

### Abstract

This is the first of a series of annual reports which will assess the administrative error associated with School Food Authorities' (SFAs) approval of applications for free and reduced-price school meals. More than 95 percent of students who were approved for benefits on the basis of an application were receiving correct benefits, based on the information in the application files. In school year 2004/05, 3.5 percent of all students who submitted an application for free/reduced-price meal benefits had an administrative error in the processing of their applications (4.2 percent if categorically eligible students are excluded).

### Background

Each year almost 4 billion free and reduced-price meals are served to children from low-income households through the National School Lunch Program (NSLP) and School Breakfast Program (SBP). Recent concerns have been raised about the accuracy of the process used by SFAs to establish free and reduced-price eligibility. Previous research (Burghardt *et al*, 2004; Hulseley *et al*, 2004, Strasberg, 2003, and St. Pierre *et al*, 1990) has suggested that administrative errors occur on 5-10 percent of applications for free and reduced-price meal benefits.

This study examines the rate of administrative accuracy of SFA approval and benefit issuance for free or reduced-price meals based on information provided by households on applications. It does not examine the accuracy of household reporting of information on the application, errors made in the verification process, or errors made in counting and claiming reimbursable meals. The Food and Nutrition Service (FNS) is currently conducting a large, nationally representative study, The NSLP/SBP Access, Participation, Eligibility and Certification Study, to examine these issues.

Households can become eligible for free or reduced-price meal benefits by completing and submitting an application on which they self-report household size

and current income or receipt of food stamp or Temporary Assistance to Needy Families (TANF) benefits. SFA staff must assess the information on the application and apply the NSLP eligibility criteria to this information to make a proper eligibility determination. Inaccurate assessment may result in households receiving higher or lower benefits than they are entitled to receive. However, inaccurate certification determinations should not be construed as always indicating payment error.

Not all households whose children receive free meals submit an application. Some SFAs also use "direct certification" by obtaining information from food stamp or TANF officials on students who are members of households which are receiving these benefits. Directly certified students are eligible for free school meals without submitting an application.

### 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?

### Data and Methods

To examine these questions, FNS used a stratified two-stage cluster sample design. 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 the U.S. Department of Education

Common Core of Data (CCD) for 2002-2003. In stage one, two school districts were selected from each stratum using probabilities proportional to size (pps) methods with replacement. 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 sampled students in each of the 8 districts within each of the 7 regions were selected for review. Both approved and denied applications were included in the sample. Students directly certified were not included in the sample. A total of 2,762 applications were selected for review. Twenty-four applications could not be located, 516 were categorically eligible applications, and 2,222 were income-based applications.

FNS regional staff photocopied the selected applications and forwarded them to FNS Headquarters for coding. 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 was recorded. FNS Headquarters staff reviewed each application and made an independent assessment of household size, total gross monthly income, and certification status based on the information on the applications. SFA determinations were compared with FNS' independent assessments.

### Key Findings

**Few errors are made on applications which are approved based on the household's 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 five of the 516 categorically eligible applications (1 percent) were processed incorrectly. All the incorrectly approved applications lacked an appropriate adult signature.

**More errors are made on applications where decisions are based on the SFA's determination of household size and income. SFAs are more accurate in determining household size than they are in determining gross monthly income.**

On about one-third of the applications, there was no indication of what household sizes or income levels

the SFA had calculated in making its eligibility determination.

### ACCURACY OF SFA DETERMINATION OF HOUSEHOLD INCOME AND HOUSEHOLD SIZE FROM INCOME-ELIGIBLE APPLICATIONS (Unweighted Percent of Cases)

	Number	Percent	Percent of Recorded Data
<b>Household Size</b>			
Correct	1478	66.5	97.9
Not Correct	31	1.4	2.1
Under-count	13	0.6	0.9
Over-count	18	0.8	1.2
Not Recorded by SFA	713	32.1	---
<b>Household Income</b>			
Correct	1424	64.1	91.9
Not Correct	126	5.7	8.1
Under-count	68	3.1	4.4
Over-count	58	2.6	3.7
Not Recorded by SFA	672	30.2	---
Number of Applications	2222		

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

For applications which showed an SFA calculation of household size, the accuracy of the SFA's determination was almost 98 percent. SFA accuracy in determining monthly household income based on the information available to them was slightly less. For applications which showed an SFA calculation of gross monthly household income, the accuracy of the SFA's calculation was about 92 percent. For both household size and household income, the number of applications with under-counts was comparable to the number of applications with over-counts.

**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

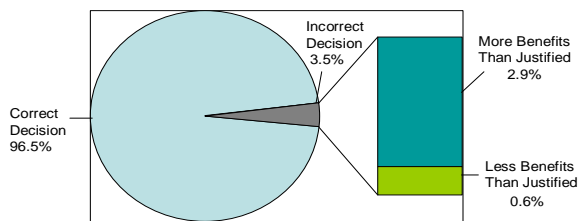
determining the frequency of receipt of household income (e.g., bi-weekly instead of twice per month); and (3) incorrect addition or multiplication.

**SFAs made incorrect eligibility determinations for 3.5 percent of students approved or denied on the basis of an application at the time of certification. The percentage of errors is slightly higher (4.2 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 or the bi-weekly income was incorrectly assessed as twice a month income.

Administrative errors other than incorrect determination of household size or income increased the overall error rate. Some categorically eligible applications were approved even though they 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 based on the Income Eligibility Guidelines.

Accuracy of SFA Eligibility Certification Determinations Among Approved and Denied Applicants SY 2004/05



Finally, there were 24 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

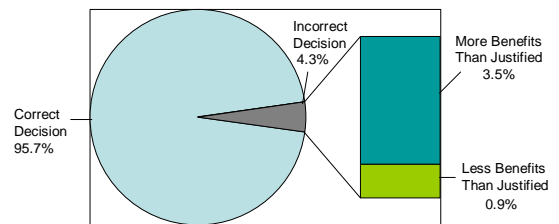
appropriate documentation are not eligible for free or reduced-price benefits

Of the 3.5 percent of students approved incorrectly for any reason, 83 percent were certified for more benefits than was justified based on the information supplied on the applications. Almost two-thirds of these students were certified free when the documentation or lack thereof, indicated they should have been in paid status. Eighteen percent of the students certified in error were certified for a lesser benefit level than was justified.

**Accuracy of meal benefit status was slightly lower than the accuracy of eligibility determination at the time of certification. Meal benefit status was correct for 95.7 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. This can occur for many reasons. A household may reapply 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.

Accuracy of Benefit Status Determinations Among Approved and Denied Applicants 2004/05



In general, the patterns observed in the examination of the accuracy of benefit status determination are comparable to the patterns observed in the examination of the accuracy of eligibility determination at certification, but the rates of inaccurate benefit status are slightly higher.

## Overall Conclusions

The nationally representative estimate of the percentage of students who are incorrectly approved or denied for NSLP free or reduced-price meal benefits on the basis of administrative errors is relatively low and lower than observed in non-nationally representative studies. More errors are made on applications approved on the basis of income and household size, particularly in determining a household's gross monthly income. Recent FNS guidance recommends that SFAs minimize income conversion calculations by comparing reported household income to the published Income Eligibility Guidelines for the appropriate frequency and household size or to annualize all income when reported incomes are received at different frequencies, rather than converting all income to a monthly amount. These procedures may reduce some of these errors.

Other administrative errors can be reduced if SFAs ensure that applications are complete before making eligibility determinations. Follow-up with households is needed if the application does not have a signature of an adult household member and, for applications based on income/household size, 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 is missing.

The number of applications based on membership in food stamp/TANF households (categorically eligible applications) is expected to decrease with the implementation of mandatory direct certification in the next few years. With a higher proportion of applications being income-based, the rate of administrative errors for students approved on the basis of an application may actually increase.

However, because of the high degree of accuracy of direct certifications, the overall accuracy of certification for free/reduced-price meal benefits should be increased by increased use of direct certification.

## Related Studies

For more information on recent studies examining the accuracy of NSLP application processing, please see the following reports available on-line 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

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

Acknowledgements: The author, John Endahl, Office of Analysis, Nutrition and Evaluation wishes to thank many individuals who contributed to the study and this report. Dr. Paul Strasberg, U.S. Department of Education, served as the project officer and primary point of contact for regional staff through the early stages of this study. Dr. Andrew White, StatTech, Inc., provided the sample design for the study. Regional Office staffs were instrumental in the collection of the data under the oversight of the regional office liaisons: Donna Kirby (NERO), Rosemary Figueroa (MARO), Rick Hargreaves (SERO), Dan Whitmore (MWRO), Joe Fisher (MPRO), Rex Carey (SWRO), and Stephen Pichel (WRO). The Study and report have benefited from the insights of Jay Hirschman of the Office of Analysis, Nutrition, and Evaluation, and Todd Barrett and Susan Fouts of FNS' Child Nutrition Division.

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