

Nutrition Assistance Program Report Series
The Office of Analysis, Nutrition and Evaluation

Special Nutrition Programs

*CURRENT POPULATION
SURVEY ANALYSIS OF NSLP
PARTICIPATION and INCOME*



United States
Department of
Agriculture

Food and
Nutrition
Service

October 1999

ABSTRACT

This report examines data from the Current Population Survey (CPS) in order to analyze trends in free and reduced price certification and participation in the National School Lunch Program (NSLP) during the period of 1993-1997. The data indicate that free certifications for NSLP as a percentage of CPS estimated eligibles have been increasing for several years and was 118% in 1997 (latest available). Moreover, although combined free and reduced price certifications as a percentage of estimated eligibles is still under 100%, this percentage has also been increasing for several years and will likely exceed 100% when 1998 CPS data is available. Nearly all states (49 of 51) had an increase in their total number of free and reduced price certifications as a percentage of estimated eligibles between 1993-1997. Percentages are particularly high in the Southwest, Southeast, and Mid-Atlantic regions. CPS data on reported free and reduced price participation indicate that between 1993-1996 there were participation increases at income levels both above and below 185% of poverty. Currently, 23.3 % of households with participants report income over 185% of poverty with 6.2 % of households having income above 300% of poverty. Comparable percentages at the student level are 19.6% and 4.4%.

Consideration of data and methodological issues indicates it is unlikely that these issues are the source of the high certification and participation rates among ineligibles suggested by the CPS data. Other large, nationally representative data sources confirm that certification and participation in the free and reduced price NSLP program by ineligibles is substantial.

CPS Analysis of NSLP Participation/Income

The Current Population Survey (CPS), which is the Census Bureau's primary source of annual income data, collects information on household annual income and on participation in the National School Lunch Program (NSLP). NSLP lunches are provided free or at a reduced price if participants' self-reported current monthly income falls below a certain level¹. The purpose of the following report is to examine data from the CPS in order to analyze trends in free and reduced price certification and participation in the NSLP during the period of 1993-1997. The first section of the report compares estimated CPS eligibles to both free and free and reduced price NSLP certifications at the national level. Similar comparisons between estimated eligibles and free and reduced price certifications are made at the state-level. CPS data on reported participation in the free and reduced price lunch program is then examined at various income levels at both the household and the student level. The second section of the report examines some of the data and methodological issues that underlie the first section. The final section of the report discusses a variety of explanation for the increase in participation among both eligible and ineligible participants.

I. Data Analysis

1. Estimated Eligibles vs. Certifications, National Data:

For many years, free certifications for NSLP have exceeded what would be expected based on data from the CPS. In the early 1990s, for example, free certifications equaled slightly more than 100% of estimated free eligible children. In recent years, the number of students certified as eligible for free priced meals has risen substantially while CPS data suggests that the number of school-aged children income eligible for free (below 130% of poverty) priced meals has fallen. Table 1 below shows that between 1993-1997, the number of students estimated to be income eligible for free lunch *decreased* by 3.3% while the number of students certified for free lunch *increased* by 15.6% over the same time period. Because of these two opposing trends, the number of students certified as eligible for free lunches now exceeds the number of students estimated to be income eligible by 18%. Further illustration of these changes is contained in Figure 1.

Table 1²

NSLP Free Certifications vs. CPS Income Eligibles (in thousands)						
	1993	1994	1995	1996	1997	1998
CPS Income Eligibles for Free Lunch	13,924	13,718	13,655	13,382	13,463 ³	Not yet available
NSLP Certified Free	13,785	14,389	14,911	15,290	15,940	16,650
Certifications as a Percentage of CPS Eligibles	99%	105%	109%	114%	118%	

¹ For FY 1999, a family of four must have an annual income below \$21,710 to qualify for free meals; the income cutoff for reduced price meals for a family of four is \$30,895.

² An updated version of Table 1 appears on the following page.

³ The 1997 CPS estimates were constructed with a different, less accurate methodology than the 93-96 estimates. Adjustments were made to the 1997 estimates to make them more comparable to the earlier estimates.

UPDATED VERSION OF TABLE 1¹

Table 1

NSLP Free Certifications vs. CPS Income Eligibles (in thousands)							
	1993	1994	1995	1996	1997	1998	1999
CPS Income Eligibles for Free Lunch	13,924	13,718	13,655	13,382	13,461	13,128	12,464
NSLP Certified Free	13,792	14,396	14,920	15,415	15,799	15,965	15,876
Certifications as a Percentage of CPS Eligibles	99%	105%	109%	115%	117%	122%	127%

¹ This is an updated version of Table 1 of the attached report. Numbers up through 1999 are provided. Corrections have been made to the table to the number of NSLP certified free based on more recent data provided by the State agencies administering the NSLP program.

Likewise, the number of students certified as eligible for either free (below 130% of poverty) or reduced priced (130-185% of poverty) meals has risen substantially while the number of students estimated to be income eligible for either free or reduced priced lunches has decreased. Table 2 demonstrates that the total number of students estimated to be eligible for either free or reduced price lunch *decreased* by 1.7% from 1993-1997 while the number of certified students *increased* by 16.5%. At the present time, the number of students estimated to be income eligible for either free or reduced priced lunches still exceeds the number of certified students, although only by 2%. However, the gap between these two numbers has decreased substantially during the 1990s. Given current trends, forthcoming estimates of students income eligible for free or reduced price lunch in 1998 will likely exceed the number of NSLP certifications in 1998. Further illustration of these changes is contained in Figure 1.

Table 2

NSLP Free and Reduced Certifications vs. CPS Income Eligibles (in thousands)						
	1993	1994	1995	1996	1997	1998
CPS Income Eligibles for Free and Reduced Price Lunches	19,750	19,604	20,030	19,727	19,414 ⁵	Not yet available
NSLP Certifications (Free and Reduced Price)	16,259	16,944	17,560	18,125	18,943	19,857
Certifications as a Percentage of CPS Estimated Eligibles	82%	86%	88%	92%	98%	

The decrease in the number of students income eligible for free or reduced price lunch contrasts with the increase in the number of students enrolled in schools serving NSLP meals. As Table 2 illustrates, the number of free or reduced price eligible children decreased by 1.7% from 1993-1997. During this same time period, the number of children enrolled in NSLP schools increased by 6.7% from 43.2 million to 46.1 million. This suggests that there has been a decrease in the percentage of children who are eligible for free or reduced price lunches. Table 3 illustrates that there has indeed been a steady decline during the 1990s in the percentage of children enrolled in school who are eligible for free or reduced price meals.

Table 3

Percentage of Students Eligible for Free and Reduced Price NSLP					
	1993	1994	1995	1996	1997
Free	32.2%	31.0%	30.4%	29.7%	29.2%
Free and Reduced	45.7%	44.3%	44.6%	43.8%	42.1%

2. Estimated Eligibles vs. Certifications, State and Regional Data:

CPS data can also be used to estimate the number of children eligible for free and reduced price meals at the state level. Comparisons between free and reduced price income eligibility and NSLP certifications at the state level show a similar pattern as the comparisons at the national level⁶. For example:

⁵ The 1997 CPS estimates were constructed with a different, less accurate methodology than the 93-96 estimates. The 1997 estimates were adjusted to make them more comparable to the earlier estimates.

⁶ Tables showing the estimated number of children below 185% of poverty, total NSLP certifications, and certifications as a percentage of eligibles for all states for 1993 and 1997 are included as an appendix to this report.

UPDATED VERSION OF TABLE 2¹

Table 2

NSLP Free and Reduced Price Certifications vs. CPS Income Eligibles (in thousands)							
	1993	1994	1995	1996	1997	1998	1999
CPS Income Eligibles for Free and Reduced Price Lunch	19,750	19,609	20,030	19,727	19,416	19,190	18,928
NSLP Certified Free and Reduced Price	16,273	16,952	17,577	18,273	18,762	19,067	19,260
Certifications as a Percentage of CPS Eligibles	82%	86%	88%	93%	97%	99%	102%

¹ This is an updated version of Table 2 of the attached report. Numbers up through 1999 are provided. Corrections have been made to the table to the number of NSLP certified free based on more recent data provided by the State agencies administering the NSLP program.

- Between 1993 and 1997, 49 of the 51 States had an increase in the total number of free and reduced price certifications as a percentage of their CPS estimated eligibles.
- In 1993, only 3 states had percentages that exceeded 100%. By 1997, 16 states had percentages greater than 100%.
- In 1993, 42 states had percentages less than 90%. By 1997, only 20 states had percentages less than 90%.

At the same time, it should be noted that inter-state variation is quite large with percentages ranging from a low of 66% (Alaska) to a high of 131% (Georgia) in 1997.

At the regional level, states with high percentages of income eligibles as a percentage of certifications are disproportionately located in the Southwest, Southeast, and Mid-Atlantic. In 1997, only 2 of the 19 states (10.5%) in these three regions had a percentage less than 90% whereas 18 of 32 states (56.2%) in the other four regions had percentages less than 90%. The following table illustrates the variation in the seven USDA regions in 1993 and 1997. This variation is also demonstrated in Figure 2.

Table 4

Region	1993 Percentage	1997 Percentage	Percentage Point Change
Northeast	79	90	11
Mid-Atlantic	85	99	14
Southeast	89	107	18
Midwest	76	91	15
Southwest	89	102	13
Mountain Plains	80	90	10
Western	71	87	16

3. Income of Households Reporting Free or Reduced Price Participation:

In addition to collecting income information that is the basis of the preceding eligibility estimates, the CPS also collects information on reported participation in NSLP. Respondent parents are asked to indicate whether any children in the household received free or reduced priced lunches during the preceding calendar year⁷. CPS reported participation can then be combined with income information to determine the poverty level of households reporting receipt of free or reduced priced lunches⁸. As the following table indicates, a substantial percentage of households that report receiving free or reduced priced lunches also report income that exceeds the income eligibility level for

⁷ The CPS makes no distinction between the two different levels of participation.

⁸ Income level was calculated by comparing the family income of the primary family or non-family household head to the poverty thresholds used in determining NSLP eligibility. The income status of the household head was then assigned to the household.

such meals. Moreover, this percentage has steadily increased from 19.2% in 1993 to 23.3% in 1996⁹.

Table 5

Poverty Level of Households Reporting Free or Reduced Price Participation					
	1993	1994	1995	1996	Percentage Point Change 1993-1996
Below 50% of poverty	20.5%	19.2%	15.9%	17.2%	(3.3)
At or below 130% of poverty	61.4%	58.7%	56.4%	55.9%	(5.5)
At or below 185% of poverty	80.8%	78.2%	76.8%	76.7%	(4.1)
Above 185% of poverty	19.2%	21.8%	23.2%	23.3%	4.1
At or above 300% of poverty	4.0%	5.4%	5.4%	6.2%	2.2

Further analysis of CPS data indicates that household participation increases in the free and reduced price lunch program during the 1993-1996 period have disproportionately occurred in households with incomes exceeding 185% of poverty. Table 6 illustrates that between 1993-1996 there was a 3.8% increase in the number of households below 185% of poverty reporting participating in the school lunch program whereas there was a 32.3% increase in reported participation among households above 185% of poverty. At the lower levels of poverty there was actually a decrease in reported participation during this time period. Likewise, reported participation increases in the program were greatest at income levels that are well above the poverty level.

Table 6

Estimated Number of Households with Participants (in thousands)					
	1993	1994	1995	1996	Percent Change 1993-1996
Below 50% of poverty	1,638	1,611	1,350	1,501	(8.4)
At or below 130% of poverty	4,914	4,919	4,791	4,884	(0.6)
At or below 185% of poverty	6,461	6,548	6,526	6,708	3.8
Above 185% of poverty	1,539	1,828	1,967	2,036	32.3
At or above 300% of poverty	319	454	459	541	69.6

However, the above table does not take into account changes in the total number of households with age eligible children. The following table illustrates these changes.

⁹ This does not include households that are certified for free meals but are actually eligible for reduced price meals. Data from the School Nutrition Dietary Assessment indicates that approximately 7.2% of participants certified for free meals should actually be receiving reduced price meals.

Table 7

Total Number of Age Eligible Households (in thousands)					
	1993	1994	1995	1996	Percent Change 1993-1996
Below 50% of poverty	2,158	2,012	1,708	1,894	(12.2)
At or below 130% of poverty	6,863	6,607	6,389	6,444	(6.1)
At or below 185% of poverty	10,152	9,843	9,732	9,836	(3.1)
Above 185% of poverty	19,008	19,674	20,026	20,330	7.0
At or above 300% of poverty	12,504	12,964	13,396	13,564	8.5

When changes in the total number of households with age eligible children are taken into account, reported participation increases are seen at all income levels, with larger increases occurring at levels below 185% of poverty, rather than above 185% of poverty. Table 8 illustrates these increases.

Table 8

Participation as a Percentage of Age Eligible Households					
	1993	1994	1995	1996	Percentage Point Change 1993-1996
Below 50% of poverty	75.9%	80.1%	79.0%	79.3%	3.4%
At or below 130% of poverty	71.6%	74.5%	75.0%	75.8%	4.2%
At or below 185% of poverty	63.6%	66.5%	67.1%	68.2%	4.6%
Above 185% of poverty	8.1%	9.3%	9.8%	10.0%	1.9%
At or above 300% of poverty	2.5%	3.5%	3.4%	4.0%	1.5%

4. Estimates of Students Reported to Receive Free or Reduced Price Lunch:

Because NSLP participation data is reported in the CPS at the household level, it does not provide estimates of the number of students participating at various income levels. However, it is possible to construct such estimates in order to determine whether the student level trends vary significantly from those seen at the household level. The following table, which is analogous to Table 5 at the household level, indicates that a substantial percentage of children reported to receive free or reduced priced lunches live in households that report income that exceeds the eligibility level for such meals. This percentage has steadily increased from 16.4% in 1993 to 19.6% in 1996¹⁰. Although these percentages are lower than the comparable percentages estimated at the household level (19.2% and 23.3% respectively), they are of a similar magnitude and both sets of percentages have shown steady increases.

¹⁰ This does not include households that are certified for free meals but are actually eligible for reduced price meals. Data from the School Nutrition Dietary Assessment indicates that approximately 7.2% of participants certified for free meals should actually be receiving reduced price meals.

Table 9

Poverty Level of Children Reported to Receive Free or Reduced Price Lunch					
	1993	1994	1995	1996	Percent Change 1993-1996
Below 50% of poverty	22.7%	22.5%	17.6%	19.2%	(3.5)
At or below 130% of poverty	65.2%	63.4%	61.4%	59.7%	(5.5)
At or below 185% of poverty	83.6%	82.2%	81.4%	80.4%	(3.2)
Above 185% of poverty	16.4%	17.8%	18.6%	19.6%	3.2
At or above 300% of poverty	2.9%	3.8%	3.9%	4.4%	1.5

II. Data and Methodological Issues

The March Supplement to the CPS is the Census Bureau's primary source of annual income data, and is widely used for analysis of income and poverty. It is the source of official annual poverty estimates for the United States. However, in interpreting the CPS data on free and reduced-price NSLP income-eligibility and participation, it is important to consider how well the survey measures these characteristics.

1. Income Eligibility Measurement:

Comparability of CPS and NLSP data

For several reasons, CPS estimates of NSLP free and reduced price eligibles should not be expected to directly match the number of children who could legitimately become certified under NSLP program rules and operations.

First, the CPS collects annual income data for the full prior calendar year whereas the NSLP application asks for current monthly income. Research on the effect of this difference is not conclusive. While some research suggests that a monthly measure of poverty is likely to yield a higher estimate of eligibility than an annual measure, recent FNS research suggests that use of a monthly rather than an annual measure to estimate the population below 185% or 130% of poverty would not produce significantly different estimates of eligibility^{11,12}.

Second, NSLP certification data used in this analysis likely reflect a cumulative effect of applications submitted over more than one month. Free and reduced-price certification status is reported to FNS by States as of October. However, the October count likely reflects applications submitted from mid-August through October. Families which would appear to be ineligible based on CPS annual income may experience spells of monthly eligibility during which they apply for NSLP benefits. This would tend to increase the October certification number relative to the CPS annual estimate. The NSLP certification data may more closely resemble a measure of families who are ever-eligible over the course of about two months, rather than a strict monthly measure; however, we do not have an estimate of the difference between these two measures.

Finally, it should also be noted that the CPS calendar year measure is compared to fiscal year certification data which is collected during August to October of the prior calendar year. That is, CPS income data for calendar year 1996 is compared to free and reduced price certification data for Fiscal Year 1996 that is actually collected during late 1995. Because families who are certified eligible in October seem unlikely to re-submit certification data later in the school year, the certification data likely represents a good measure of the certified eligible population during the school year most comparable to the CPS annual measure for the following year. However, during a period of economic improvement, the discrepancy in the collection period between these two measures would likely cause the CPS estimate of eligibility to be biased downward in comparison to the certified population.

¹¹ "Analysis of Whether Poverty Estimates Vary by Month of Measurement", draft report submitted by Mathematica Policy Research, Inc., July 1998.

¹² "Income Variability Among Families with Pregnant Women, Infants, or Young Children", Mathematica Policy Research, Inc., January 1997.

Quality of CPS Income Reporting

The overall accuracy of the CPS income data is also a consideration. While it is clear that the CPS, like all surveys, contains some reporting error, it is unclear if the CPS over or underreports income. When CPS data is compared to data from the National Income and Program Accounts (NIPA), the CPS underreports national income by 3 percent. However, when CPS data is compared to Federal tax return data, total income on the CPS is overreported by 1 percent.

Of critical importance for this analysis is not only the overall accuracy of the CPS income data, but its accuracy in measuring various income levels. For example, if low income households tend to report income accurately whereas high-income households tend to underreport income then the CPS estimates of the number of income eligibles will be biased upwards. On the other hand, if low-income households tend to overreport income but high income households tend to report income accurately then the estimates of the number of income eligibles will be biased downward. The accuracy of income reporting for various income levels will also affect the percentage of CPS reported participants who exceed 185% of poverty.

However, there is relatively little research on the issue of how well the CPS, or similar surveys, measures various income levels. There is evidence of underreporting of benefits and participation in programs targeted at low-income populations¹³. However, it is not clear whether this primarily reflects underreporting of program participation or undercoverage of eligible populations in the surveys.

In general, the accuracy of CPS income reporting is likely to be very high, particularly in relation to income reporting on the NSLP application. The CPS employs a very rigorous and methodical approach to collecting data. The CPS interview instrument gathers information on more than 50 different income sources. It is designed to provide the most accurate data possible through a well designed survey instrument administered by a trained interviewer. Furthermore, there is no clear incentive to misreport income on the CPS. There are no entitlements tied to the survey and the interviewer makes it clear that the information collected in the survey is confidential and will not be used to verify eligibility in any program.

2. Participation Measurement:

The March Supplement to the CPS asks two questions related to the National School Lunch Program:

During (previous year i.e. 1998) how many of the children ages 5 to 18 in this household usually ate a complete lunch offered at school?

During (previous year i.e. 1998) how many of the children in this household received free or reduced price lunches because they qualified for the Federal School Lunch program?

¹³ Decision Demographics April 30, 1999 Memo in response to March 3, 1999 questions from FNS.

The use of the word “usually” in the first question may lead to inaccuracies in the reporting of free and reduced-price participants. We do not know how respondents interpret the word usually. If, in the first question, the respondent reports that none of the children usually ate a complete lunch offered at school, the respondent will not be asked how many children in their household received free or reduced-price lunch. This leaves open the possibility that children that are certified for free or reduced-price lunch but do not “usually” participate are not represented in the CPS free and reduced price program participation data. However, we have no way of knowing whether such children are more likely to come from families above or below 185% of poverty.

When a respondent *does* report that one or more children usually eats a school lunch, we do not know how frequently, on average, those children eat. Therefore it is not possible to directly compare CPS participation data to administrative participation data to assess how well the CPS captures NSLP receipt. Given that the CPS and other similar surveys typically undercount participants in other programs, it seems reasonable to assume that NSLP free and reduced-price participation is also not fully captured. The key issue for this analysis is whether any undercoverage is biased in terms of income. If low-income free and reduced price participants are relatively undercaptured, then the estimate of the proportion of free- and reduced-price participants who are above 185% of poverty is likely to be too high. Conversely, if the CPS does a worse job of capturing higher-income (over 185% of poverty) free and reduced price participants, then the estimate is likely to be too low.

While we have no direct measure of bias in the CPS data, data from the 1992 School Nutrition Dietary Assessment (SNDA) may provide some frame of reference. SNDA collected income data through mail surveys and in-person interviews depending on the child’s grade level. Parents were asked to select from a range of income levels and were then assigned an income representing the midpoint of the selected range. Students were classified as participants if, on the day of data collection, they reported selecting at least three food items that contribute to a USDA meal-pattern requirement. SNDA data suggest that fewer free and reduced price recipients are above 185% of poverty (7.7% vs. 14.9% in CPS data for 1992). However, SNDA, in comparison to the CPS data for 1992, also reports that a significantly smaller proportion of the free and reduced price population receives Food Stamps (41% vs. 52%), and that a substantially larger proportion of the SNDA free and reduced price population are White non-Hispanic (51% vs. 42%). While certainly not conclusive, these data do not appear to support the notion that that CPS seriously undercaptures the low-income free and reduced price participants relative to higher-income participants. Another potential explanation for the discrepancy in the proportion of reported free and reduced-price participants who are over 185% of poverty may be that the CPS data collection for income is more thorough than was SNDA.

Finally, it should be noted that the incentive to accurately report free and reduced-price participation in the CPS may differ for low-income and higher-income respondents. Specifically, higher income families may be reluctant to report free and reduced price participation if they are aware that their incomes are above the legal eligibility limits. If this is the case, it would tend to cause the CPS data to underestimate the proportion of free and reduced-price recipients above 185% of poverty.

3. Conclusion

The preceding analysis of income eligibility and participation measurement in the CPS leaves open the possibility that certification and participation by ineligible students in the free and reduced price program is not as severe as presented in the first section of this report. However, it is not possible to determine whether any of the areas of potential bias actually exist nor is it possible to quantify the extent of the bias. Moreover, some of the issues considered above indicate that the problem of certification and participation by ineligibles may be *more* severe than presented in the first section of this report. On balance, it appears unlikely that these measurement issues are the source of the high certification and participation rates among ineligibles suggested by the CPS data. Other large, nationally representative data sources confirm that certification and participation in the free and reduced price NSLP program by ineligibles is substantial.

- The Income Verification Study, conducted in 1987, found that approximately 9% of students certified as free or reduced price should actually be paying full-price for meals¹⁴.
- An analysis of the 1994-1996 Continuing Survey of Food Intakes by Individuals found that about 13-14% of free and reduced price participants have income above 185% of poverty¹⁵.

High rates of certification and participation by ineligibles should not be surprising given the NSLP application process. Applications are often sent home with children or mailed home, thus parents do not have assistance in filling out an application to ensure accuracy. Moreover, there is incentive for families to misreport income. Most NSLP applicants know that the acceptance of their application is based on income and family size, and there is a financial incentive to qualify for free or reduced-price lunch. Certification for free lunch could save a household about \$500 per student over the course of the year in NSLP benefits alone¹⁶. In addition, there is relatively little disincentive to misreport. Schools are only required to verify three percent of the applications that are received for free and reduced-price meals. If an applicant is found to have incorrectly filled out the application there is no penalty beyond a termination of the certification status at that point. There is also no follow-up to non-response to a verification request other than to terminate the family's certification status.

¹⁴ "Study of Income Verification in the National School Lunch Program," ABT Associates, Inc.

¹⁵ "Children's Diets in the Mid-1990s: Dietary Intake and Its Relationship with School Meal Participation, Draft Report", Mathematica Policy Research, Inc., May 1999.

¹⁶ It should also be noted that other forms of assistance (free or reduced price books, uniforms, etc.) may also be based on NSLP eligibility.

III. Potential Reasons for the Increase in Both Eligible and Ineligible Participants

As noted in Section 1, the estimates of the proportion of free and reduced price eligibles certified as free and reduced-price, and the proportion of free and reduced price participants with reported incomes over 185% of poverty has risen steadily from 1993 to 1997. There does not appear to be any change in either CPS data collection, or the reporting of certification data in FNS administrative record systems which would account for this change¹⁷. There are however, a number of factors affecting the NSLP program environment which could contribute to the increasing number of free and reduced price certifications and/or the increasing participation rate by those above 185% of poverty.

1. Direct Certification

A possible explanation for the substantial increase in the number of free certifications is the impact of direct certification. Direct certification simplifies the application process and significantly reduces the level of burden on the applicant.

Under direct certification, school officials are permitted to accept documentation that children are members of a food stamp or TANF¹⁸ household since these children are automatically eligible for free meals. Typically this occurs in one of two ways. The most common approach involves the welfare office providing the food stamp and TANF households of school age children with a written statement confirming their participation in the Food Stamp or TANF Programs. These households then provide this statement to the school in lieu of completing an application for free or reduced-price meals. Another method of direct certification is when the school food authority prepares a list of addresses, telephone numbers, and/or Social Security numbers of students and sends them to the food stamp or TANF office. The social service agency then matches the student list against their recipient rolls and returns a list of students on both lists to the school food authority. The school food authority then approves those students for free meals without submission of an application for free meals. In general, Direct certification would be expected to increase certification rates among only eligible families. However, it is possible that if out-of-date food stamp or TANF data is used for direct certification, this may contribute to certification error among non-eligibles.

Direct certification became available to schools in the 1990-91 school year. Between 1991 and 1994 an increasing number of schools began using this new method of certification and by 1995 48 states had implemented direct certification to some extent.

2. Increased pressure for Title I and other funding

The Department of Education distributes substantial funding through states to school districts for compensatory education through the Title 1 grant program. For the 1998-99 school year, these grants totaled \$7 billion. During the period of this analysis, Title I

¹⁷ The CPS began using computer assisted interviewing techniques in 1994, this one-time change does not seem likely to account for the five-year trend seen in the data.

¹⁸ TANF replaced the former AFDC program with the passage and subsequent implementation of the Personal Responsibility and Work Opportunity Reconciliation Act. AFDC was still in operation during the time period discussed in this analysis.

grant funds in many states were dispensed to school districts in proportion to the number of children approved for free or reduced price meals. Other education related funding at the State and local level may also be distributed based on the free and reduced-price data.

Anecdotal evidence suggests that the 1990s have been a period of increasing financial and performance pressure on schools and school districts. Pressure to maximize funding from all sources has been increasing. Therefore, since school districts may have had an increasing incentive to certify as many children for free or reduced-price meals as possible, schools may be putting extra effort into getting children approved for free or reduced-price meals, regardless of eligibility.

3. Improved quality and image of NSLP

During the 1990's the Department of Agriculture has taken steps to improve the image and the quality of the school meals programs.

Team Nutrition is one of the efforts aimed at improving the image of the NSLP. Schools are now being encouraged to not only prepare meals that meet the Dietary Guidelines for Americans but also to prepare meals that appeal to the children and their tastes'. The resulting improvement in the image of the NSLP and the quality of the meals may be a factor in the increase in free certifications. Research on NSLP participation decisions suggests that a major reason eligible parents do not apply for free or reduced price meals is because they knew that their children would not eat the meals¹⁹. The increase in the quality of the school meals and the subsequent increase in desirability of school meals may be leading to an increase in free and reduced price applicants by both eligible and ineligible applicants.

4. Increased confidentiality associated with the NSLP program

In recent years, schools have increased their efforts to insure that the identity of the recipients of free and reduced price lunches are not obvious. New technology and innovative procedures are increasing the confidentiality associated with the NSLP program. Beginning in the late 1980's and early 1990's schools began adopting ticketing systems that provided greater confidentiality. The use of electronic cards and prepaid lunch accounts is making it more difficult to identify recipients of free and reduced price meals.

Increased confidentiality reduces the stigma associated with receiving free and reduced price meals. This could lead to an increase in the number of both eligible and ineligible applicants seeking to be certified as free or reduced price.

5. Expansion of the School Breakfast Program

Between 1991 and 1995 the SBP availability increased substantially. In 1991, about 45% of students attended SBP schools; in 1995 this figure was over 60%²⁰. This may be another reason for an increased number of free and reduced price applicants. The availability of two meals at free or reduce price rates may convince parents that it is

¹⁹ Abt Associates, School Lunch Eligible Non-Participants Final Report, December 1994.

²⁰ FNS Annual Historical Review, Fiscal Year 1995

worthwhile to complete the application, regardless of eligibility, where they may not have done so for NSLP benefits only.