

CHILD NUTRITION POLICY BRIEF

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Overcertification

Unclear data and ill-considered proposals threaten thousands of eligible low-income children

Earlier in the year a spurt of media coverage and the President's FY 2004 budget documents suggested that as many as one in five children who are certified as eligible for free school lunch may in fact be ineligible because the family's income may be too high. While the evidence indicates this overcertification estimate is wrong, it is being cited to justify potentially damaging proposals in the free and reduced price school lunch program. There are good reasons to believe that the estimate is unreliable, and that the cures being proposed will hurt schools and deny school lunch to thousands of eligible low-income children.

The extent of any "overcertification" in the school lunch program is unclear, and better studies suggest the one in five estimate is wrong.

Schools are required to verify the income of a percentage of school lunch applicant families every year, but they have not been required to report the results to U.S. Department of Agriculture (USDA). USDA's overcertification estimate of one in five therefore is not based on actual studies, but on an extrapolation from national Census data that used unreliable methods. A more accurate analysis yields very different results:

- **USDA's estimate compares apples and oranges.**
 - ▶ USDA compared an estimate of the number of potentially eligible children from the Census' Current Population Survey (CPS), which measures annual income, with the actual number of free school lunch certifications, which is based on monthly income. Since many low-income families experience income fluctuations from month to month, the CPS fails to detect many short spells of poverty and therefore is not as useful for these purposes as are other Census data that measure monthly income. Experts agree that monthly poverty rates are higher than annual rates.
 - ▶ USDA also compared CPS data from one calendar year (1999) with school lunch certification numbers from the late summer of the previous year (1998), during a period of rising income. Thus, some families eligible for free school lunch at the beginning of the school year would have had income above the eligibility limit by the next calendar year.
- **USDA's estimate of overcertification virtually disappears when it counts reduced price as well as free lunches.** USDA's overcertification estimate compared just free school lunch certifications to Census data at that income level. When the number of children certified for free and reduced price school lunch combined is compared with the corresponding CPS data, the difference is only two percent, even using USDA's methods.
- **A more reliable estimation method casts serious doubt on the existence of any significant overcertification problem.**
 - ▶ The Survey of Income and Program Participation (SIPP) is a set of Census data that measures monthly income. The National Academy of Sciences states, "SIPP should become the nation's primary source of income statistics... The... CPS... can never be designed to provide the same extent of detail or achieve the same quality of reporting as in SIPP."
 - ▶ When the number of children certified for free school lunch is compared with the corresponding monthly SIPP data, the difference is only two percent, according to the Center on Budget and Policy Priorities. When the free and reduced price categories are combined and compared with SIPP data, the analysis indicates undercertification of fifteen percent (i.e., fifteen percent of potentially eligible children are not certified for program participation).

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	Actual number of children certified	SIPP estimate of eligible children	Number of children certified as a percent of potential eligibles based on SIPP
Free school lunch only	15.5 million	15.1 million	102%
Free and reduced price	18.8 million	22.0 million	85%

Increased income verification proposals would do harm, without doing good. There are indications that the Bush administration will propose a substantial increase in the percentage of children who will have to prove through verification of family income how little their families earn. However, there is no evidence that income verification improves the accuracy of certifications in the program. As 16 million children receive free or reduced price school lunches nationwide, such sweeping changes to the income documentation requirements would likely reduce the number of eligible children who participate, without improving the integrity of the program:

- **Recent USDA research finds no evidence that income verification improves the accuracy of certifications.** In 2000, USDA started pilot projects to evaluate different methods of determining eligibility, including income documentation. Preliminary findings indicate that income documentation and verification do not increase certification accuracy, while posing significant barriers for eligible families. At the same, the findings indicate that over 20% of eligible low-income children are not approved for free or reduced price school meals.
- **Studies show that, when income documentation is required from children, far more eligible low-income children are diverted from free or reduced price lunch than ineligible children are deterred.** Lost paperwork, language problems and all the other complications of income verification make such an effort a very imprecise tool in school meals. Two national studies found that over three-fourths of the families that did not respond to requests for income documentation, and therefore lost benefits, actually were still eligible for free or reduced price lunch. For every one percent increase in the number of school meals applications subject to income verification, over 30,000 eligible children would be pushed out of the program.
- **Reducing the number of children in schools who are certified for school meals likely would have adverse effects on educational funding for schools with the greatest need.** Federal and state educational programs that target low-income children and schools, such as Title I, often base their allocations among schools on free or reduced price lunch data. With income documentation causing the loss of large numbers of eligible children, low-income schools and children would also lose significant portions of the educational funds that they need.

Other, better strategies are available. USDA has been working for several years to discover the extent of and possible targeted methods to rectify any overcertification:

- **Verification reporting rule.** USDA promulgated a final rule in September 2003 that will require school districts and states to report to USDA the results of their income verification activities. These results would allow USDA to more accurately determine the extent of any overcertification.
- **Pilot projects.** The final results of the USDA pilot projects mentioned above are expected in 2004. Although they are not nationally representative, these results should help USDA discover the impact of income documentation and verification methods. In addition, more rigorous pilot studies in a nationally representative sample of schools are needed to accurately determine the effects of such methods.

Let's take a prudent course. Looking at audit information and carefully designed pilot projects would be a prudent course – figuring out the scope of any problem and finding out what works – before altering a program that serves 16 million low-income school children across the nation. Proposed solutions that are both sweeping and untested run too great a risk of fundamentally damaging a vital program with a long history of success.