

Abstract

This is the fourth 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). In school year 2007/08 about 96 percent of students submitting applications for meal benefits received 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 has remained relatively stable over the 4-year period, with administrative errors ranging between 3 and 4 percent.

Background

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) provide over 5 billion free and reduced-price meals each year 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 fourth 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). In addition to assessing LEA accuracy in processing applications, that study 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 either need to complete and submit an 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.

Direct certification is a method of eligibility determination that does not require households to submit 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 2006/07. 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 2007/08 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 2,759 applications were selected for review. Fifteen applications could not be located, 429 were categorically eligible applications, and 2,315 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

Categorically eligible applications rarely have administrative errors.

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 429 categorically eligible applications had a case number and an appropriate adult signature and were processed correctly.

Income-based applications are more prone to administrative errors. LEAs make more errors in determining gross monthly income than they do in determining household family size.

On about one-third 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 2007/08) (unweighted percent of cases with information recorded on the application)

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

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 2007/08, household size was accurately calculated on about 98 percent of the applications that showed a determination of household size. Gross household income was accurately calculated on about 90 percent of applications that indicated this calculation. In School Year 2007/08, the number of applications with under-counts for household size was roughly comparable to the number of applications with over-counts. When gross household income was calculated incorrectly, LEAs' calculations tended to be lower than what the documentation on the application warranted.

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 frequency 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 3.9 percent of students approved or denied on the basis of an application. The percentage of eligibility determinations in error is slightly higher (4.3 percent) for students approved or denied on the basis of income-based applications.

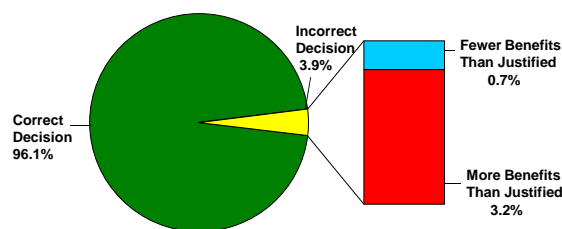
Not all administrative errors associated with the calculation of household size and household income resulted in incorrect eligibility determinations. For example, a four-person household with very low income could be eligible for free meals even if the household size was incorrectly assessed to be five persons or biweekly income was incorrectly assessed as twice-a-month income.

In addition to incorrect determination of household size or income, some applications were approved even though they were incomplete. Thirty-five 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 eight 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 15 instances (less than 1 percent) 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 in error, since students without appropriate documentation are not eligible for free or reduced-price benefits

Of the 3.9 percent of students approved incorrectly for any reason, about 81 percent were certified for more benefits than were justified based on the documentation available. Half of the over-certifications resulted from approval of incomplete applications. Nineteen 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 2007/08

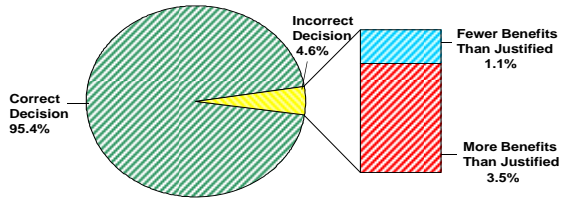


Accuracy of meal benefit issuance status was similar to the accuracy of eligibility determination. Meal benefit issuance status was correct for about 96 percent of the students.

Almost 4 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 the status determined as a result of the verification process.

Figure 2: Accuracy of Benefit Status Determinations Among Approved and Denied Applicants School Year 2007/08



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 has remained relatively stable over the 4-year period.

Comparisons of data from school years 2004/05 through 2007/08 show no significant differences. The percentage of students applying for meal benefits who were incorrectly certified due to administrative errors varied from 3 to 4 percent. The percentage of incorrectly certified students who were over-certified and under-certified fluctuated somewhat, but the percentage of over-certified students was at least three times higher than under-certified students.

Table 2: Comparison of Certification and Benefit Status Determinations, SY 2004/05 – SY 2007/08

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

The percentage of students with incorrect meal benefit issuance status remained stable across all 4 years with about 4 percent of students receiving incorrect meal benefits due to administrative errors. Roughly three-quarters 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 decreased in SY 2007/08 after 2 years of slight increase. This may be due to LEAs gaining 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 increase in school year 2007/08.

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 remains relatively stable, ranging from 3 to 4 percent. 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 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. Some LEAs continue to calculate gross household income by converting incomes received at different frequencies to monthly amounts. Use of annual amounts is designed to minimize errors in income conversion calculations.

LEAs can also reduce administrative errors by making 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. Half 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: 2006

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

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 on-line 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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