



Free and Reduced-Price Paper Form Elimination

Report to the Legislature

As required by Laws of Minnesota 2023, Chapter 55, Article 1, Section 34

For more information:

Cathy Erickson
Director, School Finance
Cathy.Erickson@state.mn.us

Emily Honer
Director, Nutrition Program Services
Emily.Honer@state.mn.us

Minnesota Department of Education
400 NE Stinson Blvd.
Minneapolis, MN 55413
651-582-8200
education.mn.gov

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Legislative Charge

As required by Minnesota Laws 2023, Chapter 55, Article 1, Section 34, the Minnesota Department of Education (MDE) must report to the legislative committees with jurisdiction over kindergarten through grade 12 education whether free and reduced-price meals information obtained through parents submitting paper eligibility forms may be eliminated for compensatory revenue, school nutrition programs, Title I funding, e-rate funding, and any other federal or state programs that require the determination of family income for eligibility.

Introduction

Free and reduced-price meal eligibility may be determined two ways. Historically, the Application for Educational Benefits form, also referred to as paper eligibility forms, free or reduced-price forms, or alternative application for benefits forms, has been completed by families to determine eligibility for free and reduced-price meals. Direct certification methods have also been implemented over time. Through direct certification, student eligibility for free and reduced-price meals is determined based upon eligibility for other government programs. For example, some students who are enrolled in Medicaid are automatically eligible for free and reduced-price meals through the direct certification process regardless of if their family completes the Application for Educational Benefits form. The Application for Educational Benefits form allows students who are income-eligible for free and reduced-price meals, and other benefits, to determine their eligibility when they are not determined eligible through direct certification.

For school year 2022-23, 12.8 percent, or nearly 47,000, of the 366,605 students eligible for free and reduced-price meals attending public school are eligible only because a family completed the Application for Educational Benefits form. While the number of students eligible for free and reduced-price meals has been collected by MDE for years, the distinction of if the student was deemed eligible through the direct certification process or Application for Educational Benefits form, however, has only been collected for two years. Therefore, historical data on the method of eligibility is not available. If a student is determined eligible for free and reduced-price meals via direct certification, it is unknown if they are also completing the Application for Educational Benefits form as that data is not reported to MDE.

Completion of the forms is a barrier to families for access to free meals as well as other economic supports or program fee reductions or waivers for which eligibility is based on free or reduced-price meal program participation. Anecdotally, MDE has heard from schools that some families are reluctant to fill out the forms for several reasons: a reluctance to accept public benefits, a fear their children will be stigmatized for receiving free meals, and fear of possible impacts to a families' immigration status. The urgency to complete the form has also been reduced since all families have the impactful benefit of meals at no cost through the Minnesota Free School Meals for Kids Program.

Minnesota has made great strides in the last decade to increase the number of students automatically eligible for free meals without completion of the forms through direct certification. However, a number of schools and families still rely on the forms as a means for accessing other state programs.

Recognizing the barriers for families to fill out the form and the potential reduction in eligible families filling out the form as states implement more free meals for all programs, including the federal Community Eligibility Provision and free school meal programs, other states have also explored alternatives to reliance on a form families have to fill out to estimate the poverty level of a school used to determine eligibility for funding and services at the school and individual level¹. Alternative measures that have been used by other states include alternative income forms, Medicaid enrollment data, Census data, Individual Student Percentage (ISP), and the CEP free claiming percentage (ISP multiplied by 1.6 as a means to recognize students not included in direct certification).

While free and reduced-price meal eligibility has been central to determining the cost families pay for school meals, it has also been used for other programs. This report reviews how eligibility for free and reduced-priced meals may or may not impact various state and federal programs. Additional analysis and engagement is recommended to explore any alternative forms and/or school poverty measures.

Analysis

School Nutrition Programs

In order for a state to participate in federal nutrition programs, the United States Department of Agriculture (USDA) requires states and local educational agencies (LEAs) to provide a form for families to apply for free and reduced-price meals. In Minnesota, this form is called the Application for Educational Benefits. This regulation applies to multiple USDA Child Nutrition Programs, including the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and the Special Milk Program (SMP).

7 CFR 245.6(a)(1) states:

Household applications. The State agency or local educational agency must provide a form that permits a household to apply for all children in that household who attend schools in the same local educational agency. The local educational agency must provide newly enrolled students with an application and determine eligibility promptly. The local educational agency cannot require the household to submit an application for each child attending its schools. The application shall be clear and simple in design and the information requested therein shall be limited to that required to demonstrate that the household does, or does not, meet the eligibility criteria for free or reduced-price meals, respectively, or for free milk, provided by the local educational agency.

While the Application for Educational Benefits form must still be available according to this regulation, most federal programs that rely on an estimation of school poverty level to determine funding and/or eligibility allow for alternative measures other than the number of students who have been determined eligible for free or

¹ [Alternative Approaches to Using School Meals Data in Community Eligibility \(CEP\) Schools,](#) June 2017. Food Research and Action Center.

reduced-price meals. As states have implemented programs to provide meals at no cost to students through the federal Community Eligibility Provision (CEP) or state-based universal meal programs, they have explored and implemented these alternative measures with the goal to reduce the burden on families to fill out the form and mitigate the potential for the loss of school funding as a result of fewer eligible families filling out the form because meals are available to all students at no cost.

However, doing so in all schools, especially schools not participating in CEP, would reduce the amount of federal funding Minnesota receives to support school nutrition programs and increase costs to the state. The number of students eligible for free and reduced-price meals by federal standards impacts the amount of federal funding a participating school site receives.

Reducing the amount of federal funding participating school sites in Minnesota receive for school nutrition programs would increase the cost of the Minnesota Free School Meals Program that went into effect July 1, 2023. Under the Minnesota Free School Meals Program, school meals are provided at no cost to all students regardless of their federal eligibility status or household income. In school year 2022-23, Minnesota received federal reimbursement for the NSLP and SBP totaling \$288.5 million with students who were determined to be eligible for free and reduced-price meals accounting for \$206.2 million. If Minnesota eliminated forms and lost 12.8 percent of the federal funding received for free and reduced-priced meals in these programs, it would increase the annual state cost of the Minnesota Free School Meals Program by approximately \$25 million.

Compensatory Revenue

Compensatory revenue has historically been calculated and distributed based upon the number of pupils eligible for free and reduced-price meals, regardless of which method was used to deem them eligible. For fiscal year (FY) 2024, most LEAs received a significant increase in compensatory revenue, mostly resulting from students who were newly eligible for free or reduced-priced meals through Medicaid direct certification. In FY 2025 payments, the Application for Educational Benefits form will not reduce the compensatory revenue funding allocated to school sites.

In 2023, the Legislature enacted a hold harmless provision for Fiscal Year 2025 in conjunction with the enactment of the Minnesota Free School Meals program. The hold harmless provision for fiscal year 2025 ensures each district will receive compensatory revenue for at least the same number of pupils that were used in FY 2024. Fall 2022 data (prior to the enactment of the Minnesota Free School Meals program) is the basis for FY 2024 compensatory revenue payments to school districts and charter schools. Fall 2023 data (the first school year in which the Minnesota Free School Meals program was in effect) will be used for FY 2025 compensatory revenue payments. As such, this ensures pupil counts, as a basis for funding compensatory, will be at least as high as they were during the fall of 2022, though they could also be higher. Eliminating the Application for Educational Benefits form without a comparable alternative may impact revenue during these two years.

Beginning with FY 2026 compensatory revenue payments, pupil counts will be based entirely off of the pupils directly certified. The number of students eligible based upon the Application for Educational Benefits form will not impact these payments. The Legislature also enacted a statewide floor for the total amount of compensatory to be payable, but this may impact specific allocations of those funds to school districts and

charter schools. If Minnesota eliminated the Application for Educational Benefits form, compensatory revenue would not be impacted from FY 2026 and beyond.

Title I Funding

Minnesota allocates Title I funding to nonpublic and charter schools, at least in part, based upon free and reduced-price meal data. The United States Department of Education (ED) Title I, Part A formula considers the poverty concentration for traditional geographic school districts based upon U.S. census information. For public charter schools that do not have geographic boundaries, a proxy must be used, and the ED-approved formula uses free and reduced-price meal counts as that proxy. Changes to the number of students determined eligible for free and reduced-price meals in a charter school may impact that school’s Minnesota’s Title I allocation. Nonpublic schools have long been able to use an alternative form and have another avenue to qualify students as eligible to generate funding, so there would be no direct impact in this setting.

E-Rate Funding

E-rate is a federal program that provides discounts on eligible products and services focused on internet access for schools and libraries. Discounts range from 20 to 90 percent based upon the percentage of students eligible for free and reduced-price meals. Eliminating the Application for Educational Benefits form, and thereby reducing the number of students determined to be eligible for free and reduced-priced meals, could result in schools and libraries receiving less of a discount on e-rate eligible products and services by moving them to a lower discount tier. A 10 percent decrease in e-rate funding would equate to \$3.59 million for Minnesota Schools.

E-Rate Discount Matrix

Economic Indicator: Measured by the % of students eligible for free or reduced lunch	Category 1 Internet Access and Connectivity		Category 2 Network Equipment	
	Urban	Rural	Urban	Rural
Less than 1%	20%	25%	20%	25%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	90%	90%

Other State or Federal Programs

There are various other programs that rely on the number of students eligible for free and reduced-price meals or where program eligibility is determined by free and reduced-price meal eligibility. If the Application for Educational Benefits was eliminated, without a comparable alternative, the mechanics of these programs would be impacted and/or the number of children and families served by them would be reduced.

ACT and SAT examination fees. Minnesota pays the cost of all ACT and SAT examination fees for students that are eligible for free and reduced-price meals under Minnesota Statutes 2023, section 120B.30, subdivision 16. If the form was eliminated and an alternative form wasn't created, more students would either need to pay the full cost of this exam or it could result in fewer students actually taking the exams.

Advanced Placement (AP) and International Baccalaureate (IB) Examination Fees. Minnesota pays the cost of all AP and IB examination fees for students of low-income families under Minnesota Statutes 2023, section 120B.13, subdivision 3. This is currently determined based upon free and reduced-price lunch eligibility, including the completion of the Application for Educational Benefits form. If the form was eliminated, MDE would likely need to create an alternative form or determine a different way to define and verify students of low-income families or risk fewer students being eligible for reimbursement and/or participating in rigorous coursework.

Child and Adult Care Food Program (CACFP) and Summer Food Service Program (SFSP). The free and reduced-price meal data is used to determine eligibility areas for the CACFP and the SFSP. Without an eligible and comparable alternative measure, the elimination of the Application for Educational Benefits form would reduce the number of eligible sites that provide healthy nutritious meals to child care centers and summer sites. The CACFP utilizes these areas to determine where children can receive meals during after school activities. Without these areas which are already limited in nature, children would see a great reduction in access to meals. Additionally, child care centers and family day care homes would need to find additional resources to pay for the food, which would ultimately be passed onto the families.

Early Learning Scholarships. Eligibility for free and reduced-priced meals is a qualification factor to receive an early learning scholarship under Minnesota Statutes 2023, section 124D.165, subdivision 2. The Application for Educational Benefits form is accepted as proof for income eligibility. Other sources or proof of participation in qualifying programs or income can be used as well but will create additional effort for families and programs to collect. Additionally, the percentage of children eligible for free and reduced-price meals is a factor in the allocation of pathway II scholarships to school districts.

Individuals with Disabilities Education Act (IDEA). Both IDEA Part B allocations require that 15 percent of the federal funds Minnesota receives be allocated to local educational agencies based upon the number of children living in poverty, based upon free and reduced-price meal eligibility, that are within the age range for which a state guarantees a free and appropriate public education (FAPE) to children with disabilities. While eliminating the Application for Educational Benefits form would not change the total amount of funding Minnesota receives from the federal government for IDEA Part B, changes in the number of students eligible for free and reduced-price meals at a local level would change the allocations to LEAs.

School Readiness Plus and School Readiness. Both of these programs rely on the determination of eligibility for free and reduced-price meals as a qualification factor for the programs themselves. For school readiness aid to school districts, the percentage of children eligible for free and reduced-price meals is a factor in the amount of aid under Minnesota Statutes 2023, section 124D.16, subdivision 1.

Special Education Formula. The state special education formula uses free and reduced-price meal eligibility data in the census-based, option three of the initial aid calculation. By law LEAs receive "\$405 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible for free meals plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price meals to the total October 1 enrollment." If the number of students eligible for free and reduced-priced meals changes, it has a corresponding impact on both LEA and statewide funding.

State and Federal Grants. Various state and federal grants may use free and reduced-price meal data as part of the scoring process. If the Application for Educational Benefits form was eliminated without a comparable alternative, it may impact the priority points on certain grants that an applicant may receive.

Summer Electronic Benefit Transfer (EBT). The USDA Summer EBT program, launching Summer 2024, will use free and reduced-price meal eligibility as a qualification factor. The Summer EBT program will use the data from the Application for Educational Benefits form and the new Summer EBT form to determine which families in Minnesota will be provided an additional \$120 per summer for each of their eligible children in school. Summer EBT benefits are at risk of being lost to those students who would be determined eligible through the Application for Educational Benefits form if it was eliminated, and Minnesota would not be eligible to participate in Summer EBT if the state was eliminated from the NSLP, SBP, and SMP participation for noncompliance. Generally, the USDA is putting greater emphasis on the importance of this form through programs like Summer EBT and risk of non-compliance only increases across other federal programs.

Voluntary Prekindergarten. The percentage of children eligible for free and reduced-price meals is a factor in the allocation of seats to school district and charter school voluntary prekindergarten sites under Minnesota Statutes 2023, section 124D.151, subdivision 5. It is also often used as a qualification factor by individual programs.

Recommendation

The burden on families for completing the form and the burden on schools in collecting the form is significant enough to actively pursue other options to using the free and reduced-price meals form in Minnesota. Given the widespread current use of these paper forms and impacts of eliminating the forms outlined above, further analysis and exploration of solutions to reduce reliance on the forms is needed.

Policy makers could consider creating a working group comprised of school leaders, educators, school business officials, school nutrition directors, anti-hunger advocates, MDE experts, census and poverty data expert(s), and other appropriate members to explore alternative methods related to eligibility for income-based public education and nutrition programs and measures for measuring school poverty levels for programs that currently

rely on free or reduced-price meal program participation totals while maintaining eligibility and mitigating funding impacts for state, district, school, family, and individual students.

Conclusion

Eliminating the Application for Educational Benefits form would have significant consequences for Minnesota children and families and the state's budget. Its elimination would make Minnesota ineligible for several federal nutrition programs thereby increasing the cost of the Minnesota Free School Meals Program and would reduce the number of children and families eligible for various programs and reimbursements. Based upon recent data, this is estimated to be 47,000 children that could be negatively impacted. Several other programmatic and statutory changes would also need to be made.

However, Minnesota should continue to explore ways to reduce its reliance on completion of the forms in order for families to access free meals and other state programs. The forms present an access barrier to these programs. Alternative measures such as Identified Student Percentage (ISP), Census Data, or other poverty measures allowed by individual programs are all potential options.

Minnesota should also explore other ways to calculate individual income eligibility and school poverty levels for means-based state programs other than free/reduced-priced meal eligibility status. Time has shown this is a flawed measure of population level poverty for schools and alternative measures could reduce burden on families and result in more equitable distribution of resources to families needing support.