



UNDERSTANDING THE IMPLICATIONS OF THE 25% ISP THRESHOLD FOR PARTICIPATION IN THE COMMUNITY ELIGIBILITY PROVISION

What is the Identified Student Percentage?

The Identified Student Percentage (ISP) is used to determine the proportion of meals federally reimbursed at the free rate for schools participating in the Community Eligibility Provision (CEP). The ISP is calculated by dividing the number of students *directly certified* or *categorically eligible* (definitions in the box to the right) for free meals by total student enrollment.

What has changed about the ISP?

The U.S. Department of Agriculture (USDA) has amended CEP regulations. Effective October 26, 2023:



The ISP threshold for participation in CEP will decrease from 40% to 25%.



Schools/districts will receive a grace year for CEP participation if their ISP in year 4 is between 15 and 25%.



“Nearly eligible” for CEP will be defined as having an ISP between 15 and 25%.

USDA’s summary of the CEP changes is available [here](#).

Direct Certification

Through direct certification, participation in federal, means-tested programs qualifies students for free or reduced-price meals without requiring households to complete an application. Direct certification-eligible programs include:

- Supplemental Nutrition Assistance Program (SNAP)
- Temporary Assistance for Needy Families (TANF)
- Food Distribution Program on Indian Reservations (FDPIR)
- Medicaid, in participating states

Categorical Eligibility

Students who are identified as homeless, runaway, foster, migrant, or participating in a HeadStart program have categorical eligibility for free school meals.

What are the implications of this change?

While an estimated [3,000 schools will become eligible for CEP](#), this does not mean that CEP will be financially viable for every newly eligible school. The CEP rule change has modified only the ISP threshold for participating in CEP. To determine federal reimbursement for school meals under CEP, the ISP is multiplied by 1.6 to determine the percentage of meals reimbursed at the free reimbursement rate, and the remaining percentage of meals are reimbursed at the paid rate. The table below shows sample ISPs and reimbursement proportions:

| If your ISP is... | ...then your percentage of meals reimbursed at the free rate is... | ...and your percentage of meals reimbursed at the paid rate is... |
|-------------------|--|---|
| 25% | 40% | 60% |
| 40% | 64% | 36% |
| ≥ 62.5% | 100% | 0% |

Before adopting CEP, [USDA encourages school and district decision makers](#) to “consider student nutrition, educational, administrative, and financial factors.”

USDA has not increased and cannot increase the 1.6 multiplier. Increasing the 1.6 multiplier would increase the percentage of meals reimbursed at the free rate, which would make CEP more financially viable for eligible schools and districts. However, [USDA does not have the authority to change the multiplier](#). Only Congress can change the multiplier.

Reach out to your state’s child nutrition agency to determine next steps for implementation of the CEP rule changes during the 2023-2024 school year. USDA has provided a [memo to state agencies](#), reminding and encouraging them to request a waiver to allow for mid-year CEP elections for the implementation of the final rule.

CEP Resources

Summary and full text of the CEP final rule (effective October 26, 2023)
<https://www.fns.usda.gov/cn/cep-final-rule-summary>

The Community Eligibility Provision – Overview
<https://bestpractices.nokidhungry.org/programs/community-eligibility-provision?tab=overview>

CEP Financial Considerations for School Business Officials
<https://bestpractices.nokidhungry.org/resource/cep-financial-considerations-school-business-officials>

ISP Management: Increasing & Maximizing Your District’s ISP
<https://bestpractices.nokidhungry.org/resource/identified-student-percentage-isp-management-increasing-maximizing-your-districts-isp>