discretion of State and local operators, the previous guidance requiring school food authorities to confirm annual income will be removed from the "Certification and Benefit Issuance" module of the *Administrative Review Manual* in School Year 2017-18. As this process is no longer required, school food authorities do not need to contact the household and fiscal action will not be triggered during the Administrative Review if the school food authority has not confirmed annual income prior to certification.

State agencies are reminded to distribute this information to Program operators immediately. Program operators should direct any questions regarding this memorandum to the appropriate State agency. State agency contact information is available at <https://www.fns.usda.gov/school-meals/school-meals-contacts/StateDirectory.htm>. State agencies should direct questions to the appropriate FNSRO.

**Original Signed**

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