

{State Director}

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Dear {State Director}:

On September 11, 2004, the Food and Nutrition Service (FNS) published a final regulation on Verification Reporting and Recordkeeping requirements in the National School Lunch Program/School Breakfast Program. The regulation requires each State agency (SA) to submit an annual report to FNS on the results of verification activities for each School Food Authority (SFA) under its jurisdiction, and to provide a separate report on ameliorative actions taken or planned in SFAs which exhibit a high termination rate as a result of verification. This letter transmits information on the data elements which must be reported for each SFA, the procedures which SAs will use to report this data to FNS, and the data format and edit requirements. The first required report under this regulation, covering verification activities for School Year 2004-2005, is due to FNS by April 15, 2005. SAs may also report this data for SY 2003-2004 on an optional basis.

1. Data Elements required for this Reporting.

We have enclosed a copy of Form FNS-742, which specifies the data elements which must be reported for each SFA under this reporting requirement, and the instructions for the form. The SA must submit a record with this data for each SFA under its jurisdiction, with the exceptions noted in the instructions for the form. However, SAs will not actually be submitting a form for each SFA; rather, the data elements will be entered or imported into a software application which will be provided by FNS, and a consolidated electronic file with the records for all SFAs will be transmitted to FNS using this software. A more detailed discussion of the software is provided below.

2. SFA Reporting Requirements and Procedures

FNS is not requiring SFAs to use the FNS-742 to report data to SAs. SAs may choose to use this form, develop their own reporting form, or provide for electronic reporting as part of or separately from the SA's other data reporting systems. SAs which develop electronic reporting systems will need to extract the data in the file format which can be imported by the FNS reporting software. We are providing a copy of the form which is coded to the data structure of the import file, along with a list of the edits which apply to each data element. We will be providing a sample file structure in electronic format via email. We would encourage SAs which elect to create their own reporting form or electronic reporting procedures to ensure that they carefully analyze the required data

elements and file format to ensure that the reporting meets program requirements and can produce a reporting file in the format required by the FNS software.

Although the data on the results of verification which must be summarized for this reporting is already available at the SFA level for all verified applications, SFAs will need to collect and summarize verification data in a different manner from that which was previously required. Beginning with School Year 2004-2005, SFAs will need to collect and summarize three data points for each verified application – the number of students approved for benefits on the application, the original basis for approval of the application, and the status of the application after verification. Beginning in SY 2005-2006, SFAs will also need to summarize data on the number of applications and students with benefits terminated as a result of verification which reapplied and were reapplied for benefits by February 15. However, this last data element will not be required to be reported unless Congress provides additional funding for collection of this data. We are providing sample forms which could be used by SAs to collect the data required for each verified application in order to facilitate development of the verification summary.

In order to assist SFAs with the reporting process, we will be providing software applications in MSAccess and MSEXcel which SFAs can use on an optional basis to collect and summarize the results of the verification process. The software will also produce an electronic file of the SFA data which can be transmitted to the SA and imported into the SA reporting database if the SA chooses to have SFAs report in this manner.

3. SA Reporting Procedures

We will be providing an MSAccess application which SAs will use to transmit the Verification Summary reports for all SFAs under their jurisdiction to FNS. We are requiring the use of this software to simplify the reporting process and to ensure the integrity and internal consistency of the reporting for each SFA. The software will provide three modes of data entry:

1. *Direct data entry of individual SFA reports.* If the SA chooses to have SFAs report on a form equivalent to the FNS-742, SAs can key the SFA-level data directly into the application. If the SFA report does not meet the edit requirements, the application will produce an output file listing the data elements which do not meet the required criteria, which can be reviewed by the SA and emailed or printed and transmitted to the SFA.
2. *Import of individual SFA files created by the optional SFA-level software.* Since the SFA software will not allow the creation of a file which does not meet the edit requirements, SFA reports created using this software can be directly imported into the SA software.
3. *Import of a consolidated electronic file with multiple SFA records.* The SA software will read in a consolidated file of SFA records in the required file format

and apply the edit criteria to each record. Records which meet the criteria will be added to the database; those which do not will generate an error message which can be sent to the SFA listing the data elements which do not meet the reporting criteria.

Once the required reports for all SFAs have been finalized, the SA will use the software to transmit the report to FNS via email. SAs can also use the consolidated data file produced by the software to perform the data analysis of the results of verification which is required by the regulation. The software will provide an output report with basic descriptive statistics on the results of verification for each SFA which can serve as a starting point for this analysis.

We are finalizing the software applications and developing procedures for transmitting the software to SAs. We expect to distribute it as a download via the FNS Partner Web. You will be notified on procedures for the download, along with more detailed information on the use of the applications, within the next 90 days. We are also examining the possibility of using a Web-based application for reporting this data in the future.

4. Additional Guidance

Additional guidance on this reporting will be supplied in the next several weeks on the reporting requirements concerning the SA analysis of the results of verification and the ameliorative actions taken or planned for SFAs which have been identified as having high termination rates as a result of verification.

FNS staff will be available for technical assistance to SAs as they implement this reporting requirement. We encourage you to contact us with any questions to insure that the data collection and reporting procedures which you develop will meet the reporting requirements and allow for a smooth submission of your data through the reporting software.

Sincerely,

