ISSUE BRIEF

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TRENDS IN NUTRITION POLICY

# The National School Lunch Program: Ensuring that Free and Reduced-Price Meal Benefits Go to the Poor

by Philip Gleason and John Burghardt

*This issue brief summarizes recent studies conducted by Mathematica for the U.S. Department of Agriculture (USDA) to assess National School Lunch Program (NSLP) policies on program integrity and access. The studies looked at two ways of establishing children's eligibility to receive free or reduced-price school meals: (1) up-front documentation, which requires households to document their income at the time they apply; and (2) direct certification, which automatically certifies children whose families receive benefits such as food stamps or Temporary Assistance for Needy Families (TANF) to receive free school meals (bypassing the usual application process). These studies have helped inform the debate about how to make sure that low-income children have enough to eat while ensuring that the program is run in an efficient and cost-effective way.*

## Improving the Approval Process

On a typical day, the NSLP provides nutritionally balanced lunches at no or low cost to more than 26 million children in close to 100,000 schools across the country. Children in families with incomes of 130 percent or less of the federal poverty guidelines—or who receive food stamps, TANF, or assistance from the Food Distribution Program on Indian Reservations (FDPIR)—are eligible for free meals. Families with incomes between 131 and 185 percent of poverty qualify for reduced-price meals.

Under the standard program rules, children must be approved, or "certified," by their school district before receiving free or reduced-price meals. Most children become certified by submitting an application with information on their household income and size, or their receipt of government benefits. In addition, school districts are required to document, or "verify," eligibility for a sample of approved applications at a later date.

Like other means-tested programs, the NSLP must balance three competing objectives—ensuring that approved children are income eligible, maintaining easy access for eligible children, and keeping administrative costs to reasonable levels (for both schools and families). In recent years, concerns have grown about the number of children receiving free or reduced-price meals who are not eligible. On the other hand, some eligible children do not apply to the program, while others are approved but then lose benefits after schools implement the required verification process.

Over the years, USDA has tested ways to address these competing objectives. This brief focuses on two approaches central to the recent debate over reforming child nutrition programs (including the NSLP) that culminated in the passage of the Child Nutrition and WIC Reauthorization Act of 2004:

1. **Up-front documentation.** To help ensure that meal benefits go only to students who are income eligible, a small set of school districts pilot tested this approach for three school years, from fall 2000 to spring 2003. When applying for free or reduced-price meals in these districts, households

must document the information (usually income) reported on their application. Under current rules, applicants need not provide this documentation.

2. **Direct certification.** Beginning in the early 1990s, USDA allowed states and districts to implement direct certification. This makes it easier for households receiving other forms of means-tested government assistance, such as food stamps or TANF, to get free school meals and also reduces the number of applications districts must process and verify. Under direct certification, school districts, working with state food stamp or welfare offices, identify children who are receiving these benefits and automatically certify them, with no need for the household to submit a paper application.

## Proving Eligibility Up Front

By requiring households to document their eligibility at the time a child applies for school meal benefits, up-front documentation tries to deter ineligible households from applying and being approved. At the same time, policymakers do not want to discourage eligible households from applying.

Mathematica evaluated the use of up-front documentation in nine small- to medium-sized districts with low rates of certification for free or reduced-price meals. The study used comparison districts with characteristics similar to those of the pilot districts to assess effects. Students in both types of districts had similar rates of poverty and certification for free and reduced-price meals. However, both types of districts were smaller, had lower poverty rates, and had fewer students certified for free or reduced-price meals than the typical district nationwide.

Up-front documentation did not improve program integrity, but it did reduce access for eligible children. In the comparison districts, among all ineligible students (including those who had applied to the program as well as those who had not), about four percent were certified for free or reduced-price meals. Up-front documentation had no impact on the rate at which ineligible students were certified (Figure 1). On the other hand, the process reduced eligible students' access to free and reduced-price meals—51 percent were certified in the comparison districts, compared with only 42 percent in the pilot districts (Figure 2).

**Figure 1: Percentage of Ineligible Students Certified for Free or Reduced-Price Meals, by Up-Front Documentation**

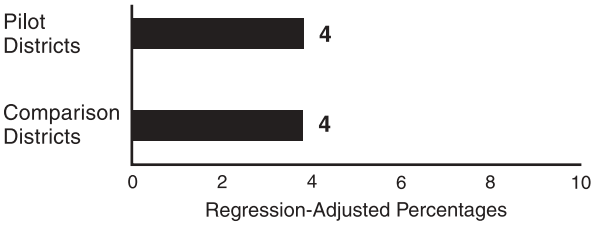
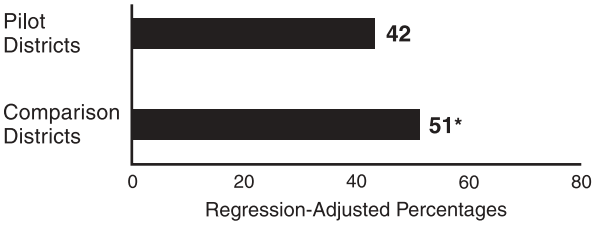



**Figure 2: Percentage of Eligible Students Certified for Free or Reduced-Price Meals, by Up-Front Documentation**




* Difference is statistically significant at the .05 level.

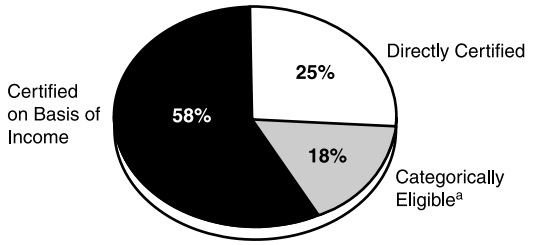
## Using Income Data from Other Programs

The idea behind direct certification is to use income data obtained by TANF or food stamp programs to establish eligibility for free or reduced-price meals. Households receiving these benefits are probably also eligible for free school meals, particularly since these programs have more stringent income documentation requirements than the NSLP. Rather than requiring these households to complete yet another application, districts using direct certification can bypass the free/reduced-price meal application process for these children while reducing their own paperwork.

Mathematica estimated the prevalence of direct certification in schools across the nation and examined its effects on program access and integrity. About 61 percent of districts used this option in the 2001-2002 school year; these districts enrolled about two-thirds of all students nationally. Direct certification improved access to free school meals, causing a small but statistically significant increase in the percentage of children certified for free meals. About 400,000 children across the county were certified for free meals as a result of direct certification and would not have been certified otherwise.

The study also found low rates of certification error among these children—six to nine percent of those directly certified were ineligible for benefits as of December of the school year (either because they were mistakenly directly certified or because their income increased and they exited food stamps or TANF by December). These error rates are lower than those for children approved for free or reduced-price meals by application. By increasing rates of certification for children less likely to be certified in error, direct certification has improved program integrity.

**Figure 3: Means by Which Students in Direct Certification Districts Were Certified**




[a] Categorically eligible students became certified for free meals by submitting an application that included a food stamp, TANF, or FDPIR case number.

Mathematica's study revealed room for improvement in implementation, however. In districts using direct certification, about 25 percent of all children approved for free meals were directly certified (Figure 3). However, many children who could have been directly certified were not—18 percent of those receiving school meals submitted an application that included a food stamp or TANF case number. This group could have missed out on being directly certified for a number of reasons, including problems in matching names of enrolled students with those of food stamp/TANF recipients or because they failed to notify their school district that they had received a direct certification letter.

## Future Directions for Policy

Improving program integrity, access, and administration is a perennial policy concern. Over the years, policymakers have sought to balance the objectives of running federal programs efficiently from a budgetary perspective with providing needed help to vulnerable children and families. The findings from Mathematica's studies are reflected in the following policies recently set forth in the Child Nutrition and WIC Reauthorization Act of 2004:

- Although improving program integrity remains a priority, Congress decided not to require districts to obtain documentation from households applying for school meal benefits.
- The legislation directs all states and districts to begin using direct certification. Although this policy will be implemented gradually, all districts must be using it by the 2008-2009 school year.

As child nutrition policy moves forward, significant challenges remain. Although requiring income documentation did not improve program integrity, policymakers would still like to find better ways to prevent ineligible households from receiving benefits. At the same time, it is important that eligible households needing food assistance can receive it. Direct certification is a useful way of improving program access, but further thought must be given to implementing it in a way that reaches as many eligible households as possible.

## References

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