

Abstract

This is the fifth in a series of annual reports that examines administrative error incurred during the local educational agency's (LEA) approval process of applications for free and reduced-price meals in the National School Lunch Program (NSLP). About 98 percent of students submitting applications for meal benefits in school year 2008/09 were certified for the correct level of meal benefits, based on information in the application files. The percent of all students with errors in the processing of their applications for meal benefits dropped significantly in school year 2008/09 compared to the previous 4-year period, when administrative errors ranged between 3 and 4 percent.

Background

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) provide over 7 billion meals each school year with over 5 billion meals provided free or at a reduced-price to children from low-income households. Concerns have been raised about the accuracy of the process used by LEAs to establish free and reduced-price eligibility. This is the fifth in a series of annual reports that examines the administrative accuracy of LEA approval and benefit issuance for free or reduced-price meals based on household applications.

The Food and Nutrition Service (FNS) completed a more comprehensive assessment of payment accuracy in the school meal programs in 2007 (Ponza et al., 2007). That study not only assessed the LEA accuracy in processing applications, but also examined households' accuracy in reporting their household income and household size on the application, errors made in the verification process, and errors made in counting and claiming reimbursable meals. The effort reported here focuses only on administrative accuracy of eligibility determinations.

Households with incomes at or below 130 percent of poverty are eligible for free meals, while households with incomes between 131 and 185 percent of poverty

are eligible for reduced-price meals. To receive these benefits, households must either submit a completed application or be directly certified. Households submitting applications self-report household size and current gross income or receipt of Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), Temporary Assistance for Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDPIR) benefits. LEA staff determines eligibility by comparing the information on the application with NSLP eligibility criteria. Inaccurate assessment may result in households receiving higher or lower benefits than they are entitled to receive. However, inaccurate certification determinations do not always indicate payment error.

Households approved through direct certification do not need to complete an application. Instead, LEAs certify students for free school meals based on documentation from local or State welfare agencies that indicates that a child is a member of a household that receives SNAP, TANF, or FDPIR benefits.

Research Questions

The key research questions addressed in this study are:

- (1) Based on the information provided on applications, did the LEAs accurately determine household size and gross monthly income? What types of administrative errors were made?
- (2) Based on the information provided on applications, did the LEAs make the correct meal price status determination during certification? What types of administrative errors were made?
- (3) Based on the documentation on file, were students receiving the correct meal benefits?
- (4) Has the accuracy of LEA certification and benefit status determinations changed?

Data and Methods

FNS used a stratified two-stage cluster sample design to examine these questions. School districts were placed into 28 strata defined by 7 FNS regions and 4 size categories within each region. The measure of size within each district was the number of students approved for free or reduced-price meals obtained from FNS' School Food Authority Verification Summary Report (FNS-742) for School Year 2007/08. This database includes more than 95 percent of all public and private schools participating in the NSLP. In stage one, two school districts were selected from each stratum using probabilities proportional to size (pps) methods with replacement (eight districts from each of the seven FNS regions). In stage two, FNS regional staff selected school year 2008/09 applications in the field from administrative files using systematic (randomized) sampling. Applications for about 50 students in each of the 56 districts were selected for review. Both approved and denied applications were included in the sample; students directly certified were not included. A total of 2,632 applications were selected for review. Three applications could not be located, 441 were categorically eligible applications, 38 were foster child applications, and 2,150 were income-based applications.

Selected applications were photocopied onsite by FNS regional staff and forwarded to the FNS national office for coding. FNS national office staff recorded the LEA's determination of household size, total gross income, and the certification status (free, reduced-price, paid) that the LEA assigned to the selected student. Each application was reviewed and an independent assessment was made of household size, total gross monthly income, and certification status. Even if the application did not include an LEA's determination of household size and income, eligibility determination at the time of certification was obtained to allow for the calculation of certification error. FNS' independent assessments were compared with the LEA determinations.

Key Findings

Relatively few administrative errors are made processing categorically eligible applications.

To be categorically eligible for free meals, a household must provide the name of the child, an appropriate SNAP, TANF, or FDPIR case number, and a signature of an adult household member on its

application. All of the 441 categorically eligible applications had a case number and an appropriate adult signature and were processed correctly.

More administrative errors are made on income-based applications. LEAs make more errors in determining gross monthly income than they do in determining household family size.

For about one-fifth of these applications, there was no indication of what household size or income levels the LEA had calculated in making its eligibility determination.

TABLE 1: ACCURACY OF LEA DETERMINATION OF HOUSEHOLD INCOME AND HOUSEHOLD SIZE FROM INCOME-ELIGIBLE APPLICATIONS (SCHOOL YEARS 2004/05 TO 2008/09) (unweighted percent of cases with information recorded on the application)

	School Year				
	2004/05 Percent	2005/06 Percent	2006/07 Percent	2007/08 Percent	2008/09 Percent
Household Size					
Correct	97.9	97.1	96.5	98.1	97.8
Not Correct	2.1	2.9	3.5	1.9	2.2
Under-count	0.9	1.9	2.1	0.8	1.1
Over-count	1.2	1.0	1.4	1.1	1.0
Household Income					
Correct	91.9	92.1	94.0	90.1	96.2
Not Correct	8.1	7.9	6.0	9.9	3.8
Under-count	4.4	3.5	3.5	7.6	2.4
Over-count	3.7	4.4	2.5	2.3	1.4
Number of Applications	2,222	2,293	2,252	2,315	2,118

Notes: Household size and household income are considered correct if the household size and income recorded on the application by the LEA equals that calculated by FNS staff from data provided on the application.

In School Year 2008/09, household size and household income were accurately calculated on about 98 and 96 percent of the applications, respectively. Errors in household size determination were random with essentially an equal number of under-counts and over-counts observed. When gross household income was calculated incorrectly, LEAs' calculations tended to be lower than what the documentation on the application indicated.

The types of administrative errors made by LEAs in calculating household size and income varied.

Common errors in the calculation of household size included: (1) not counting the student if the applicant inadvertently omitted the child's name in the list of all

household members; and (2) double-counting the student if the application called for an enumeration of all adult household members and the student was included in the listing of adults.

Common errors in the calculation of gross monthly household income included: (1) incorrectly determining the frequencies of receipt of household income (e.g., biweekly instead of twice per month); (2) not converting multiple income sources with different frequency of receipt to annual income; and (3) incorrect addition or multiplication.

LEA eligibility determinations were incorrect for 2.0 percent of students approved or denied on the basis of an application. The percentage of eligibility determinations in error is slightly higher (2.4 percent) for students approved or denied on the basis of income-based applications.

Administrative errors associated with the calculation of household size and household income do not always result in incorrect eligibility determinations. For example, a four-person household with very low income could be eligible for a free meal even if the household size was incorrectly assessed to be five persons or biweekly income was incorrectly assessed as twice-a-month income.

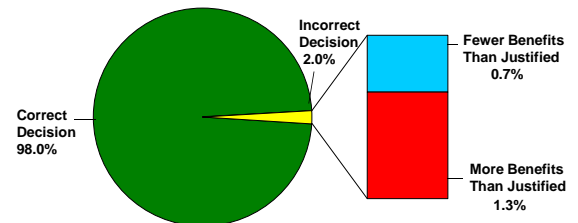
In addition, some applications were approved for meal benefits even though the application was incomplete. Twelve income-based applications were approved for free or reduced-price meals even though they did not have the required Social Security number or an indication that the adult signing the application had no Social Security number. For six applications, the LEA correctly calculated the household size and household income but incorrectly looked up the eligibility status on the NSLP Income Eligibility Guidelines tables.

Finally, there were three instances in which an application for the selected student could not be located and the student did not appear on the list of students directly certified. These approvals were considered to be in error, since students without appropriate documentation are not eligible for free or reduced-price benefits.

Of the 2.0 percent of students approved incorrectly for any reason, about two-thirds (64 percent) were certified for more benefits than were justified based on the documentation available. About one-third of the over-certifications resulted from approval of

incomplete applications. Roughly one-third (36 percent) of the students certified in error were certified for a lesser benefit level than was justified.

Figure 1: Accuracy of LEA Eligibility Certification Determinations Among Approved and Denied Applicants School Year 2008/09

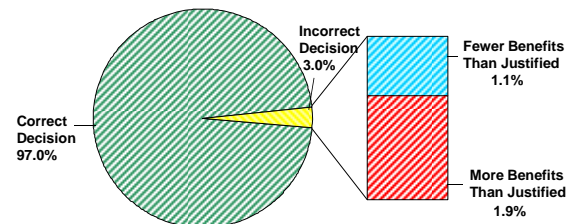


Accuracy of meal benefit issuance status was similar to the accuracy of eligibility determination. Meal benefit issuance status was correct for about 97 percent of the students.

About 3 percent of the students who were approved for meal benefits on the basis of an application were receiving an incorrect level of benefits, based on the information in the application files.

Incorrect meal benefit issuance status largely reflects errors made at the time of certification. However, there are other reasons why benefit issuance status can be incorrect. A household may reapply for benefits at some point during the school year and results of the new meal price determination may not be reflected in the benefit status list. Results of the verification process may not be transmitted to the central record-keepers, keeping students in initial meal benefit status instead of placing them in a new status determined as a result of the verification process.

Figure 2: Accuracy of Benefit Status Determinations Among Approved and Denied Applicants School Year 2008/09



In general, similar patterns were observed in the accuracy of benefit status compared to the patterns observed in the accuracy of eligibility determination at certification.

The percentage of students incorrectly approved or denied for NSLP free or reduced-price meal benefits dropped significantly during school year 2008/09 compared to the previous 4-year period.

Data from school year 2008/09 compared to data from school years 2004/05 through 2007/08 show a significant drop in certification error due to administrative errors. The percentage of students applying for meal benefits who were incorrectly certified due to administrative errors varied from 3 to 4 percent during the previous 4-year span compared to 2 percent in school year 2008/09. This drop in certification error resulted from a significant drop in the percentage of students who were over-certified. The percentage of students who were under-certified remained relatively stable. The percentage of over-certified students remained substantially higher than under-certified students.

Table 2: Comparison of Certification and Benefit Status Determinations, SY 2004/05 – SY 2008/09

	School Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Certification Status Determination					
Correct Determination	96.5%	97.0%	96.1%	96.1%	98.0%
Incorrect Determination	3.5%	3.0%	3.9%	3.9%	2.0%
More Benefits	2.9%	2.5%	3.0%	3.2%	1.3%
Fewer Benefits	0.6%	0.5%	0.9%	0.7%	0.7%
Benefit Status Determination					
Correct Determination	95.7%	96.2%	95.8%	95.4%	97.0%
Incorrect Determination	4.3%	3.8%	4.2%	4.6%	3.0%
More Benefits	3.4%	2.8%	3.3%	3.5%	1.9%
Fewer Benefits	0.9%	1.0%	0.9%	1.1%	1.1%

The percentage of students with incorrect meal benefit issuance status also decreased significantly from the previous 4 years, largely due to a significant decrease in the percentage of students receiving more benefits than they were entitled. Still, roughly two-thirds of those students with incorrect benefits were receiving more benefits than were justified based on documentation available in the student files.

Administrative errors continue to be made that result in both over- and under-counts of household size and household income.

LEAs continued to make fewer errors when calculating household size than when calculating household income for income-based applications (Table 1). The percentage of miscalculations of household size remained comparable to the previous year, perhaps reflecting familiarity with the increased use of multi-child family applications as opposed to individual child applications. The percentage of applications with incorrect household income calculations saw a significant decrease in school year 2008/09. This may be a direct result of the issuance of a revised *Eligibility Manual for School Meals* that provides guidance for determining household income, particularly in cases when income is received from different sources at different frequencies.

Overall Conclusions

The percentage of students who apply for NSLP free or reduced-price meal benefits and are incorrectly approved or denied due to administrative errors was significantly lower in school year 2008/09. Certification error due to administrative error was 2 percent in school year 2008/09 compared to 3-4 percent in the previous 4-year period. This decrease in certification error reflects a significant drop in the percentage of students that are over-certified. More errors continue to be made on applications approved based on income and household size, with many of these errors associated with the determination of a household’s gross income.

FNS has continued to be engaged in efforts designed to improve program accountability. FNS issued a new version of the *Eligibility Manual for School Meals* in 2008 in an attempt to reduce the number of administrative errors. This updated manual reflects changes made in eligibility determination and verification as a result of the Child Nutrition and WIC Reauthorization Act of 2004, final and interim regulations, and policy clarification issued since August 2001. FNS requires that LEAs compare reported household income to the published Income Eligibility Guidelines for the appropriate frequency and household size or annualize all income when reported incomes are received at different frequencies. Use of annual amounts is designed to minimize errors in income conversion calculations.

LEAs are encouraged to make reasonable efforts to contact households to obtain or clarify required information on incomplete applications before they make an eligibility determination. All applications must have a signature of an adult household member,

and income-based applications must also have the complete Social Security number of the adult who signs the application or an indication that the household member does not have a Social Security number. About one-third of the over-certifications were the result of approving an incomplete application.

FNS will continue to conduct annual reviews of a statistical sample of LEA application eligibility determinations to measure changes in administrative error rates. This information will be used to assess the impact of corrective actions and to target and focus future activities.

Related Studies

For more information on recent studies examining the accuracy of NSLP application processing, see the following reports available online at:

www.fns.usda.gov/ora

Burghardt, J., Silva, T., and Hulsey, L. "Case Study of National School Lunch Program Verification Outcomes in Large Metropolitan School Districts." *Special Nutrition Report Series*, No. CN-04-AV3. USDA, Food and Nutrition Service, Alexandria, VA: 2004

Endahl, John. "Accuracy of LEA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2005." USDA, Food and Nutrition Service, Alexandria, VA: 2005

Endahl, John. "Accuracy of LEA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2006." USDA, Food and Nutrition Service, Alexandria, VA: 2007

Endahl, John. "Accuracy of LEA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2007." USDA, Food and Nutrition Service, Alexandria, VA: 2008

Endahl, John. "Regional Office Review of Applications (RORA) for School Meals 2008." USDA, Food and Nutrition Service, Alexandria, VA: 2010

Hulsey, L., Gleason, P., and Ohls, J. "Evaluation of the National School Lunch Program Application/Verification Pilot Project-Volume V: Analysis of Applications." *Special Nutrition Program Report Series*, No. CN-04-AV4. USDA, Food and Nutrition Service, Alexandria, VA: 2004

Ponza, M., Gleason, P., Hulsey, L., and Moore, Q. "NSLP/SBP Access, Participation, Eligibility, and Certification Study: Erroneous Payments in the NSLP and SBP." *Special Nutrition Program Report Series*, No. CN-07-APEC. USDA, Food and Nutrition Service, Alexandria, VA: 2007

Strasberg, P. "School Food Authority Administration of National School Lunch Program Free and Reduced Price Eligibility Determination." *Special Nutrition Reports Series*, No. CN-03-AV. USDA, Food and Nutrition Service, Alexandria, VA: 2003

St. Pierre, R., Puma, M., Battaglia, M., and Layzer, J. "Study of Income Verification in the National School Lunch Program: Final Report." USDA, Food and Nutrition Service, Alexandria, VA: 1990

For more information on the Federal policy for determining and verifying eligibility, please see the following guidance material available online at:

www.fns.usda.gov/cnd/Guidance/eligibility_guidance.pdf

U.S. Department of Agriculture, Food and Nutrition Service, "Eligibility Manual for School Meals – Federal Policy for Determining and Verifying Eligibility." Alexandria, VA: USDA, Food and Nutrition Service, Child Nutrition Programs, January 2008.

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