

SUBJECT: Verification Collection Report 2013
NSLP – 51.5

DATE: October 4, 2013

TO: Authorized Representatives
National School Lunch Programs

FROM: Child and Adult Nutrition Services

This information should be shared with the person who approves and verifies applications for free and reduced price meals.

Reauthorization of the Child Nutrition Programs (Public Law 111-296 – Healthy Hunger Free Kids Act of 2010) brought about a change in requirements of verification. The summary of verification form changed in summer of 2013.

The USDA School Food Authority **Verification Collection Report (form 742)** is a summary of information collected by the SFA. It must be sent to Child and Adult Nutrition Services on or before December 15.

The verification report has changed significantly. Please read the instructions for the Verification Collection Report. It is very important to ensure numbers are accurately reported.

Verification is a process

- to confirm that applications for free and reduced-price meals received and approved by the school to provide free or low cost meals to students are correct,
- to 'double check' that students *certified as eligible* for free or reduced-price meals are, in fact, eligible and documentation is collected for those applications to support that,
- which is documented on a small subset of approved applications,
- that is summarized on **FNS 742 Verification Collection Report**, which can be found at: <http://doe.sd.gov/cans/documents/VerifColl.pdf>.
- that is explained in Part 8 of the USDA Eligibility Manual for School Meals, on pages 79-98, found on the CANS website <http://doe.sd.gov/cans/index.aspx>
- done in October & November using <http://doe.sd.gov/cans/documents/742expins.docx>
- to be finished by November 15, and
- reported to CANS by December 15th each year.

Verifications are done by schools and agencies that

- participate in the National School Lunch (NSLP) or School Breakfast Program (SBP),
- have a signed 'school lunch agreement' with Child & Adult Nutrition Services and
- receive applications from households to apply for free or reduced-price meals.

Prototype letters are available in Word (modify on computer) or *pdf* format (fill by hand) to help you. These include:

- Letter to Household-Notification of Verification 2014
<http://doe.sd.gov/cans/documents/NOTIFVR14.docx>
- Letter to Assistance Program 2014 (for schools to use for direct certification)
<http://doe.sd.gov/cans/documents/AssitSY14.docx>
- Letter Household may have Assistance Program Office Complete
<http://doe.sd.gov/cans/documents/HHAssis14.docx>
- Letter Household may have Employer Complete 2014
http://doe.sd.gov/cans/documents/HHEmpl_14.docx
- Letter Household may have Social Security Office Complete 2014
<http://doe.sd.gov/cans/documents/HHSocSecC.docx>
- Letter to Household-Notification of Adverse Action 2014
<http://doe.sd.gov/cans/documents/AdverseAc.docx>
- Letter to Household-Notification of Income Adverse Action 2014
<http://doe.sd.gov/cans/documents/IncomeAdv.docx>
- Letter to Household-Notification of Continued Benefits 2014
<http://doe.sd.gov/cans/documents/ContBenef.docx>

Documenting your school's verification process is required.

- Verification Tracker Form 2014 (Optional), <http://doe.sd.gov/cans/documents/VerifTrac.docx>

Resources for the verification process:

- Acronyms and Definitions, <http://doe.sd.gov/cans/documents/ACRDEFINI.docx>
- Expanded instructions for completing FNS 742 Verification Collection Report, found at <http://doe.sd.gov/cans/documents/742expins.docx>

As always, if you have any questions, please contact the CANS office at 773-3413 or at doe.schoollunch@state.sd.us.

Rules regarding mandatory electronic direct certification with SNAP using a data match technique between the SNAP office and the school food authority (SFA) began in school year 2012-2013. The “letter method” previously known as direct certification is no longer considered direct certification. If a family has a letter or notice from Department of Social Services or the Food Distribution Program on Indian Reservations, it would be considered categorical eligibility.

Reauthorization of the Child Nutrition Programs (Public Law 111-296 – Healthy Hunger Free Kids Act of 2010) brought about a change in requirements of verification. The summary of verification form changed in summer of 2013.

The Verification Summary Report form 742 has changed significantly. Please read the instructions for the Verification Summary Report. It is very important to ensure numbers are accurately reported.

1. Verification Sample must be based on applications on file as of October 1 and verification must be completed by November 15.
2. A process for preliminary review at verification was established.
3. Toll free access for assistance or questions regarding verification
4. Follow-up activities for non-response
5. SFAs are allowed to make substitutions in the verification sample.

There is no change for residential childcare institutions (RCCIs) demonstrating eligibility of the residential students by using a roster. Applications and verification of eligibility of day students should still be carried out following appropriate procedures.

Requirements for SFAs (also commonly referred to as School Food Authorities – SFAs) on Special Provisions 2 and 3 past their base year also do not change. The report must be submitted with appropriate sections filled in.

Guidance from USDA also references income conversions. Many households have different sources of income at different frequencies, such as weekly or bi-weekly wages and monthly social security benefits. Past practice has been to convert all income to a monthly amount. Use the following procedures to avoid problems:

- If a household has only one income source, or if all sources are the same frequency, do not use conversion factors. Compare the income or the sum of the incomes to the published Income Eligibility Guidelines (IEG) for the appropriate frequency and household size to make the eligibility determination.
- If a household reports income sources at more than one frequency, annualize all income by multiplying weekly income by 52, income received every two weeks by 26, income received twice a month by 24, and income received monthly by 12. *Do not round the values resulting from each conversion.* Sum all the unrounded converted values and compare the unrounded total to the published IEG for annual income for the appropriate household size.

SFAs currently utilizing software that uses the published conversion factors to calculate household income on a monthly basis should double-check the determination for household that have multiple frequencies, and should work with the software company to obtain updated software.

Effective dates to complete verification

The annual Verification Sample must be based on applications approved for the current school year as of October 1, and must be completed by November 15.

Complete the confirmation review (a process for preliminary review completed during verification)

Prior to conducting any other verification activity, the SFA must ensure that each application selected for verification is reviewed for accuracy by an individual who did not make the initial eligibility determination.

Based on the preliminary review, the SFA must correct the status of any approved application as needed and notify the household of the change. If the initial determination was incorrect, the SFA must correct the household's status and notify the household of the change. If the household's status changes from free or reduced price to paid or from free to reduced price, a notice of adverse action is required. Any application that is not subject to verification must be replaced by a similar application.

If the household is determined ineligible for free or reduced-price meals, the household may reapply with income documentation.

This requirement may be waived, however, if the SFA has a technology-based system that demonstrates a high-degree of accuracy. Any SFA that has an automated system processing applications must contact the State agency to determine if its system qualifies.

Provide toll free access for assistance or questions

SFAs must provide all households selected for verification with a telephone number that they may call for assistance. The call must be free to all households selected for verification in the SFA. The SFA may establish a toll-free number or allow the household to reverse the charges if any households in that school district are outside the local calling area. Another alternative is a calling card with limited minutes. The SFA could call the household back if/when the minutes run out. The SFA may also provide different telephone numbers for each local calling area within the school district. The school or SFA should determine the appropriate person to respond to requests for verification assistance. The household must be able to contact a school or SFA official who can either directly assist them or can refer the caller to a specific person for help. If the household is unable to obtain assistance during their initial call, an SFA or school official must attempt to initiate further contact.

Follow-up Activities for non-response

A formal follow-up is required when households fail to respond to the initial request for verification. The SFA must make at least one attempt to obtain the necessary verification from the household. The attempt may be made through the mail, by telephone, by e-mail, or through personal contact. The SFA must document any attempts and the results, if any. If the SFA is unable to verify the household's eligibility status after the follow-up attempt(s), the household's benefits must be terminated through a notice of adverse action.

If a family selected for verification tells you that they are no longer eligible and/or do not intend to submit documentation, that **is** considered a response. Document that response for your files if it is a phone or in-person conversation including whom the conversation was between and the date. The children from that household would, of course, need to be moved from free or reduced-price to paid.

The SFA may contract with a third party to assist with the required follow-up activity. Any third party is subject to the confidentiality requirements outlined in the current regulations. Given the small number of applications for most South Dakota SFAs, it is not anticipated that the third-party option will be utilized. Contact the CANS office for additional information to implement this option.

Making Substitutions in the Verification Sample

Based on individual review, up to 5% of applications selected for verification may be removed from the verification sample and replaced with other applications. This is intended to allow SFAs to recognize fragile households where a response would likely not be received. Refer to the Eligibility Guidance Manual for additional information.

Questions and Answers

1. What is certification?

Certification is the process by which families apply for free and reduced price meals. While applications must be complete, local agency determining officials are to accept them at face value, that is, not to ask for verification of information at that time. Determining officials should ask clarifying questions when information is incomplete or questionable (for example, income for one of the household members is missing and the determining official knows that person has a job).

2. What is verification for the school meals programs?

As defined in the [Eligibility Guidance for School Meals Manual](#), *verification* is confirmation of eligibility for free and reduced price meals under the NSLP and the SBP. Verification must include either confirmation of eligibility or confirmation that the child is included in a household currently certified to receive Food Stamps, FDPIR or TANF benefits, and may include confirmation of any other information required in the application. Schools should verify any questionable applications and may do so at any time. Steps in the verification process include:

- The School Food Authority (SFA) determines what type of verification method will be used.

- The SFA separates applications accordingly and selects the applications to be verified.
- The SFA corresponds with the families using the prototype letters and forms included with this memo.
- The SFA reviews information provided from the families and determines if information provided supports the income reported on the application.
- The SFA tells the family if the documentation supported the original determination of eligibility or if the family's eligibility status changed. Prototype letters and forms are included with this memo.
- All families that were selected for verification must have the process completed by
 - affirming the original eligibility status, or
 - changing the original eligibility status due to information provided, or
 - changing the eligibility status because the family did not respond. If the process is started for an application, it must be completed, or, if the family does not respond, the benefits must be terminated.
- The SFA completes documentation of verification, prepares, and submits **Form 742** by December 15.

3. Are there any exceptions or exemptions to verification?

Yes. Common exceptions in South Dakota include

- Residential Child Care Institutions (RCCIs) using rosters only (have no day students) are exempt from the verification. RCCIs that collect applications from residents and/or day students must complete verification.
- Agencies participating in Special Provisions 2 and 3 are exempt from verification *after* the base year. When a new base year is established, verification must be completed.

4. How do State agencies report verification information?

State agencies will submit a consolidated electronic file to FNS that transmits the required verification information for each SFA under its administration. The State Agency will analyze the consolidated data, determine if there are potential problems, and formulate corrective actions and technical assistance activities that will support the objective of certifying only those children eligible for free or reduced price meals. The availability of this information at the State level will permit State agencies to target more rigorous oversight activities to school food authorities whose verification activities result in a high termination rate.

5. What information regarding the verification process should be kept?

All verified applications must be readily retrievable and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official that indicate which documents were submitted by the household and the date of submission. It is acceptable to have the documents stored using the school filing system and have, for example, a computerized list that can be sorted to determine location of applications and their supporting documents for easy retrieval.

Part §245.6a(c) requires school food authorities to retain copies of the information reported and all supporting documents. In addition, original documents or copies of all relevant correspondence between the household selected for verification and the school or SFA must be retained.

REMINDER: As with all applications, the information gathered is confidential and only the few persons directly involved with the verification process should have access to the information. All information is required to be kept confidential and in a secure location.

6. What does the State Agency do with the data?

The rule requires that the State Agency analyze the verification data, determine if there are potential problems, specifically a “high termination rate” and formulate “rigorous oversight activities” to support the objective of certifying only those children eligible for free or reduced price meals. It also requires State agencies to report any “ameliorative actions” the State Agency has taken or intends to take in those school food authorities with high numbers of applications changed due to verification activities.

7. How is *high termination rate* defined?

A: The *termination rate* is the percentage of verified applications and/or the percentage of students included on verified applications whose eligibility for free or reduced price meal benefits is not confirmed through the verification process. SFAs are to train and retrain staff to be sure a second person check has been established to verify accuracy of eligibility determination. The State Agency may require that an SFA take action if its termination rate is:

- high as defined by or determined by the State Agency;
- high in comparison to similar SFAs; or
- high within a particular type of application (for example, households with income that was very close to the maximum limit).

8. What are *rigorous oversight activities*?

A: *Rigorous oversight activities* can include technical assistance activities such as on-site training by the State Agency, reanalysis of previous reviews results to determine the extent of problems, rescheduling administrative or additional administrative reviews to expedite careful appraisal of the SFAs certification process, or development of an improvement strategy with the SFA to address certification and verification problems.

9. Why should high termination rates trigger more rigorous oversight activities?

A: A high rate of terminations resulting from verification activities is one indicator that there could be an underlying problem with the SFAs certification actions such as a need for making additional language materials available or the need to use direct certification more fully.

10. What are *ameliorative actions*?

Ameliorative means to make better or to improve. *Ameliorative actions* are those efforts undertaken by the State Agency in SFAs where there were high termination rates, such as additional technical assistance, or corrective action steps. The determination of what constitutes appropriate ameliorative actions is made by the State Agency based on factors developed by the State Agency such as a statewide comparison. The corrective action and technical assistance required by this rulemaking is not directed toward the verification termination rate per se, but rather toward other issues. That may include ensuring that school food authorities are using direct certification to its fullest, providing appropriate translations for any large non-English speaking populations, providing appropriate follow-up to households when there is no response to a verification request, and/or addressing defective certification or verification practices and procedures.

11. How do you report students who reapplied and were re-approved for benefits after being terminated for non-response?

Students from families who were terminated from the benefits due to not responding and then later reapplied and were re-approved for benefits after being terminated for non-response cannot be counted as having responded. They are reported in section 5-8, line 4, "Did not respond, changed to paid".

12. What income thresholds are used for selecting error-prone applications when the income is weekly, biweekly, or bimonthly?

The Child Nutrition and WIC Reauthorization Act defines error-prone applications as those with income within \$1200 of the annual limit or \$100 of the monthly limit for free or reduced price meals. The equivalent thresholds for weekly, biweekly, and twice monthly incomes are determined by dividing the annual limit by the number of times per year the income is received. Therefore, the thresholds would be \$23.08 for weekly income ($\$1200/52$), \$43.16 for bi-weekly income ($\$1200/26$), and \$50 for twice-monthly income ($1200/24$). For administrative simplicity, an SFA may use rounded thresholds of \$24 for weekly income and \$44 for bi-weekly income when selecting error-prone applications. SFAs may not round the calculated thresholds down because that would exclude applications that the statute defines as error prone.