

### Abstract

This is the third in a series of annual reports assessing administrative error associated with the local educational agency's (LEA) approval of applications for free and reduced-price school meals. In school year 2006/07 about 96 percent of students who were approved for meal benefits on the basis of an application received the correct level of meal benefits, based on the information in the application files. The percent of all students with administrative errors in the processing of their applications for meal benefits has remained relatively stable over the 3-year period, with administrative errors ranging between 3 and 4 percent.

### Background

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) provide almost 4 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 school districts to establish free and reduced-price eligibility. Previous research (Ponza, 2007; Endahl, 2005, 2006; Burghardt et al, 2004; Hulsey et al, 2004, Strasberg, 2003, and St. Pierre et al, 1990) has suggested that administrative errors occur on 3-10 percent of applications for free and reduced-price meal benefits.

This is the third in a series of annual reports that examine 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) recently completed a large, nationally representative study, the NSLP/SBP Access, Participation, Eligibility and Certification (APEC) Study, that examined a number of benefit issuance concerns in addition to LEA administrative 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.

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 income or receipt of Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), Temporary Assistance to 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, school officials 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 or TANF 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 stratified into 28 strata defined by seven FNS regions and four 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 2005/06. 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 2006/07 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 2,776 applications were selected for review. Nine applications could not be located, 515 were categorically eligible applications, and 2,252 were income-based applications.

FNS regional staff photocopied the selected applications and forwarded them to FNS Headquarters for coding. FNS Headquarters 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

**Administrative errors are rare on applications that are approved based on categorical eligibility.**

To be categorically eligible for free meals, a household must provide the name of the child, an

appropriate food stamp, TANF, or FDPIR case number, and a signature of an adult household member on its application. Only one of the 515 categorically eligible applications was processed incorrectly. That application lacked an appropriate adult signature.

**Applications that are approved based on household size and income 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 AND 2005/06) (unweighted percent of cases with information recorded on the application)

	School Year		
	2004/05 Percent	2005/06 Percent	2006/07 Percent
Household Size			
Correct	97.9	97.1	96.5
Not Correct	2.1	2.9	3.5
Under-count	0.9	1.9	2.1
Over-count	1.2	1.0	1.4
Household Income			
Correct	91.9	92.1	94.0
Not Correct	8.1	7.9	6.0
Under-count	4.4	3.5	3.5
Over-count	3.7	4.4	2.5
Number of Applications	2222	2293	2252

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 2006/07, LEAs accurately calculated household size on about 97 percent of the applications that showed a determination of household size. LEA accuracy in determining monthly household income based on the information on the application was slightly lower. The LEA's calculation of gross monthly household income was accurate on about 94 percent of applications that indicated this calculation. For both household size and household income, the number of applications with under-counts was

roughly comparable to the number of applications with over-counts.

**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) not converting multiple income sources to annual income; (2) incorrectly determining the frequency of receipt of household income (e.g., biweekly instead of twice per month); 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 meal status even if the household size was incorrectly assessed to be five persons or biweekly income was incorrectly assessed as twice-a-month income.

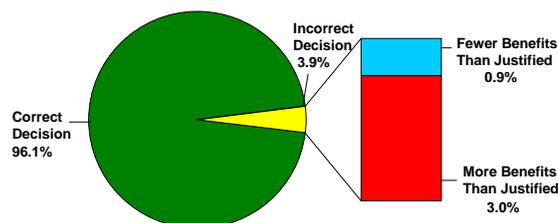
Incorrect determination of household size or income was not the only type of administrative errors made in the certification process. Some applications were approved even though they were incomplete. One categorically eligible application was approved even though it did not have the required adult signature. Some income-based applications were approved even though they did not have the required signature, complete Social Security number, or an indication that the adult signing the application had no Social Security number. For some 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 nine 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 78 percent were certified for more benefits than were justified based on the documentation available. Roughly 30 percent of these students were certified free when the documentation, or lack thereof, indicated they should have been in paid status. Twenty-two 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 2006/07**



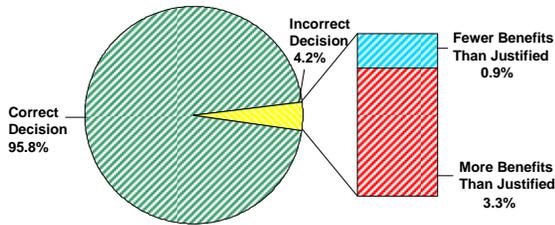
**Accuracy of meal benefit issuance status was similar to the accuracy of eligibility determination. Meal benefit issuance status was correct for about 96 percent of the students.**

A comparison of the status recorded on the LEAs’ lists of students eligible for various meal categories with the status computed based on information in the application file shows an error rate similar to that found for eligibility determination. 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.

While incorrect meal benefit issuance status largely reflects errors made at the time of certification, 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 2006/07**



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 remained relatively stable.**

Comparisons of data from school years 2004/05 through 2006/07 show no significant differences. The percentage of students applying for meal benefits that were incorrectly certified due to administrative errors varied from 3 to 4 percent. The percentage of incorrectly certified students that 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 2006/07**

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

The percentage of students with incorrect meal benefit issuance status remained stable across all 3 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.**

For income-based applications, LEAs continued to make fewer errors when calculating household size than when calculating household income (Table 1). However, the percentage of miscalculations of household size increased slightly in the past 2 years. This slight increase may be due to the increased use of multi-child family applications as opposed to individual child applications. The percentage of applications with incorrect household income calculations has shown a slight but not significant decrease from school year 2004/05 to school year 2006/07.

### 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.

In an attempt to reduce the number of administrative errors, FNS has issued a new version of the *Eligibility Manual for School Meals* that contains information on Federal requirements regarding the determination and verification of eligibility for free and reduced-price meals in the NSLP and SBP. This updated manual reflects changes made 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. Formerly, LEAs converted different frequencies to monthly amounts. Use of annual amounts is designed to minimize 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 a 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.

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, please see the following reports available online at:

<http://www.fns.usda.gov/oane/MENU/Published/CNP/cnp.htm>

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  
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:

[http://www.fns.usda.gov/cnd/Guidance/eligibility\\_guidance.pdf](http://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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