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Direct Verification Pilot Study

Final Report



United States
Department of
Agriculture

Food and
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Authors:

Christopher Logan
Nancy Cole
David Hoaglin

Submitted by:

Abt Associates Inc.
55 Wheeler Street
Cambridge, MA 02138

Project Director:

Nancy Cole

Submitted to:

Office of Research and Analysis
Food and Nutrition Service
U.S. Department of Agriculture
3101 Park Center Drive, Room 1014
Alexandria, VA 22302-1500

Project Officer:

Sheku G. Kamara, Ph.D.

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Executive Summary

Direct verification uses information collected by means-tested programs to verify eligibility for free and reduced-price meals under the National School Lunch Program (NSLP) and School Breakfast Program (SBP), without contacting applicants. The *Child Nutrition and WIC Reauthorization Act of 2004* (P.L. 108-265) permits direct verification of school meal applications based on data from the Supplemental Nutrition Assistance Program or SNAP (formerly known as the Food Stamp Program or FSP), Temporary Assistance for Needy Families (TANF)¹, Food Distribution Program on Indian Reservations (FDPIR), Medicaid, and State Children’s Health Insurance Program (SCHIP). In this report, reference to “Medicaid” includes SCHIP, unless otherwise indicated.

School districts use direct verification at the beginning of the verification process, and then send letters to households still needing verification. Information from means-tested programs may be used to verify SNAP, TANF, or FDPIR case numbers submitted on school meal applications, and also to verify the eligibility status of children approved on the basis of income. USDA Food and Nutrition Service (FNS) guidance memoranda specify rules for conducting direct verification and determining income eligibility (Exhibit 1).

Direct verification has many potential benefits: enhanced program integrity; less burden for households when their eligibility is confirmed and no contact is needed; less work for school district staff; and fewer students with school meal benefits terminated because of nonresponse to verification requests.

A related process—direct certification—uses SNAP, TANF and FDPIR records to certify children for free meals without an application. Direct certification is generally conducted at the start of the school year, and directly certified students do not need to submit an NSLP application. In contrast, direct verification is conducted after most applications have been processed and a sample of applications is selected for verification. Direct verification complements direct certification.

This report presents findings from the two-year pilot study of direct verification using Medicaid data (DV-M). The study also examined the process and results of direct verification using SNAP and TANF data (DV-S). The executive summary describes study objectives and methods, ways of implementing direct verification, challenges and lessons from the pilot States, and preliminary evidence regarding the potential effectiveness of DV-M.

¹ TANF recipients are categorically eligible for free meals and can be directly verified if the State TANF standard of need is equal to or less than the 1995 standard for Aid to Families with Dependent Children.

Exhibit 1

FNS Guidelines for Direct Verification

Information verifying NSLP eligibility status

- SNAP, TANF cash assistance, or FDPIR eligibility confirms eligibility for free meals.
- Medicaid eligibility confirms eligibility for free meals in States with Medicaid income limits less than or equal to 133% of the Federal poverty guidelines (FPG).
- Family income and family size, or income as a percentage of the FPG, according to Medicaid records, is needed to determine eligibility for free or reduced-price meals in States with Medicaid income limits above 133% of the FPG.

Timing of information used for direct verification

The latest available information should be used from State SNAP, TANF, and Medicaid agencies:

- Information should be obtained from 1 month, no more than 180 days prior to the school meals application; or
- Information should be obtained for all months from the month prior to application through the month direct verification is conducted.

Criteria for establishing a match to direct verification information

- Direct verification should be based on a match of records from SNAP, TANF, FDPIR, and/or Medicaid with the names and other identifiers of children approved for NLSP benefits.
- Names of other household members appearing on the NSLP application may not be shared with the SNAP, TANF, FDPIR, and/or Medicaid agency.

Use of direct verification information

- When the eligibility of one child on an NSLP application is verified with SNAP, TANF, FDPIR, or Medicaid records, all children on the application are verified.
- Direct verification may be used to confirm the eligibility status determined during certification, but may not be used to change eligibility from reduced-price to free or vice versa.

Sources: FNS Memoranda (SP-14, SP-19, and SP-32-2006). For the most recent verification policies, go to <http://www.fns.usda.gov/cnd/Governance/policy.htm>

Why Use Medicaid Data for Direct Verification?

Medicaid was authorized by Title XIX of the Social Security Act and is jointly funded by Federal and State governments. The program provides health insurance to low-income persons, including children up to age 18, who meet requirements such as income, citizenship, or legal immigrant status. Income eligibility limits and rules for counting income vary from State to State.

The Medicaid Program was expanded by the creation of SCHIP in 1997, under Title XXI of the Social Security Act. SCHIP provides benefits to children in families that cannot obtain medical insurance, but have incomes too high to qualify for Medicaid. SCHIP operates as an optional expansion or supplement to State Medicaid Programs.

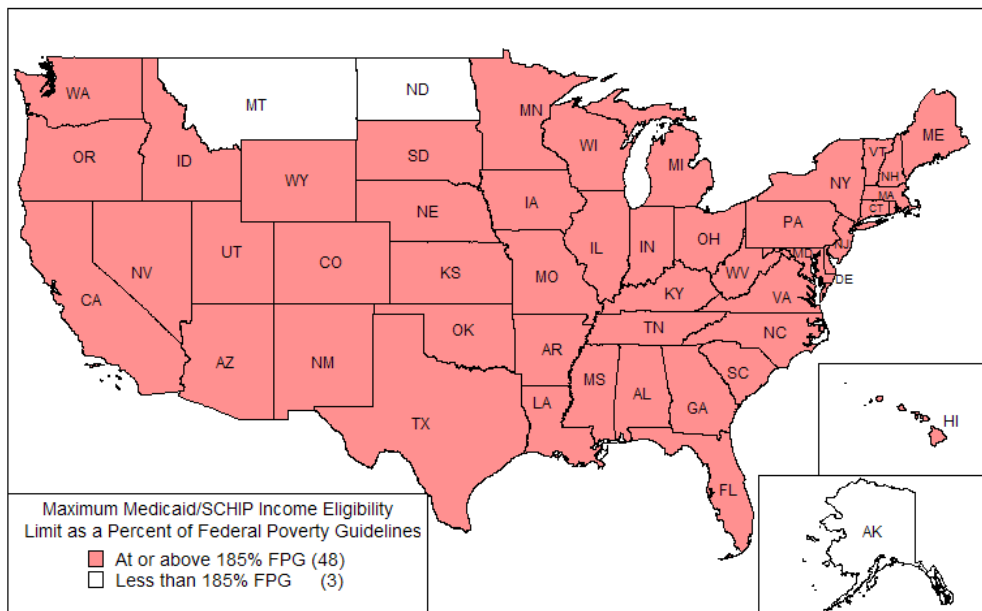
Income Eligibility for Medicaid versus NSLP

Children applying for Medicaid are determined income-eligible based on the countable income of the child’s family, where family is defined by financial and blood relationships among persons living together. For the NSLP, income eligibility is based on the countable income of the household, with household defined as all persons who reside in the economic unit. Nevertheless, FNS guidance (SP-32-2006, August 31, 2006) specifies that direct verification should use the family size and income information upon which the NSLP applicant’s Medicaid eligibility is based.

In all States, the combined income eligibility limit for Medicaid and SCHIP exceeds the SNAP income eligibility limit (130 percent of the FPG). Thus, many children who are ineligible for SNAP, and cannot be directly certified, may be directly verified with Medicaid/SCHIP data. In all but three States, the combined Medicaid/SCHIP eligibility limit is at or above 185 percent of the FPG, as shown in Exhibit 2, and children eligible for reduced-price meals are eligible for Medicaid/SCHIP and may be directly verified.

Exhibit 2

Maximum Combined Medicaid/SCHIP Income Eligibility Limits For School-Age Children



Note: Data as of January 2008, except for SCHIP programs implemented later in 2008 in Louisiana and South Carolina

Sources: Henry J. Kaiser Family Foundation, 2008 (<http://statehealthfacts.org/>).

Purpose of the Pilot Study

The Direct Verification Pilot Study evaluated the feasibility and effectiveness of DV-M in SY 2006-07 and SY 2007-08. The participating States are: Georgia, Indiana, Oregon, South Carolina, Tennessee, Washington, and Wisconsin.

The study considered research questions related to DV-M implementation and effectiveness.

DV-M Implementation Questions

- Is it feasible to use Medicaid information to directly verify eligibility for free and reduced-price school meals?
- What are the challenges for implementation, and how do they vary by State?
- What types of systems work in practice?
- What are the problems and prospects of implementing DV-M nationwide?

DV-M Effectiveness Questions

- What percentage of school districts use DV-M?
- What percentage of school meals applications sampled for verification can be directly verified with Medicaid data?
- What do school districts think of DV-M? Is it easy? Is it useful? Will they use it again?
- Does DV-M result in fewer terminations of school meal benefits because of households that do not respond to verification notices?
- What are the potential cost savings from DV-M at the local level?

Study Design

FNS recruited States for the study in two phases. First, FNS recruited five States to participate for SY 2006-07 (Year 1): Indiana, Oregon, South Carolina, Tennessee, and Washington. In 2007, FNS recruited two additional states—Georgia and Wisconsin—resulting in seven states for SY 2007-08 (Year 2).

Characteristics of Participating States

The seven States in the Pilot Study are medium-sized States in terms of student enrollment (ranging from about 500,000 to just over 1 million students with access to the NSLP). They vary in several characteristics (based on data for SY 2006-07) that may affect DV-M implementation and effectiveness: number of school districts per State, size of verification samples, methods of direct certification, effectiveness of direct certification, and income-eligibility limit for children applying to the State Medicaid Program.

- The number of public school districts per State ranges from 85 in South Carolina to 425 in Wisconsin. Georgia, South Carolina, and Tennessee have the largest school districts, on

- average, and districts in those States are more often contiguous with county boundaries than in the other three States.
- The median size of verification samples ranges from 4 applications per district in Wisconsin to 35 applications per district in South Carolina.
 - Tennessee uses district-level matching for direct certification, while the other States use State-level matching. Direct certification of SNAP (formerly FS) and TANF children results in certification of 93 percent of eligible children in Tennessee, 80 percent in Oregon, South Carolina, and Washington, 73 percent in Georgia, 72 percent in Wisconsin, and 59 percent in Indiana.
 - For school-age children, all of the States have combined Medicaid/SCHIP income limits at or above 185 percent of the FPG, when SCHIP is included. Thus, all applications approved for free or reduced-price (RP) meals could be directly verified with complete Medicaid/SCHIP data. For school-age children, the income limits for Title XIX Medicaid eligibility are 100 percent of the FPG in Georgia, Oregon, and Tennessee. In these States, Title XIX Medicaid data alone will seldom verify sampled applications approved for reduced-price (RP) meals.² The Title XIX limit is 150 percent of the FPG in Indiana and South Carolina, and 200 percent of the FPG or higher in Washington and Wisconsin.

Data Collection

The pilot study collected data from State and local agencies in each year of the study through the following activities:

- Meetings and followup with State Child Nutrition (CN) and Medicaid Agencies prior to DV-M implementation
- Interviews with State CN Agencies after completion of verification
- Interviews with State Medicaid Agencies (SY 2006-07 only)
- Surveys of 85 school districts in SY 2006-07 and 118 districts in SY 2007-08.
- Telephone forums with 15 school districts (SY 2006-07 only)
- Followup telephone interviews with 11 school districts (SY 2007-08 only)

A random sample of school districts was selected from each participating State in each year of the study. Districts in States that implemented DV-M provided the following information:

- *Copies of NSLP applications* sampled for verification (for some districts, only from households not responding to verification).
- *Direct Verification List*—List of students directly verified with Medicaid data.

² Districts are required to sample error-prone applications for verification. Error-prone applications are defined as those with monthly household income within \$100 or the income eligibility limit. Thus error-prone applications approved for reduced price meals are those with household income near the F/RP cutoffs of 130 percent and 185 percent of the FPG.

- *Direct Verification Report*—Report of verification sample size, use of direct verification, number of students directly verified, and perceptions of DV-M experience.
- *Time and Cost Report*—Report of staff time spent on verification activities.

Planning for Direct Verification with Medicaid Data (DV-M)

Implementation of DV-M requires planning. State CN Agencies must determine a method for implementation, and meet with State Medicaid Agencies to determine if needed data are available. Most States should begin planning for DV-M a year in advance, to allow enough time to establish data-sharing agreements with State Medicaid Agencies and prepare for smooth implementation. The States participating in the pilot reported three main planning activities.

1. **Meetings with the State Medicaid Agency.** These meetings were used to:
 - Discuss Congressional authorization for DV-M;
 - Discuss NSLP verification procedures;
 - Determine data needs; and
 - Determine a method for providing Medicaid data to school districts.
2. **Establishing agreements for data sharing.** Data-sharing agreements accomplished three objectives:
 - Defined authority for using Medicaid data in NSLP verification;
 - Provided assurances for the protection of confidential data; and
 - Specified the format for Medicaid data.
3. **State-level implementation steps.** The main steps to implement DV-M were:
 - State CN Agencies disseminated information and/or provided training for school districts;
 - Medicaid Agencies prepared and sent data to State CN Agencies; and
 - State CN Agencies prepared Medicaid data for distribution to school districts;
 - Systems “went live,” and districts gained access to Medicaid data.

Alternative Methods for DV-M

Four States demonstrated different methods for DV-M that provide instructive examples for other States. Indiana and Washington included SCHIP in their Medicaid data, while Georgia and Tennessee did not. These four States adapted their direct certification systems for DV-M, and they made DV-M available to all school districts. Oregon and South Carolina implemented DV-M, but their systems were not easy to use and thus were not viable for the long run.

Georgia: Online query of statewide Medicaid and SNAP/TANF data. Georgia used an Internet-based system that already supported direct certification and DV-S. Districts queried both SNAP/TANF and Medicaid data, but SCHIP was not included. Student social security number (SSN) was the primary identifier for searching.

Indiana: Online query and State-level matching of Medicaid and SNAP/TANF data. Indiana adapted its Web-based direct certification system on the State Education Agency's (SEA) secure Web site to combine DV-S and DV-M. Districts used a form-based query to search for each NSLP applicant in the SNAP, TANF and Medicaid data, using student name and date of birth. SCHIP was included in the Medicaid data. Indiana districts could also upload their verification sample to the Web site and download results of a match with SNAP/TANF and Medicaid data.

Tennessee: District-level lookups with Medicaid data. Tennessee adapted its district-level matching for direct certification. The State CN Agency posted a Medicaid data file (excluding SCHIP) for each county on the SEA's secure Web site. Each school district downloaded the file for its county and manually searched for NSLP applicants sampled for verification using student SSNs.

Washington: State-level matching and district-level lookups. The State CN Agency matched Medicaid and SCHIP data with statewide student records to create a file of Medicaid enrollees in each district. These files were posted on the SEA's secure Web site. Districts could search the files online or download them to sort and search locally. Searches used student name and date of birth or State student ID numbers.

Keys to Successful DV-M Implementation

Several conditions help ensure successful implementation of DV-M: timeliness and scope of Medicaid data, ease of use, employing a familiar interface, interactive and batch methods, integration of DV-M and DV-S, and active promotion and communications with school districts.

Timeliness. Medicaid data should be available on or before October 1, when school districts begin the verification process.

Scope of Medicaid data. States should try to use data from Title XIX Medicaid and SCHIP, where applicable, to maximize the number of NSLP applications that may be directly verified. Medicaid data should provide sufficient identifying information to link to NSLP applications, and income data to determine the correct NSLP eligibility category.

Ease of use. School districts are more likely to use systems that are easy, resulting in greater effectiveness.

Familiar interface. School districts are more likely to use DV-M if it uses an existing interface that they are already using for queries or data exchanges.

Enabling both queries and batch matching. Small districts find it easiest to look up each NSLP applicant in a database of Medicaid children. Large districts can benefit from a file matching process. A system that offers both capabilities meets the needs of all districts.

Integration with DV-S. Integration is desirable so that districts can easily use all data available for direct verification.

Active promotion. District participation depends on States making the case for DV-M and convincing school districts to try it.

Interactive training and ongoing communication. School districts can benefit from interactive, live training and ongoing communication to prepare and motivate district verification staff.

Challenges in the Pilot States

Implementation of DV-M was smoothest in Tennessee and Washington, where there were no serious problems. Indiana had data problems in the first year but DV-M was successful in the second year. Georgia's DV-M approach was easy to implement, but its interface and security features made it cumbersome for school districts to use. South Carolina's approach to DV-M was burdensome for school districts because they had to compile their verification data in an Excel file and wait many weeks for match results. Oregon and Wisconsin lacked the resources to develop a viable system within the timeframe of the pilot study.

The experiences of the pilot States provide evidence of the challenges of implementing DV-M.

Negotiating data-sharing agreements. Indiana and South Carolina experienced delays in obtaining data-sharing agreements. Confidentiality of data was the key concern. Both States needed more than 4 to 6 months to complete negotiations.

Data problems. Three States experienced critical problems in their first year of implementation. In Indiana, the Medicaid file was delayed and incomplete; this was resolved in the second year. In Oregon, Medicaid data were distributed in files that exceeded the maximum capacity of spreadsheet programs used by many school districts. As a result, districts searched incomplete data. South Carolina experienced delays and distributed Medicaid data to districts past the usual deadline for completing verification.

Match identifiers. Student name and either date of birth or SSN are key identifiers for matching with Medicaid data. Date of birth and SSN are not usually on the NSLP application and must be obtained from other student records. Oregon and Indiana added date of birth to the NSLP application as a solution to this problem.

Confusion about using DV-M. School districts in several States did not understand how or why to use Medicaid information for direct verification. Communication is a key challenge.

Ease of use. The DV-M systems in Georgia, Oregon, and South Carolina were not easy to use, and this was a barrier to success.

Determining NSLP eligibility from Medicaid data. Indiana and Washington provided districts with an indicator of NSLP eligibility, based on Medicaid income and household size. In Georgia and Tennessee, districts needed to review Medicaid income and family size, which was burdensome or confusing for some school districts.

Effectiveness of DV-M

Key measures of the effectiveness of DV-M are the percentage of districts using DV-M, the percentage of applications directly verified, and the cost impact. All results are from the random

samples of districts selected for the study. Results from the second year (SY 2007-08) reflect more mature operations in Indiana, Tennessee, and Washington.

Did districts use DV-M? Among all districts selected for the study 63 percent used DV-M in SY 2006-07 and 51 percent used DV-M in SY 2007-08. The percentages using DV-M in SY 2007-08 were 43 percent in South Carolina, 49 percent in Washington, 50 percent in Georgia and Indiana, and 63 percent in Tennessee (Exhibit 3). In SY 2006-07, participation rates in Washington and Tennessee were higher, Indiana’s rate was the same, and Oregon’s participation rate was 44 percent.

Most often, districts did not use DV-M because they did not understand that DV-M could be used to verify any application. Other common reasons were insufficient resources, a low perceived payoff, and difficulty using the available method.

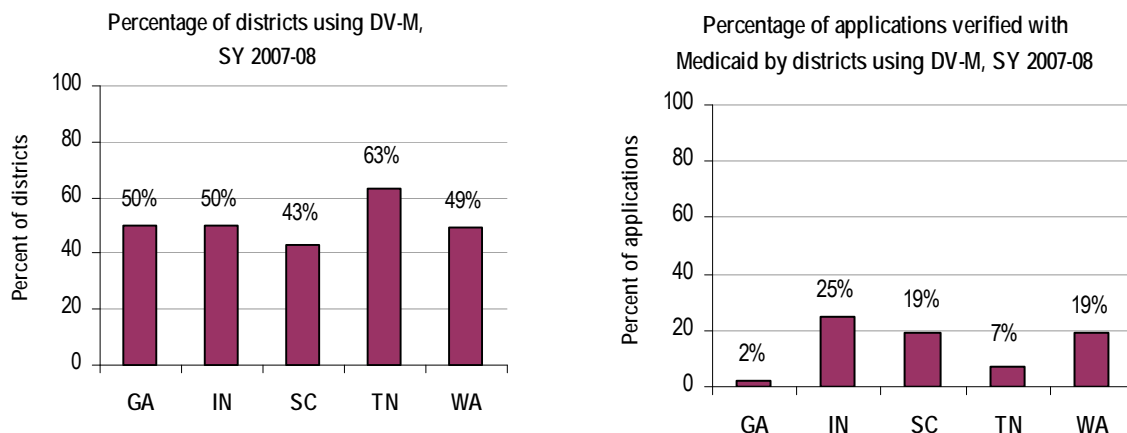
Larger districts were no more or less likely to use DV-M than smaller districts. Because only half of districts used DV-M, the level of district participation limited the potential effectiveness of DV-M from a statewide perspective.

What percentage of NSLP applications were directly verified with Medicaid data? Results from the second year provide the best estimates of the percentage of applications directly verified with Medicaid data.

Among districts that used DV-M, the percentage of sampled applications directly verified in SY 2007-08 was 2 percent in Georgia, 7 percent in Tennessee, 19 percent in South Carolina and Washington, and 25 percent in Indiana (Exhibit 3).

Exhibit 3

Effectiveness of Direct Verification with Medicaid Data (DV-M)



Sources: Direct Verification Reports, SY 2007-08.

Variations are due to differences in Medicaid income-eligibility limits, the income distribution of households enrolled in NSLP and Medicaid, and the effectiveness of direct certification and DV-S. DV-M was less effective in the States with low Medicaid income-eligibility limits (Georgia and

Tennessee). States with rates of direct verification in the 19 percent to 25 percent range had higher income-eligibility limits for the Medicaid/SCHIP data used in DV-M. Except in Georgia, DV-S was generally less effective than DV-M: where DV-S was used, between 2 percent and 7 percent of sampled applications were directly verified with SNAP/TANF.

Did DV-M reduce verification costs? Districts reported that DV-M required, on average, 6 minutes per sampled application. Use of DV-M increased verification effort when no applications were directly verified, but reduced the total effort when applications were directly verified. Based on the SY 2007-08 estimate of time spent on household verification, DV-M saves time if the district verifies 1 application in 13, or 8 percent of the sample. The average district using DV-M reached this break-even point in Indiana, South Carolina, and Washington. If districts in Tennessee used DV-M only for applications approved for free meals, they would save time.

Can DV-M reduce nonresponse to verification? Nationwide, 32 percent of applications sampled for verification lose benefits due to nonresponse. In Indiana and South Carolina, 24 percent of nonresponder applications were matched with Medicaid data. The nonresponder match rate was 5 percent in Georgia and 9 percent in Oregon.

District Perceptions of DV-M

School districts selected for the study were asked three key questions about their experiences with DV-M. Results are shown in Exhibit 4.

Was DV-M easy? In SY 2007-08, 86 percent of school districts or more in Indiana, Tennessee, and Washington found DV-M easy or very easy (on a scale of 1 to 5). In Georgia, 56 percent of districts rated DV-M as easy or very easy.

Exhibit 4

District Perceptions of DV-M in the First Year of Implementation

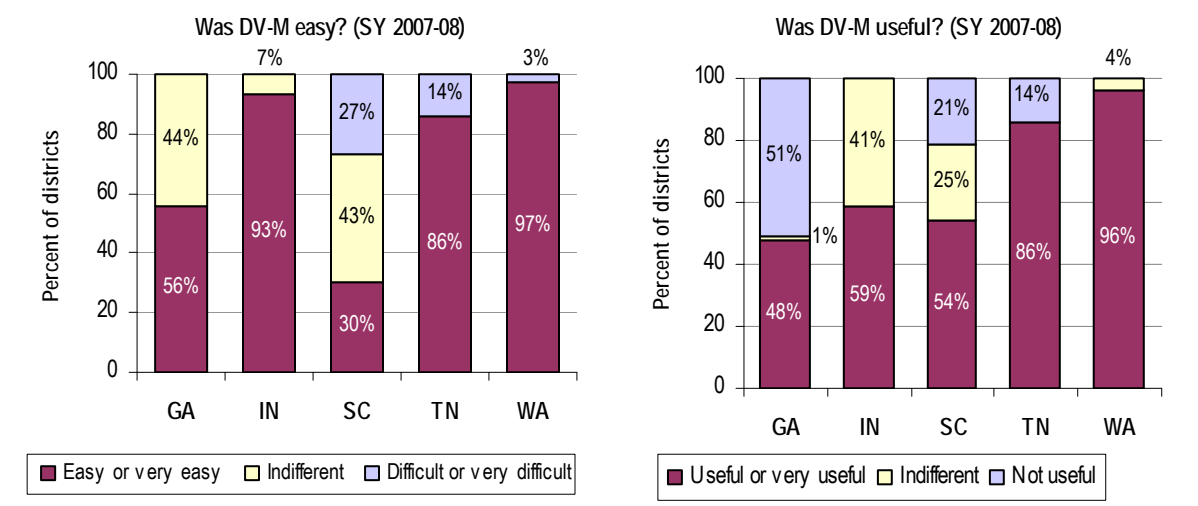
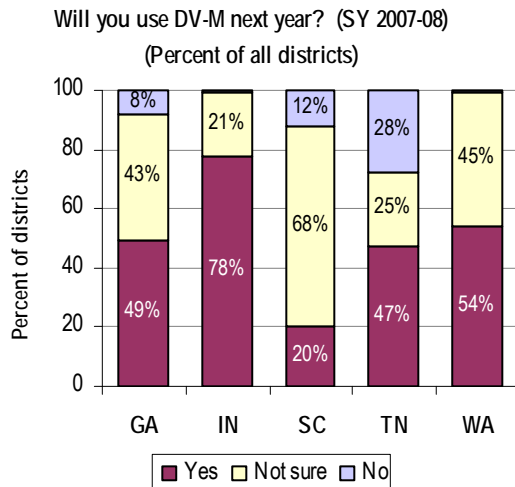


Exhibit 4 (continued)**District Perceptions of DV-M in the First Year of Implementation**



Sources: Direct Verification Reports, SY 2007-08.

South Carolina had 27 percent of districts rating DV-M as difficult or very difficult. In South Carolina, districts had to compile a file of their verification samples, and they waited almost 2 months for results of the Medicaid match.

Was DV-M useful? In SY 2007-08, districts in Washington were most likely to report that DV-M was useful or very useful (96 percent), followed by Tennessee (86 percent), Indiana (59 percent), and South Carolina (54 percent). About half of districts in Georgia (48 percent) rated DV-M as useful, while 51 percent did not. South Carolina had the second-highest percentage rating DV-M as not useful (21 percent).

Districts' views of DV-M were consistent with its effectiveness in Washington and Georgia. Ratings of usefulness in other States appeared to reflect views of the potential benefits and the difficulty of DV-M and household verification.

Will districts use DV-M next year? In SY 2007-08, Indiana and Washington had easy-to-use systems and high success rates for DV-M. These States had the most districts planning to use DV-M in the next year: 78 percent in Indiana and 54 percent in Washington. About half of all districts in Georgia and Tennessee planned to use DV-M in the next year. Among districts in these four States that used DV-M, between 86 percent and 100 percent planned to use DV-M again.

In SY 2007-08, South Carolina and Tennessee had the most districts that would not use DV-M the next year. In South Carolina, the implementation problems appeared to be the cause for this response. In Tennessee, the key issue was the low rate of direct verification. In Georgia, the low rate of success and the limitations of the DV-M system were key issues for the 8 percent of districts that did not plan to use DV-M the next year.

How did overall satisfaction with DV-M vary among States? Large majorities of Indiana, Tennessee, and Washington school districts were satisfied with DV-M in SY 2007-08:

- 86 percent or more found DV-M easy
- 59 percent or more said that DV-M was useful
- Of those that used DV-M, 86 percent would use it again.

In SY 2006-07, the level of satisfaction was similar to SY 2007-08 in Indiana, Tennessee, and Washington.

Satisfaction was mixed elsewhere. About half of Georgia districts were satisfied with DV-M in SY 2007-08, but the other half rated DV-M as difficult or very difficult. Over half of South Carolina districts found DV-M useful in SY 2007-08 but only 30 percent found DV-M easy and only 20 percent planned to use it the next year.

Recommendations for DV-M Planning

State CN agencies can successfully implement direct verification with careful planning and effective communications. Several steps are recommended for planning and implementing DV-M.

Begin a dialogue with your State Medicaid agency. Communicate the purpose of DV-M and data needs, and listen to Medicaid’s data-sharing and confidentiality requirements. Remember that some Medicaid agencies may need time to modify their systems for capturing and sharing data for DV-M.

Determine feasible methods of providing Medicaid data to school districts and facilitating DV-M. Consider the existing information technology infrastructure for CN and school districts, the identifiers in student records and NSLP applications, and the requirements of the Medicaid agency. Extra planning and effort by the State to make DV-M easy can pay off with more districts using direct verification.

The pilot study demonstrated three basic models:

- Distribute data files to districts,
- Provide a Web-based query system, or
- Match NSLP and Medicaid data at the State level.

The file distribution method is easier for States to implement. The query method may be easier for districts to use. It also provides greater security for Medicaid data, because it is not as easy for users to “browse the data.” Small districts find it easy to query each NSLP application, but large districts find this time-consuming. Very large districts benefit from a data matching system, where they compile their verification sample in a file, and the file is matched by a State agency. The success of State-level matching for DV-M depends on the ease of compiling and uploading data for the NSLP verification sample, and on the turn-around time for matches.

Test the proposed system with actual data from verification samples, or ***implement it on a pilot basis*** before statewide roll-out. The test would confirm whether the system is usable, whether the Medicaid

data are complete, and whether DV with Medicaid and SNAP/TANF can be integrated. The test also will provide expected rates of DV-M that can be communicated to districts as a way of building interest in direct verification.

Compile instructions and training materials for school districts. Be sure to emphasize the similarities and differences between direct verification and direct certification. This way, both processes will be used properly.

And finally, ***get the word out!*** Direct verification can only be successful if districts use it. The pilot study showed that school districts appreciated and responded to clear, ongoing, and enthusiastic messages from their State agencies.

CHAPTER 1

INTRODUCTION

This study examines the implementation and effectiveness of direct verification of eligibility for the National School Lunch Program (NSLP) using information obtained from State Medicaid Agencies. The study was mandated by the *Child Nutrition and WIC Reauthorization Act of 2004* (P.L. 108-265) (“Reauthorization”) to evaluate:

“(I) the effectiveness of direct verification ... in decreasing the portion of the verification sample that must be verified, while ensuring that adequate verification information is obtained; and (II) the feasibility of direct verification by State agencies and local education agencies.”

To meet the Congressional mandate, the Food and Nutrition Service of the US Department of Agriculture recruited States to participate in a pilot study of direct verification with Medicaid data (DV-M). Abt Associates Inc. was awarded the evaluation contract, with contract activities beginning in June 2006. Information on the implementation and effectiveness of DV-M in SY 2006-07 was previously presented in the evaluation’s *First Year Report*.³ This report provides information about DV-M as implemented in School Years (SY) 2006-07 and SY 2007-08.

Background

By law, local education agencies or LEAs (which are usually equivalent to school districts) must verify a sample of approved applications on file as of October 1, and complete verification by November 15. Most school districts must verify 3 percent of applications selected randomly from among “error-prone” applications (defined as applications with household income within \$100 of the monthly income limit or \$1,200 of the annual income limit). If the number of error-prone applications is insufficient to yield a 3-percent sample, the remainder of the 3-percent sample is selected at random from among all applications.⁴

Verification is generally conducted by providing written notice to households selected for verification, requesting documentation of eligibility (“household verification”). Prior to contacting the household, a person other than the official who approved the application must review and confirm the determination of eligibility (“confirmation review”). Failure to respond with documentation, or

³ N. Cole, C. Logan and D. Hoaglin (2007), *Direct Verification Pilot Study First Year Report*. Project Officer: Sheku G. Kamara, Ph.D. U.S. Department of Agriculture, Food and Nutrition Service, Alexandria, VA.

⁴ The maximum sample is 3,000 applications. LEAs may qualify for an alternate sample size if they have a nonresponse rate less than 20 percent, or they have more than 20,000 children approved by application and they reduce their nonresponse rate by at least 10 percent. The two alternate sample sizes are: a random sample of 3 percent of all applications, or a focused sample of 1 percent of error-prone applications plus 0.5 percent of categorical applications.

providing documentation of income in excess of NSLP eligibility limits, results in termination of free or reduced price benefits. LEAs must contact a nonresponding household a second time by telephone or mail, and then send a notice of adverse action prior to terminating benefits.

Direct verification uses information collected and documented by other means-tested programs to verify NSLP eligibility directly without contacting households. Prior to 2004, local education agencies could use information from the Supplemental Nutrition Assistance Program or SNAP (formerly known as the Food Stamp Program),⁵ Temporary Assistance to Needy Families (TANF), and Food Distribution Program on Indian Reservations (FDPIR) to verify categorical applications with SNAP, TANF, or FDPIR case numbers provided as evidence of eligibility. Local education agencies could also verify eligibility through records of agencies such as the State unemployment office. At that time, such “categorical” applications were about 20 percent of verification samples.⁶

The 2004 *Reauthorization* made two changes to direct verification: SNAP and TANF records may now be used to verify applications approved on the basis of income (“income applications”), and additional means-tested programs may be used to verify NSLP eligibility. In particular, direct verification may now use records from the State Medicaid Program under Title XIX of the Social Security Act, and the State Children’s Health Insurance Program (SCHIP). The latter program was added by USDA as permitted under the statute.

Direct verification is best used early in the verification process, so that there is sufficient time to contact households for verification of applications not directly verified. Thus, it is essential that direct verification data are available for use by school districts when they select their samples on or before October 1.⁷

The specific procedures for direct verification may vary across States, within the following guidelines specified by FNS.

Information verifying NSLP eligibility status

- Receipt of SNAP benefits, TANF cash assistance, or FDPIR benefits confirms a household’s free status and may be used to verify eligibility.
- In States with Medicaid income limits of 133 percent of the Federal poverty guidelines (FPG), Medicaid participation is the only information needed to verify free or reduced price eligibility.
- In States with Medicaid income limits above 133 percent of the FPG, direct verification information *must* include either the percentage of the FPG upon which the applicant’s Medicaid participation is based, or income and household size as determined by Medicaid rules, in order to determine that the applicant is either at or below 133 percent of the FPG, or

⁵ The Food, Conservation, and Energy Act of 2008, P.L. 110-246, changed the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program, effective October 1, 2008. We refer to the program as it was named during the period covered by the study.

⁶ In SY 2005-06, 82 percent of applications sampled for verification by school districts nationwide were income applications and 18 percent were categorical applications.

⁷ LEAs may begin verification before October 1, but they must use the number of applications approved as of October 1 to determine their final sample.

is between 133 percent and 185 percent of the FPG. These same procedures apply to the use of SCHIP information.

Timing of information used for direct verification

- Direct verification must use the latest available information for 1 month, within the 180 days prior to application; *or*
- Information for all months from the month prior to application through the month direct verification is conducted.

Criteria for establishing a match to direct verification information

- Direct verification should be based on identifying information on children approved for NSLP benefits.
- Information on persons not approved for NSLP benefits may not be provided to the Medicaid Agency.
- When the data indicate that one child is participating in the SNAP, FDPIR, TANF, or Medicaid, all children in that child's household are verified.

Use of direct verification information

- School districts should use direct verification information only to support the original eligibility status, or the status as corrected by the confirmation review. Household eligibility status cannot be changed based on the direct verification information.

These guidelines are specified in FNS Policy Memorandum SP-32-2006, which is cited throughout this report and included as Appendix A.

Purpose of the Study

The purpose of this study is to determine the feasibility, effectiveness, and accuracy of direct verification with data from State Medicaid Agencies (DV-M). The overall study is designed to address six specific research questions:

Direct Verification Implementation

1. Is it feasible to use Medicaid information to directly verify NSLP eligibility? What types of systems will work in practice? What are the primary challenges of implementation?
2. What are the challenges for statewide implementation, and how does this vary by State?
3. What are the problems and prospects of using Medicaid information to conduct direct verification in all States?

Direct Verification Impacts

4. What percentage of verification samples can be directly verified with Medicaid data?
5. What are the potential cost savings from DV-M at the local level?

6. Does DV-M result in fewer students with NSLP benefits terminated due to nonresponse to verification requests?

This *Final Report* addresses all of these questions. The first five questions were examined in both years of the study (SY 2006-07 and SY 2007-08), and results for the first year were previously presented in the *First Year Report*. The effect of DV-M on loss of benefits due to verification nonresponse (question 6) was examined in the second year of the study using retrospective data from SY 2006-07.

Study Approach

In 2006, five States volunteered to participate in this pilot study of direct verification with Medicaid data: Indiana, Oregon, South Carolina, Tennessee, and Washington.⁸ Four of the five “original” States successfully implemented DV-M for SY 2006-07. South Carolina implemented DV-M in SY 2007-08. Indiana, Tennessee, and Washington continued to operate DV-M in SY 2007-08. Oregon planned to operate DV-M with a new system in SY 2007-08 but was unable to do so, due to limited resources at the State Education Agency.

Two additional States, Georgia and Wisconsin, volunteered to participate in SY 2007-08. Georgia had already implemented DV-M in SY 2005-06. Wisconsin did not implement DV-M in SY 2007-08, due to limited resources at the State Medicaid Agency.

Characteristics of all seven States are presented in Chapter 2. Results for each year are based on the States that operated DV-M in that year (four in SY 2006-07 and five in SY 2007-08).

Evaluation of DV-M Implementation in SY 2006-07

The evaluation began in June 2006, 4 months prior to SY 2006-07 implementation. The purpose of the study was to evaluate DV-M as implemented by the States. The evaluation contractor collected information about State plans, implementation, and results, and helped clarify DV-M requirements for States and local agencies, as requested. During the initial months of the study the contractor also facilitated a dialogue between the States and FNS regarding DV-M requirements, and this resulted in the release of FNS guidance for direct verification on August 31, 2006.⁹

The evaluation of DV-M implementation in SY 2006-07 was based on information collected from the original five States and selected local agencies at multiple points in time during the planning phase for DV-M, and after completion of verification. These data collections are summarized below.

- June 2006—Telephone conferences with State Child Nutrition Directors to obtain information about the status of implementation plans.
- July 2006—On-site meetings with staff from State Child Nutrition and Medicaid agencies to obtain detailed information about implementation plans, and to review data needs for the evaluation.

⁸ Arizona was one of the five original participating States, but declined to participate in July 2006 because study activities were initiated later than expected. Oregon was recruited to replace Arizona in July 2006.

⁹ USDA Policy Memo SP-32-2006, “Clarification of Direct Verification.”

- August/September 2006—Ad hoc contact with each State (via email and telephone) to obtain status updates regarding implementation and recruitment of school districts into the pilot.
- September 2006—A contractor staff member attended South Carolina’s meeting for districts in person, and Tennessee’s Web conference training.
- October 2006—Email and telephone communications about data needed for the study and about DV-M implementation.
- November-February 2006—*Local Education Agency Survey* was administered in the four States where DV-M was implemented.
- December 2006—Two school district “telephone forums” conducted for each State to elicit discussion of experience with DV-M among staff from local agencies.
- December/January 2006—Formal interviews with staff of State Child Nutrition and Medicaid agencies to “debrief” about the implementation for 2006, and obtain information about plans for the future.

Evaluation of DV-M Implementation in SY 2007-08

The evaluation of DV-M implementation in SY 2007-08 was based on information collected from the original five States, the two additional States, and selected local agencies at multiple points in time during the preparations for DV-M and after completion of verification. For the original five States the approach was incremental, building on the information gathered in the first year. The SY 2007-08 data collections are summarized below.

- May/June 2007—Telephone conferences with State Child Nutrition Directors to obtain information about their plans for DV-M and describe plans for the study.
- July 2007—On-site meeting with staff from the Wisconsin State Child Nutrition and Medicaid agencies to obtain detailed information about implementation plans and to review data needs for the evaluation.
- July-September 2007—Ad hoc contact with States (via email and telephone) to obtain status updates regarding implementation.
- September 2007—Mailing to sampled school districts to explain the purpose of the study and initiate recruitment.
- September 2007—Observation of Oregon’s verification training for LEAs by teleconference.
- December 2007/January 2008—Formal telephone interviews with staff of State Child Nutrition agencies (except Wisconsin) to “debrief” about the implementation for 2007, and obtain information about plans for the future.
- January-May 2008—*Local Education Agency Survey* was administered in the five States where DV-M was implemented.
- May 2008—Followup telephone interviews with a subsample of school districts in Georgia and South Carolina to gain further insights into experience with DV-M.

These multiple contacts with State and local agencies provided information about the types of systems that were implemented; the alternatives that were considered and rejected; the aspects of

implementation that went smoothly or were difficult; and the changes made by the original States in SY 2007-08 in response to lessons from the prior year. This information is presented in Chapter 4 of this report.

DV-M Effectiveness

DV-M effectiveness in the first and second years of implementation was evaluated with information collected from local agencies. In the first year, 121 public school districts were sampled in the four States that implemented DV-M. In the second year, 130 districts were sampled in the five States that operated DV-M. (The sampling plan is described briefly in Chapter 3 and fully documented in Appendix B.) School districts provided data on the following measures of effectiveness:

- District participation—Did the school district use direct verification with Medicaid data?
- Direct verification results—How many applications were sampled for verification, and how many were directly verified with Medicaid and SNAP/TANF data?
- Perceptions of the process—Was DV-M useful? Was it easy? Will school districts use it again next year?

In addition, measures of the time and cost of verification were determined from district reports of staff time spent on direct verification and household verification.

Measures of DV-M effectiveness are presented in Chapter 5. SY 2006-07 measures represent the first year of DV-M in all of the original study States. All States except Tennessee experienced significant implementation challenges, as documented in this report. Similarly, South Carolina experienced first-year implementation problems in SY 2007-08. In SY 2007-08, DV-M was fully implemented and mature in Georgia, Indiana, Tennessee, and Washington, so the measures of effectiveness are reasonably representative of the level that would be expected in the long run.

Estimates of the impact of DV-M on household nonresponse to verification are presented in Chapter 6. School districts provided copies of applications from sampled households that did not respond to verification requests in SY 2006-07. These applications were matched with data from State Medicaid Agencies to estimate the proportion of nonresponder applications that could be verified with Medicaid data.

Outline of the Report

This report contains seven chapters including this introduction. Chapter 2 describes the recruitment of States for the study and the characteristics of those States. Chapter 3 describes the data collection activities and sampling design. The implementation of DV-M in each of the implementing States is described in Chapter 4. This chapter includes description of DV-M systems, the steps undertaken by State agencies to implement DV-M, and the operation of DV-M at the local level. Chapter 5 presents findings on the effectiveness of DV-M, and Chapter 6 presents findings on the impact of DV-M on verification nonresponse. Chapter 7 summarizes what has been learned from this evaluation.

CHAPTER 2

PARTICIPATING STATES AND THEIR FEATURES

This study provides information about the feasibility of direct verification with Medicaid (DV-M) based on the experience of seven States. Each of the seven States independently developed an implementation plan for DV-M. This chapter describes the recruitment of State agencies and the features of the participating States that shaped the context for the pilot project.

Recruitment of States

The USDA Food and Nutrition Service (FNS) recruited States for the study in two phases. First, FNS recruited five States to participate for SY 2006-07 (Year 1): Indiana, Oregon, South Carolina, Tennessee, and Washington. In 2007, FNS recruited an additional two States—Georgia and Wisconsin—resulting in seven States for SY 2007-08 (Year 2).

Year 1 Recruitment

As the first official communication with States regarding the pilot study, FNS sent a letter on June 30, 2005 to all State Child Nutrition (CN) Agencies, requesting voluntary participation in a pilot study. Indiana, South Carolina, Tennessee, and Washington volunteered for the study at this time.¹⁰

In December 2005, FNS notified these States that a request for proposal (RFP) would soon be released to hire a contractor to conduct the evaluation. At that time, FNS informed the States about the study plans and encouraged them to “start discussions with Medicaid officials as you may have intended, so that ... data collections will be smooth as soon as the project starts.”¹¹ The RFP was released on December 19, 2005, and the contract was awarded on May 31, 2006.

The pilot study began in June 2006. The pilot proposed to evaluate DV-M as implemented by the States. At the start of the study, States were contacted to determine the status of their implementation plans. States varied with respect to activities conducted prior to June 2006 (discussed below).

In July 2006, FNS contacted the Oregon CN Agency requesting its participation in the study. Oregon was chosen for recruitment because the State had implemented a system in SY 2005-06 for direct verification using data from SNAP (formerly Food Stamp Program), Temporary Assistance to Needy Families (TANF), and Medicaid.¹² Oregon’s participation was formalized in August 2006.

¹⁰ Arizona also volunteered but withdrew from the evaluation in July 2006. The State continued planning for DV-M but did not implement DV-M in SY 2006-07 or SY 2007-08.

¹¹ Letter from FNS to five States on December 1, 2005.

¹² Information about Oregon’s experience with direct verification was obtained from the Survey of State Child Nutrition Program Directors and interviews conducted for *Computer Matching for the National School Lunch Program* (Cole and Logan, 2007).

Year 2 Recruitment

FNS began recruiting additional States for the study in March 2007. Georgia agreed to participate in May 2007, and the evaluation contractor held an initial conference call with Georgia Child Nutrition officials on May 22, 2007. Wisconsin agreed to participate in June, and the evaluation contractor held an initial conference call with Wisconsin Child Nutrition officials on June 29. No other State agreed to participate.¹³

Initial State Planning for Direct Verification

The five original States varied in the amount of planning completed prior to June 2006, when they were contacted by the evaluation contractor. They also differed in their understanding of whether they should be working on implementation or waiting for direction from FNS or the contractor.

- Indiana—The CN Agency reported “on and off effort” while waiting for further instructions from FNS. They began work on a data-sharing agreement with the Medicaid Agency, and expected to implement DV-M using their existing system for DV-S.
- Oregon—The CN Agency implemented direct verification with SNAP/TANF data (DV-S) and Medicaid data (DV-M) on its own initiative in SY 2005-06. Prior to July 2006, the CN Agency had determined that it would use a new direct verification system for SY 2006-07, but new procedures had not been finalized. In preparation for direct verification, the State modified the NSLP application to obtain date of birth (DOB) for each student listed on the application, so that DOB could be used as an identifier for direct verification matching or queries.
- South Carolina—The CN Agency initiated communications with the State Medicaid Agency and modified the NSLP application to obtain informed consent for verification with Medicaid. No other work was done while waiting for FNS guidance. The State had an existing system providing Medicaid eligibility information for school-based services, but did not have a system that could easily be modified for DV-M.
- Tennessee—The CN Agency reported that many meetings were held with the State Medicaid Agency. They developed a plan for implementation based on their system for district-level matching for direct certification.
- Washington—The CN Agency reported that many meetings were held with the State Medicaid Agency. Limitations of the Medicaid data system were identified, and the Medicaid Agency modified its eligibility system to retain data needed for NSLP direct verification. The CN Agency tested a match of Medicaid records and student records; determined that they would implement DV-M using a system similar to the one used for DV-S; and requested FNS guidance regarding differences between NSLP and Medicaid definitions of income and household size.¹⁴

¹³ The New York Child Nutrition director expressed interest in the study and participated in an initial conference call with the evaluation contractor. New York later determined that DV-M could not be implemented in 2007, so the State was dropped from the study.

¹⁴ These differences are discussed later in this chapter.

When Georgia agreed to participate in Year 2 of the study, the CN Agency already had an operational system for DV-S and DV-M. Starting in 1992, Georgia public school districts had online access to query the statewide eligibility database for SNAP and TANF. They initially used this database as a supplementary means of direct certification and to verify applications with SNAP/TANF case numbers. In 2005, the CN Agency renegotiated its data-sharing agreement with the Department of Human Resources (DHR) to allow DV-M, using the Medicaid eligibility information in the same eligibility database. Thus, in Georgia, DV-M and DV-S for income applications began in SY 2005-06, and no special preparations for SY 2007-08 were needed.

Wisconsin implemented DV-S in SY 2005-06, using the State-level matching process that is used for direct certification. Under this process, public school districts electronically submit files of student data, and these files are automatically matched with SNAP/TANF eligibility data and returned to the school district. The Wisconsin CN Agency expressed interest in DV-M when interviewed for another FNS study in SY 2005-06.¹⁵ They began discussing DV-M with the SNAP/Medicaid and TANF agencies in June 2007 after they agreed to participate in this study.

NSLP Enrollment in the Participating States

Characteristics of NSLP enrollment in public school districts are shown in Exhibit 2-1.¹⁶ For SY 2006-07, the exhibit shows the number of districts, the percentage of enrolled students certified for free or reduced-price meals, the distribution of NSLP-eligible students by certification category, and the effectiveness of direct certification. Districts participating in the pilot study were sampled from the public school districts in each State.

In SY 2006-07, the number of public school districts operating the NSLP and/or SBP ranged from 85 in South Carolina to 424 in Wisconsin. On average, school districts in Georgia, South Carolina, and Tennessee had more than 7,000 students, while school districts in the other four States had less than half this number. School districts in Georgia, South Carolina, and Tennessee are mostly contiguous with county boundaries, although some counties have multiple school districts.

The percentage of enrolled students approved for free or reduced-price (F/RP) meals ranged from 31 percent in Wisconsin to 51 percent in Tennessee. This compares with 43 percent for the U.S. as a whole and 38 percent for the median State.

Among the seven States, the percentage of students approved for F/RP meals and not subject to verification ranged from 24 percent in Indiana to 53 percent in Tennessee. (The remaining five States ranged from 28 percent to 39 percent.). Most students not subject to verification are directly certified with information from SNAP, TANF, or FDPIR, but this category also includes homeless children, income-eligible Head Start, prekindergarten Even Start, residential students in residential child care institutions (RCCIs), and nonapplicants approved by local officials. For the U.S. as a whole, 27 percent of students approved for F/RP meals are not subject to verification.

¹⁵ Wisconsin was one of six case study States interviewed for the Cole and Logan study (2007); Georgia and Oregon also were interviewed for that study.

¹⁶ These statistics are from the SY 2006-07 Verification Summary Report (VSR). The 2007-2008 VSR data were not available for all States in the study in time for this report.

Exhibit 2-1**NSLP Enrollment in Public School Districts, SY 2006-07**

	GA	IN	OR	SC	TN	WA	WI
Number of districts operating the NSLP and/or SBP	160	317	177	85	138	254	424
Number of enrolled students with access to the NSLP and/or SBP	1,602,075	1,047,061	535,240	722,492	982,583	932,447	847,360
Average number of students per district	10,013	3,303	3,024	8,500	7,120	3,671	1,998
Percent of students approved for Free/RP meals	49.1%	38.1%	38.2%	49.8%	50.8%	34.7%	30.9%
Total students approved for free or reduced-price benefits	787,235	399,453	204,537	359,595	498,759	323,295	261,466
Percent:							
a) Approved for free meals, not subject to verification (e.g., directly certified)	27.7%	24.3%	38.8%	37.7%	53.1%	35.7%	28.1%
b) Approved for free meals, based on SNAP/TANF/FDPIR case number on application	10.1%	16.7%	9.6%	9.2%	4.3%	9.0%	11.2%
c) Approved for free meals, based on income and household size	44.1%	34.3%	32.5%	38.5%	27.1%	33.9%	38.0%
d) Approved for reduced-price meals	17.2%	21.6%	18.8%	14.5%	15.0%	21.9%	22.7%

Source: USDA, Food and Nutrition Service. Verification Summary Report Database, SY 2006-07.

The percentage of students approved on the basis of applications with SNAP, TANF, or FDPIR case numbers is lowest where direct certification is effective (i.e., the percentage not subject to verification is high). Tennessee had the lowest percentage of students approved on a categorical basis (4 percent), and Indiana had the highest percentage (17 percent). The majority of students applying on the basis of income, in all States, were approved for free meals.

Exhibit 2-2 shows the size of verification samples (statewide and on average per district), and rates of nonresponse to verification. The size of verification samples is an important consideration for DV-M: school districts with larger samples are more likely to invest time in preparations for DV-M (such as data matching and training) because they spend more time on household verification. The median size of district verification samples was smallest in Wisconsin (4) and largest in South Carolina (35). Oregon and Washington were near the low end of this range with median samples of 5 and 7. Indiana and Tennessee fell in the middle of this range, with median samples of 13 and 12, respectively. Georgia's median sample was 23, closer to South Carolina than to the other States.

Statewide rates of nonresponse to verification ranged from 14 percent of students in the verification samples in Wisconsin to 37 percent in South Carolina. Indiana's nonresponse rate was 16 percent, almost as low as in Wisconsin. Georgia, Oregon, Tennessee, and Washington had rates in the middle of the range, between 23 percent and 31 percent.

Exhibit 2-2**NSLP Verification Samples, SY 2006-07**

	GA	IN	OR	SC	TN	WA	WI
Applications sampled for verification in State:							
Number	7,983	9,606	2,208	4,382	3,932	4,333	2,998
Percent of applications subject to verification ^a	1.4%	3.3%	1.8%	2.0%	1.7%	2.1%	1.6%
Distribution of sampled applications:							
Approved for free meals, based on SNAP/TANF/FDPIR case number	4.8%	23.6%	8.2%	8.7%	8.5%	30.5%	18.5%
Approved for free meals, based on income and household size	57.7%	47.6%	51.3%	62.6%	55.0%	36.1%	45.5%
Approved for reduced-price meals	37.5%	28.8%	40.6%	28.7%	36.4%	33.4%	36.1%
Average size of verification sample per district	50	30	12	52	28	17	7
Median size of verification sample per district	23	13	5	35	12	7	4
Nonrespondents to the verification process							
Percentage of children on sampled applications	22.9%	16.3%	24.5%	36.7%	30.8%	28.8%	14.5%

^a The standard verification sample is 3 percent of all applications subject to verification, from among error-prone applications, up to a maximum of 3,000 applications. Districts qualify for an alternative sample size if their nonresponse rate in the preceding year was less than 20 percent, or they have more than 20,000 children approved for NSLP and the nonresponse rate for the preceding school year improved 10 over the prior year. Alternative samples are 1 percent of approved applications, selected from error-prone applications, up to a maximum of 1,000 plus ½ of 1 percent of applications approved based on SNAP, TANF, or FDPIR case numbers, up to a maximum of 500.

Eighteen districts in Indiana verified all applications in SY 2006-07. The option of verifying all applications is no longer available.

Source: USDA, Food and Nutrition Service. Verification Summary Report Database, SY 2006-07.

The following characteristics of NSLP enrollment may influence the effectiveness of direct verification:

- Average district enrollment (counting students with access to the NSLP or SBP)
- Effectiveness of direct certification
- Medicaid and SCHIP income limits
- Verification nonresponse rate

Large school districts (measured by average NSLP enrollment) may be more likely to adopt direct verification for two reasons: they may have more resources for implementing direct verification, and the expected benefits are greater because they have large verification samples. This suggests that school districts in Georgia, South Carolina, and Tennessee might be more likely than those in the other States to invest in direct verification, because their average size is relatively large.

Where direct certification is less effective, verification samples contain more children enrolled in SNAP and TANF, and thus there will be more potential for DV-S or for DV-M in the absence of DV-S.¹⁷ In SY 2006-07, Georgia, Indiana, and Wisconsin ranked lowest in the effectiveness of direct certification among the seven States (using the measure presented in Exhibit 2-3). Indiana and Wisconsin ranked low because many districts did not use direct certification. Once these States implement the *Reauthorization* mandate for all districts to use direct certification, the effectiveness of direct certification may be similar to the other States.¹⁸

DV-M will be more effective if Medicaid income eligibility limits are above the SNAP income eligibility limit (130 percent of the FPG). This is because children enrolled in SNAP may be directly certified and not subject to verification. Indiana, Oregon, Washington, and Wisconsin have combined Medicaid/SCHIP income eligibility limits above 185 percent of the FPG (the limit for reduced-price school meals eligibility).

States with high average rates of nonresponse to verification may benefit more from an effective system for DV-M. Nonrespondents are costly because at least one household contact must be made prior to finalizing status as a nonrespondent. In addition, nonresponse below 20 percent allows a school district to use alternative verification samples (random sampling or smaller samples of error-prone applications), thus reducing the effort and cost of verification. On this dimension, the States most likely to benefit from DV-M are Oregon, South Carolina, Tennessee, and Washington, all with nonresponse rates above 25 percent.

State Experience with Direct Certification and Direct Verification Prior to the Pilot Study

A survey of State CN Agencies, conducted in 2005, found that systems of direct verification with SNAP/TANF data (DV-S) generally build on systems for direct certification (Cole and Logan, 2007).¹⁹ Therefore, we expected that variations in DV-M implementations among States would parallel variations in direct certification and DV-S. These systems are summarized in Exhibit 2-3 and described in this section.

Direct Certification

As authorized by the National School Lunch Act, direct certification identifies children who are eligible for free meals because their households are approved for SNAP, TANF, or FDPIR benefits. School districts can certify these “categorically eligible” children for NSLP benefits based on information provided by SNAP, TANF, or FDPIR administering agencies, thereby eliminating the need for households to submit an application for meal benefits.

¹⁷ TANF children are categorically eligible for Medicaid, and SNAP children are usually income-eligible for Medicaid, so DV-M will include most SNAP/TANF children in the verification sample if the district does not use DV-S.

¹⁸ In SY 2006-07, direct certification was mandatory for school districts with enrollment of 25,000 students or more. For SY 2007-08, the mandate was extended to school districts with enrollment of 10,000 students or more. Starting in SY 2008-2009, direct certification is mandatory for all school districts.

¹⁹ N. Cole and C. Logan (2007), *Data Matching in the National School Lunch Program: 2005*. Program Report Series, No. CN-06-DM. Project Officer: Jenny Laster Genser. U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation. Alexandria, VA: February.

Exhibit 2-3

Systems for Direct Certification and Direct Verification, SY 2007-08

	GA	IN	OR	SC	TN	WA	WI
<i>Direct Certification Systems</i>							
Type of system	State-level match and query	State-level match and query	State-level match and query ^a	State-level match	District-level match	State-level match and query	State-level match
Interface for match	Web site application to download results	Web site application to upload data, download results	Web site application to download results	Match results sent on data disks	Web site application to download data for match	Web site application to download results	Secure file transfer over Internet
Interface for query	Other Internet access (telnet) to all SNAP/TANF	Web site application to query all SNAP/TANF	Web site application to download SNAP/TANF data for query ^a	Not available	Web site application to download data for query	Web site application to query match results	Not available
Source of data							
Student records	State student information system	State student information system	State student identifier system	State student information system	Districts	State student identifier system	Districts
Program data	SNAP/TANF, March, current ^b	SNAP/TANF, monthly	SNAP/TANF, monthly	SNAP/TANF, June	SNAP/TANF, June	SNAP/TANF, monthly	SNAP/TANF, monthly
Identifiers used for matching	SSN (Name, DOB if SSN missing)	Name, DOB, county	Name, DOB, gender, SSN (Plus sibling match) ^c	SSN (Name, DOB if SSN missing)	SSN (Name, DOB if SSN missing)	Name, DOB (Gender/ address to resolve duplicates)	Name, DOB
Percent of public districts with directly certified students, SY 2006-07	98.8%	43.8%	93.2%	98.8%	99.3%	94.1%	36.1%
Percent of categorically approved students directly certified ^d							
In public districts with directly certified students	73.6%	73.5%	80.4%	80.4%	92.6%	80.5%	85.7%
In all public districts	73.3%	59.2%	80.2%	80.3%	92.5%	79.9%	71.6%
<i>Direct Verification with SNAP/TANF</i>							
Type of system in SY 2007-08	Same as direct certification case-by-case query	Same as direct certification case-by-case query	Same as direct certification using updated SNAP/TANF data	Send list to local Department of Social Services office	Same as direct certification using updated SNAP/TANF data	Same as direct certification case-by-case query	Same as direct certification using updated SNAP/TANF data

Exhibit 2-3

Systems for Direct Certification and Direct Verification, SY 2007-08

Notes:

- ^a In Oregon, districts can download and search statewide file of SNAP/TANF children not matched to student records.
- ^b In Georgia, GO/SUCCESS system provides access to current SNAP/TANF data for direct certification by query.
- ^c In Oregon, the minimum match is on name and date of birth; matches that include gender or the last four digits of SSN are considered more reliable. The full SSN cannot be used according to State law.
- ^d Categorically approved students include directly certified students and free approved students based on applications with SNAP/TANF case numbers.

Sources: Interviews with State agencies; analyses of Verification Summary Reports, SY 2006-07.

Direct Certification Overview

There are three main types of systems for direct certification with SNAP and TANF data:

1. State-level matching—The State agency matches records of children enrolled in SNAP/TANF with student records obtained directly from school districts for this purpose or with student records obtained from a statewide student information system (SSIS). Match results are sent to school districts. The State-level match may be supplemented by a system that allows queries of SNAP/TANF data to match students individually.
2. District-level matching—The State agency provides school districts with records of children enrolled in SNAP/TANF and residing in the school district's geographic area. School districts match SNAP/TANF data with district enrollment through computerized or manual methods.
3. Letter method—The State agency mails letters to households with children enrolled in SNAP or TANF. The household may use the letter in lieu of an NSLP application.

All of the States participating in the pilot use matching methods for direct certification. Tennessee uses district-level matching, while the others use State-level matching. Except for South Carolina and Wisconsin, all State-level matching systems are currently accessed through a secure Web interface and support two types of matching: a) a batch match of SNAP/TANF with SSIS data, and b) school district case-by-case search for one or more students.²⁰ South Carolina distributes State-level match results on data disks. Wisconsin uses secure file-transfer protocol over the Internet. In addition to the State-level match, Georgia provides a system to look up individual child and household SNAP/TANF eligibility in the current SNAP/TANF program database, using a secure remote access method (telnet). In Tennessee, districts download SNAP/TANF data files from a secure Web site for district-level matching and case-by-case searches.

Description of State Direct Certification Systems

In *Georgia*, there are two systems for direct certification: a State-level match and an online query system. The State Education Agency (SEA) matches March enrollment data from the statewide

²⁰ Oregon distributed State-level match results to districts via secure email through SY 2005-06. For SY 2006-07, they made data files available on a secure Web site where districts log-in and download match results. Districts may also download a statewide file of unmatched SNAP/TANF children and use the unmatched file for case-by-case queries.

student information system (SSIS) with an extract of SNAP/TANF children provided by the SNAP agency, and posts the results on a secure Web site for districts to download or print. Student data are matched by Social Security Number (SSN), or by name and DOB. Districts can also download data for unmatched SNAP/TANF children in their county. In addition to the State match results, districts in Georgia can use a secure Internet-based system (Georgia Online, or GO) to look up SNAP and TANF status through the State's SUCCESS system. SUCCESS is the eligibility determination system for SNAP, TANF and Medicaid programs.²¹

The *Indiana* system for direct certification is a State-level match with a Web interface. The SEA matches SNAP/TANF records with student records from the SSIS to identify students for direct certification. A State match is run monthly using updated SNAP/TANF data. Student records are current as of the previous fall (and thus exclude newly enrolled kindergarten students and transfer students). The match is based on student first and last name, date of birth, and county of residence; first names are matched using the SOUNDEX phonetic algorithm.²² School districts obtain the State match results by logging into the SEA's secure Web site and downloading the results for students enrolled in their district. School districts can upload student data files to be matched, so that current enrollment data are used; the match and download process are the same as for the match to the statewide student database. In addition, school districts may submit online queries to search the entire statewide database of SNAP/TANF records. The query capability, implemented in SY 2005-06, allows school districts to determine the eligibility of students newly enrolled in their district. Queries can be submitted based on student name, county, and date of birth; or parent/guardian name, county, and parent/guardian SSN (SSN is optional).

Oregon uses State-level matching and district-level queries for direct certification. SNAP/TANF data are matched to real-time student records from the State student identifier system. The student identifier system assigns State ID numbers to newly enrolled students on an ongoing basis; it is more current than the SSIS records designed to provide a snapshot of student enrollment at a point in time. The Oregon system uses multiple identifiers, including SSN, name, date of birth, and gender, and each match is assigned a level based on the combination of identifiers that are matched.²³ For SNAP/TANF records that are not matched to the student data, the system attempts to match household information for the unmatched records (name and SSN of head of SNAP/TANF household) to household information for the matched records. This secondary match identifies the unmatched SNAP/TANF children who are siblings of matched SNAP/TANF children, and these siblings are added to the match file. In addition, the State makes available a statewide file of the unmatched SNAP/TANF children remaining after the student and household matches. Districts can download and search this file. Some districts match the unmatched SNAP/TANF records to their student data. Districts use the SEA's secure Web site to download matched or unmatched data; the user can select matched data for the entire district or a selected school. Beginning in SY 2005-06,

²¹ The SUCCESS acronym stands for System for the Uniform Calculation and Consolidation of Economic Support Services.

²² The SOUNDEX algorithm assigns codes to names with the same pronunciation so that they can be matched even if there are minor variations in spelling.

²³ Oregon State law prohibits the SEA from obtaining or using the full SSN, so the match uses the last four digits of the SSN. Prior to the enactment of this law, the State used full SSN matches as the primary match for direct certification, but these matches were limited by the fact that only about 50 percent of student records had SSNs.

Oregon provided monthly State-level match results based on updated SNAP/TANF and student data. In 2007, Oregon received a grant from FNS to enhance direct certification and direct verification.²⁴

South Carolina uses State-level matching to identify children for direct certification. A State match is done in July using SNAP/TANF data from June and student records that are current as of the end of the school year. The system assigns a unique identifier to each SNAP/TANF record and each student record, based on SSN, name, and date of birth. The assigned identifiers are then used by a probabilistic algorithm to match the files. Match results are distributed to all public school districts on data disks in mid-July.

Tennessee is the only State in the pilot study using district-level matching for direct certification. All public school districts use computerized data matching for direct certification. School districts obtain SNAP/TANF data for their county through the SEA's secure Web site. SNAP/TANF data are matched to student enrollment data by SSN, with a secondary match (if SSN is missing) by student name, date of birth, and mother's name. Tennessee has a statewide student information system that might be used for State-level matching, but the State reported that local control of the matching process is preferred and works well. In SY 2005-06, Tennessee began providing SNAP/TANF data on a monthly basis for district-level matching.

The **Washington** system for direct certification is a State-level match of SSIS and SNAP/TANF records, similar to the Indiana system. School districts log into the SEA's secure Web site to download match results, or to query the match results on a case-by-case basis. Washington's system, however, uses up-to-date student records from the State student identifier system (as in Oregon). The Washington match is based on student name and date of birth; duplicates are resolved using gender and address information. In SY 2005-06, Washington began a monthly match based on updated SNAP/TANF data.

Wisconsin uses a State-level match of student data submitted by school districts to the State agency administering the eligibility system for the SNAP and TANF. Thus, Wisconsin is the only one of the pilot States that does State-level matching without using statewide student data (the direct certification system was put in place in 1992). Districts initiate the match by uploading student records via the Internet using secure File Transfer Protocol (FTP) whenever they choose, so the student information and the SNAP/TANF information are as current as possible. Direct certification can be done at any time during the school year. The system uses an exact match on name and DOB.

Effectiveness of Direct Certification

The States participating in this study achieve varying levels of effectiveness with direct certification. An approximate measure of effectiveness is the percentage of all NSLP categorically approved students (approved on the basis of enrollment in SNAP, TANF, or FDPIR) who are not subject to verification.²⁵ In SY 2006-07, this measure ranged from 59 percent in Indiana to 93 percent in

²⁴ Plans for using the grant included (a) implementing weekly matches for direct certification, (b) implementing DV-M using the State CN Agency's secure Web site, and (c) implementing a Web-based application for free or reduced-price school meals.

²⁵ Categorically approved students include those directly certified and those approved for free meals based on SNAP, TANF, or FDPIR case numbers on applications. However, only those approved by application are subject to verification. This measure of the effectiveness of direct certification does not account for eligible children who are not directly certified and do not apply for NSLP benefits.

Tennessee. At the State level, the percent of eligible students directly certified depends on the percent of districts using direct certification (district participation), and the effectiveness of the procedures used. Over 90 percent of districts in Georgia, Oregon, South Carolina, Tennessee, and Washington conducted direct certification, compared with about 44 percent in Indiana and 36 percent in Wisconsin. In school districts with directly certified students, the effectiveness of direct certification ranged from 74 percent (in Georgia and Indiana) to 93 percent (in Tennessee).

Variations in the effectiveness of direct certification will affect the measured effectiveness of direct verification in two ways. First, States with an effective matching strategy for direct certification are expected to have effective matching for direct verification, provided the same methods are used. Second, direct verification will be more effective where direct certification is not used because verification samples will contain children enrolled in SNAP/TANF who can be directly verified by SNAP/TANF. However, beginning in SY 2008-09, direct certification is mandatory for all school districts.

Direct Verification with SNAP/TANF (DV-S)

Direct verification may use information from SNAP, TANF, FDPIR, and Medicaid to verify NSLP applications without contacting households. (Medicaid information includes the mandatory Title XIX program and the optional State Children's Health Insurance Program, or SCHIP. School districts are not permitted to use Medicaid information for direct certification.) The seven States participating in this pilot are testing methods of direct verification with information from Medicaid (DV-M). Six of these States previously implemented computerized methods of direct verification using SNAP/TANF data (DV-S): Georgia, Indiana, Oregon, Tennessee, Washington, and Wisconsin. South Carolina uses a manual method of DV-S: school districts submit lists of applicants with SNAP/TANF case numbers to the local Department of Social Services office for verification.

Georgia implemented DV-S using the same online access to SNAP/TANF data (GO and SUCCESS) that districts use as an alternate method of direct certification. Users can query by SNAP/TANF case number and view the case record to identify all household members enrolled in SNAP or TANF.

Indiana, Tennessee, and Washington implemented DV-S by adapting their direct certification systems and populating those systems with updated SNAP/TANF data on a monthly basis. This provides a way of directly verifying SNAP/TANF children who are missed by the direct certification process. Suppose, for example, direct certification is initially conducted in June, and NSLP applications are distributed to households when school starts in August. Households enrolling in SNAP/TANF in July or later will not be directly certified unless the district repeats direct certification, ideally on a monthly basis. Also, some children enrolled in SNAP/TANF in June may not be directly certified due to failures of the matching process. If these households submit an NSLP application and are selected for verification, they may be directly verified with updated SNAP/TANF data.

Oregon initially implemented a State-level lookup process for DV-S, but then switched to using its direct certification system for DV-S, as described below.²⁶ Similarly, Wisconsin implemented DV-S by making its direct certification system available to match verification data.

²⁶ For the State-level lookup, districts submitted information for their verification sample to the State SNAP Agency (SFA), which manually queried SNAP/TANF and Medicaid eligibility and returned results to

Four of the States adapting direct certification for DV-S implemented DV-S in SY 2005-06, and Oregon implemented DV-S in SY 2006-07. These systems work as follows:

- **Indiana** added monthly updates of SNAP/TANF data to the direct certification system. The system has a Web interface. DV-S queries may be based on SNAP/TANF case number, or student name and date of birth, or guardian information. This use of the direct certification system was replaced by the combined system for DV-S and DV-M in SY 2006-07.
- **Oregon** provided monthly State-level direct certification match results to school districts, based on updated SNAP/TANF data. These updated match results can be used for DV-S.
- **Tennessee** provided monthly SNAP/TANF data to districts for DV-S and for direct certification. Users can browse the data on the secure Web site or download files. Districts may match their verification sample to the SNAP/TANF data, or search the updated SNAP/TANF database.
- **Washington** added a monthly match based on updated SNAP/TANF data. These updated match results may be used for direct certification or for DV-S. The DV-S system supports a case-by-case search based on SNAP/TANF case number or student name and date of birth. The standard procedure for districts processing applications with SNAP/TANF case numbers is to look up the case number and, if found, directly certify the children. As a result, use of DV-S is rare.
- **Wisconsin** made its State-level direct certification system available for districts to match their verification sample data to SNAP/TANF data. The district uploads a file, the system automatically matches the file, and the district downloads the results. Like the direct certification match, the DV-S match uses name and date of birth.

One of the limitations of DV-S is that many school districts do not understand that they can and should use DV-S to check income applications. They assume that households enrolled in SNAP/TANF will be directly certified or submit a categorical application.²⁷ Some households, however, may be approved for SNAP/TANF after the State conducts direct certification (generally in June or July) and the household submits an NSLP income application. In addition, some SNAP/TANF households may choose to submit applications based on income, because they do not want school district personnel to know they participate in SNAP/TANF.

Highlights of Direct Certification and Direct Verification Experience Prior to the DV-M Pilot

The seven States participating in the study are, in different ways, leaders in direct certification. Georgia was a pioneer in online access to SNAP/TANF records. Indiana and Washington implemented sophisticated Web interfaces for these processes, which have been easily adapted for direct verification. Wisconsin developed an automated State-level match using student data submitted by districts with matching performed on demand. South Carolina and Tennessee have long-running direct certification programs that have achieved full participation of their school

districts. This system was not continued because the turn-around time was too great (20 days), it was used by few districts, and staff changes at the SFSA precluded its continuation.

²⁷ See Cole and Logan (2007) for discussions based on in-depth interviews with school districts in six States.

districts and high levels of effectiveness. Oregon has implemented innovative ways of improving direct certification match rates. These States were also among the early adopters of DV-S using electronic records.

Characteristics of State Medicaid Programs in Participating States

Medicaid was authorized by Title XIX of the Social Security Act and is jointly funded by Federal and State governments. The program provides health insurance to low-income persons in specified eligibility groups including the aged, blind, disabled, recipients of cash assistance, pregnant women, foster children, infants, children under age 6, and children age 6 to 18. Within each eligibility group, persons must meet certain requirements such as age, income and assets, and citizenship or legal immigrant status. Income eligibility limits and rules for counting income and assets vary for different eligibility groups, and from State to State.²⁸

The Medicaid Program was expanded by creation of the State Children's Health Insurance Program (SCHIP) in 1997, under Title XXI of the Social Security Act. SCHIP provides benefits to children in families who cannot obtain medical insurance, but have incomes too high to qualify for Medicaid. SCHIP operates as an optional expansion or supplement to State Medicaid Programs. Some States have both a Medicaid expansion and a separate supplementary program ("combination" SCHIP programs).

Differences between Medicaid and NSLP Eligibility Rules

Children applying to Medicaid and SCHIP are determined income eligible based on the countable income of the child's family, where family is defined by blood relationships and financial relationships among persons living in the same household. In contrast, income eligibility for the NSLP (and SNAP) is based on the countable income of the household, with household defined as all persons who reside together as one economic unit. During the planning stages for DV-M, State CN and Medicaid agencies were concerned about these differences in determination of income eligibility (as discussed in Chapter 4). Guidance from FNS, issued on August 31, 2006, clarified that direct verification should be based on "either the percentage of the FPG upon which the applicant's Medicaid participation is based, or Medicaid income and Medicaid household size" (USDA/FNS, SP-32-2006).

Using Medicaid income and household size data may yield a different eligibility status than would be obtained under NSLP rules for a given child. Medicaid eligibility is usually based on net income after disregards, so Medicaid income for a family will often be less than the gross income used for NSLP applications.²⁹ Family size counted by Medicaid will be less than or equal to household size counted by the NSLP. If the Medicaid family excludes a household member with income, then Medicaid countable family income as a percent of the FPG will likely be less than NSLP countable household income as a percent of the RPG. On the other hand, if the Medicaid family excludes a person without income, then the family income as a percent of the FPG will be greater than the figure determined under NSLP application rules.

²⁸ There are no asset limits in determining eligibility for children.

²⁹ Income disregards vary by State but typically include portions of earnings, child care expenses, and child support received.

One more consideration is that an NSLP application is directly verified when one child listed on the application is matched with Medicaid data. All other children on the household application are thereby verified. Thus, in a household where only one child is eligible for Medicaid and others are not, all children are nonetheless directly verified as NSLP-eligible. This situation may occur, for example, when children are half-siblings, and one child has an absent parent, while others have two parents present and thus a larger countable family income under Medicaid rules.³⁰

There is no way to determine *a priori* whether these differences in rules will result in more or fewer children being directly verified, relative to the number that would be verified if the rules were the same.

Characteristics of State Medicaid Programs

Characteristics of Medicaid programs in the seven study States are shown in Exhibit 2-4. The key characteristics for DV-M implementation are:

- The income eligibility limits for Title XIX and SCHIP,³¹
- The existence of a statewide database of children enrolled in Title XIX and SCHIP, and
- Whether the Title XIX and SCHIP eligibility systems are integrated with SNAP/TANF systems.

All of the States except Wisconsin operate a separate SCHIP program in addition to the State Title XIX Medicaid Program. Wisconsin operates SCHIP as an expansion to Medicaid. Indiana and South Carolina have SCHIP Medicaid expansions as well as separate SCHIP programs.

All seven States maintain a statewide eligibility database for Title XIX. Indiana, Oregon, and Washington have integrated statewide eligibility databases for Title XIX and SCHIP; Georgia and Tennessee have separate statewide databases.³² Six of the seven States (all except South Carolina) have an integrated eligibility system for Medicaid and SNAP/TANF. Integrated data systems have the potential to provide a single unduplicated list of children enrolled in SNAP, TANF, or Medicaid. A single unduplicated list of children would facilitate the integration of DV-S and DV-M.

There is variation in Title XIX/SCHIP income eligibility among the five States. For DV-M, the relevant income eligibility level is the SCHIP level, if SCHIP data are available for this use. This is the case in Indiana, Oregon, and Washington. These States have SCHIP income eligibility levels at or above 185 percent of the FPG. Wisconsin does not have a separate SCHIP program, but its Medicaid income eligibility level is 250 percent of the FPG. Thus, in Indiana, Oregon, Washington, and Wisconsin, DV-M can include the entire income range of NSLP-free and NSLP-RP applications.

³⁰ For example, consider the case of a family with half-siblings: two parents, child A related to both parents, and child B related to only one parent. The one parent and child B have a family income of 100 percent of the FPG, below the limit for free meals and for Medicaid. Both parents together with both children have a household income of 250 of the FPG, making the household over-income for NSLP benefits, but Medicaid rules ignore this income.

³¹ Throughout this report we use the term “direct verification with Medicaid” or “DV-M” to refer to direct verification with Medicaid and/or SCHIP data.

³² Information on the SCHIP database was not available for South Carolina, which implemented SCHIP after the 2005 USDA Survey of State Medicaid Agencies.

Exhibit 2-4

Characteristics of State Medicaid Programs

	GA	IN	OR	SC	TN	WA	WI
Title XIX income-eligibility level (%FPG)							
Children age 1-5	133%	150%	133%	150%	133%	200%	250%
Children age 6-19	100%	150%	100%	150%	100%	200%	250%
Type of SCHIP program (Separate, Combination, or MA Expansion)	Separate	Comb.	Separate	Comb ^a	Separate ^a	Separate	MA exp.
SCHIP income-eligibility level (%FPG)	235%	200%	185%	200%	250%	250%	na
Eligibility data are maintained in a statewide information system ^a							
Title XIX	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SCHIP	Yes	Yes	Yes	ns	ns	Yes	na
Percent of SCHIP records with SSN	100%	100%	97%	ns	ns	ns	na
Database integration ^a							
Title XIX and SCHIP are integrated	No	Yes	Yes	ns	ns	Yes	na
Title XIX is integrated with SNAP/TANF	Yes	Yes	Yes	No	Yes	Yes	Yes
Estimated enrollment of children age 4-18 in 2006, with Medicaid countable income ≤185% of FPG:							
Medicaid (any)	396,000	346,000	98,000	314,000	ns	298,000	ns
Medicaid-only	133,000	ns	ns	ns	56,000	ns	ns
Separate SCHIP	ns	12,000	29,000	2,300	ns	(c)	na
Total Medicaid children, all ages and incomes ^d	743,000	460,000	170,000	361,000	722,000	511,000	330,000
Total SCHIP children, all ages and incomes ^d	257,000	70,000	29,000	40,000	(e)	19,000	31,000

Source: Eligibility levels and status of SCHIP as of 2008: Henry J. Kaiser Family Foundation, www.statehealthfacts.org, accessed June 11, 2008. Exhibit 2 in the Executive Summary references the higher of the Medicaid and SCHIP income eligibility levels in all States. Database information and SSN reporting: USDA, Survey of State Medicaid Agencies, 2005; reported in Cole and Logan (2007).

na Not applicable
ns Not specified

^a South Carolina implemented SCHIP in 2008, and Tennessee implemented SCHIP in 2007, so no information on data systems or SSNs for SCHIP was collected in the 2005 survey.

^b Estimated Medicaid enrollment of school-age children are from State Medicaid enrollment files provided for this project. Enrollment for Georgia, Indiana, Oregon, South Carolina, and Washington are as of August 2006; estimates for Tennessee are as of August 2005. All estimates are rounded to the nearest thousand. Medicaid includes expanded coverage portion of SCHIP.

(Notes continued on following page)

Exhibit 2-4

Characteristics of State Medicaid Programs

(Notes for Exhibit 2-4 continued)

- ^c Washington Medicaid count includes all Medicaid and SCHIP children with income 185 percent of the FPG or less.
 - ^d Monthly Medicaid enrollment as of December 2006, SCHIP enrollment as of June 2006, from Henry J. Kaiser Family Foundation, www.statehealthfacts.org. SCHIP includes Medicaid expansion and separate SCHIP as applicable. Tennessee Medicaid enrollment for June 2007, from <http://tennessee.gov/tennicare/forms/enrollmentdatajun.pdf>.
 - ^e Tennessee SCHIP program was started in 2007. Enrollment as of December 2007 was 18,000 (source: State of Tennessee, CoverTennessee 2007 Report to the Tennessee General Assembly).
-

Georgia, South Carolina, and Tennessee do not use SCHIP data for DV-M. In Georgia and Tennessee, the Title XIX income limit is 133 percent of the FPG for children age 1-5, and 100 percent of the FPG for children age 6-19.³³ DV-M will apply primarily to NSLP-free applications in these States.³⁴ South Carolina's Medicaid income eligibility level is 150 percent of the FPG, so DV-M can verify a portion of NSLP-RP applications as well as NSLP-free.

Exhibit 2-4 also shows the percentage of SCHIP records with child SSNs. Federal regulations require SSN disclosure by Medicaid applicants at the time of application (or as soon as an SSN can reasonably be obtained). SSN disclosure by SCHIP applicants, however, is voluntary. SSNs are collected by the SCHIP programs in Georgia, Indiana, Oregon, and Washington. Georgia, Indiana, and Oregon reported near full compliance with SSN requests, while Washington was unable to say what percent of children had SSNs on file.

In some States, the extent of SSN disclosure to SCHIP could potentially limit methods of DV-M. Among the States in this study, SSN is used for direct certification in Georgia, Oregon, South Carolina, and Tennessee; Georgia and Tennessee use SSN for DV-S.³⁵

Finally, Exhibit 2-4 provides statistics on enrollment of children in Medicaid and SCHIP in the seven States. The size of the pool of children for DV-M is the number of Medicaid children ages 4 to 18 with incomes at or below 185 percent of the FPG, plus SCHIP children in the same age and income range where SCHIP data can be used for DV-M. By this definition, in 2006 Georgia had the largest identified pool of children for DV-M, with 396,000 Medicaid children. Indiana had 358,000, including Medicaid and SCHIP. The pool of children for DV-M was slightly smaller in South

³³ Tennessee limits new enrollment in Medicaid to income eligibility up to 100 percent of the FPG for children age 6 to 19. However, the program includes eligible children age 6-19 up to 130 percent of the FPG who enrolled before the eligibility limit was rolled back.

³⁴ For example, the SNAP/Medicaid Agency contact in Tennessee reported that children in the "AFDC standard-Medicaid only" category may have income above 133 percent of the FPG, because of that category's income disregard of the first \$30 plus 1/3 of earned income. As a result, relatively few children with income in the range of 133 percent to 185 percent of the FPG are actually over income for Medicaid and therefore might be enrolled in SCHIP.

³⁵ Tennessee districts receive monthly SNAP/TANF data files for direct certification and/or DV-S. The precise method of matching or searching for DV-S is up to the district, but large districts report using the same methods as used for direct certification.

Carolina (314,000) and Washington (298,000). Oregon had the smallest pool, with 98,000 Medicaid children and 29,000 SCHIP children.

This statistic was not available for Tennessee and Wisconsin. These States had 722,000 and 330,000 Medicaid children, respectively; thus the overall size of the Medicaid child population in Tennessee was comparable to that of Georgia, while Wisconsin's Medicaid child population was comparable to South Carolina's.³⁶ Georgia had the largest SCHIP program, with 257,000 children, but data on these children were not available for DV-M.

If direct certification is highly effective, few children enrolled in SNAP/TANF and Medicaid will be subject to verification, and the pool of children for DV-M will be the school-age Medicaid-only children and SCHIP-only children who are within the NSLP-RP income eligibility limit. This restriction substantially reduces the size of the pool for DV-M. Georgia had 133,000 school-age Medicaid-only children (34 percent of all school-age Medicaid children and 18 percent of all Medicaid children), and Tennessee had 56,000 school-age Medicaid-only children (less than 8 percent of all Medicaid children). The proportion of Medicaid children not enrolled in SNAP/TANF in the other States was not known, but it would be expected to be higher because the other States had higher Medicaid income limits and thus more Medicaid children over income for SNAP/TANF.

³⁶ Source: Z. Neuberger (2004), *Reducing Paperwork and Connecting Low-Income Children with School Meals: Opportunities under The New Child Reauthorization Law*. Center on Budget and Policy Priorities, Washington, DC.

CHAPTER 3

STUDY DESIGN

The evaluation of direct verification with Medicaid data (DV-M) includes an implementation study and an impact study. The objectives of the implementation study include:

- Describing the methods and challenges of implementing DV-M;
- Determining the effects of DV-M on the overall verification process at the local level;
- Documenting the costs of implementing and maintaining systems for DV-M; and
- Assessing the feasibility of implementing DV-M on a national basis.

The impact study includes:

1. Determining the effectiveness of DV-M;
2. Determining the satisfaction of school districts with DV-M;
3. Estimating the impact of DV-M on verification nonresponse.

Five States participated in the study in SY 2006-07, and an additional two States participated in SY 2007-08 (Exhibit 3-1). Four of the five States participating in SY 2006-07 implemented DV-M in that year; five of the seven States participating in SY 2007-08 implemented DV-M. All participating States were included in the study of DV-M implementation; those implementing DV-M were included in the study of DV-M effectiveness. The impact of DV-M on verification nonresponse was studied in SY 2007-08 using retrospective data from SY 2006-07.

Exhibit 3-1

States Participating in the Direct Verification Pilot Study

State	SY 2006-07 (Year 1)		SY 2007-08 (Year 2)		Retrospective study of the impact of DV-M on nonresponse ^a
	Participated	Implemented DV-M	Participated	Implemented DV-M	
Indiana	√	√	√	√	√
Oregon	√	√	√	—	√
South Carolina	√	—	√	√	√
Tennessee	√	√	√	√	—
Washington	√	√	√	√	—
Georgia	—	√	√	√	√
Wisconsin	—	—	√	—	b

^a LEAs sampled for the retrospective study provided copies of NSLP applications for households that did not respond to verification requests in SY 2006-07. These applications were matched to Medicaid data to determine the impact of DV-M on rates of nonresponse (see Chapter 6). States were included in the retrospective study if DV-M was not widely used by LEAs in SY 2006-07.

^b SY 2007-08 NSLP applications were collected from a sample of LEAs in Wisconsin, and the State conducted a retrospective match with Medicaid data. Results of this match were inconclusive and therefore are not presented in this report.

The remainder of this chapter describes the data collection activities and sampling plan for the implementation study and analyses of the effectiveness of DV-M. Data collection and sampling for estimating the impact of DV-M on verification nonresponse are discussed in Chapter 6.

Data Collection Activities

In both years of the study, data collection began in June when the evaluation contractor contacted participating States. Data collections for each year of the study were the same except where noted. Data from both years are reported in Chapters 4 and 5.

Initial and Ongoing Communications with State Agencies

From June until October of each year (implementation was expected in October), the evaluation contractor collected information from State agencies about implementation plans and progress. Information was obtained from State agencies at multiple points in time through formal interviews and informal status requests.

In the first year of the study, the evaluation team and staff from USDA/FNS visited the participating States and met with staff from the State Child Nutrition Agency and State Medicaid Agency. These meetings provided a briefing for the evaluation team and also served as planning meetings for the States.³⁷ In the second year, the evaluation team visited Wisconsin, and collected information from other States via telephone. Visits were not repeated to States visited in the first year. Georgia was not visited because implementation was already complete when the State joined the study for SY 2007-08. Retrospective information about implementation was obtained via telephone.³⁸

State Agency Interviews After the Completion of Verification

Telephone interviews were conducted with staff of the State Child Nutrition Agencies in December and January of each year. These interviews obtained information about the States' experiences with implementation and their views on the effectiveness and benefits of DV-M. States unable to implement DV-M were interviewed about the obstacles to implementation and their expectations for the next year.

In the first year of the study, interviews were also conducted with State Medicaid Agencies. These addressed the characteristics of Medicaid data systems and challenges for sharing data. In the second year of the study, no interviews were conducted with Medicaid Agencies, because these agencies in Georgia and Wisconsin had not performed any significant implementation activities for DV-M.

The topic areas explored with each agency are listed below, and the topic guides used for the interviews are included as Appendix C.

³⁷ Oregon was not visited because they joined the study in mid-August as a replacement and a visit could not be scheduled. Oregon was interviewed by telephone.

³⁸ It was not possible to observe a planning meeting in Georgia because DV-M had already been implemented.

State Child Nutrition Agency Interview Topics

1. What preexisting data systems and procedures were used to support direct verification?
2. How did the State design, develop and implement DV-M? What was the overall timeline?
3. What are the challenges and lessons of implementing DV-M?
4. How does DV-M affect other NSLP verification operations?
5. What is the future of DV-M?
6. What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?

State Medicaid Agency Interview Topics

1. How was the State Medicaid Agency involved in the design, development and implementation of DV-M? What was the overall timeline?
2. What were the challenges and lessons of implementing DV-M?
3. What is the future of DV-M?
4. What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?

Data Collected from Local Education Agencies (LEAs)

The sampling plan (described later in this chapter) selected a total of 121 LEAs in the first year of the study and 130 LEAs in the second year across States that implemented DV-M. Three types of data were collected from LEAs:

1. *Local Education Agency (LEA) Survey*
2. Copies of NSLP applications and documentation of direct verifications
3. In-depth followup interviews

The survey was nearly identical in the two years of the study, but the other two data collections were revised in the second year to reduce burden on LEAs.

Local Education Agency (LEA) Survey

The *LEA Survey* included two sections: the ***Direct Verification Report*** and the ***Time and Cost Report***. The ***Direct Verification Report*** is the source for LEA satisfaction data and estimates of the percentage of verification samples that were directly verified. This two-page form collected the following data items:

- Start date for verification activities
- Number of applications sampled for verification (free, RP, total)
- Did the district use direct verification (and if not, why)?
- Number of students directly verified (free and RP)
- Number of nonrespondents to verification requests (number of students)
- Perception of DV-M usefulness
- Perception of DV-M difficulty

- Does the district plan to use DV-M next year?
- What part of the direct verification process does the district want to do differently next year?

The *Time and Cost Report* is a one-page form that collected information to estimate the cost of direct verification and household verification, and the implied cost savings, at the local level. LEAs provided:

- The number of persons who conduct or assist in direct verification of NSLP applications
- The number of persons who conduct or assist in other verification of NSLP applications
- For each person, the number of hours spent on direct and other verification activities
- For each person, the cost of labor time.

LEAs received the survey by mail and were given the option of completing the survey on paper or electronically (Web survey). In the first year, the survey was mailed to LEAs in October with a due date of November 30. In the second year, the survey was mailed to LEAs in early January with a due date of February 8, but the data collection period was extended through April because of slow response from LEAs. Extensive telephone followup was conducted to assure a satisfactory response rate.³⁹

Copies of NSLP Applications

Copies of NSLP applications were collected from LEAs so that the contractor could independently verify the count of direct verifications. In the first year, LEAs were asked to provide copies of all applications in their verification sample and identify the applications that had been directly verified. This was because the study originally planned to examine the accuracy of direct verification.⁴⁰ In the second year, LEAs were asked to provide photocopies of directly verified applications and documentation of direct verification.

In-Depth Followup Interviews

After the survey was closed in each year, followup interviews were conducted with respondents to obtain clarification of their experiences with DV-M. In SY 2006-07 these followup interviews were conducted as group forums; in SY 2007-08 individual interviews were conducted.

In SY 2006-07 the group forums were conducted during December soon after LEAs completed verification activities. LEAs that responded to the survey were invited to participate in forums by teleconference to discuss their experiences with direct verification. Two forums were scheduled for each of the four implementing States, and districts were invited to sign up for the one-hour time slot most convenient for them. A total of 15 school districts participated in seven forums.

³⁹ The survey was fielded late in SY 2007-08 because of delays in receiving OMB clearance.

⁴⁰ Abt Associates planned to match statewide student records from State Education Agencies with statewide records from State Medicaid Agencies to obtain the best possible match of student records with Medicaid records. The list of students on NSLP applications sampled for verification would be compared with the statewide match results to determine direct verification status. Data needed for this analysis could not be obtained, however, because of FERPA restrictions on the release of student records.

In SY 2007-08 interviews were conducted individually because the survey was fielded in January and closed in April and group forums were not considered appropriate given the recall burden on respondents. In addition, one-on-one interviews lasted an average of 15 minutes, thus reducing the participation time per district relative to the forums. The SY 2007-08 interviews were conducted in South Carolina and Georgia; the interview data from the prior year were deemed sufficient for the other four States that implemented DV-M. Selection of districts for these followup interviews was based on responses to open-ended survey questions regarding the usefulness and difficulty of DV-M.

The topics for the followup interviews were the same in both years:

1. Was direct verification worthwhile? Why or why not?
2. What were the main challenges of implementing direct verification?
3. What changes at the State or Federal level would make direct verification more effective and efficient?
4. If your school district uses direct verification next year, what will you do differently?
5. Is direct verification feasible for all school districts in your State? What kinds of school districts have the capability and the interest to use direct verification?

Sampling Design

The evaluation of DV-M effectiveness required a sample of school districts in each of the participating States. The sampling designs for the two years of the study are similar. A detailed description of the sampling plan for the first year of the study, including sample size calculations and procedures for estimating variances, is in the *First Year Report*; a detailed description given for the second year appears in Appendix B of this report. This section provides an overview of the sampling design and a description of the samples.

Sampling Approach

The evaluation of DV-M effectiveness was designed to examine three outcome measures for each State. These included the percentages of applications in the verification samples that are directly verified with Medicaid data:

1. Among all applications
2. Among applications approved for free meals (NSLP-free)
3. Among applications approved for reduced price meals (NSLP-RP)

For sample size calculations, prior estimates of outcome measures were needed. For the first year of the study, prior estimates were based on data from the Current Population Survey (March 2005) for the percentage of households meeting the following criteria: (a) children approved for NSLP, (b) household income in error-prone ranges, and (c) children enrolled in Medicaid. For the second year of the study, prior estimates were based on Medicaid income eligibility limits in each State and the results from the first year of the study, as described in Appendix B.

An independent sample of school districts was selected for each State. The sample frame for each State included all public school districts. Measures of size were taken from the USDA, Food and Nutrition Service, Verification Summary Reports (VSR) (for each year of the study, VSR data were

obtained for the preceding year). The VSR includes measures of the total number of NSLP applications approved in each approval category; the number of applications sampled for verification, by category, and the outcomes of verification. For SY 2006-07 samples, the measure of size was the number of approved applications in SY 2005-06. For the SY 2007-08 samples, the measure of size was the number of applications sampled for verification in SY 2006-07.

The use of applications rather than students as the basis for outcome measures and measures of size reflects FNS guidance. The eligibility of all children listed on an application is verified when Medicaid data verify the eligibility of one child listed on the application.⁴¹ For each State, a few school districts with the largest numbers of applications were designated as self-representing, and were automatically in the sample. A sample of the remaining school districts was then selected with probability proportional to size (PPS). The basic objective was to select a sufficient number of districts that would yield a sufficient sample of applications selected for verification.

Exhibit 3-2 provides characteristics of the sampling frames for SY 2006-07 and SY 2007-08, including the total number of school districts, number of school districts designated as self-representing, and average size of verification samples.⁴²

Exhibit 3-2

Characteristics of the Sampling Frames^a

	SY 2006-07				SY 2007-08				
	IN	OR	TN	WA	GA	IN	SC	TN	WA
Number of public school districts	301	174	135	274	160	317	85	138	254
Self-representing districts	4	5	4	3	2	8	3	3	7
Average number of applications in verification samples ^b									
All public districts	32	14	36	15	50	30	52	29	17
Self-representing districts	208	130	454	178	446	142	261	435	167
Non-self-representing districts	29	11	24	13	45	27	44	20	13

^a For each year, table includes only States that implemented direct verification with Medicaid.

^b Averages are not weighted.

Note: The sampling frame for each year was constructed from the FNS Verification Summary Report from the prior year.

Exhibit 3-3 provides characteristics of the sample of districts selected for the study. In SY 2007-08, samples ranged from 14 LEAs in Georgia to 40 LEAs in Indiana, reflecting differences in average LEA size across States. The expected sample size of applications ranged from about 1,787 in Washington to 3,397 in Georgia, reflecting differences in the prior estimates of outcome measures.

⁴¹ USDA Policy Memo SP-32-2006, “Clarification of Direct Verification,” August 31, 2006.

⁴² The number of school districts varies across years due to real changes in the number of districts and also because of nonresponse to the VSR.

Exhibit 3-3**Characteristics of the Survey Samples**

	SY 2006-07				SY 2007-08				
	IN	OR	TN	WA	GA	IN	SC	TN	WA
Number of districts									
Self-representing districts	4	5	4	3	2	8	3	3	7
Districts in PPS stratum	33	29	13	30	12	32	18	13	32
Total districts	37	34	17	33	14	40	21	16	39
Expected sample size of applications									
In self-representing districts	832	648	1814	534	1444	1095	787	1591	872
In PPS stratum	1526	740	699	1458	1953	934	1298	569	915
Total	2358	1388	2513	1992	3397	2029	2085	2160	1787

LEA Recruitment and Response Rates

In each year, State CN Agencies were notified after the samples of LEAs were selected, and the States communicated with LEAs to notify them of the study and encourage their participation. These communications were in addition to the training and distribution of detailed instructions on how to perform DV-M.

As noted earlier, the timing of data collection and the length of the data collection period varied between years. In SY 2006-07, data collection materials were distributed to LEAs in September (before the start of verification activities) with a due date of November 30, and data collection was closed at the end of December. In SY 2007-08, LEAs received a brochure in September 2008 with a return postcard for them to indicate their willingness to participate in the study. The LEA Survey and data collection instructions were distributed in early January 2008 because OMB clearance was not obtained until just before school district staff departed for the December holidays.

In the second year, initial response to the mail and Web survey was low because the survey was not fielded when LEAs were actively engaged in verification activities. To increase response, the data collection period was extended; and, after multiple rounds of followup to encourage response, nonrespondents were asked to complete an abbreviated version of the survey by phone.⁴³ Exhibit 3-4 shows response by mode. Twenty-five of the 35 telephone respondents did not use DV-M. We assumed that final nonrespondents in both years did not use DV-M.⁴⁴

⁴³ The abbreviated survey did not collect data on verification sample sizes; those data were obtained from FNS after they received the SY 2007-08 Verification Summary Reports from States.

⁴⁴ After closing the survey in the first year, we were able to contact 58 percent of nonrespondents and confirm that they did not use DV-M.

Exhibit 3-4**Mode of Response to the Local Education Agency Survey**

Response mode	SY 2006-07		SY 2007-08	
	Number	Percent	Number	Percent
Mail	54	45%	60	46%
Web survey	31	26	23	18
Telephone ^a	—	0	35	27
Nonresponse	36	30	12	9
Total	121	100	130	100

^a The telephone mode was not used in SY 2006-07 because the data collection period was limited by the deadline for a Congressional report.

The total number of respondents was 85 across four States in SY 2006-07, and 118 across five States in SY 2007-08. The response rates were 70 percent (85 of 121) in SY 2006-07 and 91 percent (118 of 130) in SY 2007-08. The final response rates, however, are not comparable because the data collection period was shorter in the first year in order to meet the deadline for a Congressional report. There were 4 refusals from self-representing LEAs in SY 2006-07, and none in SY 2007-08.

Exhibit 3-5 shows weighted response rates by State for each study year. In SY 2006-07, the rate of response ranged from 49 percent in Indiana to 100 percent in Tennessee. In SY 2007-08 the rate of response ranged from 81 percent in Tennessee to 96 percent in Indiana. Exhibit 3-5 also shows the total number of applications sampled for verification by responding and nonresponding LEAs.⁴⁵

Exhibit 3-5**Survey Response Rates**

	Respondents		Nonrespondents		Total LEAs	Total applications in verification samples		
	Number	Weighted percent	Number	Weighted percent		Respondents	Non-respondents	Total
SY 2006-07								
Indiana	23	49.1%	14	50.9%	37	1400	786	2186
Oregon	24	65.0	10	35.0	34	991	393	1384
Tennessee	17	100.0	0	0.0	17	2124	0	2124
Washington	21	63.3	12	36.7	33	1263	383	1646
SY 2007-08								
Georgia	13	91.5%	1	8.5%	14	2669	34	2703
Indiana	38	96.2	2	3.8	40	1960	40	2000
South Carolina	19	89.4	2	10.6	21	2089	51	2140
Tennessee	13	80.8	3	19.2	16	1559	42	1601
Washington	35	89.0	4	11.0	39	1574	71	1645

Note: For each year, table includes only States that implemented direct verification with Medicaid. Percents are weighted by district and stratum weights.

⁴⁵ The total numbers of applications shown in Exhibit 3-5 differ from total expected sample sizes in Exhibit 3-3 because districts may change from a 3 percent sample to a smaller alternate sample over time. For example, two large LEAs in Georgia switched from 3 percent verification samples to alternate sampling in SY 2007-08.

Exhibit 3-6 shows the characteristics of survey respondents in each year. (This exhibit can be compared with statewide characteristics of the sampling frame shown in Exhibits 2-1, 2-2 and 2-3.) In most of the States, the rate of effectiveness for direct certification for the sample respondents was within two percentage points of the rate for all districts. One exception was Indiana with 32 percent for the SY 2006-07 sample and 54 percent statewide, but 67 percent for the SY 2007-08 sample and 59 percent statewide.⁴⁶ The other exception was Oregon, with 64 percent for the SY 2006-07 sample and 74 percent statewide. Thus, the responding districts in Indiana and Oregon may not be entirely representative of all school districts in these States. Districts where direct certification is less effective (such as the SY 2006-07 respondent samples in Indiana and Oregon) might be expected to have larger than average numbers of direct verifications. Conversely, where direct certification is more effective, as among the SY 2007-08 respondents in Indiana, the rate of direct verification may be lower than average.

Exhibit 3-6

Characteristics of Survey Respondents

	SY 2006-07 Sample				SY 2007-08 Sample				
	IN	OR	TN	WA	GA	IN	SC	TN	WA
Number of school districts	23	24	17	21	13	38	19	13	35
Effectiveness of direct certification ^a	32%	64%	91%	76%	72%	67%	80%	94%	82%
Distribution of applications sampled for verification									
Approved for free meals based on SNAP/TANF/FDPIR case number	13%	5%	12%	2%	3%	17%	12%	4%	29%
Approved for free meals based on income and household size	45%	55%	59%	42%	61%	52%	68%	59%	36%
Approved for reduced-price meals	42%	40%	30%	56%	36%	32%	21%	37%	35%
Nonrespondents to the verification process, percentage of children on sampled applications	19%	18%	34%	16%	16%	19%	29%	39%	23%

^a The effectiveness of direct certification was computed as the total number of students approved for free meals and not subject to verification, as a percentage of the total number of students eligible for direct certification, across all respondent school districts. Students eligible for direct certification are those not subject to verification plus those approved for free meals based on SNAP/TANF/FDPIR case number. Weights were not used in this computation because they apply to verification samples, not students eligible for direct certification. The percentage is computed for the sample as a whole, so larger districts contribute proportionately more to the estimate.

Source: USDA, Food and Nutrition Service. Verification Summary Report Database SY 2005-06 and SY 2006-07 (prior year data) were used for to characterize each sample year. Sampling weights were used to estimate State means for application data (except for the unweighted estimate of effectiveness of direct certification).

⁴⁶ The rate of effectiveness for direct certification in the study States in SY 2006-07 was reported in the *Direct Verification Pilot Study First Year Report*. Exhibit 2-3 provides this statistic for SY 2007-08.

Sampling Weights and Estimation

All estimates presented in this report are calculated separately for each State, using information about the complex sample design and sampling weights. Stratum weights were constructed for each stratum in each State (each self-representing district and the PPS stratum), and sampling weights were calculated for each district in the PPS stratum. Outcome measures presented in Chapter 5 assume that all nonrespondents were nonparticipants in direct verification and thus had zero applications directly verified with Medicaid data.

CHAPTER 4

DIRECT VERIFICATION IMPLEMENTATION

This chapter describes the systems used for DV-M in the pilot States, and how the States and school districts implemented these systems. The implementation process involved four main steps:

1. Planning—meeting between State CN and Medicaid Agencies, determining data needs, and deciding on methods for conducting DV-M.
2. Establishing data sharing agreements—defining data elements, file formats, and data security.
3. State-level implementation—data preparation, dissemination of information and/or training school districts, “going live,” and providing Medicaid data to districts.
4. Local-level implementation—DV-M used by school districts.

Challenges were encountered in some States at each step of the implementation process. The States that implemented DV-M in 2006 learned from these challenges and improved DV-M in 2007. Six of the seven States implemented DV-M during the two-year study. Wisconsin agreed to participate for SY 2007-08, but after initial planning meetings, postponed implementation to SY 2008-09.⁴⁷

A major theme of this chapter is the lessons learned from DV-M implementation. The chapter begins with a description of the DV-M system implemented in each State.⁴⁸

Overview of Systems for Direct Verification with Medicaid

Among the pilot States that implemented DV-M, each had a different approach. These approaches are summarized in Exhibit 4-1 and described below.

Georgia: Online Query of Statewide Medicaid and SNAP/TANF Data

Georgia made DV-M available in 2005 through an existing online query system that public school districts were already using for DV-SNAP. Public school districts use a secure Internet-based system (Georgia Online, or GO) to look up SNAP, TANF, and Medicaid status through the State’s SUCCESS system. SUCCESS is the eligibility determination system for SNAP, TANF and Title XIX Medicaid programs. SCHIP data are not available through GO/SUCCESS, because the State has a separate application process and eligibility system for IT. The data available for GO/SUCCESS

⁴⁷ The Wisconsin SNAP/Medicaid Agency determined that substantial programming would be needed to provide an indicator of free/reduced-price eligibility for DV-M, and that this programming would not be feasible within the timeframe required for implementation in October 2007. In addition, major changes were being made to the Medicaid eligibility system, and it would have the necessary capability in 2008 without additional programming. Therefore, the State Child Nutrition Agency postponed DV-M implementation.

⁴⁸ Although a limited amount of DV-M planning activity occurred in Wisconsin in 2007, we do not discuss this State in this chapter because DV-M was not implemented there.

Exhibit 4-1**Direct Verification with Medicaid in Pilot States, SY 2006-07 and SY 2007-08**

	GA	IN	OR	SC	TN	WA
Years with DV-M in use ^a	2005, 2006, 2007	2006, 2007	2006	2007	2006, 2007	2006, 2007
Scope of implementation	Statewide	Statewide	Sampled districts	Sampled districts	Statewide	Sampled districts in 2006 Statewide in 2007
Integrated with DV-S?	Yes	Yes	No	No	No	No
Medicaid program data for DV-M	Title XIX	Title XIX, SCHIP	Title XIX, SCHIP (Non-SNAP/TANF)	Title XIX	Title XIX (Non-SNAP/TANF)	Title XIX, SCHIP (Non-SNAP/TANF)
Timing of program data	End of previous month	July to October	September	October	September	September
Income eligibility limit (percent of the FPG)						
Title XIX	133%, age 1-5 100%, age 6+	150%, age 1- <19	133%, age 1-5 100%, age 6+	150%, age 1-<19	133%, age 1-5 100%, age 6+ ^b	200%, age<19
SCHIP	235%; not included in DV-M	200%	185%	200%; not included in DV-M	250%; not included in DV-M	250%
Method of direct verification with Medicaid	Online query	Online query; State-level match of verification sample to Medicaid records ^c	District-level lookup	State-level match of verification sample to Medicaid records	District-level match or lookup	State-level match of student records to Medicaid records
Search fields for query/ fields for match (information for student unless otherwise indicated)	Student or parent/ guardian SSN; SNAP/TANF case number; name, DOB (or birth year) and gender	Name, DOB, and county; SNAP/TANF case number; guardian name and county; guardian SSN	Name, DOB, SNAP/TANF case number, guardian name, address	SSN; name and DOB; SNAP/TANF case number; guardian name, address ^d	SSN; name and DOB; guardian name and address	Name, DOB, and gender; State and district student ID numbers, address, school
Medicaid eligibility information visible to districts	Gross income, Medicaid case size, status, application date	Indicator of F/RP eligibility w/o indicating source ^{e,f}	Medicaid income, Medicaid family size	Presence on match results list indicates current Medicaid enrollment	Medicaid income, Medicaid family size ^g	Indicator of F/RP eligibility, Medicaid ID number ^e

Exhibit 4-1**Direct Verification with Medicaid in Pilot States, SY 2006-07 and SY 2007-08**

	GA	IN	OR	SC	TN	WA
Procedure	Districts looked up records online in SNAP/ TANF and Medicaid database, compared gross income from case record and NSLP family size to NSLP guidelines.	State posted data. Districts looked up online, selected best match, printed result. ^c	State sent statewide Medicaid file to districts, who did lookups, compared Medicaid income and family size to NSLP guidelines.	Districts created files of sampled children, send to State. State matched and added match information to files, sent files on disks to districts	Districts downloaded DV data, looked up or matched to sample, compared NSLP family size and Medicaid income to NSLP guidelines.	Matched data posted online. Districts searched results online or downloaded files. ^h

Key to abbreviations: DOB=date of birth; SCHIP=State Children’s Health Insurance Program; SSN=social security number.

Notes:

- ^a Beginning year of school year is listed (e.g., 2005 for SY 2005-06).
- ^b Tennessee’s income limit of 100% of the FPG is for new child applicants age 6 and older. Children certified under the previous income limit of 130% of the FPG remain eligible as long as their income does not exceed this higher limit.
- ^c Indiana State-level match was optional and made available in 2007. This match required the district to create and upload a file of its verification sample. The process matched on last name (by SOUNDEX), first name, date of birth, and county. Date of application, if submitted, was also used to select all possible months for matching.
- ^d Available information did not specify the identifiers used for matching in South Carolina.
- ^e An indicator of F/RP eligibility is a single data item constructed from Medicaid information about family income and family size. The indicator has one value (such as “F”) if Medicaid information indicates eligibility for free meals, and another value (such as “RP”) if Medicaid information indicates eligibility for reduced-price meals.
- ^f Indiana provided a reference number that auditors can use to locate the record used for direct verification and confirm the data source and eligibility of the child.
- ^g Tennessee Medicaid household size included only enrolled individuals, not the family size used to determine income as percent of the FPG. Some individuals were flagged as not eligible for direct verification; the basis is not known at this time.
- ^h Washington distributed match results to districts via email in 2006; Web-based interface was implemented in 2007.

Sources: Interviews with State CN Agencies, SY 2006-07 and SY 2007-08. Income limits are from www.statehealthfacts.org and are based on a survey conducted by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured in January 2008.

inquiries are as of the end of the previous month. The system has been used for direct certification (as a supplement to the State-level match) and for direct verification with SNAP/TANF (DV-S) since 1992.

School districts obtain user identifiers, passwords, and software to access GO through the help desk operated by the State Education Agency (SEA).⁴⁹ With these tools and an Internet connection, authorized users connect to the Department of Human Resources (DHR) mainframe computer housing the SUCCESS database. Users can look up information for verification using (a) a parent, guardian, or child SSN; (b) an SNAP, TANF, or Medicaid case number; or (c) a child's name, date or year of birth, and gender.

- If the parent/guardian or child SSN or the case number is available, the user enters the number on an inquiry screen. If a matching record is found, the information provided includes all of the programs in which the individual is enrolled and the case number for each program. The case number can be used to locate the case record and identify all household members enrolled in SNAP, TANF, or Medicaid.
- If an SSN or case number is not available, the user enters the child's name, date/year of birth, and sex on the client registration screen to obtain the client number and SSN. The user then follows the above procedure for verification with the SSN. Variants of a name can be used in the search. If multiple records are found, the user selects the correct record based on the exact name and county number.
- If a child on the application is enrolled in SNAP or TANF, the application is verified. For Medicaid-only clients, the user enters the case number on the budget and financial eligibility screen to obtain the income data (see below).
- For DV-M, the case number is used to access the budget and financial eligibility screen, which displays the household gross earned income and gross unearned income.

Most lookups for DV-M use the parent/guardian SSN (from the NSLP application) or the student SSN (usually available in student records).⁵⁰

The CN Agency specified the following procedure for DV-M:

- Obtain the Medicaid case number from Medicaid card, or by inquiry on SUCCESS using the parent/guardian SSN, the child SSN, or the child name, date/year of birth, and sex.
- Use the Medicaid case number to look up gross earned and unearned income, and combine these figures to determine total gross income.⁵¹

⁴⁹ The software is a PC terminal emulator client with a character-based interface.

⁵⁰ In 2005, the Georgia Department of Education reported that 90 percent of student records in its SSIS had SSNs (Cole and Logan, 2007).

⁵¹ Under the criteria of FNS policy, Medicaid enrollment is sufficient for DV-M in Georgia, because the income limits are at or below 133 percent of the FPG (Memorandum SP-32-2006). The instructions for DV-M were prepared in 2005, before the FNS policy was clarified in 2006. State officials affirmed that they used the same instructions in SY 2007-08. As discussed later in this chapter, there was some confusion among school districts about whether and how to use the income information for DV-M.

- To verify the NSLP eligibility category, compare the calculated gross income from SUCCESS and the household size on the NSLP application to applicable the NSLP income limit.⁵²
- If the application is verified, print a copy of the budget screen indicating the income.

Although Georgia has a SCHIP program with eligibility up to 235 percent of the FPG, data for this program are not available for DV-M. Therefore, children with Medicaid incomes above 100 percent of the FPG cannot be directly verified, unless they are under age 6. Error-prone applications for free meals and all applications for RP meals are likely to have incomes above the Title XIX limit.

Indiana: Online Query of Statewide Medicaid and SNAP/TANF Data

Indiana's first approach to DV-M in SY 2006-07 was to integrate it with DV-S and enable all school districts statewide to query a single statewide database of Medicaid, SNAP, and TANF data. The Medicaid data included both regular Title XIX and SCHIP children; these programs enroll children in families with incomes up to 200 percent of the FPG. In SY 2007-08, the State added the capability to upload a data file to match with the direct verification database, rather than search on a case-by-case basis.

Indiana school districts used the SEA's secure Web site to query the direct verification database for children listed on NSLP applications sampled for verification. Users could search for children using any of four combinations of identifiers: (a) child name, date of birth, and county; (b) SNAP/TANF case number; (c) parent/guardian name and county; and (d) parent/guardian SSN. The name search used a phonetic algorithm to match first names, thereby improving the likelihood of verifying a child whose name may have different spellings. The case number search accepted the first 10 digits, which are the same for SNAP, TANF, and Medicaid. Thus, an application containing a case number could be directly verified if the child was enrolled in any program. If a child was enrolled in both SNAP or TANF and Medicaid, the system used the SNAP/TANF information.

Indiana was the only State in the study using multiple months of eligibility data for direct verification. (The other States used data for Medicaid children enrolled in a single month, either August or September.⁵³) Indiana's system included Medicaid data for all children enrolled in any month from July through October, spanning the months from the start of the NSLP application process through most of the verification process.⁵⁴ When school districts used the direct verification system, they specified the month that the NSLP application was submitted. The system searched from the application month forward. (The system default for application month was August, if not specified.) Thus, a child would be directly verified if he or she was enrolled in SNAP, TANF, or Medicaid at any time from the month of NSLP application through the month of verification.

⁵² The case record provides information on the household size as determined by Medicaid rules. For low-income Medicaid, the household size includes all covered adults and children; this program has income limits at the level of the former AFDC program. For higher income levels at which only children are eligible, the household size is the budget group, which includes the covered children and responsible adults. This information is not used for DV-M.

⁵³ Georgia's DV-M process made available eligibility data for the prior month. If Georgia school districts conducted direct verification in September, they used August data; in October, they used September data.

⁵⁴ July through September data were loaded in the system and available on October 6. October data were added in November.

When a school district queried the direct verification system, and a match was found, the system returned a result indicating free or reduced-price eligibility. Enrollment in SNAP or TANF returned an indicator of NSLP-free eligibility; enrollment in Medicaid returned an indicator of free or reduced price eligibility according to whether Medicaid income was below or above 133 percent of the FPG. The source of information (the program(s) the child was enrolled in) was not revealed, to protect the confidentiality of Medicaid eligibility. The system also returned a reference number that could be used by State officials to look up program eligibility information if needed for an audit.

When school districts submitted a query, results were displayed on two screens. The first screen presented a list of possible matches, with hyperlinks to details on each possible match. The detail screen presented all of the identifiers that could be used for the search (as listed above), plus address and the first month that the child appeared in the data (between July and September). As a security feature, only the last four digits of the parent/guardian SSN were displayed. Users were instructed to review possible matches, select the best fit, and print the detail screen as documentation of direct verification.

In SY 2006-07, the State DV-M coordinator matched the verification samples with the direct verification database for two districts. These were large districts for which a batch match was more efficient than individual queries.⁵⁵ The State automated this batch match and made it available to all school districts in SY 2007-08. The process was the same as Indiana's alternate batch matching process for direct certification: the district uploaded a file of student data to the SEA Web site, the system immediately matched the data, and the district downloaded the results. The batch match used the same DV-M file as the queries, the matching rules were the same, and likewise the results for each matched record included a free/RP status indicator and a reference ID. Nine school districts used the batch match in SY 2007-08.

Oregon: District-Level Lookups with Statewide Medicaid Data

Oregon took a simple, low-cost approach to implementing DV-M in SY 2006-07, due to the State's limited resources and late recruitment into the study. As noted in Chapter 2, Oregon conducted direct verification in SY 2005-06, but the process used in that year was not viable for later years. In SY 2005-06, the State SNAP Agency (SSNAPA) manually verified information submitted by school districts. That method did not provide districts with results in a timely manner, and staffing changes at the SSNAPA precluded its continuation. The CN Agency considered operating DV-M for a few districts in SY 2006-07, with the CN Agency taking over the role of the SSNAPA and looking up verification samples in a Medicaid database. Recruitment into the pilot study necessitated a larger scale approach, but one that could be quickly implemented.

The Oregon CN Agency implemented DV-M for SY 2006-07 by obtaining a statewide file of children enrolled in Medicaid from the State Medicaid Agency, and providing the file to the school districts participating in the study. The file included both Title XIX and SCHIP; these programs enroll children in families with income up to 185 percent of FPG. The CN Agency used its secure email system to distribute the data in text (ASCII) format. (This email system was used to distribute data for direct certification up until 2006, when those data were made available on a secure Web site.)

⁵⁵ The verification sample sizes for these districts were approximately 185 and 245 applications.

The school districts used a text editor or Excel[®] to sort and search the Medicaid data. The data file included: child name, date of birth, gender, SSN, address, telephone number, parent/guardian name, Medicaid monthly income, and Medicaid assistance unit size. Districts reported that they worked with the NSLP applications on their desk while searching in Excel[®] on their computer. One district reported toggling back and forth on the screen between an Excel[®] search of Medicaid data and the student database, to check parent information. While districts could have matched the Medicaid data to their student records, none indicated doing so, and the State Child Nutrition staff did not think this was done.

Unlike in Indiana, the school districts in Oregon had to perform a second step for direct verification: once they found a child's record in the Medicaid data, they had to determine whether the child was eligible for free or reduced-price meals. Using the data in the file, school districts compared Medicaid monthly income and family size to NSLP guidelines.

As discussed later in this chapter, Oregon determined that the DV-M process used in SY 2006-07 was not suitable for use in SY 2007-08. The State planned to implement a Web-based system for school districts to query the Medicaid data, but it was unable to do so because of staffing constraints. Instead, the State CN Agency looked up children sampled for verification on behalf of two school districts that requested direct verification. The State planned to implement the Web-based query system for DV-M in SY 2008-09.

South Carolina: State-Level Match of Verification Samples with Medicaid Data

South Carolina agreed to participate in the study in 2006 but was unable to implement DV-M in fall 2006 because of the time required to obtain a data-sharing agreement with the Medicaid Agency (Department of Health and Human Services). The agreement was finalized in May 2007 and the State implemented DV-M in SY 2007-08.

South Carolina implemented DV-M by adapting its State-level match for direct certification. The South Carolina process was different from all other States in several ways. First, Medicaid data were not directly available to school districts. Second, school districts exchanged data with the State on diskettes, not electronically. Third, the match was carried out by an agency other than the SEA: the Office of Research and Statistics (ORS) of the Budget and Control Board, which also does the annual direct certification match for South Carolina. Finally, only the school districts sampled for the study were invited to participate in DV-M, whereas DV-M was statewide in Georgia, Indiana, Tennessee, and Washington in SY 2007-08.

The State CN Agency provided each selected school district a diskette with an Excel template. Districts manually entered their verification samples in the template, or extracted the data from their databases of free/RP meal applications. The template included fields for student SSN, name and date of birth, SNAP/TANF case number, guardian name, and address. (School districts had the option of including the State student ID number to facilitate processing of the file returned to them.) Districts mailed the diskettes to the State CN Agency, which delivered the diskettes to the ORS. The ORS matched the verification samples to a Title XIX Medicaid file for October 2007 provided by the State Medicaid Agency.⁵⁶ The ORS used a probabilistic matching system based on student SSN, name and

⁵⁶ South Carolina implemented SCHIP in 2008, after the verification for SY 2007-08.

date of birth, and SNAP/TANF case number.⁵⁷ The ORS mailed the final file, containing applicant records and an indicator for those that were matched to the Medicaid data, to the school districts on CD-ROM. School districts reviewed their data and completed the direct verification process.

Tennessee: District-Level Lookups with Medicaid Data

Tennessee implemented DV-M in SY 2006-07 and did not change it for SY 2007-08. DV-M was made available to all school districts in the State by leveraging the preexisting system of district-level matching for direct certification and DV-S. Under the preexisting system, the Child Nutrition Agency receives monthly files of all SNAP/TANF children, divides the data into county files, and posts the files to its secure Web site so that school districts can download the data for their district.⁵⁸ School districts can use these data for direct certification and DV-S.

To implement DV-M, the Child Nutrition Agency obtained a file of all Medicaid-only children enrolled in September (children enrolled in Title XIX Medicaid and not receiving SNAP or TANF). This file was divided into separate files for each county and posted to the CN Agency's secure Web site for download by school districts. The income-eligibility limit for Medicaid is 130 percent of the FPG for children age 1 to 5, and 100 percent of the FPG for children age 6 to 19. Thus, information about Medicaid enrollment is sufficient to directly verify children for free meals in Tennessee.⁵⁹

At the school district level, the process for obtaining Medicaid data was similar to obtaining SNAP/TANF data. An authorized user logged into the secure Web site, selected the direct verification option, and downloaded the data for their county. (To obtain data for DV-S, users selected the direct certification option.) The DV-M data files were in Excel[®] format and contained the following elements: county code, child SSN, child name, Medicaid case number, date of birth, parent/guardian name, address, Medicaid income, and number of family members enrolled. Users could view data for other counties if needed.

According to the State and the school districts participating in discussions for the study,⁶⁰ most school districts opened the Medicaid data files using Excel[®], and manually searched for children listed on NSLP applications selected for verification. Some districts searched by SSN; but to do so, they had to access information from the student information system because student SSN is not collected on NSLP applications.

One of the largest districts participating in the study attempted to match the Medicaid file to its student records, as it does for direct certification. However, this district determined that about 300 children in the Medicaid file lacked SSNs, and could not be matched. Therefore, the district abandoned the match method and searched the Excel[®] file for students listed on applications. Another school district reported successful matching of its Medicaid file to its student records, using

⁵⁷ ORS used an existing set of algorithms to assign a unique identifier to each record using the available information. The verification sample file and the Medicaid file were then matched using these unique identifiers.

⁵⁸ Most school districts are county-based, although some counties have two or more districts within their boundaries.

⁵⁹ Tennessee implemented SCHIP in 2007. This program was very small at the time of verification for SY 2007-08, and it was not included in DV-M.

⁶⁰ These discussions took place in December 2006 and reflect the first year of DV-M.

student SSN as the key identifier. This match allowed the district to provide a file of Medicaid children in each school to the person doing verification for that school.

Once sampled children were identified in the Medicaid data, school district personnel used the family income in the Medicaid file and the household size on the NSLP application to determine whether the children were verified for free or reduced-price meals. Although the Medicaid Agency provided a family size variable, it only counted family members enrolled in Medicaid and thus understated the family size.⁶¹

Washington: State-Level Matching and District-Level Lookups

For SY 2006-07, Washington implemented DV-M as a pilot test and made it available only to the school districts selected for the study. The State modified the process and made it available to all school districts in SY 2007-08.

In SY 2006-07, the CN Agency obtained a file of Medicaid-only children enrolled in September (children enrolled in Title XIX or SCHIP and not in SNAP or TANF), and matched this file to its statewide student database. The State then provided each selected school district with Medicaid data for children enrolled in that district.⁶² The matched Medicaid data files were distributed by email. In SY 2007-08, the files were made available to all districts statewide through the SEA's secure Web site, where they could download, browse, or query the matched Medicaid files, similar to access to direct certification data.

Washington provides monthly district-level files of SNAP/TANF data to all school districts for direct certification via its secure Web site. DV-M was not integrated with DV-S because DV-M was available only during the verification period (October-November), and it was easier to limit access to Medicaid data by keeping the systems separate.

Medicaid data were matched with student records using the same matching algorithms used for direct certification: name and date of birth, with duplicates resolved with gender and address information. Matched data were put in separate Excel[®] files corresponding to each district (based on the school district identifier on the student record). The files contained the following data elements: student name, date of birth, gender, State student ID number, district student ID number, address, school code and name, Medicaid ID number, and indicator of free/RP eligibility.⁶³ The State used income and family size as determined by Medicaid to determine each child's income as a percentage of the FPG and set the free/RP indicator. Medicaid/SCHIP eligibility extends to 250 percent of FPG, so some Medicaid children were ineligible for free/RP meals. The files included children determined over

⁶¹ As noted above, Medicaid enrollment is sufficient to directly verify children for free meals in Tennessee. This fact got lost in the hurried atmosphere during implementation planning as States sought guidance from FNS about differences in NSLP and Medicaid eligibility. The State opted to keep the same instructions for SY 2007-08.

⁶² The CN director reported that the State-level match is essential for accurately distributing data to Washington districts because school district boundaries do not coincide with county boundaries.

⁶³ A parent SSN was available in the Medicaid data, but the SEA did not want to share this with school districts because State policy prohibits schools from collecting parent SSNs.

income for free/RP meals on the basis of Medicaid information, but districts were instructed not to use these data.⁶⁴

In SY 2006-07, the selected school districts used a variety of approaches to look up their verification samples in the Medicaid data. Most districts reported that they sorted the Medicaid data in Excel[®], and browsed or searched the Excel[®] file while working with hardcopies of the NSLP applications. The largest districts opened both the Medicaid list and their verification sample in Excel[®], sorted both lists by name, and manually compared the two.⁶⁵ Once an NSLP applicant was identified in the Medicaid data, the district used the free/RP indicator to complete verification. The CN director was not aware of any district that matched the Medicaid data with its verification sample using a computer program.

The Web-based DV-M system implemented in SY 2007-08 allowed public school districts to look up students in the Medicaid data by name (with or without date of birth), or by Medicaid ID number (which sometimes appears on an application). The lookup selected the matching records (if any) in the user's school district. All of the data elements previously provided in the Excel[®] files were displayed in the query results, which could be printed as documentation of direct verification. For duplicate matches by name, school districts used address information to select the correct record. The DV-M system also allowed the user to download the entire list of matched students for the district in text or Excel[®] format. This feature allowed the user to sort the list as desired (e.g., by school) and to print the list for use in direct verification and as supporting documentation.

Summary of Differences In States' Approaches to Direct Verification

The following are the key similarities and differences among the six States' approaches to implementing DV-M. The features of DV-M in Oregon refer to SY 2006-07 implementation. Otherwise, the features of DV-M refer to SY 2007-08 implementation (except as noted).

Scope of implementation. In SY 2006-07, DV-M was available to all school districts in Georgia, Indiana, and Tennessee, and to only the districts selected for the evaluation in Oregon and Washington. In SY 2007-08, DV-M was available to all school districts in Georgia, Indiana, Tennessee, and Washington, and to only the selected districts in South Carolina.

Integration with DV-S. DV-M was integrated with DV-S in Georgia and Indiana. DV-M was implemented separately from DV-S in the other States, and districts needed to search two systems to maximize the number of applications directly verified.

Scope of data and means of access. Oregon provided school districts with the complete statewide list of children enrolled in Medicaid. Tennessee provided districts with Medicaid data for their county. Washington provided districts with Medicaid data for children determined to be enrolled in the district, based on a State match of Medicaid data to student records; these data were available for

⁶⁴ In SY 2006-07, the data files distributed to districts excluded Medicaid children who could not be assigned an NSLP eligibility category because information on Medicaid income and family size was missing. There were no missing data in SY 2007-08 because modifications to the Medicaid system, to retain information needed for DV-M, were complete by that time.

⁶⁵ The three largest districts in the State participated in the study in SY 2006-07. Their verification sample sizes were 139, 156, and 223 applications.

download or online query. South Carolina provided districts with only the Medicaid information that matched their verification samples. Georgia and Indiana provided districts with match results from case-by-case queries so that districts could not easily “browse the Medicaid data.” All States except South Carolina used Internet-based electronic data exchanges.

Use of data matching. Washington was the only State to perform a State-level match between all student records and all Medicaid records. Indiana and South Carolina performed State-level matches of verification samples with Medicaid data. Georgia’s and Indiana’s query systems performed a real-time match each time an applicant’s information was entered. Oregon and Tennessee did not match at the State level. Computer matching of Medicaid data to student records or verification samples at the district level appeared to be rare.

Identifying information. Georgia, Indiana, South Carolina, and Tennessee enabled school districts to use unique numeric identifiers for direct verification of Medicaid children: parent/guardian SSN, child SSN, or both.⁶⁶ In Oregon and Washington, school districts relied on student name and date of birth to find sampled students in the Medicaid data; name and date of birth appeared to be the primary identifiers used in Indiana as well. South Carolina and Washington enabled school districts to use student ID numbers for direct verification, but districts reported using these numbers only for confirmation of matches, not for matching.

In all States except Indiana and Oregon, usual search methods required information not collected on the NSLP application: student SSN, student date of birth, and student ID are not on the USDA prototype NSLP application. Oregon modified its NSLP application for SY 2006-07 in preparation for direct verification to collect students’ dates of birth. Indiana added date of birth to the NSLP application for SY 2007-08. In all other States, information not on the application had to be obtained from student records prior to searching the direct verification data.⁶⁷

Search method. Georgia, Indiana, and Washington provided online query forms that specified the available methods of searching for sampled students in the Medicaid data. Other States allowed districts to determine search methods. Some districts printed out their Medicaid lists, while others searched them by computer, often using Excel[®]. Districts in Washington that downloaded their Medicaid lists had similar flexibility.

Disclosure of Medicaid income information. Oregon and Tennessee included Medicaid income and family size in data files provided to districts, and districts were responsible for determining the NSLP eligibility category verified by this information. Similarly, Georgia provided Medicaid income and family size in query results. Georgia and Tennessee districts used NSLP, not Medicaid, data for family size. Indiana, South Carolina, and Washington disclosed only the NSLP eligibility category to districts. Furthermore, Indiana did not disclose that a child is enrolled in Medicaid. Indiana integrated DV-M and DV-S, and disclosed the NSLP eligibility category to districts without disclosing the source of that determination.

⁶⁶ Georgia, Indiana, Oregon, and South Carolina allowed use of SNAP/TANF case numbers, but these were useful only for the limited number of NSLP categorical applications sampled for verification.

⁶⁷ Student date of birth is available in most school food service information systems via their link with the larger district information system. Therefore, a computer-generated list of students in the verification sample might contain this data item. But the NSLP applications alone provided insufficient information for direct verification.

Planning for Direct Verification

This section describes the planning process for DV-M at the State level, including establishment of data-sharing agreements between State Child Nutrition and Medicaid agencies. The planning process is described for Indiana, Oregon, South Carolina, Tennessee, and Washington. Georgia implemented DV-M in 2005, prior to the pilot study.

Initial Testing of Direct Verification

As described earlier, Oregon implemented direct verification in 2005 with SNAP, TANF, and Medicaid data. The State determined that this process was not viable, and decided in December 2005 to develop a new system for 2006. Thus, planning for direct verification was underway before Oregon joined the evaluation.

Tennessee tested direct verification with Medicaid at the local level in 2004, shortly after the legislation authorized it. School districts requested Medicaid information for sampled children from the local human services office. This experiment was not successful, so the State determined that a State-level solution was needed. Planning for direct verification with Medicaid continued in 2005, and the State applied for and received an FNS grant to enhance direct certification and direct verification.

Indiana and Washington had not tested direct verification with Medicaid when they joined the pilot study, but both States had implemented Web-based systems for direct certification and DV-S. As a result, they had both a base of experience and a potential platform for DV-M.

When South Carolina agreed to participate in the pilot study, the State had no prior experience with DV-M or with computerized DV-S. The State's base of experience consisted of the State-level match for direct certification (which used physical media to distribute results) and the online Medicaid eligibility lookup system for school-based health services.

The Planning Process

Between the fall of 2005 and the summer of 2006, State planning for the DV-M pilot addressed three main questions:

1. What were the data needs for DV-M, and could the State Medicaid Agency provide the needed data?
2. What were the possible ways to conduct DV-M, and which was most feasible?
3. What were the requirements of the applicable laws and regulations for the NSLP, the Medicaid program, and student records? How would the system for DV-M meet these requirements?

In each State, the Child Nutrition staff took the lead in gathering information, developing ideas, and discussing options with Medicaid policy and technical staff. The pace and timing of these discussions varied (a complete timeline is provided in the *First Year Report*).

Medicaid Eligibility Data Requirements and Availability

One of the basic challenges of the planning process for SY 2006-07 was that some Medicaid representatives were not familiar with NSLP certification and verification procedures. NSLP uses self-declaration of income, verifies a sample of applications (within a single six-week period), and defines the assistance unit as the household. In contrast, the Medicaid program verifies all applications on an ongoing basis and defines the assistance unit according to family relationships. Understanding these differences was a focus of discussion in some States.

During the planning phase, there were two areas of uncertainty (among some of the States) about the Medicaid data needed for DV-M:

1. Whether net income and family size used for Medicaid eligibility determination could be used to verify NSLP eligibility, which is based on gross income and household size.
2. How to interpret FNS instructions to use the most recent information available where “‘Most recently available’ is information reflecting program participation or income before the 180-day period ending on the date of application for free or reduced price meals.”⁶⁸ (The word “before” was an error; the intention was to use the most recently available data *within* the “180-day period....”)

The States were generally aware that Medicaid used different definitions of family size and income for eligibility determinations, and that these differences might affect determination of NSLP eligibility status for Medicaid children. The Washington CN Agency sought clarification from FNS in July 2006 on how to determine NSLP eligibility status when the family as defined by Medicaid was not the household as defined by the NSLP. The other States assumed they would use the Medicaid income and family size data, although Indiana was concerned that FNS might not accept this approach. Georgia and Tennessee ultimately used Medicaid income data combined with the family size as indicated on the NSLP application; in Tennessee, the Medicaid family size was not in the data provided for DV-M.⁶⁹ Tennessee sought and received FNS’ permission to use this approach.

Initial State interpretations of the “most recent available data” varied. Tennessee (correctly) understood this to mean the most recent available snapshot of the Medicaid caseload (e.g., the September caseload). Washington initially thought it meant Medicaid records for children who enrolled in Medicaid no earlier than 180 days before the application date (e.g., children with Medicaid certification dates, or re-approval dates, within the past 180 days). Indiana initially understood this to mean children enrolled in Medicaid at any time from 180 days prior to the application and up through the verification date.⁷⁰

⁶⁸ “Direct Verification - Reauthorization 2004: Implementation Memo–SP 19,” September 21, 2005.

⁶⁹ The Medicaid family size was available from the GO/SUCCESS system, but the instructions for DV-M prepared by the SNAP/TANF agency (DHR) did not reference this information. The instructions were prepared in 2005, before FNS issued the direct verification policy memorandum in 2006. The CN Agency did not revisit the instructions after FNS issued its policy memorandum.

⁷⁰ Indiana’s interpretation, to use data through the verification date, was based on FNS guidance in “Verification of Income Eligibility—Reauthorization 2004 Implementation Memo SP-5” (August 25, 2004): “Effective July 1, 2004, school officials verifying income eligibility for free and reduced price meals must allow households to provide documentation of income for any point in time between the month prior to application and the time the household is required to provide income documentation.”

These two issues were resolved when FNS issued a clarifying memorandum on August 31, 2006. (The FNS memorandum is included in Appendix A.) To facilitate planning for DV-M, FNS provided a draft of this memorandum to the participating States in mid-August.

In most States, the Medicaid Agency quickly confirmed that it had the data needed for DV-M (identifiers, income data, and family size). A potential barrier emerged in Washington because the Medicaid database had income and family size data only for children approved during the current month (these data items are not retained after eligibility determination). Thus, only a small fraction of Medicaid records had sufficient information to verify NSLP eligibility. The Medicaid Agency modified its system to retain this information on all newly enrolled children and on all records subject to mass eligibility changes. These changes were made in April 2006, so there were relatively few records without income and family size by September, when data were used for DV-M.⁷¹

Methods for Direct Verification

The six States spent different amounts of time and discussion deciding on a method for conducting DV-M. In Georgia, the existing DV-S process was adopted for DV-M with little discussion; the CN Agency rejected the idea of data matching because of the cost. Indiana and Washington decided early in the planning process to use the same Web-based query process for DV-M as for DV-S. South Carolina and Oregon also decided on planned approaches with relatively little deliberation about alternatives. Both Washington and Oregon, however, had to modify their plans prior to implementation.

In Tennessee, the question of how to implement DV-M required a great deal of discussion. It was clear that a computerized process was needed, after the initial experiment with local-level contacts. The Child Nutrition and student information system officials discussed the feasibility of a State-level match between the student database or verification samples and the Medicaid data. They determined this was not feasible because some districts did not participate in the student records upload process, and because of concerns about how to make results available to local food service personnel. After much deliberation, State staff realized the most feasible solution was to follow the existing process for direct certification and send the Medicaid data to the school districts to be searched or matched. Before this insight, some staff had concerns that DV-M was not feasible, but they were committed to finding a solution.

Establishing Agreements for Sharing Data

The State CN Agencies needed to establish agreements with the State Medicaid Agencies for three purposes:

- To define the authority for State and local officials to use Medicaid data for direct verification;
- To provide assurances regarding the protection of confidential data; and
- To specify the format of Medicaid data files.

⁷¹ The State could not provide an estimate of the number of records missing income and family size. The version of the Medicaid data file provided by the State to the contractor did not have a material number of records with zero or invalid family size. About 23 percent of records had zero income, which may have indicated missing income in the source data or no countable income by Medicaid rules.

In general, the States built on their existing agreements for direct certification and DV-S. In four of the States (Indiana, Oregon, Tennessee, and Washington), the SNAP/TANF agency is also the Medicaid Agency.⁷² In Georgia, the SNAP/TANF agency performed eligibility determinations for Medicaid and controlled the SUCCESS database. In these five States, existing data-sharing agreements for direct recertification were expanded for DV-M. In South Carolina, the CN Agency had an existing agreement with the ORS for direct certification and a separate agreement with the Medicaid Agency for school district claiming of reimbursement for services to Medicaid enrollees. The Medicaid Agency nevertheless required a new agreement for DV-M.

A key constraint for all of the States was the time required to work out data-sharing agreements. These processes require interactions among program, legal, and technical staff of different agencies, all of whom have other ongoing responsibilities and different internal approval processes for contracts. Time-frames of several months to a year are common for negotiating such agreements. The States that volunteered in 2005 had less than a year from the time they committed to participate in the evaluation to the time that Medicaid data had to be available to school districts for direct verification. In South Carolina, the data-sharing agreement process caused delays in the implementation of DV-M.

The type of agreement between the CN Agency and the Medicaid Agency varied among the States, as did the challenges of establishing agreements and complying with rules regarding access to Medicaid data.

- In Georgia, the Medicaid Agency (the DHR) authorized use of Medicaid data for DV-M as part of the revised data-sharing agreement negotiated with the CN Agency in 2005 for direct certification and DV-S. The CN Agency described the negotiation process as lengthy but not difficult. Discussion focused on clarifying the Medicaid income limits and definitions of assistance units, and the provisions for the CN Agency to bear the expenses for DV-M and DV-S. The agreement included a provision whereby the DHR certified that information in SUCCESS verifies eligibility for SNAP, TANF, or Medicaid.
- In Indiana, there were two parts to the process: securing approval for the system modifications to provide the data, and negotiating the agreement to share the data. The challenges of this process delayed the release of Medicaid data, creating uncertainty about whether and when direct verification would be available to school districts.
- Oregon proceeded under their existing agreement for direct certification and direct verification. The Medicaid Agency determined that this agreement, together with the authorization under the 2004 reauthorization legislation, was sufficient.
- In South Carolina, the plan for DV-M required a three-way data-sharing agreement between the CN Agency, the Medicaid Agency, and the agency doing the match of Medicaid data with verification samples (ORS). This agreement took nearly a year to negotiate, and this process delayed implementation of DV-M to SY 2007-08.

⁷² Medicaid eligibility data systems are integrated with SNAP eligibility systems in most States (36 of 45 States responding to the 2005 Survey of State Medicaid Agencies, reported in Cole and Logan, 2007). Because of this integration, it may be possible for NSLP access to Medicaid data to be obtained by amending existing data-sharing agreements developed for NSLP direct certification.

- A modification to add Medicaid to the SNAP/TANF data-sharing agreement was needed in Tennessee, but the process was “simple” according to State officials. Tennessee also had a separate data security agreement, rather than having data security as part of the direct certification agreement. This agreement did not have to be amended because it addressed how data were handled, not what data were shared. The Medicaid Agency had already reviewed the security of the SEA Web site used for distributing data to districts, so this was not a concern.
- In Washington, the CN Agency and the Medicaid Agency modified their agreement to update the provisions on data security. The Medicaid Agency had adopted new requirements for its data-sharing partners. There were no substantive issues, but it took time to work out agreement on the language.

In South Carolina, several factors contributed to the length of the negotiations for data sharing: the number of officials involved and their time constraints, the unfamiliarity of the NSLP verification process to the Medicaid Agency, the differences between NSLP and Medicaid treatment of income and household size, and the Medicaid Agency’s concerns about the uses of and protection of the data. In order to minimize the risk of inappropriate use, the Medicaid Agency permitted matching of Medicaid data only with data on children sampled for verification. The Medicaid Agency also required that ORS perform the match; ORS had existing data-sharing agreements and a trusted relationship with the Medicaid Agency. The agreement explicitly barred the CN Agency from access to Medicaid data.

In five of the six States, the Medicaid Agency chose to provide family size and income data to the CN Agency, rather than construct an indicator of NSLP free/RP eligibility. Medicaid Agencies did not want the responsibility of determining a child’s NSLP eligibility category. In addition, the extra programming would increase the effort for the Medicaid Agency, which was a consideration in Tennessee. In South Carolina, the Medicaid Agency and the CN Agency delegated to ORS the responsibility for determining the NLSP eligibility category for children selected for verification. ORS did not share Medicaid income data with school districts.⁷³

The State Medicaid Agencies differed in their view of whether CN Agencies could share eligibility data with school districts, based on their interpretations of Medicaid rules and their policies on data security. Georgia, Oregon, and Tennessee Medicaid Agencies allowed the sharing of income and family size data with school districts. Georgia’s data-sharing agreement explicitly says that the CN Agency “will not obtain, use, or disclose any protected health information [PHI] from [the Medicaid Agency].” Under the Health Insurance Portability and Accountability Act (HIPAA), PHI collected by Medicaid Agencies can be disclosed only to specified “business associates” for authorized purposes, and DV-M is not one of these authorized purposes.⁷⁴ On the other hand, Indiana, South Carolina, and

⁷³ In the verification results, ORS identified NSLP applicants matched to Medicaid data but did not indicate whether the Medicaid income level corresponded with NSLP-free (at or below 133 percent of the FPG) or NSLP-reduced price (between 133 percent and 150 percent of the FPG, South Carolina’s Medicaid income limit for children). School districts treated all applications with matched children as verified. Thus, it is likely that some children were incorrectly verified for NSLP-free eligibility.

⁷⁴ HIPAA defines PHI as individually identifiable health information maintained or transmitted by electronic media or any other form or medium. PHI includes demographic information and information that relates to the health condition of the individual, or provision of health care to the individual. PHI may be shared under a trading partner agreement where the duties and responsibilities of each party to the agreement are specified (USDHHS, HIPAA Administrative Simplification, Regulation Text).

Washington Medicaid Agencies did not allow income and family size to be shared with districts, and the DV-M results provided only an NSLP eligibility indicator to school districts. As noted above, South Carolina's Medicaid Agency also did not allow Medicaid data to be shared with the CN Agency.

Indiana's Medicaid Agency had the strictest interpretation regarding the sharing of eligibility data: it would not allow the direct verification system to identify children as Medicaid recipients. The agency's view was that Medicaid eligibility status is PHI and therefore protected from disclosure by HIPAA. As a result, the CN Agency had to redesign its direct verification interface so that it would provide school districts only two types of eligibility information: the child's NSLP category (free, reduced-price, or not verified) and the reference number for audit trail purposes (as previously described).

Both the substantive issues and the process in Indiana contributed to delays in making Medicaid data available to the CN Agency for SY 2006-07 testing and implementation of direct verification. One lesson learned from the process was that direct discussions were needed between attorneys for the two agencies. The usual process was for program staff to serve as liaisons, each program staff speaking separately with its attorneys. Another challenge to the process in Indiana was that planning for both direct verification and for matching for MAC was underway, and the agencies were attempting to include both initiatives in the same agreement. Thus, discussions on MAC became a source of delay in working out the terms for sharing Medicaid data for direct verification. Lastly, the process of working out data-sharing plans and agreements slowed down when communications with FNS stopped (in the winter and spring of 2006), and thus it was especially challenging to complete the process in time for the planned release of data by October 1.

In Indiana, the CN Agency went through a formal process of obtaining approval for modifications to the Medicaid system to make data available for direct verification. The Medicaid Agency had a supervisory board that approved and prioritized all requests for changes to the agency's eligibility data system for SNAP, TANF, and Medicaid. The CN Agency worked through its primary contact at the Medicaid Agency to obtain this approval, which was necessary before programming on the Medicaid system could start. The time to complete this approval process contributed to the time pressures for the programming and testing for the DV-M system.

Restrictions on access to student data under FERPA did not pose a problem for DV-M implementation, because SEAs and school districts retained custody of student data (except in South Carolina).⁷⁵ However, State officials in Indiana determined that the contractor's request for student records for the evaluation of DV-M was barred by FERPA. This FERPA restriction indirectly affected Indiana's progress toward implementation because it created confusion among some State officials who thought that DV-M itself was somehow barred by FERPA. In South Carolina, the verification sample files provided by school districts included information from NSLP applications and additional data from student records (SSN and State student ID). The exchange of this information with ORS was authorized by the data-sharing agreement, which made ORS the agent of the SEA for DV-M.

⁷⁵ FERPA would be a concern if school districts released student records to the Medicaid Agency for verification, because FERPA prohibits disclosure of student records without parents' consent except for specified educational uses.

State-Level Implementation: Preparing and Providing Data to School Districts

DV-M implementation involved the following tasks at the State level:

- Programming and preparing Medicaid data (by the State Medicaid and CN agencies)
- Preparing school districts for DV-M
- “Going live” and providing support to school districts.

Except for Georgia and Tennessee, the States found it challenging to complete these tasks for the first year of implementation in the time available, after designing their systems and completing arrangements to obtain Medicaid data. All six States wanted to make data available before the official start of the verification cycle on October 1. In SY 2006-07, only Georgia and Tennessee were able to do this. Georgia’s Medicaid data were available whenever school districts wanted to begin DV-M, and Tennessee made their data available on September 19, 2006. Indiana, Oregon, and Washington made their Medicaid data available between the 6th and the 10th of October.⁷⁶ Startup delays in Indiana and Washington were due to delays in negotiating data-sharing agreements. In Oregon, staffing constraints forced both a change in approach and a delay in implementation.

During the summer of 2006, the States communicated their plans to school districts at their annual child nutrition training meetings and through emails. Washington met school districts in a break-out session at its annual training meeting. Tennessee held two Web conferences to train school districts on the DV-M process after the system became available.

The States in the evaluation also contacted the school districts selected for the study and encouraged them to participate. In some States, there were numerous reluctant districts, and recruiting for the evaluation took a substantial amount of time for the CN Agency’s liaison.

In the four States implementing DV-M for the first time in SY 2006-07, the DV-M systems became available in late September or early October. The States provided telephone support when school districts had questions. The CN director or task leader for direct verification provided most of this telephone support in Indiana, Oregon, and Washington. In Tennessee, the State provided support by telephone and hands-on through its regional CN staff, and the State set up a training room at its office where school district staff could come for help. Establishment of the training lab was funded by an FNS grant through the FY06 Direct Certification and Verification Grant Program.⁷⁷

In SY 2007-08, DV-M data were available before October 1 in Georgia, Indiana, Tennessee, and Washington. South Carolina collected verification samples by September 24, but DV-M results were not sent to school districts until November 15, due to delays in the match with Medicaid data.

⁷⁶ Timing of direct verification is critical, because school districts have to meet the November 15 deadline for all verification activities, and so they need to send verification letters as soon as possible.

⁷⁷ FNS awarded \$3.7 million to nine States. In most States, awards provided funding for the State Nutrition Programs and the State SNAP or Medicaid agency. Tennessee received \$60,000 for modifications to its student management system, establishment of a training lab, provision of direct certification training for RCCIs and private schools, and sponsorship of interagency meetings and training sessions for direct verification.

Oregon encountered delays in programming for its new DV-M system and did not make Medicaid data available to school districts in SY 2007-08.

In Georgia, implementation of DV-M consisted of providing instructions to school districts; the technology and the database were already operational. Each of the other States had its own challenges in the implementation process. These challenges and their implications for the success of DV-M are discussed below.

Indiana: Time Constraints, Data Problems, and Their Consequences

Indiana experienced two main challenges during system implementation for its first year of DV-M. First, the system design changed in several ways during the summer of 2006, in the months leading up to implementation.

- The Medicaid Agency required changes to conceal information on which children were enrolled in Medicaid.
- The CN Agency's information technology director required a change to conceal all but the last four digits of SSNs in the screens.
- The CN Agency did not finalize the design until after receiving policy guidance from FNS regarding the meaning of "most recent available data" and use of Medicaid income and family size data.

Second, the CN Agency did not receive Medicaid data until late September, leaving little time to examine the data before loading it in the DV-M system. This delay occurred because the Medicaid Agency could not program the data extracts until the formal approval process was completed (as described above). In addition, the programming was time-consuming because of the age of the eligibility system and staffing constraints of the system maintenance contractor. The CN Agency was able, however, to make its own programming changes while waiting for the Medicaid files.

The Indiana system went "live" in October 2006 with a critical problem that was not discovered until after most school districts had used the DV-M system: the file provided by the Medicaid Agency was incomplete. This was discovered when the CN Agency provided assistance to a large school district and found a surprisingly small number of children directly verified. Using extant data from analyses of the Medicaid program, the CN Agency determined that a substantial number of Medicaid children had been excluded from the file provided for direct verification. The missing children were primarily non-SNAP/TANF children. The CN Agency obtained a corrected Medicaid file and determined that approximately 200,000 Medicaid children had been left out of the original file, representing 37 percent of the correct total. For the district that the CN Agency was helping, the corrected file yielded 140 matches, versus 13 matches with the incomplete file. Thus, school districts using the incomplete file missed at least 37 percent of the potential direct verification matches, and probably much more, because the matches against the missing data would have resulted in DV-M matches, whereas the Medicaid data that were provided largely duplicated SNAP/TANF data.

The time constraints experienced by Indiana were important for two other reasons. First, the CN Agency was uncertain until late September 2006 that it could implement DV-M in time for school districts to use it. As a result, the CN Agency had very limited communications with school districts about the system prior to announcing when it was available. There was not enough time to set up a

conference call, let alone a meeting, to train the school districts. Second, the data were not available until October 6, 2006, several days after many school districts usually mailed verification notices to households. The implications of these problems for school districts are discussed in the section on district-level implementation.

Indiana continued to test and improve its DV-M system for SY 2007-08, when it operated smoothly. The Medicaid Agency continued to provide data files on a monthly basis for MAC, and the CN Agency verified that the earlier problems with the file had been solved. In the Spring of 2007, the CN Agency developed and tested the interface and other programs to support the batch matching upload option for DV-M. The effort for this programming was modest, because it was based on the existing programs for the similar direct certification option. The main focus was on the specification of the upload file; several large school districts provided input on information that they would use to process the results of the match. The final specification included numerous optional fields so school districts could tailor the file to their systems and needs. The online query function was unchanged in SY 2007-08. Both parts of the DV-M system were available to school districts on September 21, 2007.

Oregon: Staffing Constraints and Changes in Approach

Oregon's original planned approach for SY 2006-07—State-level lookups—required only a simple data extract from Medicaid and no programming at the CN Agency. The process of getting the Medicaid Agency to agree to share the data was also straightforward, thanks in part to the Medicaid Agency's strong interest in improving service to children. As a result, there was no problem with the availability of Medicaid data when they were needed.

The CN Agency had to change its approach, however, because its staff did not have the time to do the lookups due to unanticipated program duties. The agency considered using its Web-based system for direct certification and DV-S, but it lacked the time and programming staff needed to do this for 2006. A State-level match with student records was infeasible for the same reasons.

For these reasons, the CN Agency sent the entire file of Medicaid-only children to the selected school districts. The Medicaid file contained address information, but there was no way to use this information to create separate, smaller files for each school district. (District boundaries in Oregon rarely align with county boundaries. This was one of the reasons that Oregon chose State-level matching for direct certification.)

The CN Agency made this decision in late September 2006 and sent the file and brief instructions to the selected school districts on October 10. As discussed in the section on district-level implementation, both the timing of data availability and file size posed problems for the districts, and these problems affected the usefulness of DV-M.

Oregon planned to implement a Web-based query system for DV-M in SY 2007-08, based on the system used for direct certification and DV-S. The CN Agency determined that the approach used in SY 2006-07 was neither secure nor feasible to implement statewide. In May 2007, after internal planning during the fall and winter, the CN director submitted a request for programming support to add DV-M to the SEA's secure Web site. This was the "obvious" solution and one that school districts could easily use because of their familiarity with the direct certification system. The SEA's information technology (IT) office agreed to do the programming. The CN Agency proceeded to

prepare for DV-M and informed school districts of the plans. In September 2007, however, the IT office delayed the programming because of other, higher-priority projects and a shortage of staff. The CN Agency had continued to receive Medicaid files, but it did not have the staff time to distribute the data, in part because it had recently implemented new software for processing claims for reimbursement for school meals. The CN Agency did, however, look up verification samples in the Medicaid data for two school districts that specifically requested help with DV-M.

South Carolina: Data Flow and Timing Issues

Once the data-sharing agreement for the DV-M match was finalized in May 2007, South Carolina's ORS developed specifications for the verification sample data files to be submitted by the school districts. ORS provided these specifications to the CN Agency in July 2007. The CN Agency developed an Excel® template and instructions, and provided these to the selected school districts at a meeting on August 1, 2007. The 15 participating school districts compiled their verification sample files on diskettes using the template and mailed the diskettes to the CN Agency by September 24. Some school districts submitted data for all children on sampled applications, while others submitted only one child per application. The CN Agency checked that all diskettes were readable and delivered them to ORS.

Although the CN Agency expected ORS would send match results to the school districts by October 1, they were not sent until November 15. The primary cause of the delay was that ORS had other tasks with a higher priority and staffing constraints, but there were technical problems as well. First, ORS had to locate a diskette reader. Second, some school districts had modified the file format, so that fields were in a different order. Thus, ORS could not simply concatenate the files. Third, ORS could not process the files from three districts, even though the CN Agency had checked them. The CN Agency learned of this problem too late to have the school districts resubmit their files, so only 12 districts had matches. ORS was unable to process a “few” records from these districts because there was insufficient information for the ORS algorithm to assign a unique identifier. Because of the delay in distributing the DV-M results, the CN Agency instructed the school districts to delay verification and changed the deadline to January 1 (later changed to January 15). These delays created substantial confusion and complications for the school districts, as discussed later in this chapter. As a result of the difficulties with DV-M in SY 2007-08, the CN Agency considered other options in SY 2008-09, such as an online lookup system, Web-based data exchange for the batch match, and matching Medicaid data with the statewide student information system. ORS also saw a need for a more automated process of data exchange, such as a secure file transfer system or providing secure Web-based access for the CN Agency to conduct DV-M.⁷⁸

Tennessee: Data Issues and Adaptation

Among the States that did not already have a DV-M capability, Tennessee was the first to complete development of the DV-M system and obtain usable Medicaid data. The CN Agency continued to benefit from the strong cooperation of the Medicaid Agency during implementation. With adequate time and resources, the CN Agency was able to “go live” on September 19, 2006 and provide interactive training via Web conferences.

⁷⁸ As of the date of this report, South Carolina did not have firm plans for DV-M in SY 2008-2009.

There were, however, two issues that affected the use of the Medicaid data. First, the Medicaid file did not have the correct Medicaid family size and could not be used to determine NSLP eligibility. Second, a small percentage of records in the Medicaid data were flagged as not valid for use in direct verification. The Medicaid file contained a measure of family size that was equal to the count of family members enrolled in Medicaid. This count could not be used to determine Medicaid income as a percent of the FPG. As a result, school districts used household size from the NSLP application, together with Medicaid income to determine NSLP eligibility.

The CN Agency discussed the “family size” problem with FNS and sought permission to use the NSLP measure of household size, rather than the Medicaid measure specified in the policy on direct verification. This discussion occurred around the time that FNS was finalizing the policy, and FNS had considered this alternate approach. To allow the evaluation to proceed in Tennessee, FNS approved the State’s request. As a result, school districts had to refer to the NSLP application as well as the Medicaid data when determining whether children were verified for free or reduced-price meals.

Although the CN Agency reviewed the first year’s experience when planning for SY 2007-08, they decided not to make any changes, and DV-M again operated smoothly. Thus, school districts again used income data from the Medicaid files and household size from the NSLP application. The number of Medicaid records flagged as unusable was smaller than in SY 2006-07. There was a delay in making the Medicaid files available because of changes in the CN Agency’s telecommunications system, but the files were posted to the State Web site by the third week of September 2007. The State explored the possibility of enabling school districts to match Medicaid data with their verification samples through their software for their free/RP eligibility databases. The vendors of these database systems indicated that developing an interface for DV-M would not be cost-effective.

Washington: Data Issues and Change in Approach

The major data issue in Washington—the limited data on income in Medicaid files—was addressed in the spring of 2006, while planning was still under way. By the summer, the CN Agency focused on two sets of issues that affected the programming of the DV-M system. First, the CN Agency sought clarification from FNS on how Medicaid data should be used in direct verification, so that the agency could program the logic for indicating the NSLP eligibility status of children. The timing of the FNS policy—coming in late August—meant that the State had just a month to complete programming and testing of the data match and other system components, in order to make the data available by the desired date of October 1.

Second, the CN Agency changed its approach to making Medicaid data available in SY 2006-07. The agency had done programming and testing for a secure Web-based system to look up students matched with Medicaid data. This user interface was based on the operational Web-based system for looking up SNAP/TANF data for direct certification and direct verification. Because of the limited number of districts in the evaluation and the limited time for programming and testing, the CN Agency set aside these plans and chose instead to send each district the Medicaid data for children enrolled in that district. The CN Agency extracted these data from its statewide match, formatted them in Excel[®] to facilitate sorting, and sent them by email to the district officials authorized to access the secure Web-based system. These officials had already received training on confidentiality and signed agreements to protect NSLP application data.

As a result of these challenges, school districts received the Medicaid data on October 6, 2006, later than the State had planned. This timing left little time for school districts to use the data before sending verification letters, particularly if the districts wanted to spend time reviewing the data and instructions. In addition, the State and the districts had to rely on the written instructions and district-initiated requests for help. Some districts in Washington (and other States) turned to the evaluation contractor for help, in part because they had recently responded to the first data collection request.

For SY 2007-08, Washington implemented the secure Web-based system for DV-M that was originally planned for SY 2006-07. The user interface for direct certification lookups was modified for this purpose. The development and testing took place intermittently over about 3 months. The main programming challenge was the processing of the Medicaid file. The CN Agency automated the process of retrieving this file from the Medicaid data system, matching with the SSIS, determining the free/RP status, and formatting and posting the file to the Web site. The DV-M system was available to all public school districts in Washington on September 27, 2007. The CN Agency began work in 2007 on a process to allow private schools to search the complete Medicaid file by name and date of birth. Private school students are not in the SSIS, so the matched data do not include them.

District-Level Implementation: Success and Challenges

For DV-M to serve its purpose at the school district level, several conditions were desirable:

- **Timeliness**—Medicaid data should be available on or before October 1, when school districts begin the verification process.
- **Scope of Medicaid Data**—DV-M has the most potential if the Medicaid data include children with family incomes up to at least 185 percent of the FPG, the upper limit for RP eligibility. Medicaid data should provide sufficient identifying information to link to NSLP applications, and income data to determine the correct NSLP eligibility category.
- **Familiar interface**—School districts are more likely to use DV-M if it uses an existing interface that they are already using for queries or data exchanges.
- **Active promotion**—District participation depends on State CN Agencies making the case for DV-M and convincing school districts to try it.
- **Interactive training and ongoing communication**—School districts can benefit from interactive, live training and ongoing communication to prepare and motivate district verification staff.
- **Ease of use**—School districts are more likely to use systems that are easy, resulting in greater effectiveness.
- **Integration with DV-S**—Integration is desirable so that districts can easily use all data available for direct verification.
- **Enabling both queries and batch matching**—Small districts find it easiest to look up NSLP applicants in a database of Medicaid children. Large districts find individual lookups time-consuming, and can benefit from a file matching process. A system that offers both capabilities meets the needs of all districts.

Presence of Conditions for Effective DV-M

In SY 2007-08, nearly all of these conditions were present in Indiana and Tennessee, and most were present in Washington, as shown in Exhibit 4-2. In contrast, the conditions were less favorable in South Carolina and Georgia. (Oregon is not shown because DV-M was not implemented there in SY 2007-08.)⁷⁹

Exhibit 4-2

Presence of Conditions for Effective DV-M at the Local Level, by State: SY 2007-08

Condition	Georgia	Indiana	South Carolina	Tennessee	Washington
Timely Medicaid data (before Oct. 1)	♦	♦		♦	♦
Scope of Medicaid data up to 185% of the FPG or higher		♦			♦
Familiar interface	♦	♦		♦	♦
Active promotion		♦	♦	♦	♦
Interactive training and ongoing communication			♦	♦	
Easy to use		♦		♦	♦
Integrated with DV-S	♦	♦			
Allows both query and batch matching of verification sample to Medicaid data		♦		♦	

As discussed later in this section, the most important conditions for effective DV-M were the timeliness and scope of data, active promotion of DV-M, and ease of use. Direct verification was more useful if it could be done before school districts sent verification letters to households. Use of Medicaid/SCHIP data including families with incomes up to the limit for NSLP-RP meals increased the potential to match children in the verification sample. Active promotion and ease of use also enhanced the potential of DV-M.

The sections below discuss the conditions for effective implementation of DV-M in each State from the perspective of the school districts. The discussion focuses on the conditions in SY 2007-08, but differences from SY 2006-07 are noted.

Georgia: Mix of Favorable and Limiting Conditions

Georgia's approach to DV-M met several important conditions for successful adoption and use by school districts.

- Medicaid data were available at any time the school district wanted to start verification.
- DV-M used the existing query systems (GO and SUCCESS) that school districts already employed to supplement direct certification and for DV-S. Thus, DV-M required no effort to implement at the local level (except for training), and it was integrated with DV-S.

⁷⁹ Information in this section is based on surveys of school districts in SY 2006-07 and SY 2007-08; school district forums in SY 2006-07 for Indiana, Tennessee, and Washington; and school district interviews in SY 2007-08 for Georgia and South Carolina.

On the other hand, there were several important conditions that limited the effectiveness of DV-M in Georgia.

- The Medicaid data did not include SCHIP, and this gap significantly limited the potential for DV-M.
- The CN Agency discussed DV-M in its annual training on verification and made its area consultants available as resources, but it did not effectively promote DV-M. Numerous school districts would have used DV-M but did not because they were unaware that it was an option. Confusion about how to use the Medicaid income information was also evident. Paradoxically, the ease of implementing DV-M at the State level may have contributed to the low profile of DV-M in communications with school districts, as State officials were focused on other aspects of the school meals programs.
- There were mixed reports on the ease of use of the DV-M/DV-S system. The main problem cited was that security features made it cumbersome to use, particularly for large districts.

The issues regarding communications and ease of use are discussed later in this chapter.

Indiana: Strong Design, Data, and Implementation

Indiana's DV-M process was among the easiest to use and had the most favorable conditions for effectiveness in SY 2007-08. The State substantially improved the timeliness and completeness of data, relative to SY 2006-07.

- DV-M was available on September 21, allowing sufficient time for use before sending verification letters on October 1.
- The query-based DV-M option was easy to use because it did not require any downloading or manipulation of data files.
- Districts could search the Medicaid data using multiple search criteria, and only one search was needed because DV-M and DV-S were integrated in a single system.
- The Medicaid data included Title XIX and SCHIP children with incomes up to 200 percent of the FPG.
- The system used the existing State Web site and interface, making it easy for school districts to implement and easy for their personnel to learn.
- The CN Agency actively promoted DV-M at its statewide conference and distributed detailed instructions to all school districts.
- Districts could match their verification samples with the Medicaid data, if this was a better approach for them. The process was essentially the same as the batch file upload for direct certification.

South Carolina: Challenges and Adaptation

The DV-M implementation process in South Carolina posed several important challenges for school districts. The school districts adapted to these challenges to take advantage of the opportunity offered by DV-M.

- The delay in the DV-M match posed the greatest challenge. Most school districts adapted by delaying verification, as authorized by the State. Some decided to proceed with verification and did not use DV-M, or only used it to verify applications from nonresponding households.
- Three school districts submitted verification samples but did not get any results, because the State was unable to process their data, for some unknown reason.
- The State used all of the available Medicaid data, but the income limit was below the RP income limit, thus constraining the potential for verifying RP applications.
- Compiling the verification data file for DV-M was a significant new effort for school districts that had to create the file manually. All school districts had to process the DV-M results manually.
- Active promotion, training, and ongoing communications from the State helped encourage school districts to use DV-M despite the delays and other challenges.
- School districts continued to use the existing letter-based process for DV-S.

Tennessee: Strong Implementation, Limited Data

Tennessee met almost all of the conditions for successful implementation of DV-M at the local level, but the potential effectiveness was limited by the available data.

- Medicaid data and training were provided in the third week of September, allowing time to complete DV-M and send household notification on schedule.
- Training by teleconference in SY 2006-07 allowed school districts to ask questions, emphasized key information, and encouraged use of DV-M. “Refresher” training promoting DV-M for SY 2007-08 was part of statewide and regional meetings on other topics.
- School districts received data for all Medicaid-only children in their county, and could get data for other counties if needed.
- The interface for browsing and downloading Medicaid data was easy to use and familiar.
- The potential of DV-M was limited by the State’s low Medicaid eligibility income limit (100 percent of the FPG).
- Procedures for DV-M were more complicated than necessary. Districts were instructed to use Medicaid income information to determine NSLP eligibility. However, the Medicaid income limit in Tennessee (100 percent of the FPG) is consistent with NSLP-free, and a match to Medicaid was sufficient for direct verification.

Washington: Strong Design and Data

In Washington, the design and data conditions for effective DV-M at the local level were present in SY 2007-08, and the State CN Agency actively promoted the system. There were some limitations, however, as noted below.

- Medicaid data were available to all public school districts on September 27 and included children with incomes up to 250 percent of the FPG. Unlike in SY 2006-07, all Medicaid records had income data.

- DV-M used the same user-friendly Web interface design as the direct certification/DV-S lookup. Districts could do queries or download data, whereas downloading was the only option in SY 2006-07.
- Districts searched data for Medicaid-only children enrolled in their district, with State student ID numbers to help identify students, and an indicator of free/RP eligibility.
- The State CN Agency promoted and demonstrated DV-M at its annual summer conference, using the success of DV-M in SY 2006-07 as an important part of the message. However, numerous school districts indicated in the survey that they were unaware that DV-M was an option, or did not understand that it could be used to verify income applications. (This finding is discussed further in Chapter 5.)
- The one notable limitation was that school districts could only conduct DV-M by query, unlike in SY 2006-07 when they had the option to download the Medicaid file for the district and match it to their verification samples.

Challenges of Direct Verification with Medicaid for School Districts

Timeliness

The most common problem for school districts in SY 2006-07 was that direct verification data were not available on or before October 1. Only Tennessee met this target, while Indiana, Oregon, and Washington made their Medicaid data available several days after October 1. Delayed availability of Medicaid data had several consequences:

- DV-M was conducted under greater time pressures than if the data had been timely.
- Many districts already sent letters to households and had less incentive to try this new procedure.
- Use of direct verification was more complicated, because districts had to process household information if it was received.
- Some districts used DV-M only for households that did not respond to verification.
- If DV-M was used after the district terminated a household's benefits for nonresponse, it was unclear whether or how the district could use the DV-M results to restore benefits. One district noted that its software would not allow the reinstatement of benefits without a new application.

Several districts indicated that Medicaid information was needed one to two weeks before October 1. This would provide sufficient time to review and prepare the data, conduct direct verification, and then send letters to the households that were not directly verified.

In SY 2007-08 all of the States that implemented DV-M provided data before October 1, except for South Carolina where match results were available on November 15. South Carolina changed the verification schedule for districts using DV-M, but this caused several problems. Staff had to adapt to the change in schedule; districts had to repeatedly change the expiration date for benefits of nonresponders, because the end date for verification was changed several times; and notices to nonresponders had expiration dates during the December school vacation. In addition, there was confusion when household verification indicated that the family was over income but the DV-M list

indicated that the application was verified. Some school districts restored benefits on the basis of the Medicaid information after families had already received notices that their benefits would be terminated, creating confusion.

Identifiers Available for Matching

School districts in Georgia, Indiana, South Carolina, and Tennessee used SSNs for DV-M. In Georgia, South Carolina, and Tennessee, the substantial majority of student records had SSNs, so this was the primary identifier for looking up or matching children in the Medicaid data. Student name was used to confirm matches on SSN and to look up children not matched by SSN. Looking up Medicaid records by parent/guardian SSN was technically feasible in Georgia, but it was not one of the methods referenced in the instructions for DV-M. In Indiana, the parent or guardian's SSN from the NSLP application was sometimes used to locate a child's record in the Medicaid data, but this identifier was not widely used.

In theory, parent/guardian SSN could be a very useful identifier, because it is a unique number collected by both the NSLP and Medicaid. In practice, the school districts met several obstacles to using this identifier.

- Parents or guardians do not always provide an SSN on the NSLP application, and they are not required to have one.
- School districts cannot verify parent/guardian SSNs on NSLP applications, so they are subject to misreporting.
- The SSN on the NSLP application may be for a different person than the head of the Medicaid assistance unit, so the SSNs will not match.

School districts in South Carolina, Tennessee, and Washington did not have the option to use parent/guardian SSNs for direct verification. South Carolina relied on child identifiers in its algorithms for matching. In Tennessee, the student SSN and Medicaid case number were considered sufficient. Washington's CN Agency received the SSN for the head of the assistance unit but did not share it with school districts because of the agency's policy on SSNs.

Some districts used address (rather than date of birth) in combination with name as the primary identifiers for searching; others used address as an identifier when other information did not produce a match, or when a name and date of birth produced more than one match. Address information was not available to search in Indiana, and some school districts suggested this would have been helpful. Some districts commented that Medicaid address information was not useful because it could be different in the Medicaid file for valid reasons. (e.g., mobility of households, and mobility of children between households).

While the States structured the Medicaid data for verification, the school districts used their own systems for organizing NSLP application data and student records, and for searching the Medicaid data. In Georgia and Tennessee, the school districts had the challenge of simultaneously accessing NSLP applications, student data, and Medicaid data. Various combinations of paper and electronic records were used (e.g., paper NSLP application and electronic Medicaid data, or printouts of verification sample and Medicaid data, or toggling between screens of NSLP and Medicaid data). Some South Carolina districts were able to generate a verification sample file from a single database

with all information needed for matching (including SSNs), while others had to combine data from NSLP applications and student records.

Determining Income Level and Family Size

The State's instructions for DV-M required school districts in Georgia and Tennessee to verify that income and family size as determined by Medicaid were consistent with the approved NSLP eligibility level. (This check was done at the State level in Indiana and Washington. South Carolina did not use Medicaid income data for DV-M; this was a source of confusion for one district that was interviewed.) Checking income might slow down direct verification, or inconsistency in income between NSLP and Medicaid data could create confusion.

Georgia school districts had several problems with this part of DV-M. First, there was some confusion about whether it was necessary to check household income for children enrolled in Medicaid. As noted above, the Title XIX income limit in Georgia is 133 percent of the FPG or less for school aged children, so checking the Medicaid income is not necessary according to FNS policy. One of the school districts interviewed for this study reported being told that checking the Medicaid income was not necessary. However, the instructions for DV-M specified that the school districts should do this, and this was the understanding of the other three districts interviewed. Another issue was that a substantial number of matched children had no income indicated in the Medicaid database. One school district reported that they did not accept these children as directly verified, because they thought this indicated that the child was not currently enrolled in Medicaid. Interviews also indicated that some school districts may have sought to match the Medicaid income exactly with the income reported on the NSLP application, instead of merely verifying that the child fell within the approved free or RP income category. Finally, the format of the income data in the Medicaid records was inconvenient, because users had to combine reported gross earned and unearned income.⁸⁰

In Tennessee, school districts reported that checking the income eligibility level was not a problem and it was easier than processing applications or household verification information. In the Medicaid data, there was only one income total for the family and it was always a monthly figure. Thus the district did not have to add up individual income and convert from weekly or biweekly pay.

Ease of Use

The balance between ease of use and security differed across the States, and this balance affected the access of school district personnel to DV-M. Tennessee had the most open system for DV-M, in that school district personnel authorized to download direct certification data were automatically authorized to download or browse the entire list of Medicaid children for their county. Washington's DV-M system was nearly as open, except that the available Medicaid list was limited to those children matched to student records for the school district. In both of these States, district administrators controlled access to DV-M. Thus, access to Medicaid information was easiest in these two States.

⁸⁰ The use of gross income for DV-M poses another problem. Under FNS policy, DV-M should compare the child's approved income category to the income category determined by Medicaid. A child may have gross family income over 133 percent of the FPG but still be determined by Medicaid to have income of 133 percent of the FPG or less, after applicable exclusions. Thus, using gross income will result in some free-approved children not being verified, whereas these children would be verified if the Medicaid net income were used. This may be an issue on which clarification from FNS would be useful.

In Georgia, there were two important constraints on DV-M resulting from security restrictions. First, security administrators for the GO network allowed each school district only a small number of authorized users. For large school districts with numerous staff working on verification, this limit created a bottleneck, because household verification could not begin until DV-M was completed, and districts could not speed up DV-M by having all of their verification staff use the system. Second, the access controls were cumbersome, requiring multiple logins and delaying access if a user made a login error. The system's automatic timeout meant that if workers were interrupted, they encountered delays in resuming use. The system required password changes every 30 days, and users were locked out if they did not reset their passwords. Several district staff reported that they adapted to these limitations, but the controls clearly made the system slower and less attractive to use. One district chose to use DV-M only for nonresponders because the GO/ACCESS system was too slow for use on its entire verification sample. Another limitation of the DV-M system in Georgia was that it was not easy to learn, because it used a character-based interface and users had to know the commands and codes. One school district official explained that medium-size and larger school districts had staff who used the system enough to become proficient, but small school districts would be less likely to make the effort to do so, given their small verification samples. State officials acknowledged that the system is not user-friendly or "state of the art."

Indiana's DV-M system was perhaps the easiest for school districts to use, because it had both a menu-driven query interface and the capability to upload verification sample data for matching. There were, however, two system security features that affected the ease of use. One was that users had to be authorized specifically to use direct verification by their local security administrator; otherwise, they would not see the direct verification option on the secure Web site. This restriction contributed to the number of school districts reporting that they did not use direct verification because they were unaware that it was an option, or reporting that they used the SNAP/TANF information provided by the direct certification system for direct verification. Second, the DV-M system displayed only a limited amount of information in response to queries. Users had to view a second screen and print that in order to complete direct verification. One of the four Indiana school districts participating in the SY 2006-07 forums reported that this sequence was time-consuming and cumbersome; others may have shared this view.

In South Carolina, the security restriction was fundamental: school districts had to submit their verification samples to be matched and received Medicaid data only for the matched children. The restriction on access to Medicaid data was the main reason for the requirement to compile verification sample files, which several districts reported as burdensome. This restriction also made school districts dependent on the timeliness of the match. Unlike in States with interactive query systems, school districts did not have the opportunity to try multiple searches with alternate spellings or other variations. The matching system did compensate for this limitation by using probabilistic methods. In addition, the Medicaid Agency did not permit information on household income and size to be shared with school districts.

Adapting DV-M to School-Based Verification

Direct verification was typically a centralized, district-level process. Among the 15 school districts participating in the SY 2006-07 forums, however, 2 had school-based processes. (Both were in Tennessee.) Districts gave two reasons for using school-based verification. First, they processed applications at the school level, so the data were available there. Second, they did not have sufficient district-level staff available to conduct verification.

Where school-based verification was used, Medicaid data had to be distributed to the schools. One Tennessee district reported matching Medicaid data with student enrollment data and then with the database of free/reduced-price applicants, in order to create a Medicaid list for each school to use in verification. The other district with school-level direct verification provided the full Medicaid list to each school.

Training and Technical Assistance Needs of School Districts

Some school districts were able to conduct direct verification with only written instructions. Others needed more help, as evident from their questions (to the State and to the study's toll-free help line) and their comments on data collection forms. A number of sources of confusion were evident.

Perhaps the most basic issue was confusion about the nature and purpose of direct verification with Medicaid. Several districts questioned why they would use Medicaid data since it could not be used for direct certification, or because they already conducted direct certification with SNAP/TANF data. The concept of using Medicaid or SNAP/TANF data to verify income-based applications was also hard for some school district personnel to grasp, since they associate SNAP/TANF data with categorical applications. The limited communications about the availability and use of DV-M represented a major limiting factor in Georgia, where some school districts selected for the study became aware of the option only because of a mailing about the evaluation sent in September 2007. Thus, the lack of understanding about direct verification in some States affected the rate of participation among school districts. This problem was most noticeable in the first year of DV-M implementation. In SY 2007-08, States that had used DV-M in the previous year (except Georgia) put special emphasis on the proper use of DV-M in their presentations and written instructions to school districts.

School districts were also confused about when to use direct certification, DV-M and DV-S. For example, one district in the evaluation used the direct certification system (SNAP/TANF data) for direct verification, rather than the direct verification system (SNAP/TANF and Medicaid data). Another district mistakenly used the direct verification system for direct certification, until the CN Agency became aware and corrected this misunderstanding. (These problems were identified in SY 2006-07; there was no evidence of them in SY 2007-08.)

As noted above, there was also confusion about specific rules for DV-M, including:

- Districts using DV-M to override verification decisions that had already been made using household information
- Treating children with zero income as not verifiable
- Submitting only one child's information per application
- Checking all children on each application (not treating it as verified if there was one match).

Review of general instructions for verification on State Web sites indicated that these instructions in some States did not reference DV-M, even though these States had specific training materials on DV-M. This gap may have contributed to confusion and reduced the effectiveness of DV-M.

A common theme in discussions with school districts was the value of an interactive training experience—in person or by teleconference. Tennessee districts (which had this opportunity in SY 2006-07) valued the opportunity to ask questions in the State-sponsored Web conferences. Districts in other States expressed the desire for hands-on training or at least more training materials (such as answers to “frequently asked questions”). Some districts in other States took the initiative to seek information from the State (and occasionally from the evaluation contractor), but most appeared to rely on their written instructions. On the other hand, some district staff were unwilling to spend extra time on training for a task that was supposed to save them time.

Desired Changes in Direct Verification

School food service directors and NSLP application coordinators expressed the desire to see several improvements and enhancements in DV-M:

- Timely access to Medicaid data was the primary request of school district officials in South Carolina in SY 2007-08, as it was in Indiana, Oregon, and Washington in SY 2006-07. These officials wanted sufficient time for DV-M before sending verification letters.
- A related issue is the timing of the verification process. Several school districts noted that the deadline for applications falls in mid- to late September, so they are busy processing applications at the time when they must draw their verification sample, conduct direct verification, and send out household verification letters.
- While most officials appeared to be satisfied using lookups for DV-M, several expressed a preference for a batch matching system, where they would upload their verification samples and download results. Some officials felt that dealing with the large volume of Medicaid data was burdensome relative to the small number of applications in their verification samples. Other officials noted that doing lookups for a large verification sample was time-consuming. Indiana modified its system in SY 2007-08 in response to these concerns.
- In Oregon, one official suggested a match between the Medicaid file and the statewide student information system, as in direct certification. This would enable districts to use State student ID numbers in queries for DV-M.
- Some officials contrasted the manual processing of DV-M with the automated processing of direct certification. It appeared that the manual processing was more cumbersome in some districts than in others, depending on how their software was designed to track and document verification. Tennessee’s investigation suggested that software vendors are not likely to automate the processing of direct verification in district free/RP eligibility databases, at least until DV-M becomes more widespread.
- Some officials were disappointed that they could not use DV-M to change students’ status from reduced-price to free. This would be an advantage from their perspective, but it would exceed the authorized use of Medicaid information. School districts can, however, follow up with RP households that appear to be free-eligible and encourage them to reapply.
- Finally, several officials expressed the wish for a change in the law that would allow use of Medicaid information for direct certification. They viewed this as a way to increase NSLP participation and help families, and to reduce application processing and other administrative burdens.

Summary of DV-M Implementation

At the most basic level, four States succeeded in SY 2006-07 and five succeeded in SY 2007-08: they provided data for DV-M, and school districts used the information to verify applications without contacting households. The States and school districts demonstrated that DV-M is technically and operationally feasible. This success built on past experience with direct certification and with DV-S. The efforts of State CN, Education and Medicaid officials made DV-M possible, as did the efforts of the participating school districts.

The experiences with DV-M in these States highlighted several ways to ensure success:

- Starting preparations and establishing policies early enough to plan, obtain data, test systems for DV-M, and provide notice and instruction to school districts
- Having a good working relationship between the CN Agency and the Medicaid Agency, to facilitate data-sharing and cooperation among technical staff
- Building on existing systems for direct certification, both to conserve technical resources and to facilitate training
- Providing Medicaid data on a timely basis through a simple user interface or in a format that is easy for school districts to manipulate
- Making enough identifiers available to facilitate matching, while avoiding “data overload” for school districts
- Providing multiple channels of training and technical assistance to school districts, while minimizing the time needed to learn to use DV-M
- Obtaining feedback from school districts to improve DV-M.

Several ongoing challenges also emerged. A key challenge is that State Medicaid Agencies differ widely in their interpretation of Medicaid privacy rules and their willingness to entrust eligibility data to State CN and school district officials. Reaching agreement on access to these data was the greatest challenge in Indiana and South Carolina, and the process affected both the timing and the effectiveness of DV-M. Indiana demonstrated a viable solution that meets the Medicaid Agency’s relatively stringent position on the privacy of Medicaid data, while also meeting the needs of school districts for a robust DV-M system. The long-term viability of South Carolina’s batch match was more questionable, particularly because of the dependence on a third party for matching. Washington also demonstrated a system that provides the eligibility information needed by school districts, while keeping detailed information on income within secure State computer systems. Clarification of Federal standards in this area, with sensitivity to both recipients’ and school districts interests, would help other States.

Another important challenge is timing: there is a narrow window for providing Medicaid data when school districts can best use it. DV-M needs to take place on or before October 1, when school districts need to send out verification letters. Even a few days’ delay can affect the usefulness of DV-M.

Finding NSLP applicants in Medicaid data is yet another important challenge for DV-M. In Indiana and Washington school districts, DV-M relies on the imperfect method of searching by name, using date of birth and other identifiers to confirm matches. Student date of birth and SSN, however, are not collected on NSLP applications and must be obtained from other student records. States and school districts appear to be growing more reluctant to collect and use SSNs as student identifiers, as evidenced by recent restrictions in Oregon. Use of parent/guardian SSNs from NSLP applications has some potential to aid matching, but this approach poses privacy issues, as well as practical issues about the reliability of the data.

In communicating with school districts about DV-M, a key challenge is dealing with the potential confusion between direct verification and direct certification. The terms are similar and the processes are similar. Training can help address this problem, as can the design of the process. For example, a State can prevent DV-M from being used at the wrong time by making the Web site available only during the verification period.

CHAPTER 5

DIRECT VERIFICATION RESULTS

This chapter presents preliminary results on the effectiveness of DV-M based on the first and second years of the pilot study. The study measured the following outcomes:

- District participation—Did school districts use direct verification with Medicaid data?
- DV-M effectiveness—What percentage of applications sampled for verification were directly verified with Medicaid data?
- Perceptions of the process—Was DV-M difficult? Was it useful? Will school districts use it again next year?
- Time and cost of verification—How much time did staff spend on direct verification and on household verification? What were the costs?

Results for most measures are presented for the four States that implemented DV-M in SY 2006-07 (Indiana, Oregon, Tennessee, and Washington) and the five States that implemented in SY 2007-08 (Georgia, Indiana, South Carolina, Tennessee, and Washington). DV-M effectiveness, however, is not presented for States that experienced critical implementation problems in the first year of the study. In SY 2006-07, Indiana and Oregon had specific data problems that resulted in local agencies' attempting to verify NSLP applications with incomplete Medicaid data.

District Participation in DV-M

Direct verification is an option for school districts. For this study, we measured participation in DV-M by response to the survey question “Did your district use Medicaid information to verify school meals applications? (Yes or No)”⁸¹ It is possible for districts to “use Medicaid information” and obtain no direct verifications.

In SY 2006-07, Oregon and Washington offered DV-M only to districts selected for the study. South Carolina also limited DV-M to selected districts during their first year of implementation in SY 2007-08. All other States implemented DV-M statewide, making it available to all districts. Nonetheless, we measured participation only among districts selected for the study. These districts received communications about the evaluation before the start of verification, which may have

⁸¹ The survey question was expanded in SY 2007-08 to: “Did your district use SNAP/TANF or Medicaid information to verify school meals applications? (SNAP/TANF information only; Medicaid information only; Both; or None).” In Indiana, the question was “Did your district use direct verification to verify school meals applications?” because the system automatically included SNAP/TANF and Medicaid information.

affected their decision to use DV-M. As discussed below, these communications raised awareness of DV-M but may have had negative impacts on DV-M participation. Thus, the results are not entirely generalizable to all districts in these States. Districts that did not respond to the survey were assumed to be nonparticipants in DV-M. As discussed in Chapter 3, 71 percent of districts responded to the survey in SY 2006-07 and 91 percent in SY 2007-08.⁸²

The percentage of districts that used DV-M reflects both willingness to use a new process and willingness to participate in the study. The selected districts were contacted by the State CN Agencies, and some States worked hard to gain district participation in the first year of the pilot. Thus, participation observed for the pilot study might overstate long-run participation. On the other hand, some districts declined to participate in both DV-M and the study because they did not want to comply with the added burden of completing data collection requests for the evaluation. Thus, estimates of participation in the first year for each State may underestimate long-run participation rates. In the second year of DV-M, States promoted use of DV-M among all districts, and the burden of participating in the evaluation was reduced. Therefore, we expect that the evaluation had little if any effect on district use of DV-M in SY 2007-08 in Indiana, Tennessee, and Washington.

Exhibit 5-1 shows the unweighted percentage of districts that used DV-M in each State, and the weighted percentage of all NSLP applications sampled for verification in districts that used DV-M.⁸³ The lowest rates of district participation were in Oregon in the first year (44 percent) and South Carolina in the second year (43 percent).⁸⁴ These are the States that experienced the most significant implementation problems in each year, with delays in implementation and approaches to DV-M that were more difficult for school districts to use than the other States (as described in Chapter 4). Indiana also experienced problems in implementation in SY 2006-07 that may have affected DV-M participation. However, the participation percentage in Indiana did not materially increase in SY 2007-08, despite active promotion by the State, suggesting that other factors had more influence on district participation decisions.

The highest rate of district participation (100 percent) was in Tennessee in the first year. Tennessee had the smallest sample, which made it easier to recruit all selected districts and ensure their participation. Tennessee also had the smoothest implementation in the first year, with DV-M data available in mid-September; the State CN Agency worked hard to encourage participation of all districts in the first year.

Tennessee had the highest weighted percentage of applications in districts using DV-M in SY 2006-07 (100 percent of applications), and Georgia had the highest value for this percentage in SY 2007-08. The percentage of applications in districts using DV-M was greater than the percentage

⁸² We were successful in contacting 58 percent of nonrespondents after the survey closed in SY 2006-07, and none of those contacted had used DV-M.

⁸³ Weighted percentages of districts were presented in the *First Year Report*, so the percentages for SY 2006-07 in Exhibit 5-1 differ from previous estimates. We present unweighted percentages here in order to show the actual rate of DV-M use in the study sample, because later estimates of effectiveness are presented for districts using DV-M. The percentages of applications in districts using DV-M provide a better measure of the overall potential impact of DV-M on verification, because this measure takes into account the size of the verification sample.

⁸⁴ DV-M information was not available to South Carolina districts until late November. In addition, three districts submitted data for DV-M but did not receive match results because of technical problems at the State level.

of districts using DV-M in Georgia and Indiana because larger districts were more likely to use DV-M than smaller districts. Elsewhere, there is no clear indication of a difference in DV-M use between large and small districts.

Exhibit 5-1

District Participation in Direct Verification with Medicaid (DV-M)

State	SY 2006-07				SY 2007-08			
	Sample size	Districts that used DV-M ^a			Sample size	Districts that used DV-M ^a		
		Number	Percent of districts ^b	Percent of apps ^c		Number	Percent of districts ^b	Percent of apps ^c
Georgia	—	—	—	—	14	7	50%	63%
Indiana	37	18	49%	53%	40	20	50%	51%
Oregon	34	15	44%	42%	—	—	—	—
South Carolina	—	—	—	—	21	9	43%	43%
Tennessee	17	17	100%	100%	16	10	63%	54%
Washington	33	19	58%	52%	39	19	49%	49%
Average of States			63%	62%			51%	52%

^a It was assumed that nonrespondents to the survey did not use DV-M.

^b “Percent of districts” is an unweighted percentage.

^c “Percent of apps” is equal to the applications sampled for verification in districts using DV-M as a percentage of all applications sampled for verification by districts selected for the study, weighted by stratum and district sampling weights.

— Not applicable. DV-M was not implemented.

Note: Standard errors of estimates are not shown because the sample was designed to yield estimates of the percentage of applications that are directly verified; it was not designed for estimates that are percentages of districts.

District participation in DV-M declined by both measures from the first year to the second year for both Tennessee and Washington—the two States most successfully implementing DV-M in SY 2006-07. Both of these States made no special effort to encourage participation by selected districts in the second year, unlike in the first year. In addition, districts selected for the study in the second year received study results from the first year indicating that 10 percent of applications in Tennessee and 18 percent in Washington had been directly verified. The larger participation decline in Tennessee is consistent with the lower level of effectiveness in Tennessee, compared with Washington, in the first year of the study. School districts in Tennessee appeared to sort themselves: the districts that had more favorable attitudes toward DV-M after SY 2006-07 verification chose to use it again in SY 2007-08.

Overall, the two years of the pilot study show that DV-M was used about half as often as it could be used. The average participation across States was 51 percent of districts in SY 2007-08, representing 52 percent of applications in verification samples. Overall, larger districts were no more or less likely to use DV-M than smaller districts. The level of district participation limited the potential effectiveness of DV-M on a statewide basis.

There appeared to be three main reasons why districts did not use DV-M in SY 2007-08: insufficient information, insufficient resources, and difficulty using the available method of DV-M. (Districts

that did not use DV-M were asked why, and most provided a response.) A lack of understanding that DV-M was an option and could be used to verify any application was by far the most common reason for nonparticipation in DV-M. The second most common reason was that DV-M was too difficult or not timely. Some districts cited insufficient staff, a low perceived payoff to the district, or a combination of these factors.

DV-M Effectiveness

The primary measure of DV-M effectiveness is the percentage of applications in verification samples that are directly verified with Medicaid data. Except for South Carolina, each of the States in the study operated a system that provided a measure of the **marginal impact**—in other words, the percentage of applications directly verified with Medicaid that could not be directly verified with SNAP/TANF.^{85,86} In South Carolina, the Medicaid file for DV-M included SNAP/TANF children, and DV-S was a separate manual process that was used only by some districts and only for applications with a SNAP/TANF case number. Thus, in South Carolina, DV-M matches included children who could have been verified with SNAP/TANF data but were not. About three-quarters (74.5 percent) of Medicaid children in South Carolina receive SNAP, TANF, or both types of benefits.

Estimates from both years of the study are shown in Exhibit 5-2. The left panel of Exhibit 5-2 shows the percentage of applications directly verified with Medicaid among all districts selected for the study; the right panel shows the percentage of applications directly verified with Medicaid among districts using DV-M. The first set of estimates incorporates the impact of district nonparticipation; the second set provides an expectation of the effectiveness of DV-M if all districts participate (assuming that participants are representative of all districts).

DV-M Effectiveness in the First Year of the Pilot

In SY 2006-07, all districts in Tennessee participated in DV-M and directly verified 9.6 percent of all applications sampled for verification. In Washington 58 percent of districts participated in DV-M, and therefore estimates in the left and right panels of Exhibit 5-2 differ substantially. Among all districts selected for the study in Washington, 10.9 percent of applications were directly verified with Medicaid data.

Among Washington districts that used DV-M, 20.1 percent of applications were directly verified.⁸⁷ District nonparticipation in DV-M reduced DV-M effectiveness by 50 percent. In Tennessee, DV-M was more effective for verifying free-approved applications (14.1 percent) than for reduced-price-

⁸⁵ Recall from Chapter 4 that Tennessee and Washington used data files containing Medicaid-only children, defined as children enrolled in Medicaid and not in SNAP/TANF. Indiana integrated DV-S and DV-M; districts did not know which program provided the verification but the system provided a reference ID for each directly verified application, and the contractor mapped these to the source data. Georgia's direct verification system also integrated SNAP, TANF, and Medicaid data, and users would use Medicaid data only if an application was not verified with SNAP or TANF data.

⁸⁶ Four LEAs in Indiana did not provide data needed to identify applications as DV-S versus DV-M. We used the average for other LEAs (13.5 percent of directly verified NSLP-free applications were DV-S) to impute the number of DV-S and DV-M applications.

⁸⁷ The *First Year Report* incorrectly indicated that 18.0 percent of applications were verified with Medicaid in Washington districts using DV-M. That estimate was actually measured among all survey respondents.

approved applications (2.9 percent). In Washington, the percentage of applications directly verified was the same for NSLP-free and NSLP-RP. This is consistent with differences in Medicaid income-eligibility levels in the two States. The Medicaid income limit in Tennessee is 130 percent of the FPG for children under age 6, and 100 percent of the FPG for children age 6 to 19 (see Exhibit 2-4).

Exhibit 5-2

Estimates of the Effectiveness of Direct Verification with Medicaid (DV-M)

State	All LEAs selected for the study			LEAs that used DV-M ^b		
	Sample size ^a	Percent DV-M	Standard error	Sample size ^a	Percent DV-M	Standard error
SY 2006-07						
Tennessee						
All applications	2,124	9.6	(1.33)	2,124	9.6	(1.33)
Free	1,271	14.1	(1.28)	1,271	14.1	(1.28)
Reduced-price	853	2.9	(0.75)	853	2.9	(0.75)
Washington						
All applications	1,646	10.9	(0.99)	1,245	20.1	(2.18)
Free	932	10.5	(1.31)	711	20.0	(2.86)
Reduced-price	714	11.9	(1.78)	534	20.9	(3.92)
SY 2007-08						
Georgia						
All applications	2,703	1.5	(0.27)	2,137	1.8	(0.44)
Free	1,916	1.8	(0.38)	1,513	2.2	(0.63)
Reduced-price	787	0.7	(0.24)	624	0.9	(0.30)
Indiana						
All applications	2,000	12.7	(0.89)	1,351	25.2	(2.05)
Free	1,355	14.7	(1.14)	877	29.1	(2.62)
Reduced-price	645	8.9	(1.39)	474	17.4	(3.21)
South Carolina						
All applications	2,140	10.3	(0.61)	1,086	19.3	(1.43)
Free	1,512	11.3	(0.70)	758	22.6	(1.80)
Reduced-price	628	7.1	(1.14)	328	11.9	(2.17)
Tennessee						
All applications	1,601	5.3	(1.02)	616	6.8	(1.36)
Free	1,007	6.8	(1.33)	396	8.6	(1.75)
Reduced-price	594	2.8	(1.51)	220	3.7	(2.07)
Washington						
All applications	1,645	10.4	(0.96)	888	19.1	(1.98)
Free	976	8.4	(1.14)	542	14.1	(2.19)
Reduced-price	669	13.4	(1.93)	346	27.7	(4.26)

Exhibit 5-2

Estimates of the Effectiveness of Direct Verification with Medicaid (DV-M)

^a Sample size is the number of applications sampled for verification in LEAs selected for the study.

^b Estimates in the right panel for Washington for SY 2006-07 differ from estimates presented in the *First Year Report*, where estimates were labeled “Among districts using DV-M” but were in fact among the larger group of survey respondents.

Note: Estimates are weighted by district and stratum weights.

All Medicaid children in Tennessee have family income consistent with NSLP-free eligibility. Nonetheless, direct verification of NSLP-RP applications may occur if a change in household circumstances results in different incomes reported to NSLP and Medicaid, or if Medicaid countable income and family size differ from NSLP countable income and family size. The Medicaid income limit in Washington is 200 percent of the FPG for children age 1 to 18. As a result of the differences in income limits, Washington districts were able to verify a higher percentage of both free and reduced-price applications through DV-M.

SY 2006-07 estimates of DV-M effectiveness in Indiana and Oregon are not shown in Exhibit 5-2 because of the data problems experienced in those States. As discussed earlier, the Indiana Medicaid file was missing 37 percent of children enrolled in Medicaid. The Oregon data file was so large that districts using Excel® to search the file unknowingly accessed only half of the data (because of Excel® limitations on the number of records).

DV-M Effectiveness in SY 2007-08

In SY 2007-08, the smallest percentages of all applications directly verified with Medicaid were in Georgia (1.5 percent) and Tennessee (5.3 percent). These two States have Medicaid income-eligibility limits equal to 100 percent of the FPG for children age 6 to 19.⁸⁸ Children eligible for Medicaid in these States have household income consistent with NSLP-free eligibility and also with SNAP Program eligibility.⁸⁹ Thus, many children enrolled in Medicaid may be directly certified and not subject to verification, or else directly verified with SNAP/TANF data, thereby limiting the potential effectiveness of DV-M in these States.

At least 10 percent of applications were directly verified with Medicaid in Indiana, South Carolina, and Washington. These States have Medicaid income-eligibility limits equal to 200, 150, and 250 percent of the FPG, respectively. In Indiana and South Carolina, DV-M was more effective for NSLP-free applications, whereas in Washington DV-M was more effective for NSLP-RP applications. Because of the way that DV-M was implemented in South Carolina, estimates of effectiveness for SY 2007-08 are not representative of long-run expectations and should be viewed with caution.⁹⁰ In a given State, the relative percentages of directly verified NSLP-free and NSLP-RP

⁸⁸ Georgia has a separate SCHIP program with an income-eligibility limit of 235 percent of the FPG, but SCHIP data are not used for DV-M.

⁸⁹ As noted above, household income may change between the time of Medicaid certification and NSLP application. Medicaid information may not be used to change the approved NSLP category. Thus, if a child is approved for NSLP-RP and Medicaid information indicates household income equal to 100 percent of the FPG, the child is verified for NSLP-RP. The NSLP category is not changed by direct verification.

⁹⁰ As discussed in Chapter 4, Medicaid income data were not used in DV-M. Thus, some applications may have been verified for free meals in error, because the Medicaid income limit was 150 percent of the FPG and thus over the 133 percent limit for verifying free-meals eligibility.

applications depend on the income distribution of households applying to the NSLP and Medicaid. A State with a high Medicaid income limit could still have a low percentage of NSLP-RP applications directly verified if Medicaid participation in this income range was low.

Some districts in all States chose not to use DV-M in SY 2007-08. In Indiana, 50 percent of districts used DV-M, and a comparison of the left and right panels of Exhibit 5-2 shows that district nonparticipation cut DV-M effectiveness by 50 percent. DV-M effectiveness was reduced by nearly 50 percent in South Carolina and Washington. The right panel of the exhibit suggests that if all districts used DV-M, 19 percent of applications might be directly verified in South Carolina and Washington, and 25 percent of applications might be directly verified in Indiana.

Overall, results from two years of the pilot study show that the percentage of applications directly verified with Medicaid varies among States. Variations are due to differences in three factors: a) Medicaid income-eligibility limits, b) district participation in DV-M, and c) the effectiveness of direct certification and DV-S. States with low Medicaid income-eligibility limits will have limited DV-M effectiveness (e.g., such as Georgia and Tennessee). States with high Medicaid income-eligibility limits have the most to gain from DV-M, with rates of direct verification in the 20 percent range. However, DV-M will be less effective where a high percentage of Medicaid children are directly certified or directly verified with SNAP/TANF data.

Role of DV-S

All of the districts participating in the study had the option to use both DV-M and DV-S (direct verification with SNAP data). In Georgia and Indiana, direct verification systems integrated DV-S and DV-M. In all other States, if districts chose to use both DV-S and DV-M, they had to search two systems (or data files) for each application in their verification sample. In South Carolina, DV-S was a manual process whereby districts sent a list of applications with SNAP/TANF case numbers to the local Department of Social Services office. (Unlike the other States, South Carolina did not provide updated SNAP/TANF data to school districts for direct verification.)

Exhibit 5-3 shows the distribution of districts with directly verified applications in SY 2006-07, by the types of directly verified applications: only DV-M, only DV-S, or both. Most districts in Indiana and Oregon (64 percent and 58 percent) had only DV-S applications, but this mainly reflects the Medicaid data problems in those States. Districts in Indiana and Oregon did not have access to complete Medicaid data, thereby reducing the probability of directly verifying any applications with Medicaid. In Tennessee, where DV-M worked well, 52 percent of districts had only DV-M applications, and 36 percent had both DV-M and DV-S.

Exhibit 5-3

Districts with Any Directly Verified Students: Distribution by Types of Direct Verification, SY 2006-07

State	Number of LEAs ^a	SY 2006-07		
		Only DV-M	Only DV-S	Both
Indiana	21	1%	64%	35%
Oregon	7	22%	58%	21%

Exhibit 5-3

Districts with Any Directly Verified Students: Distribution by Types of Direct Verification, SY 2006-07

Tennessee	15	52%	12%	36%
Washington	(b)	(b)	(b)	(b)

^a Number of LEAs is the number with any directly verified applications.

^b Data on DV-S were not collected in Washington for SY 2006-07. See text for discussion.

Note: Percents are weighted by district and stratum weights. Standard errors of estimates are not shown because the sample was designed to yield estimates of the percentage of applications that are directly verified; it was not designed for estimates that are percentages of districts.

It was not possible to know whether districts with “only DV-M” chose not to use DV-S, or used it but did not directly verify any applications. Data were not collected on DV-S in Washington because no verification of this type was expected.⁹¹

For SY 2007-08, we changed the survey and asked districts to report the systems used for direct verification (DV-S and DV-M), in addition to the number of applications directly verified with each system (Exhibit 5-4). Across all five States, 65 districts reported using DV-M alone or in combination with DV-S; 62 of 65 had at least one application directly verified with Medicaid data. On the other hand, 17 districts reported that they used only DV-S, and 7 of the 17 had no directly verified applications (data not shown).

Exhibit 5-4

Distribution of Districts Using Direct Verification, by Types of Direct Verification, SY 2007-08

	Districts Using Direct Verification				Districts With Directly Verified Applications			
	Only DV-M	Only DV-S	Both	Total	Only DV-M	Only DV-S	Both	Total
Georgia	0	5	7	12	1	7	4	12
Indiana	na	na	20	20	11	0	9	20
South Carolina	3	5	6	14	5	1	4	10
Tennessee	0	1	10	11	0	1	9	10
Washington	7	6	12	25	13	4	6	23
All States	10	17	55	82	30	13	32	75

^a Three districts in South Carolina submitted data for DV-M but did not receive matches because of technical problems at the State level. An additional district in South Carolina, one in Tennessee, and two in Washington used direct verification and had no matches.

⁹¹ The Washington Child Nutrition Agency advised us that school districts directly certify children when an application with a SNAP/TANF case number is submitted. The direct certification data were available for use in DV-S in SY 2006-07, but we do not know whether any school district used the data for this purpose.

In SY 2007-08, 12 districts in Georgia used direct verification; all of them used DV-S, and 7 also used DV-M. A single system (GO/ACCESS) was used for both DV-S and DV-M. As shown in Exhibit 5-4, 7 of the 12 districts (66 percent) with any directly verified applications had “Only DV-S.”⁹² This reflects use of “Only DV-S,” as well as the low Medicaid income-eligibility limit in Georgia which limited the effectiveness of DV-M.

Indiana operates an integrated direct verification system: districts search for an NSLP application, and the search is conducted on both SNAP and Medicaid data. Districts receive match results without knowing the source of the match.⁹³ Thus Indiana provides a “blind test” of the marginal benefits of DV-S and DV-M, not influenced by districts’ choice of which system to use. As shown in Exhibit 5-4, 11 of 20 (56 percent) districts in Indiana with any directly verified applications had “Only DV-M,” and the remaining 9 (44 percent) had both DV-S and DV-M applications.

Results in South Carolina look much like those in Indiana, with most districts having direct verifications in the “Only DV-M” or “Both” categories. This reflects the fact that, of the 14 districts that used direct verification, only six districts used both systems. Five districts used only the separate manual DV-S system, and these districts either had no direct verifications or “only DV-S.”

Eleven districts in Tennessee used direct verification: 10 used both DV-S and DV-M, and one used only DV-S. The one district using only DV-S obtained no matches; 9 of the 10 districts using both systems obtained matches from both systems, and one obtained only DV-S matches.

In Washington, 12 of 23 districts that used direct verification used both DV-S and DV-M, 7 districts used “Only DV-M,” and 6 districts used “Only DV-S.” Those that used both systems either had “Only DV-M” or “Both” types of direct verifications. Two of the districts that chose to use only DV-S had no directly verified applications, whereas every district that chose to use DV-M had at least one direct verification.

In SY 2007-08, the effectiveness of DV-S ranged from approximately 2 percent of applications verified in Indiana and South Carolina to 7 percent in Georgia and Washington. In Tennessee, 4 percent of applications were verified with SNAP/TANF data. Thus, in each State except Georgia, DV-M was more effective than DV-S.

Overall, both DV-S and DV-M verified applications. Data from SY 2007-08 showed that the probability of directly verifying any applications is greater when DV-M is used. DV-S may have limited effectiveness in States where direct certification is very effective, because children enrolled in SNAP, and directly certified for NSLP, are not in the pool of NSLP applications subject to verification.

District Perceptions of DV-M

School districts selected for the study were asked three questions about their experience with DV-M: How useful was it (on a scale of 1 to 5)? How difficult was it (on a scale of 1 to 5)? And would you use it again next year (yes, no, or “not sure”)? These questions each asked for a simple rating, but

⁹² Percentages cited in this section are weighted by district and stratum weights.

⁹³ A direct verification match is documented by a system “reference ID,” which Abt Associates could use to identify the source data for the match.

each question was followed with an open-ended question of the form: What are the main reasons for your response?

District perceptions of DV-M are expected to be closely related to DV-M effectiveness. For example, if DV-M is considered difficult, districts may abandon their attempts to use it before attempting to verify all applications, and the process will be found ineffective. If DV-M is effective, districts are expected to find it useful, and to want to use it again. In the *First Year Report*, we included all survey respondents in our tabulation of district perceptions, including districts that did not actually use DV-M. However, districts may not be able to accurately judge whether the process is easy or useful if they did not actually use it. In this report, we tabulate perceptions of DV-M among the districts that used it.⁹⁴

Exhibit 5-5 presents districts' perceptions of DV-M. Difficulty and usefulness of DV-M were reported on a scale of 1 to 5, and responses were grouped as "1 or 2" and "4 or 5" with "3" being indifferent.

Exhibit 5-5

Perceptions of Direct Verification with Medicaid among Districts That Used DV-M

	SY 2006-07				SY 2007-08				
	IN	OR	TN	WA	GA	IN	SC	TN	WA
How difficult was DV-M? ^a									
Easy or very easy	93%	77%	87%	67%	56%	93%	30%	86%	97%
Difficult or very difficult	7	9	0	23	0	0	27	14	3
Indifferent or no response	0	14	13	10	44	7	43	0	0
Total ^b	100	100	100	100	100	100	100	100	100
How useful was DV-M to your school district? ^a									
Useful or very useful	40%	60%	35%	44%	48%	59%	54%	86%	96%
Not useful	50	21	39	42	51	0	21	14	0
Indifferent or no response	10	19	25	14	2	41	25	0	4
Total	100	100	100	100	100	100	100	100	100
Will you use DV-M next year?									
Yes	71%	72%	70%	74%	91%	100%	61%	86%	100%
No	18	5	0	0	0	0	21	0	0
Not sure	12	23	30	26	9	0	18	14	0
Total	100	100	100	100	100	100	100	100	100

⁹⁴ Rates of nonresponse were very different in the two years of the study because we extended the data collection period in the second year. Thus, tabulations of perceptions of DV-M among respondents are not comparable between years.

Number of districts ^b	18	15	17	19	7	20	9	10	19
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^a Respondents were asked to rate usefulness and difficulty on a scale of 1 to 5. Responses are grouped as “1 or 2” and “4 or 5,” with “3” being indifferent. Responses are weighted by sample weights.

^b Sample of districts includes LEAs that used DV-M, regardless of whether they had any direct verifications.

Note: Percentages are weighted by district and stratum weights. Standard errors of estimates are not shown because the sample was designed to yield estimates of the percentage of applications that are directly verified; it was not designed for estimates that are percentages of districts. District ratings reported in the *First Year Report* include all sampled districts and thus are not comparable to these ratings for districts that used DV-M.

Was DV-M Difficult?

With one notable exception, a majority of districts that used DV-M found the process easy or very easy in each State and each year. The exception was South Carolina, where only 30 percent found DV-M to be easy or very easy. In SY 2006-07, the percentage of districts finding it easy or very easy ranged from 67 percent in Washington to 93 percent in Indiana. Indiana was the only State with a Web-based query system in the first year; districts in all other States received data files. Washington districts may have given the system the lowest ranking because they were accustomed to a Web-based query for direct certification and did not have a similar system for DV-M. (The State planned a similar system but could not implement it until the second year.)

In SY 2006-07, the highest percentage of districts reporting DV-M as difficult was in Washington (23 percent). The open-ended comments provide some insight into their reasons. Districts in Washington indicated that the data were late or there was “too much information” (i.e., they thought too many data fields were provided and not useful). Districts in Oregon found DV-M difficult either because it was “too much information” and too hard to search, or because they did not verify anyone. Districts in Indiana found DV-M difficult because it was time-consuming (each application had to be searched individually). None of the districts in Tennessee reported that DV-M was difficult.

In SY 2007-08, the highest percentage of districts reporting DV-M as difficult was in South Carolina (27 percent). Only 30 percent of South Carolina districts reported that DV-M was easy or very easy. Unlike other States, South Carolina required districts to compile a file of verification sample data to be matched, and districts had a 2-month wait to receive results. There was no change in the percentage of districts that found DV-M easy or very easy in Indiana and Tennessee. In Washington, the Web-based query system was implemented in SY 2007-08, and the percentage of districts that found DV-M easy or very easy rose from 67 percent to 97 percent. Only 56 percent of districts in Georgia found DV-M easy or very easy. Survey responses from districts in Georgia did not cite specific reasons why DV-M was difficult, but followup interviews with a small number of districts indicated that the system for DV-M and DV-S was difficult to learn and cumbersome to use, because of its security features and its older, less user-friendly interface.

Was DV-M Useful?

In SY 2006-07, districts’ assessments of whether DV-M was useful did not necessarily coincide with DV-M effectiveness. Among districts using DV-M, districts in Oregon were—surprisingly—most likely to report that DV-M was useful (60 percent), followed by Washington, Indiana, and Tennessee (44 percent, 40 percent, and 35 percent, respectively). DV-M was hampered by data problems in Oregon and Indiana in SY 2006-07, but some districts in these States nonetheless found DV-M useful.

Positive comments from Oregon districts focused on the potential benefit of DV-M. Positive comments from Indiana districts focused on the system's ease of use. Washington respondents indicated that: "it was very beneficial not to have to contact households and collect documents," "it's nice to have a source for instant approval," and "good idea, though no results for district." Tennessee districts indicated: "parents are slow to respond, so any that can be verified without their response is helpful," and "using the Medicaid list quickly verified 4 out of 24." On the other hand, the primary reasons why DV-M was not considered useful are summarized by: "seemed to be extra work and few verified."

In SY 2007-08, districts' assessments of whether DV-M was useful rose substantially in States operating DV-M for a second year. Among districts using DV-M in Indiana, Tennessee, and Washington, the percentage that found DV-M useful ranged from 59 percent to 96 percent. No district in Indiana or Washington reported that DV-M was not useful. District comments in the second year of the study focused on the fact that DV-M was "easy and fast," and "eliminated contact with households"; one district cited the "overall paperwork reduction."

SY 2007-08 was the first year of implementation in South Carolina; 54 percent of the districts that used DV-M found it useful, and 21 percent said it was not useful. Positive responses from South Carolina focused on the time-saving benefits of not contacting households. Several responses from South Carolina reflected the frustration of first-year implementation problems: "will be very useful when information is sent directly to districts," "must receive information before verification starts," and "It was easy when we finally got our list."

Districts in Georgia were the least likely to find DV-M useful, with 48 percent reporting it useful and 51 percent reporting it not useful. All districts that reported "not useful" had no applications directly verified with Medicaid. Georgia had the lowest percentage of applications directly verified (1.8 percent of all applications). As discussed in Chapter 4, some districts were confused about how to use the Medicaid income data to verify eligibility. Districts that found DV-M useful said that it was "faster and easier" and "helped with the no response rate."

Will Districts Use DV-M Next Year?

One of the dangers of implementing new systems is that, if all does not go well, users will not want to use the system again. This is a concern in the first year that each State implements DV-M.

In SY 2006-07, DV-M was new in all four States. Among districts that used DV-M, the percentage that said they would use it again was similar across the States, ranging from 70 percent in Tennessee to 74 percent in Washington. The fact that this percentage did not vary among States with very different implementation experiences indicates that districts that were willing to try the system understood the potential benefits. For example, in Indiana some said they would use it because it was easy to use, or they expected it to work better next year. One Oregon district responded that they would use it because "even finding one student is better than none"; another district reported that "as with direct certification, we expect the process to get better each year."

In Tennessee and Washington, where DV-M was implemented without significant problems, no district reported it definitely would not use DV-M again. (As previously discussed, actual use of DV-M in Tennessee fell from 100 percent to 63 percent of districts, and in Washington from 58

percent to 49 percent, highlighting that such survey responses are not perfect predictors.) Districts in Indiana reported they would not use DV-M because they considered it ineffective or unnecessary. Districts in Oregon reported they would not use it because it was too time-consuming. In all four States, some districts were not sure whether they would use DV-M again, with the highest percentages in Tennessee and Washington. Many respondents said, “it’s not my decision” or “I will if available”; two districts in Oregon said they were not sure but would use DV-M if the file format were different.

In SY 2007-08, the percentage of districts saying they would use DV-M again rose substantially in States operating DV-M for a second year (to 100 percent in Indiana and Washington and 86 percent in Tennessee). Georgia districts also responded favorably to this question (91 percent would use DV-M again). In these four States, no district reported it would not use DV-M again. On the other hand, only 61 percent of South Carolina districts said they would use DV-M again, and 21 percent would not use DV-M again, citing the problems and time delays experienced in SY 2007-08.

Will Districts Use DV-M Next Year, Regardless of Whether They Used It This Year?

Among all survey respondents, including districts that did not use DV-M, between 20 percent and 78 percent indicated in SY 2007-08 that they planned to use DV-M in the next year (Exhibit 5-6). Only Indiana and Washington have majorities of all districts indicating that they plan to use DV-M in SY 2008-09 (78 percent and 54 percent, respectively). School districts in Georgia were almost evenly split between “yes” and “not sure” on this question. Survey comments indicate that the high level of uncertainty in Georgia primarily reflects the confusion about whether and how DV-M could be used.

Exhibit 5-6

Likelihood of Using Direct Verification with Medicaid among All Survey Respondents in SY 2007-08

	SY 2007-08				
	GA	IN	SC	TN	WA
Will you use DV-M next year?					
Yes	49%	78%	20%	47%	54%
No	8%	1%	12%	28%	1%
Not sure	43%	21%	68%	25%	45%
Total ^b	100%	100%	100%	100%	100%
Number of districts ^a	14	40	21	16	39

^a Sample includes all survey respondents, regardless of whether they used DV-M. Percentages are weighted by district and stratum weights.

Despite the major problems in SY 2007-08, few South Carolina districts said that they definitely did not plan to use DV-M next year (only 12 percent), but two-thirds (68 percent) were unsure. The districts that had not used DV-M before were unfamiliar with the process, or else they were waiting to learn whether the system would be easier to use and the data would be more timely.

Districts in Tennessee that would not use DV-M mainly cited the difficulty or effort of the process, though one district cited the limitation that DV-M could not be used to change a child's status from free to RP or vice versa. In Washington, the most common reason for not planning to use DV-M or being unsure was a lack of understanding about the process; time constraints, limited staff, and limited benefits were also reasons cited. Limited staff and time were more often cited by Indiana districts that were unsure about future use of DV-M, but uncertainty about the process and its benefits were also factors.

Time and Cost of Verification

The conventional method of verifying NSLP applications is household verification, by which school districts obtain documentation of income or categorical eligibility from households. Districts send verification notices to households soon after the verification sample is selected, with a due date for response. Districts are required to follow up with households not responding to verification requests.

Direct verification may reduce districts' workloads because households are not contacted if their NSLP application is directly verified. The time and cost savings depend on the number of applications directly verified, the responsiveness of households in the district, and the protocol for following up with households that do not respond to verification notices.

Cole and Logan (2007) interviewed school districts and found anecdotal evidence of significant variation in the level of effort for followup with nonrespondents. Some of the variation was due to differences in household responsiveness, but protocols for followup also varied. One district reported only two contacts with households: an initial letter and one telephone followup. Another district reported, on average, four contacts to obtain a household response: (a) send initial letter; (b) if letter is returned, send it home with student; (c) send second letter, if no response by due date; (d) telephone followup if no response to letters. A third district reported a protocol of up to three telephone followups per family. Districts also reported that followup with nonrespondents was only part of the burden of household verification. Many households respond with incomplete documents, requiring telephone followup to complete the file.

School districts selected for this study were asked to report the time and cost of verification activities, separately for direct verification and household verification. The *Local Education Agency Survey* included a worksheet for listing all staff members who worked on verification, the number of hours spent on verification, and workers' wages or salaries.

The time and cost data collected for this study provide approximate measure, because districts did not track their time as it was expended. In SY 2006-07 districts completed the worksheet soon after the conclusion of verification in November and 79 of 85 survey respondents provided time and cost data. In SY 2007-08 districts were asked to complete the worksheet 2 to 3 months after verification activities. This time lag resulted in a high rate of nonresponse to this section of the survey: 63 of 118 survey respondents provided time and cost data. However, among districts with any directly verified applications (DV-M or DV-S), the response rate was 55 out of 82, or 67 percent.

Estimates of the Time and Cost of NSLP Verification

The sample for the study was not designed to obtain precise State-level estimates of the time and cost of verification. Therefore, for each year of the study, we present estimates of verification costs based on the pooled sample of responding districts in all States, weighted only by the size of districts' verification samples. Sampling weights are not used, and estimates cannot be generalized to a larger population of districts.

The time and cost of verification are measured *per application*:

- **Total verification cost per application** = total cost of verification (direct verification costs plus household verification costs) divided by the total number of applications in the verification sample.
- **Direct verification cost per application** = total cost of direct verification divided by the total number of applications in the verification sample (because every application is searched in the Medicaid and/or SNAP/TANF databases).
- **Household verification cost per application** = total cost of household verification divided by the number of applications not directly verified (because households are contacted only if they are not directly verified).

The count of direct verifications includes those directly verified with SNAP or Medicaid data. If a district does not use direct verification, then the total verification cost per application equals the household verification cost per application. If direct verification is used, then the total cost per application may be less than the household cost per application if a sufficient number of applications are directly verified and exempt from household verification.

SY 2006-07 Estimates of the Time and Cost of Verification

The average time and cost of verification in SY 2006-07 were obtained by combining data from districts in Indiana, Oregon, Tennessee, and Washington. Exhibit 5-7 shows the average cost of verification for all districts responding to the study in the four States (column 2), and for two subsets of districts (columns 3-4):

- Districts that used direct verification and directly verified applications, and
- Districts that used direct verification but did not directly verify any applications.

Exhibit 5-7

Time and Cost of Verification—SY 2006-07^a

	All Districts	Direct verification used, # directly verified > 0	Direct verification used, # directly verified = 0
Number of districts	79	56	15
Average number of applications sampled for verification	69	82	46
Time spent on verification			

Direct verification: minutes per application in sample	6 minutes	6 minutes	4 minutes
Household verification: minutes per application not directly verified	81 minutes	88 minutes	39 minutes
Total time for verification: minutes per application in sample	77 minutes ^b	83 minutes ^b	42 minutes
Cost of verification			
Direct verification cost per application in sample	\$1.70	\$1.71	\$1.62
Household verification cost per application not directly verified	\$18.59	\$19.31	\$14.54
Total verification cost per application in sample	\$18.00 ^b	\$18.39 ^b	\$15.98

^a Districts from four States are pooled and weighted by the size of their verification samples. Sampling weights are not used, and estimates cannot be generalized outside the sample. The four States represented in the sample are Indiana, Oregon, Tennessee, and Washington.

^b Total cost per application does not equal the sum of direct verification cost per application and household verification cost per application, because directly verified applications are not counted when computing the household verification cost per application.

The analysis of time and cost data for SY 2006-07 shows that:

- Direct verification required a minimal level of effort. For all districts (column 2), the average effort was only 6 minutes per application (at a salary cost of \$1.70), compared with an average effort of 81 minutes per household verification (at a salary cost of \$18.59).⁹⁵
- Direct verification reduced total verification costs for the group of 56 districts with directly verified applications (column 3). The total verification cost per application was less than the average cost of household verification (\$18.39 or 83 minutes versus \$19.31 or 88 minutes).
- Direct verification added to the total cost of verification for the group of 15 districts with no directly verified applications (column 4). The overall verification cost per application was greater than the average cost of household verification (\$15.98 or 42 minutes versus \$14.54 or 39 minutes).

Direct verification has a fixed cost that is measured in the time it takes to look up all applications sampled for verification and determine whether they match SNAP or Medicaid data. This cost is not affected by the number of applications directly verified. If no applications are directly verified, DV-S and DV-M increase verification costs. However, based on the average time per application for direct verification and household verification, the SY 2006-07 data suggest that a district obtains cost savings if it directly verifies one in 13 applications (7.7 percent). (Every 13 applications require 78 minutes of direct verification time, and one direct verification saves 81 minutes of household verification time).

SY 2007-08 Estimates of the Time and Cost of Verification

The average time and cost of verification in SY 2007-08 were obtained by combining data from districts in Georgia, Indiana, South Carolina, Tennessee, and Washington. Exhibit 5-8 shows the

⁹⁵ Cost estimates include the salary or wage cost of time reported for the activity but do not include payroll taxes, fringe benefits, and overhead (supervision, facilities, equipment, communications, supplies, etc.). These additional costs would increase the dollar values of estimates and the cost difference between direct verification and household verification.

average cost of verification for all districts responding to the study in the five States. It was not possible to estimate costs for separate groups of districts (as in Exhibit 5-7) because 55 of the 61 districts providing time and cost data are in the category “Direct verification used, # directly verified > 0” and 6 are in the category “Direct verification not used.”

In comparing costs reported in SY 2007-08 to those in SY 2006-07, it is important to note that different States were included in the sample in these two years, and methods of direct verification and protocols for household verification vary among States. Therefore, we would expect that the averages for the two years might differ. Nonetheless, the estimated average cost of direct verification for SY 2006-07 and SY 2007-08 were comparable: 6 minutes and 5 minutes per application, respectively.

The estimated average cost of household verification for districts in SY 2007-08 was less than the estimate for SY 2006-07: 71 minutes per application versus 81 minutes. Thus, for SY 2007-08, the threshold for cost-effective direct verification was essentially the same as for SY 2006-07: a district obtains cost savings if it directly verifies approximately one in 13. (Every 13 applications require 65 minutes of direct verification time, and one direct verification saves 71 minutes of household verification time).

Exhibit 5-8

Time and Cost of Verification—SY 2007-08^a

	Estimate
Number of districts ^b	61
Average number of applications sampled for verification	96
Time spent on verification	
Direct verification: minutes per application in sample	5 minutes
Household verification: minutes per application not directly verified	71 minutes
Total time for verification: minutes per application in sample	66 minutes ^c
Cost of verification	
Direct verification cost per application in sample	\$1.68
Household verification cost per application not directly verified	\$24.61
Total verification cost per application in sample	\$22.77 ^c

^a Districts from five States are pooled and weighted by the size of their verification samples. Sampling weights are not used, and estimates cannot be generalized outside the sample. The States represented in the sample are Georgia, Indiana, South Carolina, Tennessee, and Washington.

^b Sixty-one districts provided data on the time costs (labor hours) of verification; 55 districts provided wage data needed to estimate dollar costs.

^c Total cost per application does not equal the sum of direct verification cost per application and household verification cost per application, because directly verified applications are not counted when computing the household verification cost per application.

Estimated dollar costs of direct verification were comparable for the two years: \$1.70 per application in SY 2006-07 and \$1.68 per application in SY 2007-08. Dollar costs of household verification were

higher in SY 2007-08, even though the average time was lower. Dollar costs are sensitive to the skill and pay level of staff conducting verification.

Economies of Scale for Verification

Districts with large verification samples appear to experience economies of scale for direct verification, but not necessarily for household verification. We examined economies of scale by comparing the weighted estimates presented in Exhibits 5-7 and 5-8 with unweighted estimates. For exhibits 5-7 and 5-8, each district is weighted by the number of applications in its verification sample. Thus, weighted estimates are more affected by large districts than unweighted estimates; if large districts have lower costs per application than small districts, the weighted estimates would be less than the unweighted estimates.

In SY 2006-07 the unweighted average time for direct verification was 7 minutes, compared with the weighted estimate of 6 minutes. In SY 2007-08 the unweighted and weighted estimates were 9 and 5 minutes. These comparisons suggest that larger districts have lower direct verification costs per application. It is not surprising that there are economies of scale in direct verification, because there are steps in the process that are the same regardless of the number of sampled applications (learning about direct verification, logging in to a server, downloading data files, etc.). In addition, workers may become quicker at performing direct verification as they acquire more experience.

Estimates of the cost of household verification, however, do not provide consistent evidence of potential economies (or diseconomies) of scale. The SY 2006-07 unweighted estimate was 75 minutes, compared with a weighted estimate of 81 minutes. The SY 2007-08 unweighted estimate was 101 minutes, compared with a weighted estimate of 71 minutes. These estimates suggest that larger districts had higher household verification costs per application than smaller districts in the SY 2006-07 sample but lower costs per application in the SY 2007-08 sample. Economies of scale could exist in some aspects of the household verification process (mailings, training of staff, efficiency through experience), but these economies may be offset by difference in procedures or in the difficulty of obtaining household responses for large versus small districts.

Economies of scale for direct verification might dissipate over time. The estimated cost of 6 minutes per application includes the amount of time required to review instructions and obtain data files. Preparation time was not measured separately but probably is independent of the size of the verification sample. As districts use direct verification over multiple years, preparation time may become a smaller fraction of the total. On the other hand, staff turnover is common, and new staff would spend time to review instructions and organize the direct verification process.

Summary

This chapter examined multiple measures of DV-M outcomes, including:

- The percentage of districts that used DV-M,
- The percentage of NSLP applications sampled for verification that were directly verified,
- District satisfaction with the process, and
- The potential time and cost savings.

Nearly half of districts selected to participate in the study, in both SY 2006-07 and SY 2007-08, chose not to use DV-M. The average participation across States was 51 percent of districts in SY 2007-08, representing 52 percent of applications in verification samples. Larger districts were no more or less likely to use DV-M than smaller districts. Use of direct verification is a district-level decision which may depend how easy it is to learn the new process, the expected rates of direct verification, and current verification costs. Although half of districts used DV-M, the level of district participation limited the potential effectiveness of DV-M from a statewide perspective.

There was a wide range among States in the percentage of applications in the verification sample that were directly verified with Medicaid. Among districts that used DV-M, the percentage of sampled applications directly verified in SY 2007-08 was 1.8 percent in Georgia, 6.8 percent in Tennessee, 19 percent in South Carolina and Washington, and 25 percent in Indiana. (SY 2006-07 results for Tennessee and Washington were similar to SY 2007-08 results in those States.) Variations are due to differences in Medicaid income-eligibility limits, the income distribution of households enrolled in NSLP and Medicaid, and the effectiveness of direct certification and DV-S. States with low Medicaid income-eligibility limits had limited DV-M effectiveness (e.g., such as Georgia and Tennessee). States with high Medicaid income-eligibility limits had rates of direct verification in the 20 percent range. Except in Georgia, DV-S was generally less effective than DV-M: where DV-S was used, between 2 percent and 7 percent of applications were directly verified with SNAP/TANF.

District satisfaction with DV-M was generally high, although districts were less satisfied in some States (particularly South Carolina and Georgia) because of implementation problems or the inherent limitations of the DV-M system. The most useful indicator is that district satisfaction (“Was DV-M easy,” “Was DV-M useful?”) increased or remained the same from SY 2006-07 to SY 2007-08 for the three States represented in both years (Indiana, Tennessee, and Washington). In SY 2007-08, all districts that used DV-M in Indiana and Washington reported that they would use it again next year, and 86 percent of those in Tennessee reported they would use it again.

Direct verification can save time and costs for districts. On a per application basis, direct verification requires little effort: on average, 6 minutes for each application sampled for verification. The direct verification process, however, requires “looking up” every application in the verification sample (or preparing a data file of applications in the verification sample). This fixed cost will add to the cost of verification if no applications are directly verified. However, the breakeven point for cost savings is low: a district can save time with direct verification if 1 in 13, or about 8 percent of applications in the verification sample, are directly verified. Among applications sampled for verification, the percentage directly verified in Indiana, South Carolina, and Washington exceeded this breakeven point.⁹⁶ In Tennessee, the percentage of NSLP-free applications directly verified exceeded the breakeven point, so districts might obtain cost savings if they limited their direct verification efforts to NSLP-free applications in their verification samples. Regardless of whether DV-M saves costs for the school district, direct verification of any application eliminates the burden of verification on the household and the risk that eligible children might lose benefits due to household nonresponse. These impacts are assessed in the next chapter.

⁹⁶ In SY 2007-08, Tennessee districts directly verified 6.8 percent of all applications sampled for verification and 8.6 percent of NSLP-free applications. They achieved a higher DV-M rate for NSLP-free because the Medicaid income-eligibility limit is 100 percent of the FPG.

CHAPTER 6

IMPACT OF DV-M ON VERIFICATION NONRESPONSE

Verification nonresponse occurs when NSLP applications are sampled for verification and households do not respond to verification requests or respond with incomplete data. Nonresponse results in a loss of NSLP free or reduced-price benefits (they are switched to the Paid category), although households have the opportunity to reapply for free or reduced-price benefits with complete documentation of eligibility. In this chapter, we examine the impact of DV-M on verification nonresponse to determine whether DV-M can be an effective tool in reducing nonresponse rates and the termination of benefits for eligible students.

We measured the impact of DV-M on verification nonresponse by collecting retrospective data from samples of public school districts and matching those applications with Medicaid data obtained from State Medicaid Agencies. The Medicaid data contained records for all children, age 4 to 19, who were enrolled in Medicaid and had family income at or below the NSLP income eligibility limits. The match rate provides an estimate of the percentage of NSLP applications from nonresponding households that would have been directly verified by DV-M.

The remainder of this chapter provides national statistics on the prevalence of verification nonresponse, describes the sampling design and methods for matching NSLP applications with Medicaid data, and presents estimates of the impact of DV-M on verification nonresponse.

Prevalence of Verification Nonresponse

Information from the SY 2007-08 Verification Summary Reports (VSR) indicates that 32 percent of applications sampled for verification nationwide were classified as nonrespondents. For SY 2006-07, the nonresponse rate was higher for RP applications than for free applications (38 percent vs. 27 percent).⁹⁷ The median rate of nonresponse across States was 25 percent, with a range from 5 percent to 55 percent. The median rate of nonresponse at the district level was 10 percent, and 39 percent of districts had rates of nonresponse above 20 percent.⁹⁸

⁹⁷ The SY 2007-08 nonresponse rate was provided by FNS. Statistics for SY 2006-07 were computed by Abt Associates using the USR data. The SY 2007-08 USR data were provided to Abt Associates only for the study States.

⁹⁸ A nonresponse rate below 20 percent qualifies the LEA for alternate verification sampling the next year. The standard sample selects 3 percent of applications from error-prone applications (3-percent error-prone). An alternate sample may be a 3-percent random sample or a 1.5-percent error-prone sample.

Some households that initially fail to respond to verification requests (by the November 15 deadline) subsequently reapply and are reapproved for benefits. Nationwide, for SY 2006-07, the percentage of nonresponding households that were reapproved by February 15 was 14 percent.

Households may fail to respond to verification requests because they are unable to document program eligibility. The most recent study of NSLP certification error found that 14 percent of students certified for free meals and 25 percent of students certified for reduced-price meals were certified for a higher level of benefits than that for which they were eligible.⁹⁹ But household nonresponse may also result in a loss of benefits for some children who are truly eligible. A 2004 USDA study found that 49 percent of households that failed to respond to verification were eligible for at least the initial approved level of benefits.¹⁰⁰ In addition, nonresponse increases costs for local education agencies, as they follow up with nonresponding households, communicate terminations of benefits, and process applications for reinstatement.

Sampling Design

For this study, we examined the impact of DV-M on verification nonresponse using retrospective data from SY 2006-07. We asked districts, in January 2008, to provide copies of NSLP applications sampled for verification in SY 2006-07, for households that failed to respond to verification requests or responded with incomplete data. The four States included in the nonresponse analysis are those where DV-M was not widely used in SY 2006-07: Georgia, Indiana, Oregon, and South Carolina. Tennessee and Washington were excluded because those States successfully implemented DV-M on a statewide basis in SY 2006-07. As a result, verification nonresponse in those States occurred after the school district had the opportunity to directly verify applications with Medicaid data, and we would not expect the retrospective match to provide a valid estimate of the impact of DV-M on verification nonresponse.¹⁰¹

Results for Wisconsin are not reported. Wisconsin was originally included in the samples for the *Local Education Agency (LEA) Survey* of DV-M experiences and the retrospective collection of applications for verification nonrespondents. When DV-M implementation in Wisconsin was delayed and the *LEA Survey* was no longer feasible, we modified the data collection plan and requested all SY 2007-08 applications sampled for verification from the LEAs that had been selected for the *LEA Survey*. Data from 1,192 NLSP applications were entered into a database and provided to the Wisconsin State Medicaid Agency, which matched them to its Medicaid files in an effort to estimate

⁹⁹ M. Ponza, P. Gleason, L. Hulsey, and Q. Moore (2007), *NSLP/SBP Access, Participation, Eligibility, and Certification Study: Erroneous Payments in the NSLP and SBP, Volume I: Study Findings*. Special Nutrition Programs Report No. CN-07-APEC. Project Officer: John R. Endahl. USDA, Food and Nutrition Service, Alexandria, VA.

¹⁰⁰ This statistic is for districts using focused verification samples. The source is J. Burghardt, T. Silva, and L. Hulsey (2004), *Case Study of National School Lunch Program Verification Outcomes in Large Metropolitan School Districts*. Special Nutrition Programs Report, No. CN-04-AV3. Project Officer: Paul Strasberg. USDA, Food and Nutrition Service, Alexandria, VA.

¹⁰¹ Four districts in Oregon were excluded from the sample frame because they correctly processed the Medicaid data for direct verification in SY 2006-07. Many Indiana districts used DV-M in SY 2006-07, but DV-M was not effective because of data problems at the State level. DV-M was not available in South Carolina in SY 2006-07. DV-M was available in Georgia in SY 2006-07, but the State was unable to say whether any districts used it.

the expected effectiveness of DV-M in that State. Due to the matching criteria used and the limitations of the application data, the results of this match were inconclusive and therefore are not reported.

Sampling Approach

The evaluation of the impact of DV M on verification nonresponse required a sample of school districts in each of the participating States. This section provides an overview of the sampling design and a description of the samples. A detailed description of the sampling design, including sample size calculations and procedures for estimating variances, appears in Appendix B of this report.

The outcome measure for this analysis is the percentage of NSLP applications for nonresponding households that are matched with Medicaid records for children eligible for free or reduced-price (F/RP) meals, where eligibility is determined by Medicaid information on family income and family size. For sample size calculations, prior estimates of outcome measures were needed. A conservative approach was to assume that the match rate among nonrespondent applications is the same as the match rate among all applications in the verification sample.¹⁰² These match rates vary among States according to Medicaid income-eligibility limits, and are described in Appendix B.

An independent sample of school districts was selected for each State. The sample frame for each State included all public school districts. Measures of size were taken from the SY 2006-07 Verification Summary Reports (VSR), which included the number of NSLP applications sampled for verification with the result that the household did not respond.¹⁰³

For each State, a few school districts with the largest numbers of nonrespondent applications were designated as self-representing, and were automatically in the sample. A sample of the remaining school districts was then selected with probability proportional to size (PPS). The basic objective was to select a number of districts that would yield a sufficient sample of nonrespondent applications.

Exhibit 6-1 shows characteristics of the sampling frames for SY 2006-07, including the total number of school districts with any nonrespondents, number of school districts designated as self-representing, and average number of applications from nonresponding households.¹⁰⁴ The sampling frame ranged from 71 districts in South Carolina to 222 in Indiana, and the number of self-representing districts ranged from 2 in South Carolina to 12 in Oregon.

Exhibit 6-2 shows characteristics of the sample of districts selected for the study. Samples of LEAs ranged from 12 in Georgia to 35 in Oregon, reflecting differences in average LEA size and nonresponse rates among States. The expected sample size of nonrespondent applications ranged from about 397 in Oregon to 1014 in Georgia, reflecting differences in the prior estimates of outcome measures.

¹⁰² If one reason for nonresponse is lack of eligibility, then the true match rate among nonrespondents would be less than the true match rate among all applications sampled for verification. Assuming a higher match rate is conservative because it yields a larger sample size.

¹⁰³ Household nonresponse is reported as of the date of completion of verification (November 15). LEAs also report the number of verification nonrespondents that reapply and are reapproved by February 15.

¹⁰⁴ The number of school districts varies across years because of real changes in the number of districts and also because of nonresponse to the VSR.

Exhibit 6-1**Characteristics of the Sampling Frames of Applications from Nonrespondent Households—SY 2006-07**

	GA	IN	OR	SC
Number of public school districts with any nonresponding households	112	222	87	71
Self-representing districts	3	8	12	2
Average number of applicant households that did not respond to verification requests				
All public districts	18	7	6	24
Self-representing districts	195	60	22	178
Non-self-representing districts	13	5	3	19

Exhibit 6-2**Characteristics of the Samples of Applications from Nonrespondent Households**

	GA	IN	OR	SC
Number of districts				
Self-representing districts	3	8	12	2
Districts in PPS stratum	9	25	23	12
Total districts	12	33	35	14
Expected sample size of applications from households that did not respond to verification requests				
In self-representing districts	586	477	264	355
In PPS stratum	428	306	133	475
Total	1014	783	397	830

District Recruitment and Response Rates

School districts were recruited for this part of the study in January 2008, at the same time as recruitment for the *LEA Survey*. Oregon did not implement DV-M, and districts were recruited only for the nonresponse analysis. Georgia, Indiana, and South Carolina implemented DV-M, and some districts were recruited for both parts of the study (to complete the *LEA Survey* on DV-M experience in SY 2007-08 and to provide nonrespondent applications from SY 2006-07). The number of districts sampled for both parts of the study was 8 in Georgia, 9 in Indiana, and 7 in South Carolina. Nonresponse was higher among these districts than among all LEAs sampled to provide copies of nonrespondent applications, perhaps because of the added burden.

A total of 61 districts responded in the four States. Rates of response varied among States, as shown in Exhibit 6-3: from 46 percent of districts in Indiana to 77 percent in Oregon. In terms of applications (the unit of analysis) the response rates ranged from 46 percent in Indiana to 82 percent

in Georgia. Nonresponding districts were somewhat larger than responding districts in Indiana, and somewhat smaller in Georgia and Oregon (measured in terms of verification samples).

Sampling Weights and Estimation

All estimates presented in this chapter are calculated separately for each State, using information about the complex sample design and sampling weights. Stratum weights were constructed for each stratum in each State (each self-representing district and the PPS stratum), and sampling weights were calculated for each district in the PPS stratum. Weights were adjusted for nonresponse within stratum.

Exhibit 6-3

Rates of Response for the Study of Direct Verification of Applications from Nonresponding Households

	GA	IN	OR	SC
Number of districts				
Selected for the study	12	33	35	14
Responding to the study	9	15	27	10
Rate of response	75%	46%	77%	71%
Number of "nonresponse" applications in districts				
Selected for the study	1014	783	397	830
Responding to the study	829	358	312	494
Rate of response	82%	46%	79%	60%

Methods for Matching NSLP Applications with Medicaid Data

Districts selected for this part of the study were asked to provide copies of NSLP applications sampled for verification in SY 2006-07 for households that failed to respond to verification requests or responded with incomplete data. For each State, these data were matched with records of children enrolled in the Medicaid program, statewide, as of August 2006.

NSLP Application Data

Across the four States, 61 districts responded to the data collection request, providing a total of 1,993 applications. The number of applications per district ranged from 1 to over 200. Five districts provided an electronic file with information from the NSLP applications. The remaining districts provided photocopies of applications. Data from the photocopied applications were entered into a database. The data entry form was customized for each State so as to mimic the overall format of the NSLP application, thus minimizing the potential for data entry errors and facilitating review of the entered data.¹⁰⁵

¹⁰⁵ Data were entered into a Web-based data entry form, and each application could be viewed on screen for review purposes. Ten percent of applications were reviewed, plus any applications with missing data.

The following data fields were entered in the database:

- For each student listed on the application:
 - Student first name, middle initial, and last name
 - Student grade
 - Student date of birth (DOB) (required on applications in Georgia and Oregon, and provided by two districts in Indiana)
- First and last name of all other household members, and indication of the person who signed the application
- SSN of the person who signed the application
- Household address and telephone number
- NSLP approved category (Free or reduced-price)
- Total income as determined by the LEA and frequency of income (annual or monthly)
- Total number of household members as determined by the LEA

County codes were added to the database, based on the location of school districts. Total income and number of household members, as determined by the LEA, were entered in the database because the NSLP approved category was sometimes missing (particularly for 2-page NSLP applications where only the first side had been photocopied). If the approved category was missing, we determined the category from total income, total household size, and the NSLP income guidelines for SY 2006-07. For a small number of LEAs, total income and household size were also missing (because this appeared on the back side of the form and was not copied); in those cases, income and frequency of income for each household member were entered into the database, the count of household members was determined, and the NSLP approved category was calculated from these data.

The USDA prototype NSLP application does not require student date of birth, although date of birth is required on applications in Georgia and Oregon, and was provided by two districts in Indiana.¹⁰⁶ Date of birth is a key field for data matching and is used by all States that use computerized matching of student records with SNAP records for NSLP direct certification.¹⁰⁷ For all LEAs that did not provide DOB, we used grade level to match with Medicaid data after imputing grade level from date of birth in the Medicaid file.

Each household completes a single NSLP application for all children enrolled in the school district. Our data entry process created one record for each NSLP application, and maintained this single record through the quality control process. We then created one record per student, retaining household information on each student record, so that we could match student records with records of children enrolled in Medicaid. After the matching process, we recombined the data into one record per NSLP application.

¹⁰⁶ Oregon modified the NSLP application and added date of birth in preparation for direct verification. Date of birth is not on the NSLP application in Indiana, but the two districts that provided electronic files supplemented the NSLP information with date of birth from their student information system.

¹⁰⁷ N. Cole and C. Logan (2007), *Data Matching in the National School Lunch Program: 2005. Volume 1: Final Report*. Nutrition Assistance Program Report Series, No. CN-06-DM. Project Officer: Jenny Laster Genser. USDA, Food and Nutrition Service, Alexandria, VA: February 2007.

Characteristics of the Sample

Exhibit 6-4 shows some of the characteristics of the NSLP applications from nonresponding households. About half of all applications were approved for free meals, with the NSLP-free percentage ranging from 47 percent in Oregon to 64 percent in Indiana. The average number of students per application ranged from 1.4 in Georgia to 1.7 in Oregon. Over 95 percent of applications in Georgia and Oregon had a student DOB, whereas date of birth was available for only 29 percent and 18 percent of applications in Indiana and South Carolina.¹⁰⁸ A parent or guardian SSN was available for over 90 percent of applications from Georgia, Oregon, and South Carolina, but only 69 percent of applications from Indiana because one large district provided application data in an electronic file and did not include parent/guardian SSN.

Exhibit 6-4

Characteristics of NSLP Applications from Households That Failed to Respond to Verification Requests in SY 2006-07

	Georgia	Indiana	Oregon	South Carolina
Number of applications	829	358	312	494
Approval category				
Free meals	49%	64%	47%	54%
Reduced-price meals	51%	36%	53%	46%
Average #students per application	1.4	1.6	1.7	1.5
Percentage of applications with student date of birth	97%	29%	99%	18%
Percentage of applications with parent SSN ^a	93%	69%	91%	92%

^a One large district in Indiana provided application data in an electronic file and did not include parent/guardian SSN.

State Medicaid Data

State Medicaid data were obtained from Georgia, Indiana, Oregon, and South Carolina. These data included records of all children enrolled in Medicaid as of August 2006. All States provided Medicaid data for all enrolled children, and did not restrict the data to “Medicaid only” children (i.e., children enrolled in Medicaid and not also enrolled in SNAP or TANF). Georgia and Indiana, however, also provided data from the SNAP and TANF programs so that we could determine the marginal impact of DV-M, which is the percentage of NSLP applications that could be directly verified with Medicaid data but could not be directly verified with SNAP or TANF data.¹⁰⁹

¹⁰⁸ DOB is collected on NSLP applications in Georgia and Oregon, and was provided by a limited number of districts in the other States.

¹⁰⁹ In Georgia and Indiana, the SNAP, TANF, and Medicaid eligibility data are in the same database, so the States were able to pull the data from a single source. Oregon and South Carolina have separate SNAP/TANF and Medicaid databases, and it was not feasible to get the SNAP/TANF data in these States.

The State Medicaid files included the following data items, which varied slightly among States:

- Child name: first, last, and middle initial
- Child date of birth
- Child Social Security Number (SSN)
- Child sex (*Oregon and South Carolina only*)
- Household address: street, city, state, ZIP code
- County of residence (*Indiana and South Carolina only*)
- Household telephone number (*except Indiana*)
- Head of household/guardian: first and last name (*except South Carolina*)
- Head of household/guardian SSN (*Georgia and Indiana only*)
- Size of Medicaid assistance unit (*except Indiana*)
- Income of Medicaid assistance unit (*except Indiana*)
- Income of Medicaid assistance unit as a percentage of the FPG (*Oregon only*)
- Program/eligibility code (*Indiana and Oregon only*)

We added county codes to the data files for Georgia and Oregon (based on ZIP code). We also standardized income as a percentage of the FPG for South Carolina, using the NSLP income guidelines for SY 2006-07.¹¹⁰

Child and household identifiers (names, date of birth, SSN, address, county, and telephone) were used to match Medicaid data with NSLP applications, using the data matching process described below. Information about Medicaid assistance unit income, as a percentage of the FPG, was used to determine eligibility for NSLP free and reduced-price meals.

The Medicaid income eligibility limit for school-age children is 100 percent of the FPG in Georgia, so all students matched with Medicaid records are verified eligible for NSLP-free benefits. In Oregon and South Carolina, the Medicaid income eligibility limit is between the NSLP-free and NSLP-RP limits', so Medicaid income information must be examined to determine eligibility for NSLP-free or NSLP-RP. Indiana's Medicaid/SCHIP limit is 200 percent of the FPG, so some children enrolled in Medicaid/SCHIP are eligible for NSLP-free, some are eligible for NSLP-RP, and some are not eligible for NSLP benefits, based on Medicaid income information.

Indiana did not provide information about Medicaid assistance unit income and size, but provided a program/eligibility code to identify the source of data (SNAP, TANF, Medicaid, or SCHIP) and the NSLP eligibility level verified by the data (free, RP, or income above 185 percent of the FPG). This is the same data file that Indiana used for direct verification. The file combined records from the SNAP and TANF programs with records from the Medicaid and SCHIP programs, so children enrolled in both SNAP/TANF and Medical assistance had two records in the database. Indiana's direct verification system and our matching algorithm gave preference to the SNAP/TANF match if an NSLP application matched both SNAP/TANF and Medicaid records with different implied NSLP eligibility.

¹¹⁰ The NSLP Income Guidelines for SY 2006-07 appear in Federal Register / Vol. 71, No. 50 / Wednesday, March 15, 2006.

Data Matching Process

We used probabilistic data matching software (LinkageWiz) to match NSLP applications with State Medicaid, SNAP, and TANF records.¹¹¹ Probabilistic data matching is a method of matching records from two files when a single unique identifier is not present in both files. For example, we were unable to match NSLP applications with Medicaid records using children's SSNs because the SSN is not reported on the NSLP application. For Georgia and Oregon, it was possible to match records using name and date of birth, but these matches are not necessarily unique, and variations in spelling or use of nicknames may prevent a match of records. For Indiana and South Carolina, date of birth was not available for matching, except for two districts in IN (see Exhibit 6-5).

The advantage of probabilistic data matching is that it does not rely on a single data item to match records from two files. For each State, we specified a list of match variables available in both the NSLP and Medicaid data files (Exhibit 6-5). Then for each State, the LinkageWiz software compared every NSLP record with every Medicaid record, determining the match score of each specified match variable (e.g., first name, last name, year of birth, address, telephone number, guardian name, guardian SSN). After comparing individual data fields, the scores for individual fields were combined into a total score.

Exhibit 6-5

Data Fields Used for Matching NSLP Applications with State Medicaid Data

Data field	Georgia	Indiana	Oregon	South Carolina
Student:				
Last name	√	√	√	√
First name	√	√	√	√
Middle initial	√	√	√	√
Date of birth	√	(2 LEAs) ^a	√	—
Grade	—	√	—	√
Household:				
Street address	√	√	√	√
City	√	√	√	√
County	√	√	√	√
ZIP code	√	√	√	√
Telephone number	√	—	√	(all but 2 LEAs) ^b
Parent name	√	√	√	—
Parent SSN	√	√	—	(1 LEA) ^b

^a Two LEAs provided electronic data and added DOB from their student information system to information from NSLP applications.

^b Two LEAs in South Carolina provided electronic data. One of them provided parent SSN in the file. Neither provided telephone number.

¹¹¹ LinkageWiz software runs on a PC and is available from www.LinkageWiz.com.

With probabilistic data matching, records are determined to “match” when the calculated statistical probability of a match exceeds a certain threshold. Matches between two data files are based on comparison of multiple data fields in the two files. Identifiers need not match exactly; identifiers that do not match exactly are assigned a “distance” measure to express the degree of difference between files. Each data field is assigned a weight (which is data driven), and the total weighted comparison for all data fields being compared yields a score classifying records as matched, not matched, or uncertain.¹¹²

We did not attempt to replicate the procedures that school districts use for DV-M. Because we used probabilistic data matching, we may have obtained higher “match rates” than districts would obtain with simpler matching procedures. On the other hand, districts have access to additional student identifiers from their student information systems (e.g., student SSN and/or date of birth) that may help them achieve more matches.

Results of the Data Match: Estimates of DV-M for Verification Nonresponders

NSLP applications for “verification nonresponders” were matched with Medicaid data. Applications were determined to be directly verified by Medicaid (DV-M) if family income as a percentage of the FPG was consistent with the NSLP approval category:

- Medicaid income at or below 133 percent of the FPG verifies all NSLP applications.¹¹³
- Medicaid income between 133 percent and 185 percent of the FPG verifies all NSLP-RP applications.

Most of the NSLP applications matched to Medicaid data were verified by Medicaid data: 303 of 1,993 applications matched, and 285 of the 303 matches (94 percent) had Medicaid income consistent with the NSLP approval category.

In Chapter 5 we presented marginal impacts of DV-M, where the marginal impact is the percentage of NSLP applications matched with Medicaid data that would not be matched with SNAP or TANF data (i.e., the percentage matched to Medicaid-only children). The State Medicaid files received for this analysis of “verification nonresponders” included all children enrolled in Medicaid, including those also enrolled in SNAP/TANF. We could identify Medicaid-only children in all States except South Carolina.¹¹⁴ Thus, we present two sets of estimates:

- The overall rate of DV-M for “verification nonresponders” matched to all Medicaid children (four States),

¹¹² This is a general overview of probabilistic data matching. A complete description is beyond the scope of this report. The seminal work in this field is: I.P. Fellegi and A.B. Sunter (1969), A Theory for Record Linkage, *Journal of the American Statistical Association*, 64: 1183-1210.

¹¹³ Medicaid income at or below 133 percent of the FPG is necessary to verify NSLP-free applications and sufficient to verify NSLP-RP applications.

¹¹⁴ The file from Indiana included Medicaid and SNAP/TANF records; Georgia and Oregon provided a separate file of children enrolled in SNAP/TANF, which we matched to the Medicaid file.

- The marginal impact of DV-M for “verification nonresponders” matched to Medicaid-only children (three States).

Estimates of the rates of DV-M for “verification nonresponders” are shown in Exhibit 6-6. For the match with all children enrolled in Medicaid, the lowest rates of DV-M were in Georgia (5.2 percent) and Oregon (8.7 percent); these States have Medicaid income-eligibility limits of 100 percent and 185 percent of the FPG, respectively.¹¹⁵ The highest rates of DV-M were in Indiana and South Carolina (about 24 percent). These States have Medicaid/SCHIP eligibility limits of 200 percent and 150 percent of the FPG, respectively. As noted in Chapter 5, the rate of DV-M depends on the Medicaid income eligibility limit and the income distribution of households applying to the NSLP and Medicaid. In all States, the rate of DV-M was higher for NSLP-free applications than for NSLP-RP applications, which is consistent with results presented in Chapter 5.

Exhibit 6-6

Estimates of the Percentage of NSLP Applications from “Verification Nonresponders” That Are Directly Verified with Medicaid (DV-M)

	Match with all children enrolled in Medicaid				Match with Medicaid-only children ^a		
	Georgia	Indiana	Oregon	South Carolina	Georgia	Indiana	Oregon
All applications							
Sample size	829	358 ^b	312	494	829	358 ^b	312
Percent DV-M	5.2%	23.5%	8.7%	23.6%	4.0%	15.4%	6.7%
Standard error	(0.79)	(3.37)	(1.62)	(2.59)	(0.71)	(3.31)	(1.53)
NSLP-free applications							
Sample size	408	224	146	266	408	224	146
Percent DV-M	8.1%	27.1%	10.6%	30.8%	6.1%	15.3%	7.8%
Standard error	(1.48)	(4.20)	(2.20)	(3.76)	(1.33)	(3.92)	(2.10)
NSLP-RP applications							
Sample size	421	128	166	228	421	128	166
Percent DV-M	2.5%	16.0%	6.0%	11.1%	1.9%	15.2%	5.6%
Standard error	(0.59)	(4.39)	(2.10)	(1.88)	(0.54)	(4.37)	(2.06)

^a Medicaid-only children are children enrolled in Medicaid and not enrolled in the SNAP or TANF programs.

^b The Indiana sample of all applications exceeds the sum of NSLP-free and NSLP-RP because NSLP category could not be determined for six applications.

Note: Percentages are weighted.

The marginal impact of using Medicaid for DV-M is large: the rates when matching to Medicaid-only children are about 65 percent to 75 percent of the rates obtained for all Medicaid children. The marginal impact of Medicaid is direct verification of 4 percent of “verification nonresponders” in

¹¹⁵ Georgia and South Carolina do not use SCHIP data for DV-M, whereas Indiana and Oregon use SCHIP data. The Medicaid income-eligibility limit cited here is the maximum Medicaid/SCHIP limit if both sources of data are used.

Georgia, 15 percent in Indiana, and 6.7 percent in Oregon. These estimates of the impact of DV-M can be compared to estimates presented in Exhibit 5-2.

Comparing Exhibit 6-6 with Exhibit 5-2, we see that, for Georgia, rates of DV-M for “verification nonresponders” are higher than rates obtained by districts for the entire verification sample: 4.0 vs. 1.8 percent for all applications; 6.1 percent vs. 2.2 percent for NSLP-free; and 1.9 percent vs. 0.9 percent for NSLP-RP (all three differences are statistically significant). These differences, however, do not necessarily indicate that nonresponders are more likely to be directly verified. The probabilistic matching procedures were likely to obtain better results than the methods available to Georgia districts, who reported that they found the DV-M process confusing and difficult.

For Indiana, rates of DV-M for “verification nonresponders” are lower than rates obtained by districts for the entire verification sample: 15.4 percent vs. 25.2 percent for all applications; 15.3 percent vs. 29.1 percent for NSLP-free; and 15.2 percent vs. 17.4 percent for NSLP-RP.¹¹⁶ There is no reason to believe that Indiana’s computerized match for DV-M outperforms the probabilistic matching procedures used for the nonresponder match. The lower rate of DV-M among nonresponders is consistent with the hypothesis that nonresponders are less likely to be eligible for benefits.

Oregon has not successfully implemented DV-M, so it is not possible to compare rates of DV-M among “verification nonresponders” with rates for the full verification sample.

¹¹⁶ The differences for “all applications” and NSLP-free are statistically significant.

CHAPTER 7

CONCLUSIONS

Direct verification provides a means for the NSLP to verify eligibility for free and reduced-price school meals using information collected and verified by other means-tested programs. Authorized programs include SNAP, TANF, FDPIR, Medicaid, and SCHIP. Direct verification has many potential benefits: improving program integrity, eliminating the burden of responding to verification requests (for some households), reducing the workload for school district staff, and reducing the number of students terminated from NSLP due to nonresponse to verification requests.

This study examined the implementation and effectiveness of direct verification using data from State Medicaid Agencies (DV-M). Five States participated in the first year of the study, and seven States participated in the second year. In the first year (SY 2006-07), four of the five States implemented DV-M, although two States experienced data problems that substantially limited the effectiveness of DV-M. In the second year, five States implemented DV-M, but one of these States had data problems that affected the results of DV-M. This chapter summarizes findings from the two years of the study and discusses the implications for nationwide DV-M implementation.

DV-M Implementation

This study sought to examine the following implementation issues:

- Is it feasible to use Medicaid information to directly verify NSLP eligibility?
- What are the challenges for implementation, and how does this vary by State?
- What types of systems will work in practice?

Is DV-M Feasible?

All but one of the States participating in this study succeeded in implementing DV-M, and four States implemented DV-M for at least two consecutive years. State Medicaid Agencies were generally cooperative in providing data, sometimes modifying their systems to make DV-M possible. State CN Agencies were able to build on their experience with direct certification and direct verification with SNAP/TANF (DV-S) to distribute Medicaid data to school districts. CN personnel in 69 school districts successfully used the Medicaid data for direct verification in SY 2006-07, and 65 school districts used DV-M in SY 2007-08.

What are the Primary Challenges for Implementation?

For DV-M to succeed at the school district level, several conditions are desirable:

- **Timeliness**—Medicaid data should be available on or before October 1, when school districts begin the verification process.
- **Scope of Medicaid Data**—DV-M has the most potential in States with a Medicaid income eligibility limit at or above 185 percent of the FPG, the upper limit for NSLP-RP eligibility. Medicaid data should provide sufficient identifying information to link to NSLP applications, and income data to determine the correct NSLP eligibility category.
- **Familiar interface**—School districts are more likely to use DV-M if it uses a familiar interface that they are already using for queries or data exchanges.
- **Active promotion**—District participation depends on State CN Agencies making the case for DV-M and convincing school districts to try it.
- **Interactive training and ongoing communication**—School districts can benefit from interactive, live training and ongoing communication to prepare and motivate district verification staff.
- **Ease of use**—School districts are more likely to use systems that are easy, resulting in greater effectiveness.
- **Integration with DV-S**—Integration is desirable so that districts can easily use all data available for direct verification.
- **Enabling both queries and batch matching**—Small districts find it easiest to look up NSLP applicants in a database of Medicaid children. Large districts find individual lookups time-consuming, and can benefit from a file matching process. A system that offers both capabilities meets the needs of all districts.

Conditions and Challenges in SY 2006-07. In the first year, nearly all of these conditions were present in Tennessee, and most were present in Washington. In contrast, the conditions were less favorable in Indiana and Oregon.

The two main challenges in the first year of implementation were the timeframe and the need for guidance. Although planning for DV-M started a year in advance, there were less than 6 months from the start of the study—when the States received the clear signal to proceed—until implementation. This timeframe challenged four of the five States. South Carolina did not implement DV-M in the first year, because the State CN Agency was unable to establish agreements for data sharing within the time available. Three of the four implementing States were unable to implement DV-M by October 1, when districts needed to begin the verification process. The tight schedule also limited the States' efforts to recruit and train school districts for the pilot. Implementation was easier in States where the CN Agency had a strong ongoing relationship with the Medicaid Agency; but even in those circumstances, the Medicaid Agencies needed time to make system changes necessary for data sharing.

There was a need for guidance on policy and procedures at the State and local levels. All of the States approached DV-M implementation with questions about how to interpret the regulations. Two

issues required clarification: (a) the reference period for Medicaid data used for direct verification, and (b) the use of data on income and family size as determined by Medicaid (which differ from NSLP definitions of countable income and household size). The States reported that a significant amount of time was devoted to these issues during initial planning meetings. FNS issued clarifying guidance on August 31, 2006, and these issues should not affect the pace of implementation in other States. Similarly, school districts needed clear and ongoing communication from the State, to assure that DV-M operates effectively and properly, and to avoid the potential for confusion between direct certification, DV-S, and DV-M.

Conditions and Challenges in SY 2007-08. In SY 2007-08, nearly all of the conditions for successful DV-M were present in Indiana and Tennessee, and most were present in Washington. In contrast, the conditions were less favorable in South Carolina and Georgia, and Oregon did not implement DV-M in SY 2007-08. South Carolina's main challenge was working within the constraints of its data-sharing agreement, which required a State-level match of verification samples with Medicaid data outside of the State CN Agency's control. In Georgia, DV-M was technically feasible and readily available, but the potential of DV-M was limited by the low Medicaid income limits, the challenges of using the process for DV-M, and the lack of understanding about DV-M among school district personnel.

In both years, the most important conditions for effective DV-M were the timeliness of data, scope of Medicaid eligibility, active promotion of DV-M, and ease of use. Direct verification was more useful if it could be done before school districts wanted to send verification letters to households. Use of Medicaid/SCHIP data including families with incomes above the limit for free meals increased the potential to match children in the verification sample. Active promotion and ease of use enhanced the potential of DV-M by encouraging school districts to use this tool.

What Types of Systems Work for DV-M?

Each of the implementing States used a different system for DV-M. In SY 2006-07, Indiana implemented a Web-based query system. The three other States distributed data files to districts, but each had a different approach to assuring that districts had access to data for their students. In SY 2007-08, three of the five States (Georgia, Indiana, and Washington) provided Internet-based systems for DV-M with the capability for queries to verify individual students. In addition, Indiana enabled districts to upload verification sample data for matching, while Washington enabled districts to download Medicaid data. Tennessee distributed Medicaid data via the Web for district-level lookups and matching, while South Carolina matched districts' verification sample data with Medicaid data and distributed the results on disk. Each State built on methods and systems developed for NSLP direct certification.

A key characteristic of NSLP verification is the relatively small size of verification samples. Most school districts verify a 3-percent sample of all NSLP applications, selected first from among error-prone applications. The median size of verification samples in the States participating in this study ranged from 6 to 34 in the first year and 4 to 35 in the second year.

The small size of verification samples allows flexibility in the implementation of DV-M: both individual queries and batch processes can be feasible. Most districts can search on an application-by-application basis for direct verification information. This is the method used by most districts in this study. It requires no special preparations or database expertise, so it is the more appealing

approach for small districts. For large districts, a batch process for DV-M may be more efficient, particularly if queries take multiple steps (as in Georgia and Indiana). A few large districts in Tennessee indicated that they would like to match the county Medicaid data file to their verification sample, but none did this. Indiana implemented a “file match” capability on its Web site that was used by nine districts to match their verification samples to Medicaid data.

The following are additional similarities and differences among the six States’ approaches to implementing DV-M. The features of DV-M in Oregon refer to SY 2006-07 implementation. Otherwise, the features of DV-M refer to SY 2007-08 implementation (except as noted). The variations below highlight the choices for States when implementing DV-M.

Scope of implementation. In their first year of implementation, Oregon, South Carolina, and Washington made DV-M available as a pilot test to only the districts selected for the evaluation. Georgia, Indiana, and Tennessee implemented DV-M on a statewide basis. Washington expanded DV-M to include all districts in SY 2007-08.

Integration with DV-S. DV-M was integrated with DV-S in Georgia and Indiana, and districts searched one system for direct verification. DV-M was implemented separately from DV-S in the other States, and districts needed to search two systems to maximize the number of applications directly verified.

Scope of data available to school districts. The scope of Medicaid data available ranged from individual records, to files of selected records, to the complete statewide database of children enrolled in Medicaid. Indiana, Oregon, and Washington included SCHIP children in data files for DV-M, while Georgia, South Carolina, and Tennessee did not.

Use of data matching. Three of the States used State-level matches of data files as part of their DV-M systems: Indiana, South Carolina, and Washington. Computer matching of Medicaid data to student records or verification samples at the district level appeared to be rare.

Identifying information. Four States—Georgia, Indiana, South Carolina, and Tennessee—enabled school districts to use parent/guardian SSN, child SSN, or both for DV-M. In Oregon and Washington, school districts relied solely on student name and date of birth to find sampled students in the Medicaid data; name and date of birth appeared to be the primary identifiers used in Indiana as well.

In all States except Indiana and Oregon, usual search methods required information from student records that was not collected on the NSLP application: student SSN, student date of birth, and student ID are not on the USDA prototype NSLP application. Indiana and Oregon included student date of birth on their NSLP applications.

Search method. In States where online query forms or batch matches were used (Georgia, Indiana, South Carolina, and Washington), methods of searching the Medicaid data were specified by the State. In States where districts could download Medicaid data, search criteria and methods were determined at the district level.

Disclosure of Medicaid income information. Three of the States—Georgia, Oregon, and Tennessee—provided Medicaid income and family size in data files provided to districts, and districts

were responsible for determining the NSLP eligibility category verified by this information. Georgia and Tennessee districts used NSLP, not Medicaid, data for family size. Indiana and Washington determined the verified NSLP category and disclosed only this information to districts. South Carolina also withheld Medicaid income information from school districts. As a further step, Indiana integrated DV-M and DV-S, and disclosed the NSLP eligibility category to districts without disclosing the source of that determination.

Outcomes of Direct Verification with Medicaid

This study examined multiple measures of DV-M outcomes, including:

- The percentage of districts that used DV-M,
- The percentage of NSLP applications that were directly verified,
- District satisfaction with the process,
- The potential time and cost savings, and
- The potential impact on verification nonresponse.

About half of districts selected to participate in the study, in both SY 2006-07 and SY 2007-08, chose to use DV-M. The average participation across States was 51 percent of districts in SY 2007-08, representing 52 percent of applications in verification samples. Larger districts were as likely as smaller districts to use DV-M. Use of direct verification is a district-level decision which may depend on how easy it is to learn the new process, the expected rates of direct verification, and current verification costs. Although half of districts used DV-M, the level of district participation limited the potential effectiveness of DV-M from a statewide perspective.

There was a wide range among States in the percentage of applications in the verification sample that were directly verified with Medicaid. Among districts that used DV-M, the percentage of sampled applications directly verified in SY 2007-08 was 2 percent in Georgia, 7 percent in Tennessee, 19 percent in South Carolina and Washington, and 25 percent in Indiana. (SY 2006-07 results for Tennessee and Washington were similar to SY 2007-08 results in those States.) Variations are due to differences in Medicaid income-eligibility limits, the income distribution of households enrolled in NSLP and Medicaid, and the effectiveness of direct certification and DV-S. States with low Medicaid income-eligibility limits had limited DV-M effectiveness (e.g., such as Georgia and Tennessee). States with high Medicaid income-eligibility limits had rates of direct verification in the 20 percent range. Except in Georgia, DV-S was generally less effective than DV-M: where DV-S was used, between 2 percent and 7 percent of applications were directly verified with SNAP/TANF.

District satisfaction with DV-M was generally high, although districts were less satisfied in some States (particularly South Carolina and Georgia) because of implementation problems or the inherent limitations of the DV-M system. The most useful indicator is that district satisfaction (“Was DV-M easy,” “Was DV-M useful?”) increased or remained the same from SY 2006-07 to SY 2007-08 for the three States represented in both years (Indiana, Tennessee, and Washington). In SY 2007-08, all districts that used DV-M in Indiana and Washington reported that they would use it again next year, and 86 percent of those in Tennessee reported they would use it again.

Direct verification can save time and costs for districts. On a per-application basis, direct verification requires little effort: on average, 6 minutes for each application in the verification sample. The direct verification process, however, requires “looking up” every application in the verification sample (or preparing a data file of applications in the verification sample). This fixed cost will add to the cost of verification if no applications are directly verified. However, the breakeven point for cost savings is low: a district can save time with direct verification if 1 in 13 sampled applications, or about 8 percent, are directly verified. Among the applications sampled for verification, the percentages directly verified in Indiana, South Carolina, and Washington exceeded this breakeven point. In Tennessee, the percentage of NSLP-free applications directly verified exceeded the breakeven point, so districts might obtain cost savings if they limited their direct verification efforts to NSLP-free applications in their verification samples.

Regardless of whether DV-M saves costs for the school district, direct verification of any application eliminates the burden of verification on the household and the risk that eligible children might lose benefits due to household nonresponse. Information from the SY 2006-07 Verification Summary Reports (VSR) indicates that 32 percent of applications sampled for verification nationwide were classified as nonrespondents. A 2004 USDA (Burghardt et al.)¹¹⁷ study found that 49 percent of households that failed to respond to verification were eligible for at least the approved level of benefits.

To estimate the potential impact of DV-M on verification nonresponse, data were collected from selected districts in Georgia, Indiana, Oregon, and South Carolina. Districts selected for this part of the study were asked to provide copies of NSLP applications sampled for verification in SY 2006-07 for households that failed to respond to verification requests or responded with incomplete data. Across the four States, 61 districts responded to the data collection request, providing a total of 1,993 applications. For each State, these data were matched with records of children enrolled in the Medicaid program, statewide, as of August 2006, using probabilistic data matching software.

The overall match rate for nonresponder children was 15 percent (303 of 1,993 applications matched). Most of the NSLP applications matched to Medicaid data were verified by Medicaid data: 285 of the 303 matches (94 percent) had Medicaid income consistent with the NSLP approval category.

For the match with all nonresponder children enrolled in Medicaid, the lowest rates of predicted DV-M were in Georgia (5.2 percent) and Oregon (8.7 percent). The highest rates of predicted DV-M were in Indiana and South Carolina (about 24 percent). The difference in DV-M rates appears mainly due to the differences in Medicaid/SCHIP eligibility limits. In all States, the rate of predicted DV-M was higher for NSLP-free applications than for NSLP-RP applications, which is consistent with actual DV-M results.

The predicted DV-M rate for nonresponders was higher than the overall actual DV-M rate in Georgia but lower in Indiana. This difference likely reflects the problems with DV-M in Georgia. The Indiana results are consistent with the expectation that nonresponder children are less likely to be eligible for the approved benefits than the average child in the verification sample.

The marginal impact of using Medicaid for DV-M is large: the rates when matching to Medicaid-only children were about 65 percent to 75 percent of the rate obtained for all Medicaid children. The

¹¹⁷ Burghardt et al. (2004).

marginal impact of Medicaid was direct verification of 4 percent of “verification nonresponders” in Georgia, 15 percent in Indiana, and 7 percent in Oregon.

While DV-M is feasible and appears worthwhile to implement, one important question has not been answered: is DV-M accurate? Actual DV-M results from a sample of school districts will understate the potential rates of DV-M if the process misses some children enrolled in Medicaid (false negatives). On the other hand, actual results will overstate the percentage of students correctly verified with Medicaid data to the extent that students are incorrectly matched (false positives). Direct verification usually involves a manual lookup process, and it requires information not available on NSLP applications (either date of birth or student SSN). Thus, there is the potential for error in matching records from NSLP applications, student records, and Medicaid data.

The accuracy of the process has not been examined. The original plan for the study called for the contractor to independently confirm DV-M results for individual NSLP applications by matching the applications with student records with Medicaid data. Due to restrictions on access to student records under FERPA regulations, this portion of the study was not feasible. A future investigation of the accuracy of DV-M might be possible and desirable if this barrier can be overcome.

Prospects and Challenges for National Implementation of Direct Verification with Medicaid

DV-M is clearly feasible and appears to be cost-effective for some but not all school districts. Furthermore, we estimate that DV-M in the study States could reduce benefit terminations for nonresponse by between 5 percent and 24 percent. Below, we summarize the available information about the extent to which the conditions for successful implementation of DV-M are present in the States outside the pilot study and the key challenges for wider implementation. Sources of information for States outside the pilot study include the previous study of computer matching in the NSLP (Cole and Logan, 2007) and other previous research (as noted). Key conditions affecting the feasibility of DV-M include:

- Availability of computer matching for direct certification
- Effectiveness of direct certification
- Availability of student identifiers for matching
- Process for direct verification with SNAP/TANF (DV-S)
- Medicaid income eligibility limits
- Integration of Title XIX Medicaid and SCHIP Data
- State policies on sharing Medicaid data
- State resources to implement DV-M
- Capability and motivation of school districts to implement and use DV-M

Computer Matching for Direct Certification

State-level or district-level computer matching for direct certification provides a base of experience and systems that can be useful in implementing DV-M. As of SY 2004-05, 18 States used State-level computer matching for direct certification, and 2 more States planned to implement computer matching by SY 2006-07 (Cole and Logan, 2007). Of the 22 States using district-level matching, 14

provided the data electronically. Thus, 32 States had direct certification systems that could be adapted for direct verification.

Where SNAP/TANF data for school districts are updated during the school year, these data can be effectively used for both direct certification and direct verification (DV-S). As previously discussed, school districts in six of the States in the study have access to SNAP/TANF data that are updated at least monthly. All of these States also provide electronic systems for DV-S. Interviews for this study indicate that once the direct certification process is automated—including the distribution of data to school districts—providing updates is not difficult or time-consuming, and school districts often use the data to directly certify students who would otherwise have to submit applications.¹¹⁸

Effectiveness of Direct Certification

Where direct certification is less effective, more SNAP/TANF children submit applications for free meals and may be verified with SNAP/TANF data or with Medicaid data. In SY 2006-07, 70 percent of children who were categorically approved for free meals were directly certified or otherwise exempt from verification. This percentage can be expected to increase as the requirement for all districts to use direct certification is phased in. Thus, there is a substantial minority of SNAP/TANF children who may be sampled for verification and can be directly verified. Furthermore, where focused sampling is used SNAP/TANF children are not sampled for verification unless they submit income applications.

On the other hand, the experience of developing and implementing an effective system of matching for direct certification can help a State develop effective DV-M. From this perspective, recent improvements in the effectiveness of direct certification suggest that increasing numbers of States have the capability for effective DV-M. The percentage of students approved for NSLP-free who were directly certified increased from 17.9 percent in 2001 to 28.2 percent in 2004 (Cole and Logan, 2007) and 33 percent in 2006.

Student Identifiers for Matching

Direct verification requires sufficient identifying information to match students sampled for verification with SNAP/TANF or Medicaid data.¹¹⁹ The two commonly used identifiers are SSNs

¹¹⁸ The VSR as currently designed does not identify students who are directly certified after the October 1 cutoff date for determining the verification sample. Thus, the reporting system does not provide feedback or reinforcement for ongoing use of direct certification during the school year.

¹¹⁹ The NSLP application includes the names of all household members and the SSN of the parent or guardian signing the application. The parent/guardian is not required to have an SSN, and the SSN is not verified; thus there are some limits to the quality and usefulness of this information. Student records may have additional information on parents and guardians. Current FNS policy prohibits States and school districts from providing information on persons not approved for F/RP meals to other agencies for direct verification. Thus, while parent identifiers such as SSNs might be useful for direct verification, they cannot be used if the process involves submitting NSLP application data to the SNAP/TANF or Medicaid agency. FNS policy does not prohibit States and school districts from receiving parent SSNs in SNAP/TANF or Medicaid data and using this information for direct verification. However, some State Education Agencies have adopted policies prohibiting the collection of parent SSNs at the State level, thus barring the use of this information for State-level matching. For these reasons, we focus on student identifiers, while noting that parent or household identifiers may be useful for direct verification where permissible, as demonstrated by Georgia and Indiana.

and the combination of name and date of birth (DOB). The student SSN is highly desirable as an identifier for direct verification because it is unique and required by SNAP, TANF, and Medicaid.¹²⁰ Either method of identification is more reliable when additional information is used to confirm matches (e.g., using name and DOB to confirm an SSN match, or using gender and county/zip code to confirm a name and DOB match).

Student SSN and DOB are not, however, collected on the FNS prototype of the NSLP application. Grade level is on the prototype application, but it provides a less reliable match than DOB. The number of States where student DOB is on the State version of the NSLP application is not known, but this number appears to be small. Collection of student SSNs on NSLP applications is not authorized. As a result, direct verification matching with name and DOB or SSN will usually require use of district or State enrollment records.

Student enrollment records from Statewide Student Information Systems (SSISs) could be used for State-level matching for direct verification. As of 2005, 40 States had student name, gender, date of birth, and race/ethnicity in current or planned SSISs (Cole and Logan, 2007). Thus, these identifiers are widely available and can be used without special data collection. Student SSN was a required element in only 5 SSISs but it was optional in 20 SSISs, and 17 States reported that 90 percent to 100 percent of student records had an SSN. Among 14 other States with current SSISs, 4 reported 50 percent of student records with SSNs, while the other 10 reported 20 percent or fewer. Thus, it appears that at least 21 States could effectively use student SSNs for State-level direct verification matches. On the other hand, only 12 current/planned SSISs included parent/guardian name and 10 SSISs included address information, so most States could not use this information for State-level matching unless school districts submit the information on an *ad hoc* basis.¹²¹

For district-level matching and lookups by district personnel, student identifiers can come from district-level enrollment data or NSLP application data. District-level enrollment data include DOB. Student SSNs are more widely available at the district level: in at least 29 States, some or all districts request this information. Interviews for this study indicated, however, that there is increasing concern among States and school districts about the risks of collecting student SSNs, so the use of this identifier may become less feasible in the future. Both NSLP applications and enrollment data contain parent/guardian name and address information.

The fact that direct verification relies on student identifiers not available on NSLP applications poses two issues. First, access to student records is restricted to protect privacy and prevent unauthorized use of this information. Thus, States and districts must consider how to safeguard student records while providing the necessary information to personnel conducting direct verification. Second, direct verification may be cumbersome if it requires personnel to obtain data from several separate data systems: NSLP applications, student records, and program data from SNAP, TANF, and Medicaid. State-level matching of student records with program data can facilitate this process by expanding the set of identifiers for matching to NSLP applications to include common data elements (grade, school,

¹²⁰ Title XIX requires SSNs for all enrollees, including children. States may make SSNs optional for SCHIP, but the vast majority of SCHIP records have SSNs. In 2005, 25 out of 27 responding States reported that 80 percent of SCHIP records or more had SSNs (Cole and Logan, 2007).

¹²¹ These counts exclude States collecting information as an optional field. When designing a matching system, the primary identifier has to be available in most records. The extent to which these identifiers are available when optional is not known.

address, parent/guardian name) and student ID numbers (which may be recorded in the district's database of F/RP students). However, a simpler solution is to collect student DOB on the application, as Indiana and Oregon have done to facilitate direct verification.

Direct Verification with SNAP/TANF

An automated system for DV-S may be feasible to use or adapt for DV-M. In addition, implementing DV-S may be a relatively easy first step to provide the State and school districts a base of experience that may help them implement DV-M. In 2005, eight States had State-level methods of DV-S, including four States with online direct verification (Arizona, Georgia, Utah, and Washington), and four States where school districts submitted SNAP/TANF case numbers by other means (such as fax) for manual verification (Cole and Logan, 2007). Two States (including Tennessee) provided data to school districts for DV-S. At that time, 11 States indicated that they were investigating the feasibility of computer matching for DV-S. Since then, at least two States (Indiana and Wisconsin) have implemented automated online systems for DV-S by adapting their systems for direct certification, and others may have done so.

As discussed above, one approach to implementing an electronic system for DV-S is to use a direct certification system with periodic updates of SNAP/TANF data; this approach will be most efficient if it is a Web-based, self-service system. The other approach is to provide direct electronic access to query the current SNAP/TANF database (as in Georgia). In recent years, several States have implemented Web-based systems that allow partner organizations to access this information in order to provide outreach and other assistance to clients. Such systems could be made available to school districts for DV-S, with the proper oversight and access controls. (Similar Web-based systems provide Medicaid eligibility information to authorized organizations, as discussed below.)

Medicaid Income Eligibility Limits

DV-M is more likely to be effective where the available Medicaid data include children with incomes at or above 185 percent of the FPG, so that all children eligible for F/RP meals fall within income limits for Medicaid. In 2005, the Medicaid income limit (including SCHIP) was at or above 185 percent of the FPG in 42 States (Cole and Logan, 2007).

Integrated Medicaid and SCHIP Data

To maximize the potential effectiveness of DV-M, a State needs to use an integrated statewide database of Title XIX and SCHIP records, including income and household size as well as individual child identifiers. As of 2005, 34 States had statewide databases for Medicaid (Title XIX) and SCHIP, with income information that could be used to verify F/RP applications up to 185 percent of the FPG, and 5 more States could verify NSLP eligibility for all free-approved children and some RP-approved children. However, some of these States, such as Georgia, had separate Title XIX and SCHIP databases, and making full use of the available data would require the potentially costly step of combining the sources.

Exchanging Medicaid data for DV-M will be easier to implement if the existing process of exchanging SNAP/TANF data for direct certification can be used. In about 80 percent of States, the eligibility data system for Medicaid was integrated with SNAP and TANF, as of 2005 (Cole and Logan, 2007). For States where the Medicaid information system is separate, additional challenges

for DV-M include establishing working relationships between organizations and working out the technical details of data extraction and transmission. Even where the eligibility systems are integrated, however, the Medicaid Agency may be separate from the SNAP/TANF agency, and so an additional data-sharing agreement and set of working relationships will be needed.

State Policies on Sharing Medicaid Data

A key challenge for wider implementation of DV-M is that State Medicaid Agencies differ widely in their interpretation of Medicaid privacy rules and their willingness to entrust eligibility data to school district officials. Indiana demonstrated that integration of DV-M and DV-S provides a way to use Medicaid data without revealing students' Medicaid eligibility. Washington demonstrated a way to keep Medicaid income data confidential while providing the needed indicators of free/RP eligibility. On the other hand, South Carolina's restrictions on access to Medicaid data led to the adoption of an approach to DV-M that was cumbersome, slow, and generally regarded as not the preferred approach for the long run. Contacts with other States have indicated that Medicaid eligibility information is sometimes viewed as protected by HIPAA and that therefore this information cannot be shared for purposes outside the Medicaid program.¹²² State Medicaid Agencies are, in fact, authorized by section 1902(a)(7) of the Social Security Act [42 U.S.C. 1396(a)(7)] to share this information with school districts for direct verification. Clarification of Federal Medicaid policy in this area, with sensitivity to both recipients' and school districts' interests, would help other States.

State Resources to Implement DV-M

The limited data collected for the study indicated that the level of effort to implement DV-M at the State level was not large, particularly in relation to the potential savings for school districts. Nevertheless, availability of technical staff to set up DV-M systems or conduct matches was a major constraint in several States (Oregon, South Carolina, Washington, and Wisconsin). This resource is constrained by both the level of CN administrative funding and staffing, and also by the demand for technical services to support education programs. FNS grants for enhancing direct certification and direct verification have been helpful to some States in the study (Oregon and Tennessee) and would be helpful to others in addressing this constraint.

While the availability of technical staff has been the more visible constraint, successful DV-M also requires effort from CN program staff to make school districts aware of the option, encourage them to participate, and address their questions and concerns. These communications can make the difference between low and high rates of participation. The need for CN staff support is ongoing, particularly for districts where the personnel responsible for verification change due to turnover or reassignment.

Capability and Motivation of School Districts to Implement and Use DV-M

The experience from the States in the study suggests that school districts fall into four general categories with respect to the capability and motivation to use DV-M:

¹²² HIPAA is the Health Insurance Portability and Accountability Act of 1996. The Department of Health and Human Services issued a HIPAA privacy rule in 1999, as required by the law, with the final regulation issued in 2000. The privacy rule was modified in 2002 in response to comments.

- Districts that have the capability to learn and use the DV-M system offered by the State, and are strongly motivated to try DV-M
- Districts that have the capability but need to be persuaded that DV-M can be useful
- Districts that see DV-M as useful but need help to understand DV-M and to develop the capability to use it
- Districts that need both help developing the capability and information or persuasion to see DV-M as useful

It is likely that States can help overcome barriers to DV-M in many but not all districts. The capability barrier can be addressed in two ways: by making the system easy to implement and by providing assistance. The motivation barrier can be addressed by making the system as effective as possible and by communicating how DV-M benefits school districts and the families they serve. The experience and recommendations of districts that have used DV-M are likely to be particularly persuasive.

There are, however, two factors beyond the control of the State that will limit district use of DV-M. First, in States with relatively few Medicaid children in the income ranges sampled for verification (around 130 percent and 185 percent of the FPG, where focused samples are used), the effectiveness of DV-M will be relatively low, and fewer districts will use it—particularly after the first year (as evidenced by the decline in participation in Tennessee). Second, districts with very small verification samples and high rates of response will often see DV-M as unnecessary or as not worth the effort to learn. Thus, States with large numbers of small districts will likely have smaller percentages of districts using DV-M.

APPENDIX A

FNS POLICY MEMO SP-32-2006, CLARIFICATION OF DIRECT VERIFICATION



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

DATE: August 31, 2006

MEMO CODE: SP-32-2006

SUBJECT: Clarification of Direct Verification

TO: Special Nutrition Programs
All Regions

State Agencies
Child Nutrition Programs
All States

Section 9(b)(3)(F) of the Richard B. Russell National School Lunch Act (NSLA) permits local educational agencies (LEAs) to “directly” verify approved households’ applications which are selected for verification. This is accomplished by obtaining and using income and program participation information from a public agency administering the Food Stamp Program (FSP), the Food Distribution Program on Indian Reservations (FDPIR), the Temporary Assistance for Needy Families program (TANF), the State Medicaid program or similar income-tested programs determined by the Secretary. The purpose of this memorandum is to clarify State agency procedures for direct verification, especially concerning the use of Medicaid data.

Children who are members of households participating in the FSP, FDPIR and TANF are categorically eligible; children who are participating in the State Medicaid program are not. Medicaid data may only be used for verification purposes and not certification.

Also please note that in this memorandum “**eligible child(ren)**” means children certified for free or reduced price school meals whose household application has been selected for verification.

PROCEDURES APPLICABLE TO ALL PROGRAMS

Information Used for Direct Verification

The NSLA specifies that the information used for direct verification must be the most recent information available which is defined as no older than 180 days prior to the date of the free and reduced price application. To be consistent with policy established for “regular” verification, we are extending the policy from the August 25, 2004 memorandum, *Verification of Income Eligibility—Reauthorization 2004 Implementation* (SP-5), to direct verification. Under this procedure, direct verification efforts may use information from any point in time between the month prior to application and the time the State agency conducts direct verification.

In other words, for direct verification, State agencies may use:

- the latest available information for one month (within the 180-day requirement); OR
- information for all months from the month prior to application through the month direct verification is conducted.

Names submitted

State agencies conducting direct verification should only submit the names of the eligible children and not names of other members of the household, such as parents, grandparents or non-school age siblings. For the purposes of direct verification, when the data indicates that one eligible child is participating in the FSP, FDPIR, TANF, or Medicaid, all eligible children in that child's household are verified. If none of the children's participation is confirmed by the direct verification source, regular verification procedures must be followed.

FOR MEDICAID

Medicaid Limits at or below 133% of the Federal Poverty Line

In States with income limits of 133% or less of the Federal poverty line, Medicaid participation is the only information needed to verify free or reduced price eligibility.

Medicaid Limits above 133% of the Federal Poverty Line

In States with Medicaid limits that exceed 133% of the Federal poverty line, direct verification information must include either the percentage of the Federal poverty line upon which the applicant's Medicaid participation is based, or Medicaid income and Medicaid household size in order to determine that the applicant is either at or below 133% of the Federal poverty line, or is between 133% and 185% of the Federal poverty line.

Verification for children approved for free meals is complete if Medicaid data indicates that the percentage is at or below 133% of the Federal poverty line.

Verification for children approved for reduced price meals is complete if Medicaid data indicates that the percentage is at or below 185% of the Federal poverty line.

As mentioned above:

- Medicaid information may only be used for direct verification, not for certification; and
- if no child's participation in the Medicaid program is confirmed through direct verification, regular verification procedures must be followed.

APPENDIX B

SAMPLING PLAN AND ESTIMATION

The evaluation required samples of local education agencies (LEAs) in each of the participating States. This appendix reviews the outcome measures that formed the basis of the sample-size calculations, and provides a detailed description of the sampling design for the Direct Verification Sample and the Nonrespondent Sample, including sampling approach, key characteristics of each State's sampling frame, actual samples, and calculation of State-level estimates.

Outcome Measures and Overview

The evaluation was designed to examine two sets of outcome measures, from two independent samples of LEAs:

- a) The percentage of applications in the SY 2007-08 verification samples that are directly verified with Medicaid data (Direct Verification Sample):
 - Among all applications
 - Among applications for NSLP-free
 - Among applications for NSLP-RP

- b) The percentage of applications matched to Medicaid data, among applications from households that failed to respond to verification requests in SY 2006-07 (Nonresponse Sample):
 - Among all applications
 - Among applications for NSLP-free
 - Among applications for NSLP-RP

The use of applications as the basis for these percentages reflects FNS guidance that the eligibility of all children listed on the application is verified when Medicaid data verifies the eligibility of one child on the application.¹²³ Independent samples of LEAs were selected for (a) and (b) because the outcome measures require different measures of size for the selection process. Both (a) and (b) include samples of LEAs from 5 of the 7 States represented in the study: Oregon and Wisconsin are excluded from (a) because they did not implement DV-M; Tennessee and Washington are excluded from (b) because implementation of DV-M in these States in SY 2006-07 was sufficiently widespread and effective that too few LEAs could be included.¹²⁴

¹²³ USDA Policy Memo SP-32-2006, "Clarification of Direct Verification," August 31, 2006.

¹²⁴ In LEAs that used DV-M, household nonresponse to verification occurred after directly verified applications were identified.

The sample frame for each of the two samples was constructed from administrative data collected from LEAs on the SY 2006-07 Verification Summary Report (OMB No. 0584-0026). For both samples, the basic approach to sampling for a State involved designating a few LEAs with the largest numbers of applications as self-representing. These LEAs were automatically in the sample. After designating self-representing LEAs, a sample of the remaining LEAs was selected with probability proportional to size (PPS).

Direct Verification Sample

The Direct Verification Sample includes samples of LEAs from the five States that implemented direct verification with Medicaid data (DV-M) in SY 2007-08: Georgia, Indiana, South Carolina, Tennessee, and Washington.

Sampling Approach

For this sample, an appropriate measure of size is the number of applications sampled for verification in SY 2006-07. In the available data for the five States, however, the reported percentage of applications sampled for verification varied somewhat around the 3 percent sample size required by regulations.¹²⁵ Thus, we imputed the size of the verification sample from the total number of applications, multiplying by .03 except for LEAs that qualified for alternate samples in both SY 2006-07 and SY 2007-08 and used the alternate focused sample in SY 2006-07 (actual SY 2006-07 verification sample sizes were used for these LEAs).¹²⁶ The resulting imputed or actual number of applications was the measure of size.

The precision required for a statewide estimate is a 95 percent confidence interval (CI) whose half-width is .03 (i.e., 3 percentage points—all the outcome measures in the study are proportions). This requirement applies to the overall rate of directly verified applications. The other two outcome measures (rates of DV-M among NSLP-free and NSLP-RP applications) are considered subgroup estimates, for which the required precision is a 95 percent CI whose half-width is .05. The actual sample sizes depend on the values that we assume for the underlying percentages (the worst-case assumption of 50 percent is unnecessarily conservative). The assumed percentages for each State were based on the Medicaid income eligibility limit in the State and the DV-M results for SY 2006-07 in Tennessee and Washington (reported in our *First Year Report*), given the Medicaid income eligibility limits in those States. These values are shown in Exhibit B-1.

For sampling schemes other than simple random sampling, it is customary to express the impact of the design on the precision of the resulting estimates in terms of the *design effect* (Deff), which equals the ratio of the estimate's variance in the actual sample to the variance it would have in a simple random sample (SRS) of the same size. When, as often, Deff is greater than 1, one can interpret it as the ratio by which the sample size in the actual design must be increased to get the same variance as a

¹²⁵ Year-to-year variation in sampling percentages could occur if LEAs verified applications for cause and included those applications in their count of applications sampled for verification.

¹²⁶ LEAs qualify for an alternate sample if they achieved a nonresponse rate of 20 percent or less in the preceding year. Alternate samples may be either: a) random (3 percent of all applications selected at random), or b) focused (1 percent of all applications selected among error-prone applications plus 0.5 percent of categorical applications).

Exhibit B-1**Information About Outcome Measures for Sample Size Calculations**

	GA	IN	SC	TN	WA
Medicaid/SCHIP income-eligibility limit ^a (percent of the FPG)	100	200	150	100	250
Estimate of the percentage of applications directly verified with Medicaid ^b					
Among all applications	10	18	15	10	18
Among free applications	14	18	18	14	18
Among RP applications	3	18	11	3	18

^a The GA Medicaid limit is shown because SCHIP data will be not used for direct verification.

^b TN and WA estimates are among LEAs using direct verification with Medicaid in the SY 2006-07 pilot study. Estimates for other States are interpolated from TN and WA estimates according to the Medicaid income eligibility limit of the State relative to the maximum income limit for NSLP (185% of the FPG).

simple random sample of the initial size. The observations in a simple random sample are independent and equally weighted, so the Deff reflects departures from independence and equal weighting among the observations in the actual sample. In the sampling approach for the evaluation, departures from independence come from clustering of the applications within LEAs' verification samples. (That is, outcomes tend to be more similar for two observations in the same LEA than for observations chosen randomly in the State.) The actual value of this "intracluster correlation" is usually not known when a sampling plan is developed, so it is customary to assign a plausible value to it. For the present PPS sampling scheme, the design effect comprises two factors:

$$\text{Deff} = 1.38[1 + \rho_1(\bar{n} - 1)]$$

In a fairly common notation, \bar{n} denotes the average number of applications in the LEAs' verification samples, and ρ_1 is the intracluster correlation for applications. The factor of 1.38 allows for variability in the final sampling weights. (We multiplied the factor of 1.2 used for the first-year sampling calculations by 1.15 after examining the actual design effects of a number of first-year estimates.) In our calculations we used $\rho_1 = .01$.

In the design effects for the overall match rate, the appropriate value of \bar{n} came from the State's entire verification sample in the non-self-representing LEAs. In the design effects for the match rates among applications for NSLP-free and applications for NSLP-RP, we used the values of \bar{n} for those specific types of applications (in the non-self-representing LEAs).

To estimate the number of LEAs that we needed to sample with PPS in a State, we first determined the largest SRS sample size among the three measures. The actual design is a stratified sample in which each self-representing LEA constitutes a separate stratum (within which we treat the LEA's verification sample as a simple random sample of applications) and the remaining LEAs (eligible for sampling by PPS) constitute a stratum. In this design the stratified estimate of a proportion is a weighted average in which the estimate from each stratum is weighted by that stratum's proportion of

the imputed number of applications in the sampling frame. The objective is to choose the sample size for the PPS stratum so that the variance of the stratified estimate equals the variance of a corresponding estimate from a simple random sample with the required SRS sample size. Thus, we calculated the contributions to the variance from the self-representing LEAs, determined the contribution from the PPS stratum, and then solved for the SRS sample size associated with the PPS stratum. We then multiplied that SRS sample size by the Deff for the measure that produced the largest initial SRS sample size, to obtain the number of applications to be sampled from the PPS stratum. Finally, we divided that number of applications by the average number of applications in verification samples (\bar{n}) in the PPS stratum, to estimate the number of LEAs that we would need to select from that stratum.

To select the sample of LEAs in the PPS stratum for a State, we sorted all the LEAs in that stratum into decreasing order according to the measure of size. We then used systematic sampling with a random start to ensure that the sample would contain LEAs throughout the range of size. If the total number of applications in those LEAs' verification samples was at least as large as the target sample size of applications, we accepted that sample of LEAs. If the total was not large enough, we increased the number of LEAs to be selected, and redrew the sample.

Characteristics of the States' Sampling Frames

For each of the five States, Exhibit B-2 lists the total number of LEAs, the number of LEAs that we designated as self-representing, and the average numbers of applications per verification sample in the self-representing and non-self-representing LEAs.

Exhibit B-2

Characteristics of the Sampling Frame—Direct Verification Sample

	GA	IN	SC	TN	WA
All LEAs	160	317	85	138	254
Self-representing LEAs	2	8	3	3	7
Average number of applications in verification samples ^a					
Self-representing LEAs	446	142	261	435	167
Non-self-representing LEAs	45	27	44	20	13

^a Averages are unweighted.

Source: Verification Summary Report, SY 2006-07.

Components of Sampling Calculations

As described above, we calculated a target sample size for each of the three outcome measures and then developed a sample design for the State that should yield a sample equal to the largest target sample size. Exhibit B-3 shows the sample sizes under simple random sampling, which served as the starting point for the calculations.

Exhibit B-3

Direct Verification Sample: Sample Sizes of Applications under Simple Random Sampling for the Three Outcome Measures

	GA	IN	SC	TN	WA
Match Rates					
Overall match rate	385 (p=.10)	630 (p=.18)	545 (p=.15)	385 (p=.10)	630 (p=.18)
NSLP-free match rate	185 (p=.14)	227 (p=.18)	227 (p=.18)	185 (p=.14)	227 (p=.18)
NSLP-RP match rate	45 (p=.03)	227 (p=.18)	151 (p=.11)	45 (p=.03)	227 (p=.18)
Largest SRS sample size	385	630	545	385	630

Using South Carolina as an illustration, Exhibit B-4 shows the calculations that lead from the largest SRS sample size to the sample size for the PPS stratum (which incorporates the design effect).

Underlying the calculations is the formula for the variance of the stratified estimate of a proportion (assuming, as seems reasonable in this evaluation, that the underlying proportion, p , is the same in all strata):

$$\text{var}(\hat{p}_{\text{st}}) = \sum_{h=1}^H W_h^2 \frac{p(1-p)}{n_h},$$

where W_h is the weight of stratum h and n_h is the corresponding SRS sample size. The target value of $\text{var}(\hat{p}_{\text{st}})$ is the variance of an estimate based on a simple random sample of size n (the largest SRS sample size): $p(1-p)/n$.

Exhibit B-4

Direct Verification Sample: Calculation of Target Sample Size of Applications Sampled for Verification in the PPS Stratum, Illustrated for South Carolina

Largest sample size	545		
Relative variance of SRS estimate	.001837458		
	Stratum Weight	Applications	Contribution to Variance
Self-representing district #1	.07789	328	.000018497
Self-representing district #2	.05509	232	.000013083
Self-representing district #3	.05414	228	.000012858
PPS	.81287	.715 ^a	.001793020
Total	1.00000	1503	.001837458

^a The target number of applications in the PPS stratum equals the SRS sample size (369, calculated from the contribution to variance) multiplied by the design effect (1.94).

Samples of Districts

Exhibit B-5 shows the sample size (number of applications) for the PPS stratum in each State, along with an estimate of the number of districts required. It also includes the information on the self-representing component of the design: the number of districts and the total number of applications in those districts' verification samples.

Exhibit B-5

Characteristics of Sample #1—Direct Verification Sample

	GA	IN	SC	TN	WA
Number of LEAs					
Self-representing LEAs	2	8	3	3	7
LEAs in PPS stratum	12	32	18	13	32
Total LEAs	14	40	21	16	39
Expected sample size of applications					
In self-representing districts	1444	1095	787	1591	872
In PPS stratum	1953	934	1298	569	915
Total	3397	2029	2085	2160	1787

State-Level Estimates

The sampling plan for each State was based on a stratified sampling design. Thus, the process of calculating a State-level estimate (e.g., of the percentage of all applications that were directly verified with Medicaid data) begins by calculating a stratum-level estimate for each stratum and then combines those estimates, using the stratum weight W_h , which equals the proportion of the State's imputed number of applications in SY 2006-07 belonging to stratum h . Thus, if \hat{p}_h is the estimated percentage in stratum h and \hat{p}_{st} is the stratified estimate,

$$\hat{p}_{st} = \sum_{h=1}^H W_h \hat{p}_h .$$

In order to give the standard error of \hat{p}_{st} , it is necessary also to calculate the estimated variance:

$$\text{var}(\hat{p}_{st}) = \sum_{h=1}^H W_h^2 \text{var}(\hat{p}_h) .$$

The procedure for estimating $\text{var}(\hat{p}_h)$ depends on the stratum. For a stratum corresponding to a self-representing district, \hat{p}_h is based on a simple random sample of applications, so the estimate is

$$\text{var}(\hat{p}_h) = \hat{p}_h(1 - \hat{p}_h) / n_h ,$$

where n_h is the number of applications in that sample (the district's verification sample). For the PPS stratum, the estimate of $\text{var}(\hat{p}_h)$ took into account the sampling of districts and the clustering of applications within those districts. We used SUDAAN for these calculations, as we next describe.

We were able to calculate the selection probabilities of the LEAs from the sampling design. The probability of an application's being selected for verification in an LEA in SY 2007-08 was determined from data reported on the survey or from the SY 2007-08 VSR data if survey data were missing. That information enabled us to create and weight synthetic verification samples, which we used as input for SUDAAN. The output from SUDAAN was the estimate of $\text{var}(\hat{p}_h)$ for the PPS stratum. More specifically, if M_i denotes the measure of size for district i (i.e., that district's imputed number of applications in SY 2006-07), M is the sum of the M_i for the districts in the PPS stratum, and a is the number of districts selected from the PPS stratum, then the selection probability for district i is aM_i / M . Further, if n_i denotes the number of applications in the verification sample in SY 2007-08 and N_i denotes the total number of applications in district i , then the selection probability for an individual application within district i is n_i / N_i , and the selection probability of that application within the PPS stratum is $(aM_i / M)(n_i / N_i)$. The sampling weight for each application in the verification sample of district i is the reciprocal of its sampling probability: $M / ((n_i / N_i) aM_i)$. The synthetic samples, to which we assigned these sampling weights, consisted of n_i records, identified as belonging to district i , of which the appropriate number indicated that they had been directly verified and the remainder indicated that they had not been directly verified. (To support estimation of the percentages of direct verification for NSLP-free and NSLP-RP applications, the proper numbers of the directly verified and not directly verified records also indicated that they were NSLP-free and NSLP-RP.)

In each of the five States that implemented direct verification, some of the LEAs in the PPS stratum did not respond. We assumed that those districts did not use DV-M. Thus, in estimating the percentages of applications in the State's SY 2007-08 verification samples that were directly verified with Medicaid data, each such district's synthetic sample used the size of the district's SY 2007-08 verification sample as n_i , and each record indicated that it had not been directly verified. The rest of the estimation procedure was the same as that described above for the situation in which all districts responded.

In addition to the nonresponding districts (which we assumed did not use DV-M), some responding districts (in the PPS stratum) reported that they did not use DV-M. For the estimate of what the percentage of applications directly verified would be if all districts used DV-M, we excluded all PPS districts that did not use DV-M (either as reported or by assumption). This reduced the sample size in the PPS stratum, but it did not affect the stratum weights.

Nonresponse Sample

The Nonresponse Sample includes samples of LEAs from four States where DV-M was not widely used in SY 2006-07: Georgia, Indiana, Oregon, and South Carolina. These LEAs were asked to provide retrospective data: copies of applications sampled for verification in SY 2006-07 for which a complete household response was not received. Applications were matched with Medicaid data to estimate the percentage of applications in verification samples that could have been directly verified with Medicaid data, among households that did not respond to verification requests in SY 2006-07.

Sampling Approach

For this sample, an appropriate measure of size is the number of applications sampled for verification in SY 2006-07 for which a complete household response was not received (hereafter “nonresponse applications”). This measure of size was taken from the SY 2006-07 Verification Summary Reports.

FNS did not specify a requirement for the precision of statewide estimates based on the nonresponse samples. We designed the samples to yield a 95 percent confidence interval (CI) whose half-width is .05 (i.e., 5 percentage points). The actual sample sizes depend on the values that we assume for the underlying percentages (the worst-case assumption of 50 percent is unnecessarily conservative). The match rate for nonrespondent applications is expected to be lower than the rate of DV-M among all applications sampled for verification because lack of eligibility is one reason for nonresponse to verification requests. For the sample size calculations we made the conservative assumption that the underlying match rate for nonresponse applications would be the same as the underlying rate of DV-M among all applications (in Exhibit B-1).

To estimate the design effects, we used the same formula as for the Direct Verification Sample,

$$\text{Deff} = 1.38[1 + \rho_1(\bar{n} - 1)]$$

with $\rho_1 = .01$ and \bar{n} equal to the average number of nonresponse applications among districts with any nonresponse applications.

To estimate the number of LEAs that we needed to select for the nonresponsive sample within a State, we first determined the SRS sample size corresponding to the assumed underlying match rate for nonresponse applications. We then divided that sample size by 0.9, to allow for a 90 percent response rate. As in the Direct Verification Sample, the design used a stratified sample in which each self-representing LEA constituted a separate stratum. Thus, the remaining components of the sampling calculations were exactly analogous to those described for the Direct Verification Sample.

Characteristics of the States’ Sampling Frames

For each of the five States, Exhibit B-6 lists the total number of LEAs with any nonresponding households, the number of LEAs that we designated as self-representing, and the average numbers of “nonresponse applications” in the self-representing and non-self-representing LEAs.

Samples of Districts

Exhibit B-7 shows the sample size (number of “nonresponse applications”) for the PPS stratum in each State, along with the number of districts required. It also includes the information on the self-representing component of the design: the number of districts and the total number of applications in those districts’ verification samples.

Exhibit B-6**Characteristics of the Sampling Frame—Nonresponse Sample**

	GA	IN	OR	SC
LEAs with any nonresponding households	112	222	87	71
Self-representing LEAs	3	8	12	2
Average number of applications in verification samples for which a complete household response was not received				
Self-representing LEAs	195	60	22	178
Non-self-representing LEAs	13	5	3	19

^a Averages are unweighted.

Source: Verification Summary Report, SY 2006-07.

Exhibit B-7**Characteristics of Sample #2—Nonresponse Sample**

	GA	IN	OR	SC
Number of LEAs				
Self-representing LEAs	3	8	12	2
LEAs in PPS stratum	9	25	23	12
Total LEAs	12	33	35	14
Expected sample size of applications from households that did not respond to verification requests				
In self-representing districts	586	477	264	355
In PPS stratum	428	306	133	475
Total	1014	783	397	830

Note: Tennessee and Washington are not included in Sample #2 because those States successfully implemented direct verification in SY 2006-07.

APPENDIX C

DATA COLLECTION MATERIALS

DUE DATE AND TRANSMITTAL INFORMATION

The Local Education Agency (LEA) Survey may be completed on paper or online via the Web. The online survey will be open on **January 14**. Before that date, we will send you an email with login information and a link to the online survey.

Regardless of whether you complete the survey on paper or via the Web, please return the FedEx envelope to Abt Associates Inc. with photocopies of directly verified NSLP applications, and documentation of direct verification.

The survey and copies of NSLP applications are due **February 8**.

FOR MORE INFORMATION

Call 866-638-2112 or e-mail to:
DirectVerificationStudy@abtassoc.com



Abt Associates Inc.

55 Wheeler Street
Cambridge, MA 02138-1168
Phone (617) 492-7100
Fax (617) 386-8363

Form Approved
OMB No. 0584-0546
Exp. Date: 12/31/2010

DIRECT VERIFICATION EVALUATION STUDY

Data Collection
Procedures for Local
Education Agencies

SY2007-08 Verification

A study conducted for the Food and Nutrition
Service, USDA

STUDY OBJECTIVES

The Child Nutrition and WIC Reauthorization Act of 2004 authorized use of Medicaid information for direct verification of eligibility for the National School Lunch Program (NSLP). That legislation also requires USDA to determine the effectiveness of direct verification.

With direct verification, local education agencies (LEAs) may verify the eligibility of NSLP applicants without contacting households. Many LEAs directly verify students who apply on the basis of food stamp or TANF eligibility. Use of Medicaid data can further reduce the number of households that need to be contacted for NSLP verification.

Seven States are participating in this study of direct verification: Georgia, Indiana, Oregon, South Carolina, Tennessee, Washington, and Wisconsin. Data will be collected from State and local agencies in these States to help the Food and Nutrition Service (FNS) understand how direct verification is implemented, and its effectiveness.

YOUR ROLE IN THE STUDY

Your agency was selected through scientific methods to represent agencies in your State. Your participation in the study is **voluntary**

and important to ensure scientifically valid findings.

Two types of data will be collected from LEAs:

- 1 .Local Education Agency (LEA) Survey
- 2 .Copies of NSLP applications directly verified in SY2007-08

DATA COLLECTION PROCEDURES

LEA SURVEY

The LEA Survey is a three-page survey that can be completed on paper or via the Web.

Questions are about:

- Verification sample size
- Direct verification results
- Your opinions about the direct verification process
- Staff time spent on direct verification
- Staff time spent on household verification
- Cost of staff time

Your opinions about direct verification are important to help FNS understand the benefits and challenges of direct verification.

Information on the value of staff time spent on direct verification (lookups and documentation) and other (household)

verification will allow evaluation of direct verification cost effectiveness. All persons working on verification should have their time listed on the report. The Food Service director should provide information about staff pay rates.

DIRECTLY VERIFIED APPLICATIONS

Photocopies of **directly verified** NSLP applications must be submitted along with documentation of direct verification. Documentation should include a copy of the information kept on file to document direct verification (e.g., printout of computer screen with query results).

NOTE: NSLP applicant information is confidential, however, the law permits release of this information for FNS program evaluation. To ensure data security, this information may be transmitted only via FedEx.

Abt Associates will not contact NSLP applicants.

Paperwork Reduction Act Notice

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB number. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, 3101 Park Center Drive, Alexandria, Virginia 22302.

FOR MORE INFORMATION

Call 866-638-2112 or e-mail to:
DirectVerificationStudy@abtassoc.com



Abt Associates Inc.

55 Wheeler Street
Cambridge, MA 02138-1168
Phone (617) 492-7100
Fax (617) 386-8363

Form Approved
OMB No. 0584-0546
Exp. Date: 12/31/2010

DIRECT VERIFICATION EVALUATION STUDY

Data Collection
Procedures

SY2006-07 Verification

**A study conducted for the Food and Nutrition
Service, USDA**

STUDY OBJECTIVES

The Child Nutrition and WIC Reauthorization Act of 2004 authorized use of Medicaid information for direct verification of eligibility for the National School Lunch Program. That legislation also requires USDA to determine the effectiveness of direct verification.

With direct verification, LEAs may verify the eligibility of NSLP applicants without contacting households. Many LEAs directly verify students who apply on the basis of food stamp (FS) or TANF eligibility. Use of Medicaid data can further reduce the number of households that need to be contacted for NSLP verification.

Seven States are participating in this study of direct verification: Georgia, Indiana, Oregon, South Carolina, Tennessee, Wisconsin, and Washington. Data will be collected from State and local agencies in these States to help the Food and Nutrition Service (FNS) understand how direct verification can reduce the rate of nonresponse to verification requests.

YOUR ROLE IN THE STUDY

Your agency is one of approximately 150 LEAs selected in the 7 States to provide copies of NSLP applications for households

selected for verification in **SY2006-07** (last school year), and not responding to verification requests. These applications will be matched with Food Stamp, TANF, and Medicaid data to determine whether they could have been directly verified.

Your participation in the study is **voluntary** and important to ensure scientifically valid findings.

DATA COLLECTION PROCEDURES

APPLICATIONS FOR SY2006-07 NONRESPONDING HOUSEHOLDS

Please identify and photocopy all NSLP applications in your **2006** NSLP verification sample for which a **complete household response was not received**. This includes applications with no response, and applications for which households responded but did not provide sufficient information for verification.

Place the photocopies in the envelope marked “Confidential” and complete the transmittal label by providing:

- Name, telephone number, and email address of contact person for this study (if different from pre-printed contact information).

- Number of photocopied applications provided in the envelope.
- Explanation if any nonrespondent application is not included in the envelope.
- Indication of whether or not direct verification (with Food Stamps or Medicaid) was used in 2006.

Place the envelope marked “*Confidential*” in the FedEx package and return to Abt Associates Inc. by **February 8, 2008**.

NSLP applicant information is confidential, however, the law permits release of this information for FNS program evaluation. To ensure data security, this information may be transmitted only via FedEx with a signature requirement.

Place application data in an envelope marked “Confidential”, complete the transmittal label, and use the enclosed FedEx transmittal envelope to submit by February 8, 2008.

Abt Associates will not contact NSLP applicants.

Direct Verification Evaluation

Local Education Agency (LEA) Survey

Responding Agency

[Affix label here]

Contact person(s), if different from above

Name: _____

Telephone: (____) _____ - _____

E-mail address: _____

Please return the completed survey by February 8, 2008
A prepaid Federal Express return envelope has been provided.

Questions about the content of the survey may be directed to:

Telephone: 866-638-2112 (toll-free)

E-mail: DirectVerificationStudy@abtassoc.com

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB number. The valid OMB control number for this information collection is 0584-0525. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, 3101 Park Center Drive, Alexandria, Virginia 22302.

Instructions

Welcome to the **Direct Verification Pilot Study!** Abt Associates Inc. is conducting this study for the USDA Food and Nutrition Service (FNS). Seven States are participating in the study to provide feedback on implementation of direct verification this year: Georgia, Indiana, Oregon, South Carolina, Tennessee, Washington, and Wisconsin. Yours is one of approximately 130 local education agencies (LEAs) selected to complete this survey. As part of the study, you will have the opportunity tell us about your experiences using direct verification.

The survey will provide USDA with information to answer the following questions:

- Is direct verification feasibility and effectiveness?
- Does direct verification significantly decrease the percentage of households contacted for verification?
- Does direct verification provide adequate information for verifying applications?
- Can most State and local agencies implement and use direct verification?

Your participation in this survey is voluntary and important to ensure scientifically valid findings. None of your responses will be released in a form that identifies you or any other agency staff member by name.

You are asked to provide **two types of data:**

1. **Responses to this survey.** Please complete the survey questions on paper or via the Web. The Web survey will open on January 14. The Web address will be sent to you via email before that date.
2. **Documentation of direct verification:**
 - a) Photocopies of directly verified NSLP applications
 - b) Photocopies of the documents you keep on file from the direct verification process (e.g., printout of computer screen with query results)

*NOTE: NSLP applicant information is confidential, however, the law permits release of this information for FNS program evaluation. **Abt Associates will not contact NSLP applicants.***

TO ENSURE DATA SECURITY, PLACE DOCUMENTS IN THE ENVELOPE MARKED "CONFIDENTIAL"

Please complete this data collection by ***February 8, 2008.***

Step 1 - Complete the survey on paper or via Web

Step 2 - Place documents in the envelope marked "confidential"

Step 3 - Include the "confidential" envelope and the survey (except when completed via the Web) in the Federal Express transmittal envelope, and return to Abt Associates.

Thank you for your participation in this important study!

DIRECT VERIFICATION REPORT

1. When did your district begin to select the SY 2007-08 sample of NSLP applications for verification?

/
 month day

2. What type of verification sample did you use this year? CHECK ONE.

1. 3% of approved applications selected from error-prone applications
2. Alternate sample: 3% selected at random
3. Alternate sample: 1% selected from error-prone plus 1/2 of 1% of applications with SNAP/Temporary Assistance for Needy Families (TANF) case numbers

3. How many school meal applications and students were sampled for verification?

	Number of applications	Number of students
Free, based on SNAP or TANF case number	<input type="text"/>	<input type="text"/>
Free, based on income:	<input type="text"/>	<input type="text"/>
Reduced-price (RP)	<input type="text"/>	<input type="text"/>
TOTAL	<input type="text"/>	<input type="text"/>

4. Did your district use SNAP /TANF or Medicaid information to verify school meals applications?

1. SNAP/TANF information only
2. Medicaid information only
3. Both
4. None

4b. If both SNAP and Medicaid data were not used, why not?

5. Please provide the counts of applications and students directly verified. *Count all students on directly verified applications.*

	Number of applications	Number of students
Directly verified with SNAP or TANF data	<input type="text"/>	<input type="text"/>
Approved for free meals and directly verified with Medicaid data	<input type="text"/>	<input type="text"/>
Approved for RP meals and directly verified with Medicaid data	<input type="text"/>	<input type="text"/>

6. How many applications and students were in households that did not respond to the verification request by November 15?

Number of applications:

Number of students:

7. On a scale of 1 to 5, where 1 is **not useful** at all and 5 is **very useful**, how useful was direct verification with *Medicaid* to your school district? [CIRCLE ONE.]

1	2	3	4	5
Not useful				Very useful

7b. What are the main reasons for your rating?

8. On a scale of 1 to 5, where 1 is **very easy** and 5 is **very difficult**, how difficult was direct verification with *Medicaid* for your school district? [CIRCLE ONE.]

1	2	3	4	5
Very easy				Very difficult

8b. What parts of the process were difficult, if any, and why?

9. Do you plan to use direct verification with *Medicaid* data next year?

1. Yes 2. No 3. Not sure

9b. What are your main reasons for using, or not using, direct verification with Medicaid next year?

10. What part of the direct verification process do you want to do differently next year?

Please feel free to provide additional comments on last page of booklet.

Start of verification activities ____/____/____
 month day

End of verification activities ____/____/____
 month day

VERIFICATION TIME AND COST REPORT

This information will be kept confidential and used only to compute verification costs. Begin by entering the start and end dates for verification activities.

Instructions for the data grid, by column number:

- (1) List **titles** of all school district (LEA) personnel who conduct or assist in the verification of applications for free/reduced-price meals.
- (2) Record the total number of hours spent on **direct verification** by each person from the start of verification activity through completion. Direct verification includes all activities using data from the SNAP, TANF, or Medicaid Program to verify applications without contacting households.
- (3) Record the total number of hours spent on **other verification** activities by each person from the start of verification activity through completion. This includes requesting information from households, reviewing documentation from households or third-party contacts, and notification of changed/terminated benefits. **DO NOT include time spent sampling and re-reviewing applications prior to verification.**
- (4) List **salary or wages** for each person (may be hourly, weekly, biweekly, monthly, or annual).
- (5) Circle 1 if number if column 4 is hourly, 2 if weekly, 3 if biweekly, 4 if monthly, 5 if annual.
- (6) Enter the **total paid hours per week** for each person. Paid hours include holidays and leave when taken. If hours vary, provide the average or usual amount.
- (7) For each **salaried** employee ("5" is circled in column 5), enter the **number of paid weeks per year**.

(1) Title/Position	(2) Total Direct Verification Hours	(3) Total Other Verification Hours	(4) Salary/ Wage	(5) Basis Paid					(6) Total Paid Hours/ Week	(7) If salaried, enter Number Paid Weeks/Year
				Hr.	Wk.	Bi.	Mo.	Yr.		
1.				1	2	3	4	5		
2.				1	2	3	4	5		
3.				1	2	3	4	5		
4.				1	2	3	4	5		
5.				1	2	3	4	5		
6.				1	2	3	4	5		
7.				1	2	3	4	5		
8.				1	2	3	4	5		

Direct Verification Evaluation

Local Education Agency (LEA) Survey

(Indiana)

Responding Agency

[Affix label here]

Contact person(s), if different from above

Name: _____

Telephone: (____) _____ - _____

E-mail address: _____

Please return the completed survey by February 8, 2008
A prepaid Federal Express return envelope has been provided.

Questions about the content of the survey may be directed to:

Telephone: 866-638-2112 (toll-free)

E-mail: DirectVerificationStudy@abtassoc.com

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB number. The valid OMB control number for this information collection is 0584-0525. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, 3101 Park Center Drive, Alexandria, Virginia 22302.

Instructions

Welcome to the **Direct Verification Pilot Study!** Abt Associates Inc. is conducting this study for the USDA Food and Nutrition Service (FNS). Seven States are participating in the study this year: Georgia, Indiana, Oregon, South Carolina, Tennessee, Washington, and Wisconsin. Yours is one of approximately 130 local education agencies (LEAs) selected to complete this survey. As part of the study, you will have the opportunity tell us about your experiences using direct verification.

The survey will provide USDA with information to answer the following questions:

- Can most State and local agencies implement and use direct verification?
- How well does direct verification work for LEAs?
- Does direct verification significantly decrease the percentage of households contacted for verification?
- Does direct verification provide adequate information for verifying applications?
- How does direct verification affect the time and cost of verification?

Your participation in this survey is voluntary and important to ensure scientifically valid findings. None of your responses will be released in a form that identifies you or any other agency staff member by name.

You are asked to provide **two types of data:**

3. **Responses to this survey.** Please complete the survey questions on paper or via the Web. The Web survey will open on January 14. The Web address will be sent to you via email before that date.
4. **Documentation of direct verification:**
 - c) Photocopies of directly verified NSLP applications
 - d) Photocopies of the documents you keep on file as proof of direct verification (e.g., printout of computer screen with query results)

NOTE: NSLP applicant information is confidential, however, the law permits release of this information for FNS program evaluation. Abt Associates will not contact NSLP applicants. TO ENSURE DATA SECURITY, PLACE DOCUMENTS IN THE ENVELOPE MARKED "CONFIDENTIAL"

Please complete this data collection by **February 8, 2008.**

Step 1 - Complete the survey on paper or via Web

Step 2 - Place documents in the envelope marked "confidential"

Step 3 - Include the "confidential" envelope and the survey (if not completed via the Web) in the Federal Express transmittal envelope, and return to Abt Associates.

Thank you for your participation in this important study!

DIRECT VERIFICATION REPORT

1. When did your district begin to select the SY 2007-08 sample of NSLP applications for verification?

/
 month day

2. What type of verification sample did you use this year? CHECK ONE.

1. 3% of approved applications selected from error-prone applications
2. Alternate sample: 3% selected at random
3. Alternate sample: 1% selected from error-prone plus ½ of 1% of applications with SNAP (formerly Food Stamps)/Temporary Assistance for Needy Families (TANF) case numbers

3. How many school meal applications and students were sampled for verification?

	Number of applications	Number of students
Free, based on SNAP (formerly FSP) or TANF case number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Free, based on income:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Reduced-price (RP)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
TOTAL	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

4. Did your district use **direct verification** to verify school meals applications?

1. Yes
2. No

4b. If No, why not?

5. Please provide the counts of applications and students directly verified. *Count all students on directly verified applications.*

	Number of applications	Number of students
Approved for free meals and directly verified	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Approved for RP meals and directly verified	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

6. How many applications and students were in households that did not respond to the verification request by November 15?

Number of applications: |_|_|_|_|_|

Number of students: |_|_|_|_|_|

7. On a scale of 1 to 5, where 1 is **not useful** at all and 5 is **very useful**, how useful was direct verification to your school district? [CIRCLE ONE.]

1 2 3 4 5
Not useful Very useful

7b. What are the main reasons for your rating?

8. On a scale of 1 to 5, where 1 is **very easy** and 5 is **very difficult**, how difficult was direct verification for your school district? [CIRCLE ONE.]

1 2 3 4 5
Very easy Very difficult

8b. What parts of the process were difficult, if any, and why?

9. Do you plan to use direct verification next year?

|_| 1. Yes |_| 2. No |_| 3. Not sure

9b. What are your main reasons for using, or not using, direct verification next year?

10. What part of the direct verification process do you want to do differently next year?

Please feel free to provide additional comments on last page of booklet.

Start of verification activities ____/____
month day

End of verification activities ____/____
month day

VERIFICATION TIME AND COST REPORT

This information will be kept confidential and used only to compute verification costs. Begin by entering the start and end dates for verification activities.

Instructions for the data grid, by column number:

- (1) List **titles** of all school district (LEA) personnel who conduct or assist in the verification of applications for free/reduced-price meals.
- (2) Record the total number of hours spent on **direct verification** by each person from the start of verification activity through completion. Direct verification includes all activities using data from Direct Verification to verify applications without contacting households.
- (3) Record the total number of hours spent on **other verification** activities by each person from the start of verification activity through completion. This includes requesting information from households, reviewing documentation from households or third-party contacts, and notification of changed/terminated benefits. **DO NOT include time spent sampling and re-reviewing applications prior to verification.**
- (4) List **salary or wages** for each person (may be hourly, weekly, biweekly, monthly, or annual).
- (5) Circle 1 if number if column 4 is hourly, 2 if weekly, 3 if biweekly, 4 if monthly, 5 if annual.
- (6) Enter the **total paid hours per week** for each person. Paid hours include holidays and leave when taken. If hours vary, provide the average or usual amount.
- (7) For each **salaried** employee ("5" is circled in column 5), enter the **number of paid weeks per year**.

(1) Title/Position	(2) Total Direct Verification Hours	(3) Total Other Verification Hours	(4) Salary/ Wage	(5) Basis Paid Hr. Wk. Bi. Mo. Yr.					(6) Total Paid Hours/ Week	(7) If salaried, enter Number Paid Weeks/Year
1.				1	2	3	4	5		
2.				1	2	3	4	5		
3.				1	2	3	4	5		
4.				1	2	3	4	5		
5.				1	2	3	4	5		
6.				1	2	3	4	5		
7.				1	2	3	4	5		
8.				1	2	3	4	5		

Topic Guide: State Child Nutrition Agency Interviews—Fall 2007

These interviews will obtain the views and opinions of State Child Nutrition Agency officials about Direct Verification with Medicaid (DV-M). We are interested in your experience with implementation, and your views on the effectiveness and benefits of DV-M. Respondents should include the primary contact in each State (usually the Child Nutrition Director) and staff members who assisted with design, development, and implementation. The basic questions to be answered and the specific areas to be discussed are listed below.

As we indicated in our request for this interview, the information you provide will be used only for research purposes. Your responses will not be linked with your name or title in any published report or in data provided to USDA. Your name may appear in the final report to acknowledge your assistance, unless you request that we withhold your name.

Participation in this interview is completely voluntary. Choosing not to participate will not affect your State's participation in USDA programs in any way.

1. **What pre-existing data systems and procedures were used to support direct verification with Medicaid (DV-M)?**

Pre-existing systems may include (a) direct certification and (b) DV with SNAP/TANF data (DV-S). This was discussed during initial contacts; we will follow up as needed.

2. (For States that implemented DV-M for the first time in 2007) **How did the State design, develop and implement DV-M? What was the overall timeline?**

Depending on the State's approach, implementation tasks at the State level might include:

- assessing the feasibility of DV-M and planning for implementation
- establishing interagency agreements, specifications, and procedures for data exchanges
- establishing methods and procedures to meet legal requirements and protect the privacy and rights of students and families whose data will be used in DV-M
- programming and executing file extracts of Medicaid/SCHIP data for DV-M
- programming and executing file extracts of student information for DV-M
- developing, testing, and implementing systems for collecting and compiling application sample data
- data matching and validation
- developing, testing, and implementing systems for providing data to school districts

Skip to Question 4.

3. (For States that implemented DV-M before 2007) **How did the State modify systems and procedures for DV-M and DV-S? What was the timeline? Why were the systems/procedures changed?**

Modifications to systems and procedures may include:

- revising data-sharing agreements
- changing the data elements or file formats for Medicaid/SCHIP data extracts
- implementing or changing State-level matches between Medicaid/SCHIP and student/applicant data
- changing the process for providing data to school districts

4. **How did the State inform school districts about DV-M? What was the State's role in encouraging sampled districts to use DV-M? Did the State encourage other districts to use DV-M? When did these activities occur?** (If applicable) How did the State use the experience from 2006 in these activities?

Tasks to inform school districts and encourage participation may include:

- preparing and distributing instructions and forms
- selecting and recruiting school districts to participate
- presentations at meetings with school districts
- training for school district personnel
- additional training/outreach contacts with/visits to individual school districts
- providing technical assistance/support, trouble-shooting etc.

5. **What are the challenges and lessons of implementing DV-M in 2007? (If applicable) How were the challenges and lessons different from those of 2006?**

The interviews will discuss the challenges, solutions, and lessons learned in the following areas:

- interagency coordination with State Medicaid Agencies
- availability, timeliness, and quality of data (identifiers and eligibility data)
- meeting legal requirements for privacy and security of confidential information
- technology for matching and providing data to school districts
- use of State-level matching, manual lookups or matching, or district-level matching
- providing support for school district use of DV-M
- School district motivation/perceived need and readiness (resources, systems)
- School district effectiveness and challenges

6. **How does DV-M affect other NSLP verification operations?**

The State Child Nutrition interview will complement our interviews with school district officials. We are interested in your perceptions based on feedback from school districts and known results. The questions under this topic are:

- How did DV-M affect the districts' ability to complete verification within the required time?
- How did DV-M affect the level of effort and staffing for verification?

- How did DV-M affect the working environment of school districts? Did it increase or decrease the level of stress associated with verification? How much of this impact was due to startup and learning issues?

7. **What is the future of DV-M?**

- Does the State plan to make DV-M available next year? Will it be statewide? What changes are planned?
- Is DV-M feasible for all school districts in the State? What are the characteristics of school districts that have the capability and the interest to use DV-M?
- What do other States need to know before implementing DV-M?
- What changes at the Federal level would make DV-M more effective and efficient?

8. **What were the costs of implementing DV-M this year? What are the projected costs for conducting DV-M at the statewide scale?**

Please complete the attached worksheet (a) to identify State Child Nutrition/Education Agency personnel costs associated with DV-M in 2007, and (b) to project State Agency costs for statewide DV-M (if not already implemented). The worksheet lists specific task elements that may have been performed. **Please add to this list if DV-M involved tasks that are not listed.**

Worksheet for Estimating State Child Nutrition and Education Agency Costs for Direct Verification with Medicaid, SY 2007-08

Part 1: Hours Spent on DV-M: Actual 2007 and Projected for Statewide DV-M

Instructions: You are asked to estimate **actual** hours spent on direct verification with Medicaid (DV-M) by State Child Nutrition (CN) and Education Agency (SEA) personnel in 2007 and **projected** annual hours once DV-M is implemented statewide. Possible tasks are listed to help you construct your estimates; specify other tasks if not listed.

Use the **TAB** key to move between form fields.

If you cannot separate hours spent on DV-M from hours spent on direct verification with SNAP/TANF, check here:

Tasks for implementing and operating DV-M in 2007 (check all that apply):

- Planning for DV-M
- Establishing data-sharing agreements with Medicaid
- Developing procedures for SEA/CN agency and local education agencies (LEAs)
- Programming and testing for data matches and user interface
- Acquiring, compiling, and preparing Medicaid data for DV-M
- Matching student data with Medicaid data
- Making DV-M data available to LEAs
- Providing instructions, training, technical and operational support to LEAs
- Record-keeping and file storage/destruction
- Analyzing results
- Other (please specify):

1.

2.

3.

Titles or types of staff members who may have worked on these tasks are listed below. For each, **please estimate** (a) the approximate hours spent on DV-M in 2007, and (b) the projected hours per year after statewide implementation. If DV-M was available statewide in 2007, leave column (b) blank. When a title/type of staff covers more than one person, provide the total hours spent by all staff. **Do not include time spent on the evaluation for FNS.**

Estimates of DV-M Hours by Person/Type of Staff Member		
Title/Type of Staff Member	Approximate Hours per Year	
	(a) Actual for 2007	(b) Projected—after statewide implementation
State Child Nutrition Director		
Direct verification team leader		
Technology/programming staff		
Program specialists, support for LEAs etc.		
Other staff not listed above (specify):		
1.		

2.		
3.		

Part B: Salary and Fringe Rate Information

Please provide salary rates for the staff with time reported above. The rate may be annual, monthly, biweekly, or hourly. Approximate or average rates may be used. *This information is confidential and will be used only for computing personnel costs for DV-M.*

Salary Rates for Staff Involved with DV-M					
		Basis of Pay (check one)			
<i>Title/Type of Staff Member</i>	Salary/wage	Annual	Monthly	Biweekly	Hourly
State Child Nutrition Director	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct verification team leader	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology/programming staff	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Program specialists, support for LEAs etc.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other staff not listed above (<i>specify:</i>)					
1.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide the agency's average fringe benefit rate (as a percent of salaries): _____%

Name of contact for question on this form: _____

Telephone number: (____)____ - _____

E-mail address: _____

Thank you for providing this information for the Direct Verification Evaluation Study.

Please fax both pages of the completed worksheet with a cover page or send by e-mail to:

Direct Verification Study (c/o Chris Logan)
 Fax: (617) 386-8511
 Voice: (617) 349-2821
ChrisLogan@abtassoc.com

Topic Guide: LEA Survey Followup—SY 2007-08

LEA: _____

Contact: _____

Date of followup: _____

1. What types of applications did you attempt to verify with Medicaid information (all income applications, nonresponders only)?

> Followup to survey:

2. How did you prepare the file of your verification sample for the match with Medicaid information? What information did you submit?

> Followup to survey:

3. How did you complete the direct verification process once you got the match results?

> Followup to survey:

4. Other than timing, what problems did you experience while conducting direct verification with Medicaid?

> Followup to survey:

5. What could the State do to make direct verification with Medicaid easier and more widely used?

Probes:

Would it be easier to send the verification sample file in your own format?

Would it be easier to process the match results if you only got matched records back?

> Followup to survey: