

Background

The Child Nutrition and WIC Reauthorization Act of 2004 (PL 108-265) directed the Secretary of Agriculture to conduct a study of the feasibility of using computer technology (including data mining) to reduce overcertification, waste, fraud and abuse in the National School Lunch Program (NSLP). Prior to enactment of this legislation, USDA's Food and Nutrition Service (FNS) contracted with Abt Associates, Inc. to study the feasibility of expanding computer matching for certification of school meal benefits. This study draws on experts in data matching and privacy issues, and will survey State Child Nutrition Directors, State Education officials, and State Medicaid officials to learn about current computer matching capabilities and issues involved in expanding matching. A final report will be available in April 2006.

To meet the requirements of the Act, FNS asked Abt Associates to prepare a preliminary report on the feasibility of computer matching in the NSLP. The report summarizes the results of an expert panel on computer matching, and exploratory interviews with three states. This summary provides background information and preliminary findings on the feasibility of computer matching.

Methods

Certification and Verification of Eligibility for the National School Lunch Program

FNS provides reimbursement for meals served under the NSLP and School Breakfast Program (SBP) to millions of children each school day. Children are eligible for free meals if household income is at or below 130 percent of the poverty level, and eligible for reduced price meals if household income is between 130 and 185

percent of the poverty level. Children are categorically eligible for free meals if enrolled in the Food Stamp Program (FSP), the Food Distribution Program on Indian Reservations (FDPIR), or some Temporary Assistance to Needy Families (TANF) programs.

Currently, children are certified for NSLP through application or direct certification. School officials may directly certify a child's categorical eligibility based on data provided by the FSP, FDPIR, or TANF programs. In 2001-02, 61 percent of public school districts used direct certification. In these districts, about 25 percent of students receiving free meals were directly certified, and another 18 percent of students receiving free meals were categorically eligible-meaning that their applications indicated participation in FS, TANF or FDPIR. (Gleason et al., 2003).

Children who are not directly certified may apply for free or reduced-price meals. The NSLP relies on self-declaration of eligibility and requires no documentation of income or program participation with applications. Self-declaration minimizes the cost of application processing and the barriers to the program. A USDA pilot study conducted in SY2001-02 found that requirements for up-front documentation of income were associated with reduced rates of certification among eligible students (Burghardt et al., 2004). Current regulations require verification of up to three percent of applications; in SY2000-01, 34 percent of households selected for verification lost benefits because they failed to respond to requests for documentation of eligibility.

Current Use and Benefits of Direct Certification and Computer Matching

NSLP agencies are authorized to use computer matching for three purposes: to directly certify categorically eligible children enrolled in FSP,

TANF, or FDPIR; to directly verify income or categorical eligibility reported on applications using information from means-tested programs such as FSP, TANF, and Medicaid; and to use wage and benefit information maintained by government agencies to verify income information reported on applications. Direct verification of income eligibility was recently authorized by the Child Nutrition and WIC Reauthorization Act of 2004 and has not yet been implemented. Computer matching with wage and benefit data for income verification is authorized by NSLP regulations, but USDA is not aware of any State or local agencies using this method of verification.

Computer matching is currently used by numerous State Child Nutrition agencies and School Food Authorities (SFAs) to directly certify children for free meals. An electronic file containing information for children in food stamp or TANF households is compared to a file of children enrolled in school. Children who are matched through this comparison can be directly certified for free meals without their households taking any action. While there are no current data on the exact percentage of children certified by computer matching, our study will survey State agencies to determine the prevalence of computer matching.

Where computer matching is not used, other methods of direct certification are the letter method and manual matching. Many States mail letters to food stamp and TANF households, and the letters are taken to schools in lieu of NSLP applications. Some SFAs manually match student records with a list of children in food stamp or TANF households to directly certify children.

Benefits of Computer Matching for Direct Certification

Direct certification reduces the burden of application for many households and SFAs, and has been found to increase certification among eligible children (Jackson, et al., 2000). With direct certification, the NSLP uses the certification and verification processes conducted by other means-tested programs.

Thus, directly certified children do not have to be verified by NSLP, and SFAs do not have the problem of household nonresponse to verification requests.

Computer matching may be less burdensome and quicker than other methods of direct certification. With the letter method, States or SFAs send letters that can be used in lieu of applications, but this method works only if households receive the letters and take them to the school. With computer matching, SFAs may directly certify children prior to the start of the school year and send a notification letter to households. There is very little paperwork for SFAs, and no effort required from households (assuming passive consent). State-level computer matching has advantages over district-level matching, because the process is centralized and implemented in the same way for all school districts in the State, and each district does not have to obtain computer matching software or expertise. Computer matching can be performed several times during the year to certify students who move to a new school district during the school year.

One study found that direct certification is highly accurate, insofar as certified children are indeed eligible for benefits (Gleason et al., 2003). But no studies have examined the match rate the percentage of school-age children enrolled in food stamps or TANF who are correctly matched and thereby directly certified. Officials interviewed for this study reported that computer matches based on Social Security Number (SSN) yield high match rates, but matches based on name, date of birth, and other identifiers are not expected to identify all eligible children. To compensate for less than perfect match rates, a State may send letters to food stamp households with school-age children who are not matched to student enrollment files.

Options for Expanding Computer Matching

Computer matching could be expanded by increasing its use with Food Stamp and TANF programs, by increasing the number of means-tested programs that can be used to direct certify children, by implementing direct verification,

and by matching to wage and benefit information to verify income eligibility for children not enrolled in means-tested programs. Key ingredients for computer matching, and possibilities for expansion, are described below.

Key Ingredients for Computer Matching

A computer matching system for direct certification or direct verification requires three key ingredients:

1. Electronic database of student records,
2. Electronic database of school-age children enrolled in a means-tested program, and
3. Common identifiers (such as name and date of birth) in the student enrollment database and the database of the means-tested program.

Electronic Database of Student Records: A potentially large barrier to State-level computer matching is the need for an electronic student enrollment database available to the State agency. Many State Education agencies have a Statewide Student Information System (SSIS), or are developing an SSIS that could be used for NSLP computer matching. Other States have developed systems to collect student enrollment data from school districts specifically for direct certification. Student enrollment data can be collected via e-mail, physical exchange of disks, or Internet file transfer. E-mail and the physical exchange of disks require labor time and may entail mailing costs. In Arizona, SFAs use an Internet file transfer system to upload student records to the computer matching system and download match results.

Common Identifiers: Computer matching requires common identifiers in the files being matched, such as Social Security Number (SSN), or name and date of birth. SSNs are unique identifiers and yield high match rates, but computer matching based on SSN is limited by the availability of SSNs in student enrollment records. According to the Family Educational Records Privacy Act (FERPA), schools can request a child's SSNs, but cannot require it. Furthermore, State agencies can request SSNs from school districts, but school districts are free

to withhold the SSN for confidentiality reasons. There can be significant variation in the availability of student SSNs across districts within a State. Thus, States need to use a combination of identifiers to maximize the proportion of eligible children who are directly certified through computer matching.

Electronic Database of Children in Other Means-Tested Programs: NSLP computer matching is currently limited to direct certification of children enrolled in food stamps and some, but not all, State TANF programs. These programs maintain eligibility data in electronic form at the State level, and collect Social Security Numbers (SSNs) and other key identifiers that can be used for computer matching. SSN disclosure is a condition of eligibility for these programs.

Expansion of NSLP computer matching to other means-tested programs would be most beneficial if focused on programs enrolling a large number of school-age children who are not already enrolled in food stamps or TANF. Taking into account this and other criteria, the best candidate is Medicaid, and the State Children's Health Insurance Program (SCHIP) is also worthy of consideration.

Expansion of Computer Matching to Medicaid and SCHIP

Four key characteristics of Medicaid make it suitable for NSLP computer matching:

1. The program is administered at the State level;
2. SSN disclosure is a condition of eligibility;
3. The eligibility information system is integrated with the databases of Food Stamp and TANF recipients in 35 States; and
4. The income eligibility level for children is consistent with free school meal eligibility in 33 States.

Medicaid income eligibility for children is consistent with reduced price meal eligibility in 13 States, and is above the school meals eligibility level in 5 States. In these States,

income information would need to be obtained from the Medicaid program to determine NSLP eligibility category (free or reduced price). A possible limitation in some States is that the statewide eligibility information system may not include income data for all categories of Medicaid enrollees.

There is no readily available information about the suitability of SCHIP information systems for NSLP computer matching. Interviews with two States indicated that SCHIP and Medicaid eligibility information systems are not necessarily integrated, and income information collected on SCHIP applications may not be available in electronic form. In addition, SCHIP enrollees are not required to disclose their SSN. SCHIP income eligibility is between 130 and 185 percent of poverty in 10 States, and above 185 percent of poverty in 41 States. Therefore, SCHIP eligibility alone cannot be used to directly certify or verify children for free meals in any State, but SCHIP income information could be widely used for certification or verification.

The primary limitation of NSLP computer matching with Medicaid and SCHIP is uncertainty about the implications of the Health Insurance Portability and Accountability Act (HIPAA). HIPAA limits the disclosure of medical records. All Medicaid records are considered protected under HIPAA and SSNs are considered part of Protected Health Information (PHI). The implication of HIPAA is that use of Medicaid data for direct certification or direct verification may not be possible without legislation or regulations authorizing Medicaid agencies to release these data.

For direct certification or verification of categorical eligibility under current rules, the only information needed from the matching process is that a match is found with FSP or TANF records. As discussed above, if computer matching is expanded to additional means-tested programs such as Medicaid and SCHIP, then in some States, and for some programs, certification and verification of NSLP eligibility will require income information collected by the means-tested program. Medicaid and SCHIP

programs with income eligibility limits above the NSLP limit for free meals (130 percent of poverty) do not need to disclose household income to NSLP, but would need to provide an indicator of household income within the NSLP ranges for free, reduced price, and paid meals.

NSLP agencies were recently authorized to use data from Medicaid and other means-tested programs for direct verification of NSLP eligibility. However, because verification operates on a much smaller scale than certification, States may need authorization to conduct direct certification with Medicaid data before they have sufficient incentive to conduct direct verification using Medicaid.

Feasibility of Computer Matching to Verify Wage and Benefit Information

Computer matching to wage and benefit information is an option for verifying NSLP income applications from households that are not participants in means-tested programs. This type of computer matching is the least feasible option for the NSLP.

The FSP, TANF, and Medicaid programs verify income eligibility through the Income Eligibility and Verification System (IEVS) and other computer matches. The IEVS data sources include benefits data maintained by the Social Security Administration, quarterly wage data and unemployment insurance benefits maintained by State Wage Information Collection Agencies (SWICAs), and unearned income and bank account data from the Internal Revenue Service.

The IEVS and other income data sources have several important requirements that limit the feasibility of this type of computer matching for the NSLP. First, specific legal authority may be needed to use IEVS and other data sources, and data sharing agreements must be negotiated. NSLP income verification is conducted by individual SFAs, but it is not feasible for every SFA to establish data sharing agreements and maintain ongoing communications with agencies that provide income verification.

A second limitation is that all IEVS computer matches are based on Social Security Number (SSN), and income data are reported for individuals, not households. All relevant household members must be identified for verification of household income, and their SSNs must be obtained. Currently, the only SSN obtained on NSLP applications is that of the adult signing the application. The current NSLP verification process obtains SSNs of all adult household members, but the process entails burden for the SFA and the non-response rates are high.

Finally, follow-up is an essential part of the income verification process, because sources of income data may reflect reporting errors, particularly with data provided by employers or individuals. Most results of computer matching with income data are not sufficiently accurate and current to be used on their own to deny benefits. Income discrepancies require follow-up with the applicant, and the follow-up process would be very similar to the existing NSLP income verification process. Thus, computer matching to verify income information will not reduce the level of SFA effort for verification.

Preliminary Findings and Future Research

Computer matching for NSLP direct certification and verification is feasible, as indicated by the computer matching systems that are currently in place. Our research to date indicates that it may be possible to expand data matching to more Food Stamp or TANF recipients, as well as to children enrolled in

Medicaid/SCHIP; but there are likely to be technical, legal and resource barriers to overcome.

Preliminary results indicate that a statewide computer matching system is more efficient and effective than district-level matching. If so, more widespread use of this approach could increase direct certification among children receiving food stamps and TANF. Preliminary results also indicate that the Medicaid program would be well-suited for identifying NSLP-eligible children through computer matching in many states. However, a full assessment of the feasibility of these approaches requires more information about current computer matching practices and capabilities and about the variations in available data on school-age children and their receipt of Medicaid and other programs among states.

Our study will determine the prevalence of three key ingredients needed for widespread computer matching: an electronic database of student records, electronic databases containing information on school-age children's participation in other means-tested programs, and common identifiers in these databases. It will also identify promising practices with regard to matching and identify legal and technical barriers that may prevent more matching.

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