

### Abstract

This is the second in a series of annual reports assessing administrative errors associated with School Food Authorities' (SFAs) approval of applications for free and reduced-price school meals. In school year 2005/06, more than 96 percent of students who were approved for meal benefits on the basis of an application were receiving the correct level of meal benefits, based on the information in the application files. Three percent of all students who submitted an application for meal benefits had an administrative error in the processing of their applications, down slightly from 3.5 percent in the previous school year, although not statistically significant.

### Background

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) provide over 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 meal eligibility. Previous research (Endahl, 2005; 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 second in a series of annual reports that examine the administrative accuracy of SFA approval and benefit issuance for free or reduced-price meals based on household applications. The Food and Nutrition Service (FNS) is currently conducting a large, nationally representative study, the NSLP/SBP Access, Participation, Eligibility, and Certification (APEC) Study, to examine a number of benefit issuance issues in addition to SFA administrative accuracy in processing applications. That study will also examine the accuracy of households' self-reporting of 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 food stamp, Temporary Assistance to Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDPIR) benefits. SFA 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 household participates in food stamps or TANF.

### Research Questions

The key research questions addressed in this study are:

- (1) Based on the information provided on applications, did the SFAs 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 SFAs 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 SFA 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 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 2004/05. This data base 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 2004/05 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 2,751 applications were selected for review. Sixteen applications could not be located, 442 were categorically eligible applications, and 2,293 were income-based applications.

FNS regional staff photocopied the selected applications and forwarded them to FNS Headquarters for coding. FNS Headquarters staff recorded the SFA's determination of household size, total gross income, and the certification status (free, reduced-price, paid) that the SFA 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 SFA'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 SFA determinations.

## Key Findings

### Administrative errors are rare on applications 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 1 of the 442

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. SFAs are more accurate in determining household size than they are in determining gross monthly income.

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

**TABLE 1: ACCURACY OF SFA DETERMINATION OF HOUSEHOLD INCOME AND HOUSEHOLD SIZE FROM INCOME-ELIGIBLE APPLICATIONS (SCHOOL YEARS 2004/05 AND 2005/06)** (Unweighted Percent of Cases)

	School Year 2004/05		School Year 2005/06	
	Percent Recorded	Percent Recorded	Percent Recorded	Percent Recorded
<b>Household Size</b>				
Correct	66.5	97.9	67.6	97.1
Not Correct	1.4	2.1	2.0	2.9
Under-count	0.6	0.9	1.3	1.9
Over-count	0.8	1.2	0.7	1.0
Not Recorded by SFA	32.1	---	30.4	---
<b>Household Income</b>				
Correct	64.1	91.9	66.2	92.1
Not Correct	5.7	8.1	5.7	7.9
Under-count	3.1	4.4	2.5	3.5
Over-count	2.6	3.7	3.2	4.4
Not Recorded by SFA	30.2	---	28.1	---
Number of Applications	2,222		2,293	

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

In School Year 2005/06, SFAs accurately calculated household size on about 97 percent of the applications that showed a determination of household size. SFA accuracy in determining monthly household income based on the information on the application was slightly lower. The SFA's calculation of gross monthly household income was accurate on about 92 percent of applications that indicated this calculation. For both household size and household income, the number of applications with under-counts was comparable to the number of applications with over-counts.

**The types of administrative errors made by SFAs 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) using the wrong monthly income conversion factor (e.g., multiplying weekly income by 4.0 instead of 4.3); (2) incorrectly determining the frequency of receipt of household income (e.g., biweekly instead of twice per month); and (3) incorrect addition or multiplication.

**SFA eligibility determinations were incorrect for 3.0 percent of students approved or denied on the basis of an application. Almost all of the eligibility determinations in error were for students approved or denied on the basis of income-based applications; 3.4 percent of these students had an incorrect eligibility determination.**

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 or biweekly income was incorrectly assessed as twice-a-month income.

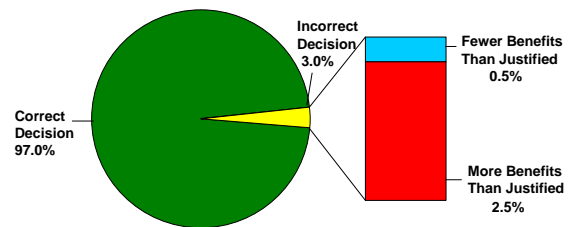
Incorrect determinations of household size or income were not the only type of administrative errors made in the certification process. One categorically eligible application was approved even though it did not have the required adult signature. Some income-based applications were approved even though they did not have the required signature, social security number, or an indication that the adult signing the application had no social security number. For some applications, the SFA correctly calculated the household size and household income but incorrectly looked up the eligibility status on the NSLP Income Eligibility Guidelines.

Finally, there were 16 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 3.0 percent of students approved incorrectly for any reason, 83 percent were certified for more benefits than were justified based on the documentation available. Almost two-thirds of these students were certified free when the documentation or lack thereof, indicated they should have been in paid status. Seventeen percent of the students certified in error were certified for a lesser benefit level than was justified.

**Figure 1: Accuracy of SFA Eligibility Certification Determinations Among Approved and Denied Applicants School Year 2005/06**

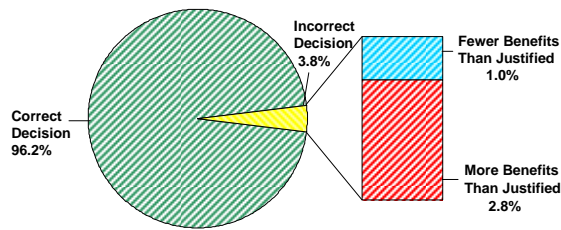


**Accuracy of meal benefit issuance status was slightly lower than the accuracy of eligibility determination. Meal benefit issuance status was correct for 96.2 percent of the students.**

A comparison of the status recorded on the SFAs’ lists of students eligible for various meal categories with the status computed based on information in the application file shows a slightly higher error rate than for eligibility determination. Less than 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 2005/06**



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, but the rates of inaccurate benefit status are slightly higher.

**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 and 2005/06 show little change. There was a slight but not statistically significant decrease ( $p > .05$ ) in the percentage of students applying for meal benefits who were incorrectly certified due to administrative errors. In school year 2005/06, the percentage of students incorrectly certified was 3.0 percent compared to 3.5 percent in the previous year. The percentage of incorrectly certified students who were overcertified and undercertified remained relatively constant across the 2 years at about 83 percent and 17 percent, respectively.

**Table 2: Comparison of Certification and Benefit Status Determinations, SY 2004/05 – SY 2005/06**

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

A similar, nonsignificant 0.5 percentage-point decrease was observed in the percentage of students with incorrect meal benefit issuance status. In school

year 2005/06, 3.8 percent of students were receiving incorrect meal benefits due to administrative errors compared to 4.3 percent in the previous year. 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-count and under-counts of household size and household income.**

For income-based applications, SFAs 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 school year 2005/06 compared to the previous year. 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 remained relatively stable from school year 2004/05 to school year 2005/06, but the distribution of applications with errors resulting in underestimation and overestimation of household income shifted slightly.

**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 low. 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 errors made in determining household gross income, FNS has issued recent guidance recommending that SFAs minimize income conversion calculations. FNS has recommended that school districts 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, rather than converting all income to a monthly amount.

SFAs can also reduce administrative errors by following up 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

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 SFA application eligibility determinations to measure changes in administrative error rates. This information will be used to assess the impact of corrective actions and 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 SFA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2005." USDA, Food and Nutrition Service, Alexandria, VA: 2005

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-040-AV4. USDA, Food and Nutrition Service, Alexandria, VA: 2004

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

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