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HOW WILL THE CHILD NUTRITION REAUTHORIZATION AFFECT FOOD STAMP PROGRAM OPERATIONS?

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On June 30, 2004, the President signed into law, the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265). While the legislation focuses primarily on the child nutrition programs, it does amend the Food Stamp Act and will have some impact on Food Stamp Program operations. State food stamp agencies will now be *required* to assist states in directly certifying children who participate in the Food Stamp Program to automatically enroll them for free school meals. In addition, state agencies will be *required* to provide information to schools for the purposes of verifying a sample of children's eligibility for free and reduced-price school meals. Finally, the new law provides modest resources to assist states with these new requirements. USDA regions have issued preliminary guidance to food stamp agencies describing the new provisions.¹ This paper also provides a description of the provisions that affect food stamp agencies and raises implementation issues that agencies may wish to consider as they review the legislation.

Direct Certification

Currently, local school districts² may 'directly certify' children who participate in certain programs as eligible for free meals. In food stamp-speak, participation in certain programs conveys categorical eligibility for free school breakfasts and lunches. Those programs are:

- Food Stamp Program,
- Cash assistance provided under TANF, and
- Food Distribution on Indian Reservations.

Children who participate in one of the above-listed programs and are in a school district using direct certification are not required to complete the regular application process for school meals. The school district need only be informed of their participation in one of the programs which conveys eligibility for free school meals.

¹ Memorandum to All Program Directors from Arthur Foley, "*The Food Stamp Program's Role in Directly Certifying School Age Food Stamp Recipients for the National School Lunch and School Breakfast Programs*," October 8, 2004, available at: <http://www.fns.usda.gov/fsp/rules/Memo/04/100804.htm>

² Technically, the law currently references School Food Authorities, which are the local governing bodies that administer the school meals programs for school districts. Reauthorization changes most references to school food authorities to "local educational agencies" which means the school districts themselves. For simplification purposes, this paper will use the term school districts.

Many state food stamp agencies assist children receiving food stamps with the school meal enrollment process in one of two ways. Some provide local school districts with information about which children are participating in the Food Stamp Program so that the school may directly enroll the children in the meal programs. Others send out a mass mailing to food stamp households with school age children verifying their participation in the Food Stamp Program just before the start of the school year. Families then provide this information to the school in order to enroll for free meals.

School Meals Programs

Free Meals — Meals (breakfast and lunch) made available at no charge to children in households with income at or below 130 percent of the poverty level or receiving food stamp benefits, FDPIR, or TANF cash assistance.

Reduced-Price Meals — Meals made available for no more than 40 cents for lunch or 30 cents for breakfast to children in households with income above 130 percent of the poverty level and below 185 percent of the poverty level.

School districts that do not obtain documentation of food stamp receipt via one of the above described methods must require families to complete a regular school meals application. Households must be given the opportunity to provide a food stamp, TANF cash assistance, or FDPIR case number in lieu of income information on the school meals application. Even in districts that conduct direct certification, an estimated 18 percent, on average, of children approved for free meals are enrolled based on an application even though they could be directly certified.³

What's Changing — Congress, the Administration and advocates have been concerned that significant numbers of eligible poor children are not enrolled in the free meals programs. In an effort to enroll more eligible children and simplify the enrollment process for low-income children, the new law *requires* school districts to directly certify for free school meals any child who is a member of a household receiving food stamps. In order to carry out this requirement, each State agency that administers the school meals programs must enter into an agreement with the state food stamp agency to establish direct certification procedures (this agreement must also cover direct verification, see below). The Food Stamp Act was amended to require that state food stamp agencies enter into the required agreements and cooperate in carrying out direct certification. Households that participate in TANF cash assistance or FDPIR continue to be automatically eligible for school meals, but school districts are not required to directly certify these children nor are state TANF agencies or tribal organizations required to cooperate with school districts to directly certify these households.

The statute mandating state food stamp agencies to enter into agreements with the state agencies that administer the school meals program goes into effect on July 1, 2005. The direct certification requirements on school districts are phased in over time with full implementation being realized by July 2008.

³ *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, prepared by Mathematica Policy Research, Inc. under a research contract from the Economic Research Service, USDA, October 2003, Table II.7, available at <http://www.ers.usda.gov/publications/efan03009/efan03009.pdf>.

Local Educational Agencies that Must Use Direct Certification	Implementation Date
Enrollment of more than 25,000	July 2006
Enrollment of more than 10,000	July 2007
Each local educational agency	July 2008

Issues or Questions for States to Consider

1. *What deadline will USDA establish for the new agreements?* The statute implies, but does not specify, that the deadline is July 1, 2005.
2. *How frequently must school districts and states directly certify children for free meals?* Currently, some states only directly certify children at the beginning of the school year. Such an approach likely misses hundreds of thousands of children who join the Food Stamp Program throughout the school year and is not consistent with the statute’s intent to ensure that all children who participate in Food Stamps gain automatic access to the free meals programs. (Under the new law, once a household is certified for free meals, they remain eligible throughout the school year. States, therefore, will not need to inform schools of the children who leave the Food Stamp Program.)
3. *Are both methods of direct certification allowable?* As noted above, some state food stamp agencies work with the state agency that administers the school meal programs or with individual school districts to directly enroll children in school meal programs. Others provide a letter to families with children to facilitate their enrollment, but the families must still provide the letter to the local school in order to establish eligibility. The statute requires that direct certification occur “without further application” on the part of the child. It is unclear whether providing a child with the letter under mandatory direct certification would continue to fulfill this requirement. If both methods continue to be permissible, states may wish to review their procedures to ensure that their processes connect as many eligible children as possible with the free meals programs. USDA has conducted a review of direct certification methods that may be of some assistance to state agencies.⁴
4. *Will direct certification be conducted by the state or by local school districts?* If the agreement between the food stamp agency and the state agency administering the school meal programs does not establish a central process for direct certification, then the state food stamp agency might have to establish a relationship with each local school district.
5. *Will the match ensure that all siblings in a household receiving food stamps are directly certified?* Districts using direct certification report that frequently one sibling in a household is identified through a data matching process but others are not. This can happen for a variety of reasons, for example because the schools and the state agency are using different names for one of the siblings. States that are establishing

⁴ *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, prepared by Mathematica Policy Research, Inc. under a research contract from the Economic Research Service, USDA, October 2003, available at <http://www.ers.usda.gov/publications/efan03009/efan03009.pdf>.

or refining data matching procedures may wish to consider providing schools with information about all unmatched siblings in order to provide the school districts with an opportunity to establish a process that facilitates direct certification of all school-age children in the household. Furthermore, it appears that children who are ineligible members of a food stamp household must be directly certified for the school meals programs. States and school districts will need to consider how they will include these children in the direct certification process.

Direct Verification

Currently, by regulation, school districts must verify the eligibility of children in a sample of approved free and reduced-price school meal applications. If the household indicated a food stamp, TANF or FDPIR case number, the school may contact the administering agency for verification of the household's participation in the program. More typically, school districts contact the child's family to ask for income documentation. If the household fails to respond and the school is unable to verify their eligibility through other means, the child loses eligibility for free or reduced-price meals.

Unfortunately, school districts have had limited success in ensuring household cooperation with the verification process. Demonstration efforts to expand income verification requirements led to substantial numbers of *eligible* low-income children losing the free or reduced-price meals for which their income qualified them. An FNS study of metropolitan areas found that under current verification procedures, children in more than one of every three families selected for income verification in those areas lost their free or reduced-price meal benefits despite being eligible for such meals. For every *ineligible* child terminated as a result of current verification procedures, at least one *eligible* child was terminated as well.⁵

It is important to note that households who are directly certified for school meals through the Food Stamp Program or other programs which convey automatic eligibility are not subject to verification and therefore are not at risk of losing eligibility in the verification process.

What's Changing — Similar to current practice, the law now requires school districts to verify eligibility for a sample of approved free and reduced-price school meal applications. In designing the new verification system, one of Congress' goals was to minimize the above-described problem of eligible children losing eligibility through the verification process. This goal is best achieved if the school ensures a very high response rate for its selected verification sample. School districts were given an incentive to achieve a high response rate. Those that have a response rate of 80 percent or more (or for large school districts those that achieve significant improvement over the prior year's response rate) will be permitted to verify a smaller sample size in the subsequent school year.

One of the tools that Congress gave school districts to increase their verification response rate is a new system called, "direct verification." Effective July 1, 2005, school districts, at their

⁵ *What Have We Learned From FNS's New Research Findings About Overcertification in the School Meal Programs?*, By Zoë Neuberger and Robert Greenstein, Center on Budget and Policy Priorities, November 2003, available at: <http://www.cbpp.org/11-11-03fa.htm>.

option, may obtain and use income and program participation information from public agencies administering certain programs, to verify eligibility for free and reduced price meals.⁶ The programs are: the Food Stamp Program, FDPIR, TANF-funded programs (not limited to cash assistance), children's Medicaid or similar income-tested programs (or other sources of information) as determined by USDA. If the household's eligibility is verified, the family does not have to be contacted. The hope is that if large numbers of school districts use direct verification prior to contacting families for income documentation, that the number of children at risk of losing their free or reduced price school meals will be reduced. Ideally, direct verification will also reduce workloads on local school districts since the new law requires follow-up with households that do not respond to the request for income documentation.

The Food Stamp Act was amended to *require* that state food stamp agencies enter into an agreement with the state agency administering the school meals program to establish direct verification procedures for school districts that wish to use direct verification. And, state food stamp agencies *must assist* any school district that wishes to use direct verification. (This requirement is merged with the requirement to enter into an agreement on direct certification.) State agencies are also required to cooperate with access to non-food stamp data for the purposes of direct verification (for example TANF and Medicaid data). Income or program participation from the Medicaid, SCHIP and child care programs could prove extremely useful in verifying children's eligibility for free and reduced price meals since these programs are often available to children in the reduced-price meal categories. In addition, participation amongst children's health insurance programs is higher than food stamp participation in some states.

Finally, USDA is required to evaluate direct verification for its effectiveness and the feasibility of nationwide implementation by June 30, 2007. Based on the evaluation, the Department may elect to mandate direct verification.

Issues or Questions for States to Consider

1. *What deadline will USDA establish for the new agreements?* The statute implies, but does not specify, that the deadline is July 1, 2005.
2. *What is the feasibility of extending direct verification to programs other than food stamps?* Many states have common computer systems for the Food Stamp, Medicaid, TANF and child care programs. It may be relatively simple to give school districts children's income or participation information for multiple programs, thereby expanding the impact of direct verification. Since many states have children's Medicaid income eligibility limit that rise well above 130% of poverty, Medicaid income information and program participation information could be very helpful in verifying eligibility for reduced-price meals.⁷ (The Medicaid statute was amended to give states the authority to share income and participation information with school districts for this purpose.)

⁶ It is important that any matches not be limited to current program participants. Schools can use income or program participation data as old as 180 days prior to the date the child applied for the school meals program.

⁷ In states with Medicaid limits at or below 133 percent of poverty, participation in Medicaid is sufficient to verify eligibility for free school meals. In other states, income information gathered for the Medicaid program may be used to verify eligibility for free or reduced-price meals.

3. *Will direct verification be conducted by the state or by local school districts?*
Currently some states do state-level data matches for direct certification, but verification is carried out by school districts. If the agreement between the food stamp agency and the state agency administering the school meal programs does not establish a central process for direct verification, then the food stamp agency would have to respond to requests from local school districts for assistance with direct verification.
4. *How will states provide the information to school districts or the state agency administering the school meals programs and what information will they provide?*
Some may be equipped to manage a data match. Others are more likely to require a simple print-out verifying children's eligibility for free or reduced price meals.
5. *Are there any states already providing some form of automatic verification to school districts that could serve as a model?*
6. *How will this change affect workloads?* Each year school districts must generally complete their verification of the selected sample by November 15th. State food stamp agencies may want to assess the impact direct verification will have on their fall workloads.
7. *For how many cases will state food stamp agencies be asked to provide verification?*
It is difficult to anticipate what the total school meal verification sample size for each state will be. Generally each school district will be required to verify eligibility for the lesser of 3,000 or 3 percent of all approved applications. Districts that achieve a high verification response rate will also have an option to verify smaller sample targeted on error-prone applications. It is also unclear how many school districts will want to take advantage of direct verification. Large districts that conduct direct verification through at least two means-tested programs at the start of the 2005-2006 school year will face reduced verification requirements, so it is likely that some of these districts will be interested in conducting direct verification that year. State food stamp agencies may wish to ask the state agency that administers the school meals program to survey school districts regarding their plans for sampling and direct verification.

Resources

Congress provided \$9,000,000 to USDA in order to assist states in carrying out the new direct certification and verification requirements. In addition, these funds appear to be available to state agencies that administer school meal programs to assist in carrying out modest changes to school meal applications and descriptive materials. These funds become available on October 1, 2005 and are available until expended.

Issues or Questions for States to Consider —

1. *How much of the funding will be set aside for state food stamp agencies?*
2. *How much of the funding will USDA use to facilitate the implementation of direct certification and verification across multiple states (for example, by developing model software)?*
3. *How will USDA allocate these funds to states?*