

## Background

On an average school day, the National School Lunch Program (NSLP) provides subsidized meals to approximately 30 million school children, including 18 million low-income children. To ensure program integrity, school districts must select a sample of household applications for free or reduced-price meals, contact the households, and verify eligibility. This process (known as household verification) can be burdensome for both school officials and households. Some households do not respond to verification requests. When this happens, children may lose the free or reduced-price benefits even though they may be eligible for those benefits.

Direct verification uses information collected by means-tested programs to verify eligibility for free and reduced-price meals without contacting applicants. Potential benefits of direct verification include: enhanced program integrity, less burden for households when no contact is needed, less work for school district officials, and fewer students with school meal benefits terminated because of non-response to verification requests.

The *Child Nutrition and WIC Reauthorization Act of 2004* (P.L. 108-265) permits direct verification of school meal applications and requires the Food and Nutrition Service (FNS) to evaluate the feasibility and effectiveness of direct verification (instead of household verification) by school districts.

## Method

FNS offered all States the opportunity to participate in a pilot study of direct verification using Medicaid data<sup>1</sup>. Four States implemented direct verification with Medicaid data (DV-M) during the first year of the

<sup>1</sup> Medicaid was the focus because a related process—direct certification—uses records from the Food Stamp Program, Temporary Assistance for Needy Families, and the Food Distribution Program on Indian Reservations to certify children for free meals without an application. Direct certification is generally conducted at the start of the school year, and directly certified students do not need to submit an NSLP application. Medicaid records have the potential to verify children who have not been directly certified.

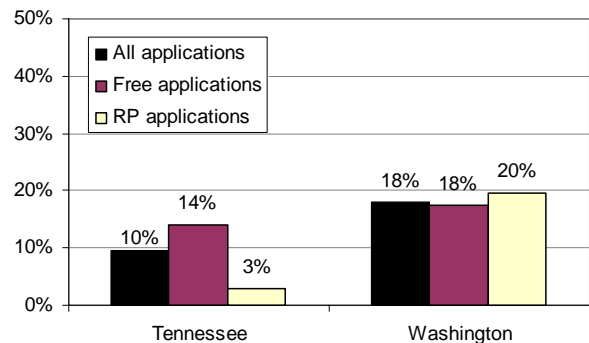
pilot (Indiana, Oregon, Tennessee, and Washington). The first year report evaluates the feasibility and effectiveness of DV-M using data collected between June 2006 and January 2007 from State agencies and a random sample of 121 school districts.

## Findings

**Direct verification with Medicaid is technically feasible.** In the first year of the study, the four States established data-sharing agreements, secured Medicaid data, and made the data available to school districts by early October. Tennessee and Washington implemented DV-M without serious problems, whereas Indiana and Oregon implemented DV-M but experienced problems with missed data that hindered the effectiveness of DV-M for School Year 2006-07.

**School districts may directly verify a substantial percentage of sampled NSLP applications** if the DV-M system is available to them when they need it (prior to October 1), and if the system provides complete Medicaid data. The overall rate of verification with Medicaid was 10 percent in Tennessee and 18 percent in Washington (Chart 1). Higher Medicaid income limits in Washington clearly contributed to this difference.

**Chart 1**  
**Percent of Applications Directly Verified with Medicaid**



Source: Direct Verification Pilot Study: First Year Report – 2007.

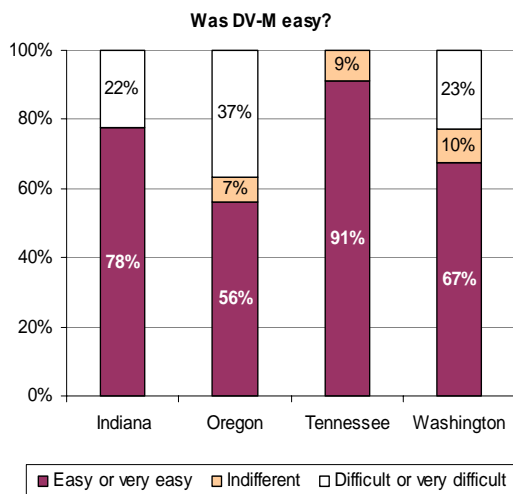
**Several different types of systems can work.** The four States demonstrated two basic models for DV-M: Oregon, Tennessee, and Washington distributed data files to school districts; Indiana provided a Web-

based query system. The first method is easier to implement; the second may be easier for districts to use and provides more data security.

**States can build their DV-M systems as an extension of their direct certification systems. In addition, DV-M can be integrated with direct verification using Food Stamp data (DV-FS).** Indiana adapted its Web-based direct certification system to combine both direct verification with food stamps and DV-M.

**Among participating States, school districts found DV-M easy and planned to use it again** (Charts 2 and 3). However, districts had mixed views on the usefulness of DV-M, reflecting implementation problems, differing expectations, and the underlying limitations of DV-M in States with low Medicaid income limits.

**Chart 2**

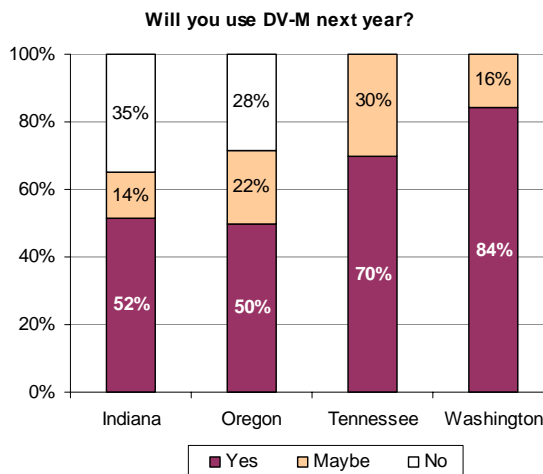


Source: Direct Verification Pilot Study: First Year Report – 2007.

**Challenges of implementation include:** lead-time for planning and establishing agreements, ensuring complete and accurate data, integrating DV-M with DV-FS, promoting district participation, and timely

implementation. Advance planning, good working relationships, strong systems for direct certification, and effective communications with school districts are keys to meeting these challenges.

**Chart 3**



Source: Direct Verification Pilot Study: First Year Report – 2007.

Direct verification required little effort for school districts and, when successful, reduced the total effort for verification.

### Conclusion

Under the right conditions, direct verification with Medicaid is feasible even at modest match rates and can save time for households and school districts.

Direct verification required little effort and, when successful, reduced the total effort for verification. Plans for the second year of the Pilot Study include examination of more mature operations in the States participating during the first year of the study and examination of DV-M implementation in additional States. These conclusions will be revisited with more definitive data to address the feasibility and potential effectiveness of direct verification with Medicaid on a nationwide basis.

Download full report at: <http://www.fns.usda.gov/oane/>

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