

## **Seven Arizona Schools' Participation in the National School Lunch Program (February 2006)**

### **Agency Comments** *(reproduced from pages 26-27 of the full report)*

Auditors provided a preliminary draft of this report to ADE for technical review and comment. ADE provided technical clarifications, which auditors incorporated as appropriate. In general comments, ADE indicated that the U.S. Department of Agriculture (USDA) audited ADE's administration of the NSLP in January 2006, found ADE in compliance for all areas reviewed, and commended ADE's processes. Additionally, ADE noted that Arizona's results are more favorable than those found in a recent USDA study<sup>1</sup>. In that study, half of the selected households did not respond to verification, while only 32 percent of those selected in Arizona's fiscal year 2005 verification did not respond. Additionally, the USDA study found that 32 percent of those responding were eligible for their approved meal benefits, while Arizona's fiscal year 2005 verification efforts found that 48 percent were eligible for the benefits they were receiving.

Regarding the first recommendation, ADE indicated that only 6 percent of participating school districts and other NSLP sponsors reviewed in fiscal year 2005 failed the federal performance standard due to application errors. Therefore, ADE believes the current review process is successful. However, auditors' review of ADE's detailed documentation determined that 53 percent of the individual school district sites evaluated in fiscal year 2005 and 69 percent in fiscal year 2004 were noted as having incorrectly approved applications. Consistent with these errors, auditors' 100 percent verification efforts at the seven schools found that 27 percent of applications were incomplete and should not have been approved. While ADE's efforts are sufficient to meet federal requirements, ADE can further ensure the integrity of the program by reviewing additional applications at other district sites when such errors are identified at the sample school sites.

For the second recommendation, ADE indicated that larger verification sample sizes would merely increase the number of households for which benefits are terminated including many eligible households. ADE noted that the previously cited federal study also reported that a large proportion of those not responding to verification were actually eligible for meal benefits. However, auditors determined that the data collection instrument associated with the cited USDA study asked for, but did not require, income documents to be produced to verify income. Therefore, it is unclear what portion of these results was based solely on self-reported income. Further, this USDA study specifically selected only large metropolitan school districts, rather than a more broadly representative sample, and therefore, its results cannot be presumed to be representative of what Arizona school districts' results might be. ADE also commented that a significant amount of district resources would be required to do increased sample sizes. Further, ADE indicated that the high rate of ineligibility may be due, in part, to schools providing limited outreach and technical assistance to persons completing the applications. However, households documenting incomes higher than allowed by the income eligibility guidelines is not indicative of schools' failure to provide outreach or technical assistance to the community. Further, such concerns would increase the need to verify the eligibility of those approved for free or reduced-price meal benefits rather than reduce it.

ADE agreed with the third and fourth recommendations. Specifically, ADE indicated that it is currently evaluating the use of Medicaid eligibility data for determining NSLP eligibility and, starting in school year 2006-2007, will be requiring the food service director of each district or other NSLP sponsor to attend its annual A+ School Lunch workshop.

<sup>1</sup> Case Study of National School Lunch Program Verification Outcomes in Large Metropolitan School Districts, April 2004, Report No. CN-04-AV3, U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation.