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***Evaluation of the National School Lunch  
Program Application/Verification Pilot Projects***

***Volume IV: Analysis of Pilot  
Operations and Costs***



United States  
Department of  
Agriculture

Food and  
Nutrition  
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# Evaluation of the National School Lunch Program Application/Verification Pilot Projects

## Volume IV: Analysis of Pilot Operations and Costs

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## **EXECUTIVE SUMMARY**

The U.S. Department of Agriculture (USDA) sponsored the National School Lunch Program Application/Verification Pilot Projects to test ways to improve the process for certifying students for free or reduced-price meals. This report presents findings of an analysis of pilot project operations and costs for two alternatives to the current application-based certification process—Up-Front Documentation and Graduated Verification—that were tested in 12 public school districts over a three-year period from 2000-2001 thru 2002-2003.

### **BACKGROUND**

Millions of U.S. children participate in the National School Lunch Program (NSLP) each day, receiving free or reduced-price lunches that make an important contribution to their overall nutrition. Concern has mounted, however, that many of the children certified as eligible may in fact be ineligible because their family income is too high. Under the existing eligibility process, families must state their income on the application for the program but do not need to submit additional documentation. Districts select a small sample of applications for income verification, which is done later in the year.

To address whether the eligibility process could be made more accurate, USDA sponsored pilot projects testing two new approaches to certifying eligibility: (1) Up-Front Documentation (UFD), and (2) Graduated Verification (GV).

Districts using UFD required families to document their monthly income or receipt of public assistance when they submitted their application for free or reduced-price lunches. Districts then used this documentation to make an eligibility determination, but they did not verify any approved applications later in the school year.

Districts using GV allowed families to use the standard application process, which does not require income documentation, but changed key aspects of the usual verification process. After verifying a small sample of approved applications, these districts conducted additional verification if 25 percent or more of the applications in the initial test resulted in benefit reduction or termination. Depending on the findings of the second round, a third round of verification was sometimes required. Another feature of the GV approach was that, if a family lost eligibility due to verification activities in any given year, in the subsequent year the family had to supply verification materials at the time of application (usually the start of the school year).

### **STUDY DESIGN AND METHODOLOGY**

The main study used a comparison design to select additional districts that were not participating in the three-year pilots but had similar economic characteristics and geographic locations. The evaluation of UFD included nine pilot districts and nine matched comparison

districts. The evaluation of GV included three pilot districts and three matched comparison districts.

The analysis of operations and costs uses data from interviews with school district administrative staff who were involved in application and verification activities at the pilot and comparison districts. We used interviews with staff to learn how key activities were organized and carried out and how operations changed because of the demonstration procedures. District staff also provided their estimates of the time required to perform application and verification activities, which form the basis for cost estimates.

## **FINDINGS ON OPERATIONS AND COSTS**

### **Up-Front Documentation**

The UFD pilot districts implemented the pilot as planned. Staff implementing the new UFD procedures believed that the pilot improved the accuracy of income reporting, largely by relieving families of the need to distinguish between gross income and net income—families could simply provide pay stubs from which school staff could determine gross wages. In addition, district staff felt the process was fairer, because all families, not just a small sample, were subject to the documentation requirement.

A major challenge in operating this form of the pilot was that pilot districts received more initially incomplete applications (because documentation was required with the application) than comparison SFAs operating under standard eligibility determination procedures. Staff also noted that the documentation requirement did not prevent families who wanted to conceal some of their income from reporting and documenting some income sources while failing to report others.

Pilot project staff reported that UFD created some additional work in (1) following up on incomplete applications, and (2) making eligibility determinations based on direct income documentation. In general, however, they reported incorporating these additional activities into their application processing with only modest additional burden. Our formal cost estimates imply that UFD created a modest increase in application-processing costs per applicant. This increase in cost per applicant was fully offset by the reduction in the number of students for whom applications were received and approved. Thus, overall costs for eligibility determination were unchanged by the UFD pilot. This cost neutrality came at the expense of targeting efficiency, however, because the reduction in certification was all due to reduced certification among eligible children.

### **Graduated Verification**

Compared to the UFD model, the GV model was more complex to operate and more burdensome for staff to implement. In addition, the logic of Graduated Verification's objectives was not as clear to the staff responsible for implementing the procedures. GV was complex, because it required one, two, or three rounds of verification, depending on whether the percentage of cases reduced or terminated at each stage was above 25 percent. In most districts,

either two or three rounds of verification were needed, thus increasing costs compared to regular NSLP procedures. Another result of this design was that the workloads, especially the large workloads associated with the second and third rounds of verification, were not easy for School Food Authority staff to predict or plan for. Staff had to find time in already tight schedules to carry out these later rounds, if they proved necessary.

GV was also more complex than standard NSLP procedures at the application stage. This occurred because most families were subject to the standard verification procedures, but some were subject to the same process as all families followed in the UFD pilots. Furthermore, the number of households required to provide documentation varied from year to year and depended on the number of rounds of verification conducted in the prior school year. Careful record keeping was necessary to support these determinations.

Because of these complexities, GV was generally not implemented with the same degree of fidelity to the original pilot model as was the simpler UFD model. Indeed, three of the four original GV pilot districts did not implement the model completely for the three school years of the demonstration.

Reflecting the complexities of the GV model, our analysis of costs indicated that both the cost per applicant and the total cost per enrolled student increased as a result of GV. These estimated changes in costs are substantial—in excess of 50 percent of the base cost of processing applications and conducting one round of verification.



## I. INTRODUCTION

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) serve nearly 4 billion free and reduced-price meals annually to children certified as being from low-income households (U.S. Department of Agriculture 2003). In recent years, however, policymakers and the public have raised concerns about the integrity of the programs' process for establishing eligibility for these benefits. In response, the U.S. Department of Agriculture (USDA) asked school districts around the country to voluntarily participate in the National School Lunch Program Application/Verification Pilot Projects to test ways of improving the process for certifying students for free and reduced-price meals. USDA published a report on the experience of pilot districts in the first year of implementation. It contracted with Mathematica Policy Research, Inc. to conduct an evaluation of two of the approaches that were tested: (1) Up-Front Documentation (UFD), and (2) Graduated Verification (GV).

This report presents the results of an analysis of the operational aspects of the pilot projects, including the procedures used to implement the pilot policies and the costs associated with these procedures. Three companion reports describe other key findings of the evaluation:

- Impacts of UFD and GV on the *certification* of eligible and ineligible students for free or reduced-price benefits (Burghardt et al. 2004)
- Impacts of UFD and GV on whether certified (and noncertified) students actually received school lunches (Gleason et al. 2004)
- Impacts of UFD and GV on rates of application of eligible and ineligible students for free or reduced-price benefits and analysis of household income reporting and SFA application processing (Hulsey et al. 2004).

The rest of this chapter presents background information for the study and discusses the key research questions addressed.

## **A. STUDY BACKGROUND**

Several studies examining income levels of students certified for free or reduced-price meals have found that a nontrivial number of these students have income levels that make them ineligible for the level of benefits they are receiving (e.g., U.S. Department of Agriculture 1990; and U.S. Department of Agriculture, Office of Inspector General, 1997). To address this issue, several school districts began testing alternative ways of determining the income eligibility of students' families, and this evaluation focuses on a subset of these districts. In particular, this evaluation includes nine districts that tested UFD during the 2000-2001 through 2002-2003 school years and three districts that tested GV during these same years.

Under UFD, districts required that all applicants for free or reduced-price meals provide documentation of their income or food stamp/Temporary Assistance for Needy Families (TANF) receipt with their application.<sup>1</sup> If the application did not include documentation, a student could not receive benefits. After the district reviewed and approved applications, it was not required to perform the verification of income for the small sample of households called for in federal regulations. Students approved through direct certification in the UFD pilot districts were not subject to these requirements, which applied only to students who submitted an application.

Under GV, application procedures were strengthened and, in certain circumstances, the verification process was enhanced. First, households who applied for free or reduced-price meals and whose benefits had been terminated or reduced in the prior year because of the district's verification procedures had to provide documentation of their incomes or of their categorical eligibility at the point of application. Second, the district had to conduct the standard

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<sup>1</sup>For additional details on the pilot projects and how their rules differed from standard district eligibility determination procedures, see Burghardt et al. (2004).

verification of three percent of participating households and the following additional verifications:

- If 25 percent or more of the originally verified applications led to a termination or reduction of free or reduced-price meal benefits, the district was required to verify an additional 50 percent of remaining applications.
- If 25 percent or more of these second-round verifications resulted in terminations or reductions in benefits, the district was required to verify all remaining applications.

## **B. RESEARCH QUESTIONS**

This report focuses on two aspects of the pilot projects:

1. We describe the procedures the pilot districts followed to carry out the new policies put in place as a result of the demonstration and report on perceptions of SFA staff about the procedures.
2. We estimate the administrative costs of carrying out these procedures.

Examining the first of these research issues provides important background for interpreting the estimates of net impacts presented in other study reports (Burghardt et al. 2004; and Gleason et al. 2004). In particular, while one objective of the pilot projects was to deter certification among ineligible households, we found no measurable impacts of either set of pilot procedures on the certification rates of ineligible households. This raises the following question: Were there no impacts because (1) the pilots procedures were not carried out as planned, or (2) the procedures were carried out as planned but were not effective in achieving lower certification rates among ineligible households? Put another way, the implementation analysis allows policymakers to reach an informed judgment about whether the demonstration was a meaningful test of the interventions that USDA envisioned when it mounted the demonstrations.

In addition, examining the first issue highlighted above offers insights from the experience of the staff at pilot districts that can help policymakers as they consider whether and how to adapt the procedures tested in the demonstration for further testing or broader implementation.

The experiences and perceptions of the district-level staff who implemented the pilot procedures can also provide valuable insights for improving the policies.

Examining the costs of the pilot procedures is important in supporting an overall assessment of the pilot policies. It provides information with which to weigh the costs and benefits (both monetary and non-monetary) of the policies that were tested.

## **II. METHODS USED IN EXAMINING THE PILOT PROJECT PROCESS AND COSTS**

In this chapter, we describe the research approach used in the analysis of process and costs. We discuss both data collection and analysis methods.

### **A. RESEARCH DESIGN OF THE OVERALL EVALUATION**

We begin our discussion with an overview of the overall design of the evaluation, since our approaches to examining program processes and costs for the pilot districts substantially reflect this design. Here, we describe the general design, then note several ways in which the methods used in this report differ from those used for other parts of the evaluation.

USDA selected the pilot districts participating in the study from applications submitted in response to a *Federal Register* notice inviting districts to submit proposals. The characteristics of these pilot districts are described in Burghardt et al. 2004. Both the UFD and GV pilot districts included in the evaluation were concentrated in the Midwest and Northeast. They also were more likely to be in suburban locations and less likely to be in rural areas than the average district in the country. The largest pilot district enrolled just under 8,000 students. In general, the UFD districts had lower levels of child poverty and higher percentages of students who were white, non-Hispanic than the typical district nationwide. In contrast, the GV districts had higher levels of child poverty and lower percentages of students who were white, non-Hispanic than the typical district nationwide. While the participating districts represent a relatively broad cross-section of the United States, no school district with more than 10,000 students submitted an application to participate.

For the evaluation, we paired each of the participating school districts with a comparison district. Each of the comparison districts was chosen to be as similar as possible to its matched pilot, except that it had not implemented the demonstration policies. Key factors in choosing

these comparison districts included location relative to the pilot project, size, ethnicity, and NSLP certification procedures.

Burghardt et al. (2004) includes a more detailed discussion of the matching process and the characteristics of comparison districts. Overall, Burghardt et al. (2004) concluded that the matching process was reasonably successful in identifying a group of districts that were similar to the pilot districts. However, given the small number of districts involved—nine UFD and three GV districts—there is no assurance that matches will be very close on any individual variable. The small-sample-size problem is especially acute in the process and cost analyses, where the unit of observation is typically the whole district and one or a few staff members (as opposed to the unit of observation in the impact analysis, which is the student or the student’s household and where the sample size exceeded 3,000 observations). The impact analysis for the evaluation (Burghardt et al. 2004) exploited the comparison design by comparing differences in key outcomes—for example, the percentage of children from families with incomes above 185 percent of poverty who were certified for free or reduced-price meals or the percentage of children in this group who obtained a free or reduced-price NSLP lunch on a typical school day—among representative samples of students in the pilot and comparison districts.<sup>1</sup> Similarly,

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<sup>1</sup>For some measures, we also examined *changes* in key outcomes (such as the percentage of students actually receiving NSLP lunches on a given day), using administrative data that school districts routinely compile as part of their program operations. This design is often referred to as a “double difference” design because it compares *differences* between pilot and comparison schools in *changes* between the demonstration period and the baseline period before the pilots started. This is often viewed as the strongest available design, short of random assignment, because the focus on changes implicitly controls for various characteristics that remain reasonably constant over time. Using a full double difference design was not possible in the implementation and cost analysis, however, because the necessary baseline data were not available. In particular, whereas districts routinely keep the data needed for the impact analysis as part of their compliance with NSLP reporting regulations, the districts are not required to maintain information on procedures and costs at a fine enough level of detail to support the process and cost analysis work. Furthermore, because the contract for the current evaluation was awarded only after the pilots had begun operations, it was not possible to obtain pre-pilot baseline data as part of the research. As discussed later, a limited amount of retrospective data

in this report, we rely primarily on contemporaneous comparisons between pilots and their comparisons, as well as on detailed analysis of specific work activities that we know the pilot procedures affected (or sometimes created). Next, we describe these approaches in detail as they apply to the two parts of the process and cost analysis.

## **B. PROCESS STUDY METHODS**

To collect data on the processes used in the pilot projects, we conducted telephone interviews with staff responsible for NSLP application and verification work in the 25 study districts.<sup>2</sup> We developed semistructured interview protocols that covered the following topics: (1) the steps of the application and verification process the districts used; (2) the type and level of staff involved in each step; (3) the time frame in which each step occurred; and (4) how procedures differed from those used in 1999-2000, the year before the pilot began.<sup>3</sup> In pilot districts, we also asked about respondents' perceptions of the pilot, including challenges encountered, solutions tried, and the perceived overall effects of the pilot.

We examined in detail the experience of pilot sites in implementing the demonstration procedures to assess whether UFD and GV were carried out in the way USDA intended. To assess how the pilots affected the districts' processes and perceived workload, when possible, we explored how pilot procedures differed from (1) the procedures the same districts used before the

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*(continued)*

were obtained, but they were not sufficient to support a full double difference evaluation approach, both because of lack of detailed records and because of turnover in the school personnel who could supply information.

<sup>2</sup>The study included 25 districts because 11 pilot districts each had one matched comparison district, while one GV pilot district had two comparison districts. For the pilot-comparison district pair in which two comparison districts were used, the estimates for each comparison district were given a weight of .5 in calculating the comparison district total for this pilot-comparison district pair.

<sup>3</sup>Two districts began pilot operations in school year 2001-2002. The pre-pilot period for these two districts was school year 2000-2001.

pilots began, and (2) the procedures currently used in comparison districts. In some districts, however, it was not possible to ask questions about the procedures in 1999-2000 because the staff member(s) available to be interviewed had not performed NSLP work at that time.<sup>4</sup> We used three steps to determine which staff members were primarily responsible for conducting NSLP application, approval, and verification work in each district and would therefore be most appropriate for the interviews. First, we sent an e-mail to the business administrator or superintendent at each district, explaining the process and cost analysis and indicating that we would like to conduct in-depth interviews with district- and/or school-level staff responsible for NSLP certification and verification work. Next, we followed up the e-mail with a telephone call to the same school official and asked for the names and contact information of the appropriate staff who conducted certification and verification work. Finally, we called the staff members who had been identified, explained the process and cost analysis, and set up appointments for telephone interviews.

In most districts, we interviewed a single staff member, although it was sometimes necessary to interview other staff members. We spoke with more than one staff member in districts where two people shared primary responsibility for NSLP application processing and verification, either both having responsibility at the district level, or one at the district and the other at the school level. In addition, we interviewed more than one staff member in districts where the person responsible for conducting application and verification work had changed just before or during the pilot, and the former staff person was still available to be interviewed.

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<sup>4</sup>In these cases, we tried to contact the person who had been in charge of applications and verification work in 1999-2000, but this was not always possible.

## **C. COST STUDY METHODS**

Most districts do not keep sufficiently detailed cost information in their accounting records to make it possible to identify the specific costs of analytic interest to the study. Therefore, we used direct data collection methods to obtain cost estimates specifically for the activities of interest in the evaluation. We did this primarily by obtaining estimates about staff time usage for the activities the demonstration specifically affected and by then using these staffing data, together with wage rate and other information, to build up estimates of the labor costs associated with the demonstration. We also obtained estimates of other direct costs, such as supplies, postage, and telephone.

### **1. Data Collection**

In implementing this approach, we used the information from the interviews to design customized worksheets for each district that recorded the staff time and other costs of conducting NSLP certification and verification work. We developed separate worksheets for (1) activities related to receipt and processing of applications, and (2) activities related to verification activities.<sup>5</sup> To provide a context for the estimates, we asked district staff what the period was in their district for the initial application process and what percentage of total applications they received during this period. In most districts, this initial period of peak activity included the first two months of the school year. We obtained similar information on verification activities.

To ensure comparability across districts and to improve the chances that respondents would be able to provide accurate estimates, we asked respondents to focus on a particular period for each main function. For application activities, we asked respondents to focus on the period in

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<sup>5</sup>The worksheets also obtained information on direct certification costs, but since neither UFD nor GV affect direct certification activities significantly, we do not discuss those data here. In part, we asked about the direct certification activities to minimize the likelihood that the districts would confuse the work associated with direct certification with the work we were directly interested in.

which the district processed most of its applications, near the beginning of the school year. For most respondents, this was from August through the end of September. Our measure of output is the number of students approved for free or reduced-price meals by application as of October 31, 2002. Therefore the estimate of resources used to conduct application processing pertains to approximately the same time period as our measure of output.

Because of the timing of our interviews relative to verification work, we used a different approach to asking about verification activities, depending on whether the district was a UFD or GV comparison district (which performed verification activities in the fall) or a GV pilot district (which performed the first round in the fall and any necessary subsequent rounds in the winter and spring).<sup>6</sup> We conducted the interviews from November 2002 to February 2003, and we sent customized cost worksheets to each respondent in January 2003. Accordingly, we asked comparison districts to provide the time estimate for verification activities for the current school year. We asked the GV pilot districts to provide this estimate for the prior school year to allow us to capture all possible rounds of verification.<sup>7</sup> Also important to note is that estimates of verification costs for the GV pilots depend on the number of rounds of verification each district was required to perform in the year in question.

To account for the fact that staff at different levels of responsibility and pay performed the various activities, we placed a value on the time estimates by using the wage and salary information the respondent provided on each staff member or staff category involved in

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<sup>6</sup>We did not ask about verification activities in UFD pilot districts because they were not required to conduct verification under pilot rules.

<sup>7</sup>In fact, two GV pilot districts provided the estimates for the prior school year; in one pilot, however, our respondent had not performed the verification activities in the prior year, so that respondent provided the information for the current school year.

application and verification. Initially, we had planned to obtain information on the amount of fringe benefits; however, our respondents were not well informed about those costs. Furthermore, because variations in fringe benefit costs across the 25 districts in the study would have introduced an additional element of chance variability instead of helping to measure more accurately the costs of the resources involved, we applied an average fringe benefit rate of 25 percent to the wage and salary costs of the School Food Authority (SFA) staff who perform application and verification functions.

Finally, we asked interview respondents to estimate the other direct costs in processing applications. We anticipated these costs would include printing, copying, postage, and the use of computers.

To supplement the data collection described above, where possible, we also asked UFD districts for information about *changes* in staff requirements from the pre-pilot period to the period the pilot covered. In particular, we asked the SFA staff who reported on pilot procedures whether they had performed application and verification activities during the period just before implementation of the pilots. If the SFA staff reported that they had performed these tasks in both periods, we asked them to compare the amount of work effort during the pilot with the amount before it. Because of the inherent difficulties in making estimates of hours of work required to perform the activities involved and the three-year interval between the pre-pilot period and the time of our interview, we did not believe respondents would be able to report reliably the amount of time used to perform the various functions during the pre-pilot period. Therefore, we asked for their qualitative assessment of whether the work effort during the earlier period was greater than, the same as, or less than the work effort required under the pilot.

## **2. Cost Analysis for the UFD Pilot Projects**

After we had obtained the data described above, we used somewhat different analytical methods for the UFD pilots than for the GV pilots. For the UFD pilots, we base our analysis on directly comparing average certification costs for the pilot districts and the corresponding comparison districts, as of the time of the data collection. Essentially, this involves comparing data in the pilot and comparison districts for the 2002-2003 school year. To provide a basis for comparing time and resource costs of conducting application and verification activities across SFAs with differing numbers of applications, verifications, and approved students, we calculated total costs across all staff involved in a function, then expressed these costs on a per-unit-of-output basis. We focus our discussion on costs per approved student, a parameter that is consistently defined across the sites and easy to interpret. We develop estimates of the costs per student enrolled using information from Burghardt et al. 2004 on pilot project impacts on certification rates and estimates of pilot versus comparison differences in costs per approved student. We develop similar estimates of costs per student approved using information from Hulseley et al. 2004 on pilot impacts on application rates.

From the professional estimates collected through staff interviews and worksheets, we calculated the total staff time by person devoted to application processing and eligibility determination and verification activities at each study district. We adjusted interview respondents' staff time estimates for two problems. First, some respondents appeared to have omitted from their estimates the time associated with receiving applications in the classroom and transmitting them to the school food service office. Second, one respondent appeared to have overestimated the time required because that respondent's estimate of the time used exceeded the

time available during the period that the work was performed. We adjusted the time estimates to correct these omissions and anomalies.<sup>8</sup>

The estimates of total costs for the UFD and GV comparison districts appear to be broadly consistent with estimates presented in a recent report by the General Accounting Office (U.S. General Accounting Office 2002). While our point estimates are lower, they appear to be within the range that sampling error could be expected to produce. Appendix Table A.6 presents a comparison of the mean costs per student approved in the comparison districts for the evaluation of the NSLP Application/Verification Pilot Projects with the mean costs calculated from the GAO report.

### **3. Cost Analysis for the GV Pilot Projects**

Initially, we attempted to use the same methods of cost analysis described immediately above for the analysis of GV costs. The preliminary results we obtained using this method lacked face validity, however, which suggested that the method was not providing satisfactory information for this version of the pilot.<sup>9</sup>

As a result, we used a different analytic approach for the GV cost analysis, which drew on information about the pilots that allowed us to focus specifically on the costs of the activities the

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<sup>8</sup>Appendix Table A.1 shows the adjusted time and cost estimates by pilot and comparison district. Appendix Table A.2 shows the unadjusted time and cost estimates. The adjustments did not alter the basic findings.

<sup>9</sup>In particular, the preliminary analysis suggested that costs were *lower* at the pilot sites than at the comparison sites, even though all the information we obtained from the executive interviews with district staff suggested that they should be *higher*, due in part to the greater numbers of verifications which were taking place at the GV sites. We believe that the apparently incorrect results from the direct comparisons of costs at the pilots compared to their comparison districts were due to the fact that only three pairs of sites were available for the analysis. It is quite possible that, by the “luck of the draw,” the three comparison sites had substantially higher costs than the pilot sites, even at baseline. In particular, such differences could have happened because certification and verification costs were not among the variables used in matching the comparison sites, since information on them was not available. With only three site pairs, there was unavoidably a substantial risk of the matching being poor on this variable.

demonstration affected. In particular, it was clear from the interviewing that the main change in procedures for GV sites was the potential addition of a second and third round of verifications. Therefore, we analyzed the costs associated with the GV pilots by focusing only on the information relating to these rounds of verification from the pilot districts to estimate the costs of this additional verification work. Essentially our approach relied directly on information provided by pilot district staff about the incremental costs of the pilot procedures, rather than on comparisons between pilot and comparison districts.

We selected this approach for the GV pilots because the main additional activities—round 2 and/or round 3 verifications—could be isolated and their costs estimated separately. On the other hand, staff in UFD pilot districts were usually unable to isolate the additional time required to perform the two work activities the pilot made necessary: (1) following up on an increased number of incomplete applications, and (2) making the eligibility determination using documentation rather than the income amounts the applicant stated on the application. Therefore, we did not try to make a professional estimate of the pilot-specific work activities for the UFD pilots. Instead, we estimated the incremental costs attributable to the UFD pilot procedures as the difference between pilot district costs and comparison district costs.

The approach we used in the GV analysis assumes the costs of application processing were unchanged in pilot years compared to the pre-pilot period. This assumption is unlikely to be entirely accurate because staff needed to check for, request, and then use documentation of income for households whose benefits were reduced or terminated due to verification. For this reason, the estimates of the costs of work related to the pilots are likely to understate the costs of GV. We believe, however, that the cost estimates reported in Chapter IV represent a reasonable approximation of the true costs of the use of GV.

### **III. IMPLEMENTATION OF UP-FRONT DOCUMENTATION AND GRADUATED VERIFICATION**

In this chapter, we describe how the nine UFD pilot districts and three GV pilot districts implemented the pilot procedures for the National School Lunch Program Application/Verification Pilot Projects. We also discuss how the comparison districts implemented standard application and verification procedures.

In the first section, we describe the procedures the comparison districts followed as staff conducted application and verification processing. A description of the work activities typically needed for application and verification processing provides a context for the rest of the discussion. In this section, we also describe some important dimensions of variation across districts in how the work was accomplished, which is helpful in understanding the variations in district-level costs described in the next chapter. The second and third sections of the chapter describe implementation of UFD and GV, respectively. In each of these two sections, we describe the key aspects in which operations differed from standard application and verification procedures, then the perceptions of staff about the pilot procedures.

#### **A. STANDARD APPLICATION PROCESSING AND VERIFICATION PROCEDURES**

Under NSLP regulations, students can become certified for free or reduced-price meals in one of two ways. First, students whose families receive food stamps, TANF, or benefits under the Food Distribution Program on Indian Reservations (FDPIR) can be certified for free meals through an exchange of information between the assistance agency and the school district. Certification done in this way is called “direct certification.” Under the second approach, families of students may submit applications on which they list all people in the household and provide information about the sources and amounts of income for each household member or

they indicate that the family receives food stamp, TANF, or FDPIR benefits. To be complete, an adult household member must sign the application and either provide his or her Social Security Number on it or indicate that the signer does not have a Social Security Number.

Federal regulations require each SFA to verify the eligibility of a sample of approved cases by December 15 of each year. This is done by requesting households to provide proof of the amounts of income for each income source, such as pay stubs or bank account information.

Next, we describe how the nine SFAs that served as comparison districts for the UFD pilot districts and the four SFAs that served as comparison districts for the GV pilot districts carried out the tasks associated with processing applications and conducting verifications.

## **1. Description of Standard Procedures**

We describe five functions performed in administering the NSLP application and verification process: (1) direct certification, (2) distributing and receiving applications, (3) processing applications, (4) record keeping and transferring information, and (5) verification. All districts completed each of these functions, except, in some instances, direct certification (which is optional). Later in the chapter, we describe how processing differed in the pilot districts.

### **a. Direct Certification**

In the 2002-2003 school year, five of the nine UFD comparison districts and all four of the GV comparison districts used direct certification (see Table III.1).<sup>1</sup> Each comparison district matched its pilot district in using or not using direct certification, except for one UFD district pair in which the comparison district used direct certification and the pilot district did not.

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<sup>1</sup>Two of the four GV comparison districts together served as the comparison district for one GV pilot site.

TABLE III.1

KEY FEATURES OF NSLP ADMINISTRATION IN PILOT AND COMPARISON DISTRICTS

Pilot/Comparison Districts	Pilot Districts				Comparison Districts			
	Whether Used DC	Whether Single- or Multichild Application	Whether Centralized Application and Verification Processing	Method of Selecting Verification Sample	Whether Used DC	Whether Single- or Multichild Application	Whether Centralized Application and Verification Processing	Method of Selecting Verification Sample
<b>Up-Front Documentation</b>								
Blue Ridge/Montrose (PA)	No DC	MC	NC	n.a.	DC	MC	C	R
East Stroudsburg/Easton (PA)	DC	MC	C	n.a.	DC	I	NC	R
Pleasant Valley/Bangor (PA)	DC	MC	C	n.a.	DC	MC	C	R
Stroudsburg/Pottsgrove (PA)	No DC	MC	C	n.a.	No DC	MC	C	R
Maplewood/Newton Falls (OH)	No DC	MC	C	n.a.	No DC	I	C	R
Salem City/Lisbon (OH)	No DC	I	C	n.a.	No DC	I	C	R
Creve Coeur/North Pekin (IL)	DC	MC	C	n.a.	DC	MC	C	R
Oak Park and Forest River/Valley View (IL)	DC	I	C	n.a.	DC	MC	C	R
Williamson County/Wilson County (TN)	DC	I	NC	n.a.	DC	MC	NC	R

TABLE III.1 (continued)

Pilot/Comparison Districts	Pilot Districts			Comparison Districts				
	Whether Used DC	Whether Single- or Multichild Application	Whether Centralized Application and Verification Processing	Method of Selecting Verification Sample	Whether Used DC	Whether Single- or Multichild Application	Whether Centralized Application and Verification Processing	Method of Selecting Verification Sample
<b>Graduated Verification</b>								
DGF/Breckenridge/Lake Park Audubon (MN)	DC	MC	C	R	DC/DC	MC/MC	C/C	F/R
Grandview/Hickman Mills (MN)	DC	MC	C	R	DC	MC	C	F
Dunkirk City/Jamestown City (NY)	DC	MC	C	R	DC	I	C	F

Notes: DC means district used direct certification; No DC means district did not use direct certification; MC means district required a separate application for each child; I means district required a separate application for each child; C means processing of applications to determine eligibility and verification was centralized (that is, conducted by district-level staff); NC means school-level staff had a role in eligibility determination and/or verification; R means district uses random sampling; F means district uses focused sampling; n.a. means not applicable.

Staff followed one of two processes to complete direct certification. Three district pairs (six districts) are located in states in which, before the start of the 2002-2003 school year (during summer 2002), the state welfare agency sent a letter to the parents of all students in the state who were receiving food stamps or TANF. The letter directed families to present the letter to the school district if they wished to have their child certified for free meals. When a family presented the letter to the school district, their child was directly certified for free meals—no application was required. Children from families who wished to have their children directly certified generally provided the letter to the school district near the beginning of the school year.

The other seven comparison districts used a matching process.<sup>2</sup> The county or state agency administering the food stamp/TANF program gave the district a list of school-age children who lived in the area the district served and who were members of households receiving food stamp/TANF benefits. District staff then compared the list of school-age children in food stamp/TANF households with a district enrollment list. Children who appeared on both lists were directly certified for free meals. Under this approach, the matching and direct certification processes usually occurred during the month before school opened.

#### **b. Distributing and Receiving Applications**

Federal regulations require that districts operating the NSLP send to the household of each student enrolled in the district's schools (1) a notice telling them about the availability of free and reduced-price meals, and (2) an application. All the districts in the study distributed NSLP applications and instructions on or before the first day of the school year, either by mailing them

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<sup>2</sup> The number of comparisons differs from the number of pilots, because two districts served as the comparison for one pilot district, and one pilot district did not use direct certification while its comparison district did use direct certification.

or by sending them home with students. Many districts distributed applications at the beginning of the school year in a packet that contained other important documents from the district. Typically, staff at the district level—often the food services director, staff in the food services department, or staff in the business office—prepared a master application, including updated income eligibility guidelines and prices for reduced-price and paid meals. In some districts, district staff also mailed the materials to students’ homes. However, staff at individual schools were often responsible for copying the materials and mailing them to families or giving them to teachers to distribute.

The process for receiving applications also varied. Usually, the child returned the completed application to the classroom teacher near the beginning of the school year. In some districts, the application was to be returned to someone other than the classroom teacher, such as the cafeteria manager, school nurse, or school secretary. Some districts asked parents to mail the application to the district.

One important way in which the application process differed was in whether a family was required to submit one application covering all children in the family or, alternatively, to submit a separate application for each child. Among the nine UFD comparison districts, six used multichild applications, and three required a separate application for each child in the family. Among the four GV comparison districts, three used multichild applications, and one required a separate application for each child.

### **c. Processing Applications**

Processing applications involved reviewing the applications for completeness, following up with families who submitted incomplete applications, determining eligibility based on the information received, and then notifying families of their children’s meal price status. Under

standard program rules, the following information is required for the application to be deemed complete: (1) name(s), grade(s), and school(s) of the student(s); (2) a food stamp/TANF case number or a list of household members and total income for each member; (3) the signature and Social Security Number of the person filling out the application; and (4) the application date. In some districts, staff checked incoming applications for completeness at the time they determined eligibility. In others, checking for completeness was a separate step, sometimes even conducted by different staff. In most but not all comparison districts, staff said they contacted families who had submitted incomplete applications and asked them to provide the missing information.

#### **d. Transferring Information Within the School District**

After making eligibility determinations, district staff told their individual schools the meal price eligibility status of each approved student. Districts used several ways to convey this information. Some districts created lists of all students approved for free or reduced-price meals and sent the lists to their schools. Others used database systems, in which staff entered approval information to students' files, after which (1) schools downloaded a roster of approved students, or (2) the information was automatically displayed on the computers of cafeteria workers.

#### **e. Verification**

Standard verification in the NSLP requires one round of verification of a sample of approved applications. Districts first select samples of approved applications. Most comparison districts used random sampling, in which a sample of three percent of approved applications is selected. Some districts used focused sampling, in which verification samples are generally smaller and target households whose incomes are close to the eligibility threshold. District staff send a letter to each selected household notifying them that they have been selected for verification and stating that the family must provide documentation of its income for the most

recently completed month or its FS/TANF/FDPIR participation. When the family submits documentation, the district calculates meal price status based on information provided at the time of verification and adjusts the meal price status, if necessary. If a household does not supply documentation as specified in the letter, the district is supposed to terminate the free and reduced-price meal benefits of the students in the family. Verification is required to be completed by December 15 of each year.

All nine UFD comparison districts used random sampling, while three of the four GV comparison districts used focused sampling. The number of cases that comparison districts reported verifying ranged from 3 to 70. The mean number verified was 22, and the median was 12.

## **2. Variations in Staff Involved and Use of Technology**

We have described the basic procedures that study districts used to complete NSLP application and verification work. Before discussing the elements of application and verification that the pilot procedures directly affected, we describe variations in the categories of staff involved and in the use of technology.

### **a. Types of Staffing and Degree of Centralization**

The types of staff responsible for conducting NSLP application and verification work varied considerably. In most districts, activities were largely centralized at the district level. In some districts, however, school-level staff performed at least some tasks. In smaller districts, one person often did all the certification and verification, but larger districts typically involved more than one staff person.

In 11 of the 13 comparison districts in our study, NSLP eligibility determination and verification work was centralized and performed by staff working at the district level. Teachers

or other school staff distributed applications to students, received completed ones, or checked applications for completeness; but district-level staff completed all application processing and verification work. These staff members included food service directors and their field managers, assistants, and secretaries, or staff in the business administrator's office or the superintendent's office. In one comparison district, all of this work was performed at the school level; in another, school-level staff performed eligibility determination, while district-level staff conducted verification.

#### **b. Use of Technology**

Most districts used computers to perform at least some tasks, including performing direct certification (matching state lists of children on food stamps/TANF with enrollment records), making eligibility determinations, maintaining student records, transmitting certified results to schools, and selecting the verification sample. However, other districts performed some or all of this work manually.

Differences in computer capabilities and usage could have affected the amount of time that staff spent completing NSLP tasks, thereby creating variations in labor costs across districts. Although our cost estimates include some non-labor categories such as postage, paper, printing, and telephone calls, they probably do not capture the full costs of computer equipment and its support. Thus, the cost estimates take into account the time savings gained by using computers, but they omit the costs of purchasing and maintaining the computer systems.<sup>3</sup>

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<sup>3</sup>Districts have different accounting practices with regard to how investments in computer systems are amortized. It was not practical to derive accurate estimates of the annual computer costs associated specifically with certification and verification activities.

## **B. UP-FRONT DOCUMENTATION**

Based on an examination of the reports the UFD districts submitted to USDA and on MPR's interviews of district staff, we conclude that all the UFD districts operated their pilot procedures in basic conformance with USDA intentions and with the proposals the districts submitted. Here, we describe the operational changes doing so required.

UFD altered two aspects of eligibility determination and verification: (1) it required that all households submit, with their applications, documentation of all household income, or, if a case number was provided, proof that the household was receiving food stamp, TANF, or FDPIR benefits; and (2) it eliminated the usual NSLP sample-based verification to be completed by December 15. However, the UFD pilot procedures did not alter other processes, including direct certification, distributing applications, or record keeping and transferring information to individual schools and cafeterias.

The two most important operational changes involved the process of reviewing applications for completeness and making the eligibility determination. Under the pilot procedures, more was required for the application to be complete: rather than the district accepting the applicant's statement about income amounts, the applicant was required to provide documentation showing gross income for each source reported. If the applicant reported a source of income but did not provide documentation showing the amount of income from that source, the district was required to consider the application incomplete unless the household reported that documentation was unavailable.

Not surprisingly, the percentage of applications that were initially incomplete was higher in UFD districts than in their comparison districts. Based on information reported to USDA by staff at UFD pilot districts, the percentage of applications initially incomplete in school year 2002-2003 ranged from 1 to 63 percent, with a median of 42 percent. Fully comparable data

were not available for the UFD comparison districts. However, interview respondents in seven of nine UFD comparison districts were able to provide estimates of the percentage of applications that were initially incomplete, and these estimates ranged from 1 to 20 percent, with a median of 10 percent. Income verification documents were the items most commonly missing on UFD pilot district applications.

All respondents in UFD pilot districts reported that SFA or school personnel followed up with families that submitted incomplete applications. Nearly all sent the incomplete application back to the household with a note indicating what was missing or sent a letter. Many also telephoned the household to request the information. Most comparison district respondents also indicated that they followed up with households that submitted incomplete applications.

Data the UFD districts provided to the Food and Nutrition Service show that, on average across the districts, 92 percent of initially submitted applications were eventually deemed complete and either approved or denied.<sup>4</sup>

We asked SFA staff who implemented UFD procedures for their perceptions about the pilot procedures. As we report next, they noted both advantages and disadvantages.

### **1. Advantages of UFD**

In general, staff responded that the main advantages of UFD were increased accuracy of application information and increased fairness to families. These responses reflected concerns that staff seemed to have had with the standard procedures before the pilots. In particular, staff in some districts expressed concern about the accuracy of the income information families provided on NSLP applications under standard procedures. They felt that accuracy was

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<sup>4</sup>Memorandum from Paul Strasberg, FNS Project Officer to Mathematica Policy Research, Inc., dated February 25, 2003.

sometimes compromised, for at least two reasons. First, they suspected that families do not necessarily understand the difference between gross and net income, so some households report the income they receive, rather than their total income before taxes and other deductions. Second, some staff said that families have expressed confusion and disagreement with the use of the income of *all* household members to determine eligibility for the NSLP, which can result in some families reporting only the incomes of parents or heads of household and exclude incomes of other household members. Staff suggested that families may misreport income information on their NSLP applications for reasons such as these, either by accident or intentionally. Under standard procedures, staff have no way of confirming that the stated income is the family's gross income when they are processing the application; the information is checked only for those applications selected for verification. Many staff in UFD districts felt that their procedures increased the accuracy of the application process. Some staff also believed UFD was fairer to families. One staff member said that, before the pilot, many families selected for verification felt that the district did not trust them and that they were being singled out, since other families were not being asked to provide income documentation. She preferred UFD procedures because all families were treated the same.

## **2. Disadvantages of UFD**

Disadvantages of the UFD pilots that pilot district staff reported included the high levels of incomplete applications received and complaints from families who did not want to provide income documentation. The most important disadvantage of UFD, mentioned during several of our interviews with UFD districts, appears to be the number of incomplete applications. In particular, many families in UFD districts submitted NSLP applications without the required

income verification documents.<sup>5</sup> Contacting families to request additional information required extra time and effort from staff. However, some staff noted that the first year of the pilot was the most difficult and that the number of incomplete applications had decreased as families became accustomed to the pilot procedures.

### **C. GRADUATED VERIFICATION**

Information provided in the GV districts' reports to USDA and by the interviews with school officials conducted for the evaluation suggests that the implementation of the GV alternative was less consistent and complete than the implementation of the UFD model. Three of the four original GV pilot districts did not implement the model completely for all three school years of the demonstration. One GV pilot district was excluded from this evaluation because of difficulties in performing later rounds of verification during the first and second year of the pilot and failure to require documentation at application for students whose benefits were reduced or terminated due to verification the previous year. A second district, which was included, did not perform the required up-front documentation at the beginning of each new school year of households whose benefits were reduced or terminated in the previous school year due to verification. The third withdrew from the pilot project in the third year because of perceived adverse effects on the number of students certified for free or reduced-price meals and therefore on its allotment of state and federal funding. Next, we describe how program procedures were changed when the pilot procedures were being used.

GV entailed changes in two aspects of application processing and verification. First, it could increase the number of applications subject to verification. One key component of the GV

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<sup>5</sup>Some staff suspected that families did not, or could not, read the full application materials, noting that some enrolled families struggle with illiteracy and limited English proficiency.

pilot was that, if as a result of the standard verification process more than 25 percent of cases had benefits reduced or terminated, then the SFA conducted verification on half of the remaining applications in a second round of verifications. If 25 percent or more of the applications verified in the second round resulted in benefit reduction or termination, the district verified all the remaining cases in a third round of verifications. Table III.2 shows the number of rounds of verification by year in each of the three GV pilot districts included in the evaluation. As shown, the number of rounds of verification varied by year. In each of the first two years of operation, most GV districts conducted two or three rounds of verification. In year three, the two districts continuing in the demonstration did just one or two rounds of verification.

The second main feature of program administration that changed in the GV pilot districts was that households whose benefits were reduced or terminated due to verification in a given school year were required to submit documentation of their income if they reapplied during the current school year or applied during the school year following the one in which benefits were reduced or terminated.

In school year 2002-2003, two of the three GV pilot districts included in the evaluation implemented this requirement for those whose free and reduced-price meal benefits had been reduced or terminated in 2001-2002 due to verification. In one district, the requirement was implemented by manually checking each application in the current school year against a list of students whose benefits were reduced or terminated in the prior school year. In the other district, such cases were flagged automatically as their new application information was entered to an automated system for determining eligibility. In both districts, cases that were reduced or terminated in the prior school year were checked to determine whether the household had provided documentation of income. If income documentation was not provided with the application, a letter was sent to the household requesting the documentation, and the application

TABLE III.2  
 NUMBER OF ROUNDS OF VERIFICATION IN GRADUATED VERIFICATION PILOT DISTRICTS,  
 BY DISTRICT AND YEAR

	First Pilot Year (2000-2001)	Second Pilot Year (2001-2002)	Third Pilot Year (2002-2003)
Dilworth Glyndon Felton, MN	3	2	1
Grandview, MO	3	3	n.a.
Dunkirk, NY	1	3	2

Note: n.a. means not applicable. Grandview did not implement the pilot procedures in school year 2002-2003 because it had withdrawn from the pilot project by that point.

was held as incomplete until the documentation arrived. In the third GV pilot district, the staff responsible for determining eligibility were unaware of the requirement, and the requirement was not implemented.

None of the staff in the three GV districts expressed positive feelings about the pilot, and none named any advantages of the pilot procedures. They expressed frustration both at the level of nonresponse among families to verification and at the amount of work required to perform the additional rounds of verification. Not only did the additional rounds constitute extra work for staff, but the workload was difficult to plan for. Staff did not know until they received the results of the previous round of verification whether they were finished or would have to undertake another round. Furthermore, the volume of work associated with the second and third round was considerably greater than the volume of work for the first round. Staff in all three GV districts felt strongly that completing the extra rounds of verification required more time and work than they had expected. All agreed that the extra verification work required too much time to complete. One staff person noted that the pilot more than tripled the amount of work usually required to perform verification.

Many families did not respond to the request for verification documents in GV districts. One district estimated the level of nonresponse at 50 percent; another estimated it to be about 40 percent.<sup>6</sup> Furthermore, because GV pilot districts conduct up to three rounds of verification (and verify up to 100 percent of their approved students), the percentage estimates of nonresponse in these districts imply a much larger number of families verified than in comparison districts.

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<sup>6</sup>Only one comparison district gave an estimate of the level of nonresponse to verification under standard procedures. It believed it was about a third of the students selected.

#### IV. IMPACTS ON COSTS

In this chapter, we examine the costs of using UFD and GV pilot procedures. We address the following question: What were the additional costs or cost savings due to the changes in procedures implemented to carry out the National School Lunch Program Application/Verification Pilot Projects?

As described in Chapter III, UFD required that SFA staff obtain and review documentation of income for all applicants at the point of application. However, no further verification was performed later in the school year. In GV districts, SFA staff increased the number of cases verified if the proportion of cases with a benefit reduced or terminated exceeded 25 percent in a previous round of verification.

We estimated the impact on cost per approved student for UFD districts using the first method described in Chapter II—contemporaneous comparisons between the pilot districts and their matched comparison sites—drawing on professional estimates by district staff of the resources needed to implement the certification and verification procedures. We estimated the impact on costs per approved student for the GV districts using professional estimates by the staff involved of the resources needed for the additional verification work. We then estimated impacts on overall costs by multiplying our estimates of cost per approved student with estimates of the proportion of all students approved for free or reduced-price meals in pilot and comparison districts.

A summary of the findings is as follows: UFD caused relatively modest increases in the costs of eligibility determination per student approved by application, and GV caused increases in costs that were somewhat larger in relative terms. We have a great deal of confidence in these qualitative findings. However, the point estimates presented are subject to considerable

uncertainty, both because the number of districts is small and thus subject to sampling variability and because the individual professional estimates on which the district estimates are based are subject to considerable measurement error. In UFD districts a reduction in the percentage of students certified offset the increase in costs per student approved such that total costs of eligibility determination were unchanged. In GV districts, although a reduction in the percentage of students certified partially offsets the increase in cost per approval, total costs of eligibility determination increased.

#### **A. IMPACTS ON COSTS PER APPROVED STUDENT IN UFD PILOT SITES**

Table IV.1 presents a summary of key data for UFD pilot and comparison districts. Across the nine UFD pilots, staff spent, on average, approximately 22 minutes per approved student to complete all the work associated with application processing. In the UFD comparison sites, staff spent approximately 19 minutes per approved student completing application processing and verifications. Thus, pilot district staff spent just under three minutes more per approved student in application processing and verification. When we take into account salary costs and other costs associated with application processing and verification, the average total cost is \$7.71 per approved student in UFD pilot districts and \$6.21 per approved student in UFD comparison districts, an impact of about \$1.50 per approved student.

These estimates are subject to considerable margins of error, because of the very small number of pairs of districts available for observation. Indeed, this is highlighted by the findings for the individual district pairs (see Appendix Table A.1). In six of nine pilot-comparison district pairs, the time and cost estimates were greater in the pilot district than in the comparison district. In three district pairs, however, time and costs were estimated to be higher in the comparison district. It is extremely unlikely that costs could have been lowered by the implementation of UFD in *any* of the pilot districts, given what we know about how the pilots operated. Thus, these

TABLE IV.1

UP-FRONT DOCUMENTATION: STAFF TIME AND TOTAL COSTS FOR APPLICATIONS AND VERIFICATION PILOT AND COMPARISON SITES

	Pilot Districts	Comparison Districts	Difference
Staff Minutes per Approved Student	21.6 minutes	19.1 minutes	+2.5 minutes
Wage Costs Plus Other Costs per Approved Student <sup>a</sup>	\$7.71	\$6.21	+\$1.50

<sup>a</sup>Based on (1) applying staff wage information and information about fringe cost to the labor time data shown in the table, and (2) tabulating data on reported non-labor costs.

three pairs with negative results probably reflect poor initial matching of pilot and comparison districts on this variable. We have retained them in the analysis, however, since there may also be sampling error in the other six pairs that could potentially inflate the cost estimates. Overall, these estimates indicate that implementation of UFD increased staff time per approved student by about 13 percent and total cost per approved student by 24 percent.<sup>1</sup>

Evidence from the implementation study broadly supports the estimated cost increases reported in Table IV.1. First, in general, the staff we interviewed reported that integrating into their application processing routine the additional work of checking applications for documentation, contacting families who had not provided documentation, and reviewing documentation when they made eligibility determination was not unduly burdensome. Second, we asked the five staff members interviewed in UFD pilot districts who had performed application processing and verification both before and during the pilot period to assess the change in work effort that the pilot procedures caused, and all five reported that the pilot had created, at most, a modest amount of additional work for them.

## **B. THE IMPACT ON COSTS PER APPROVED STUDENT IN THE GRADUATED VERIFICATION PILOT DISTRICTS**

Table IV.2 shows our estimate of the pilot project's impacts on costs in the GV pilot districts. To provide a basis for assessing the relative sizes of changes in costs due to the pilots, the first column in the table displays the mean across the three GV pilot districts of the professional estimate of staff time and total costs for application processing and the first round of verification. Based on the information learned from interviews with staff, it appears that the demonstration did not significantly affect these costs.

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<sup>1</sup>Calculated as difference\*100 divided by mean value in comparison districts:  $2.5\% * 100 / 19.1\% = 13.1\%$  and  $1.50\% * 100 / 6.21\% = 24.2\%$ .

TABLE IV.2

GRADUATED VERIFICATION PILOTS: STAFF TIME AND TOTAL COSTS FOR APPLICATION PROCESSING AND FIRST ROUND OF VERIFICATION AND INCREMENTAL COSTS FOR ADDITIONAL ROUNDS OF VERIFICATION

	Base Resources for Application Processing and First Round of Verification (Not Substantially Affected by the Demonstration)	Incremental Costs for Second And Third Rounds of Verification (Estimate of Increased Costs Due to the Demonstration)
Staff Minutes per Approved Student	9.1 minutes	6.6 minutes
Wage Costs Plus Other Costs per Approved Student	\$3.75	\$3.06

The second column shows the estimates for the second and third rounds of verification. Because the staff interviews were conducted in December 2002 and January 2003, before all rounds of verification had been completed, and because one district was no longer participating in the pilot in the 2002-2003 school year, we asked staff to estimate the time required to perform verification activities in the 2001-2002 school year.<sup>2</sup>

The estimates indicate that staff time for taking applications and the first round of verifications was about nine minutes per approved student, and the total costs for this was \$3.75. Staff time for the second and third rounds of verification was 6.6 minutes per approved student, and total costs were about \$3 per approved student. This comparison indicates that GV substantially increased the amount of staff time and the costs associated with application processing and verification.<sup>3</sup>

Two points are important for assessing these estimates. First, the amount of additional work and costs depends greatly on the number of rounds of verification that must be performed. During the 2001-2002 school year, one GV pilot district conducted two rounds of verification, and two districts conducted three rounds. Thus, we observed eight verification rounds in the observation year chosen across the three GV pilot districts. Since the possible total number of rounds of verification is between three and nine, the number of rounds actually observed is close to the maximum number that could have been observed. Accordingly, setting aside problems in

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<sup>2</sup>Respondents in two of the three districts were not able to provide such estimates, either because they could not recall how long the work took or they did not perform the relevant tasks in the previous school year. In these situations, we requested estimates for the current school year and used these to develop estimates for the rounds of verification that our respondents were not able to report on.

<sup>3</sup>Table A.2 provides estimates of the measures in Table IV.2 for the three GV pilot districts.

measuring staff time and costs accurately, the additional amount of work due to the pilot procedures that was actually observed was near the maximum possible increase.

Second, the professional estimates that staff at the three GV pilot sites provided tended to place these districts in the lower part of the distribution across all districts in the amount of staff time required for application processing and conducting verification. In contrast, as noted earlier, the GV comparison districts tended to provide much higher estimates (see Table A.3). We cannot determine the extent to which such variation is due to differing levels of accuracy in the professional estimates and the extent to which it reflects real differences in the way work is performed. As noted in Chapter II, however, this leads us to conclude that the comparison between the pilot sites and comparison sites, which is the basis of our estimate for UFD, was not giving us an accurate estimate of the differences in costs. The approach we have taken gets around this problem by essentially having each pilot district serve as its own comparison.

In all three GV pilot districts, we were able to interview a person who had been involved with application processing and verification work both before and during the pilots. They unanimously reported that the additional verification work was substantial and quite burdensome because of its unpredictability and extra resources needed to increase the overall number of verifications. Thus, as in the UFD analysis, our quantitative estimates of the costs of GV are broadly consistent with the reports of pilot staff concerning their perceptions of the burdens and costs of the pilot procedures, as reported in Chapter III.

### **C. IMPACTS ON APPLICATION AND VERIFICATION COSTS PER STUDENT ENROLLED AND PER STUDENT APPLYING**

In this section we estimate the change in total costs of processing applications and conducting verifications that was caused by the UFD and GV pilot projects. In conducting our cost analysis, we first estimated total costs at each study district and then normalized on three

different measures of the size of the district: number of students enrolled, number of students applying for free and reduced-price meals, and number certified for free and reduced-price meals. Below, we present estimates of the changes in costs per enrolled student, as well as the change in cost per student applying for free or reduced-price meals and the change in cost per student approved for free and reduced-price meals.

### **1. Costs per Enrolled Student in UFD and GV Districts**

Analysis presented in the previous sections indicates that UFD increased the costs of application processing and verification by about \$1.50 per approved student, or by about 25 percent. Furthermore, GV increased these same costs by about \$3.00 per approved student, which was an 80 percent increase over the estimated base costs of processing applications and conducting verifications in the GV districts. Estimating the change in total costs requires that we incorporate information about the effects of the demonstrations on the percentage of students approved for free or reduced-price school meal benefits.

For each district group, we estimate the average total cost per student enrolled as the average cost for application and verifications per student approved for free or reduced price meals in the district group, multiplied by the proportion of students approved. We estimate the impact on costs as the difference in total costs in pilot districts and in the counterfactual situation.

As Table IV.3 shows, the average cost for application and verifications per student enrolled is \$1.34 in pilot districts and \$1.25 in comparison districts, for a net additional cost of \$.09. The difference is about 7 percent of the average comparison district cost. The percentage difference in cost per enrolled student is smaller than the percentage difference in cost per approved student, because the pilot procedures reduced the proportion of all students approved for free or reduced-price meals. Furthermore, as reported in Burghardt et al. 2004, all of the reduction in certification was due to the fact that a smaller proportion of students from income-eligible

TABLE IV.3  
COSTS FOR APPLICATION AND VERIFICATION PER STUDENT APPLYING

	UFD Pilot	UFD Comp	Difference UFD	UFD Difference as Percent of UFD Comparison District Mean	GV Pilot	GV Comp	Difference GV	UFD Difference as Percent of UFD Comparison District Mean
Percentage of All Students Who Applied for Free or Reduced-Price Meals <sup>a</sup>	20.7	22.0	-1.3	-6	34.6	38.3	-4.2	11
Percentage of Students Applying Who Are Approved for Free or Reduced-Price Meals <sup>b</sup>	84.1	91.4	na		89.0	93.7	na	
Percentage of All Students Approved for Free or Reduced-Price Meals <sup>a</sup>	17.4	20.1	-2.7	-13	30.8	35.9	-5.2	14
Mean Cost for Application and Verification								
Per enrolled student	\$1.34	\$1.25	\$0.09	7	\$2.10	\$1.35	\$0.75	56
Per student applying	\$6.48	\$5.68	\$0.80	14	\$6.06	\$3.51	\$2.55	73
Per approved student <sup>c</sup>	\$7.71	\$6.21	\$1.50	24	\$6.81	\$3.75	\$3.06	82

<sup>a</sup>Hulsey et al. April 2004, Table II.2 and Table II.4.

<sup>b</sup>Calculated as the percentage of students approved for free or reduced price meals divided by the percentage of students applying for free or reduced price meals multiplied by 100.

<sup>c</sup>Based on Table IV.1 and Table IV.2. The estimate for GV pilot districts is the average cost of application and first round application plus the average cost of second and third rounds of verification. The estimate for GV comparison districts is the average cost of application and first round verifications in the GV pilot districts. Thus, we use our estimate of base costs as an estimate of comparison district costs.

na = not applicable.

families were approved in the UFD pilot districts than in UFD comparison districts. The demonstration did not have a measurable effect on free and reduced-price approval rates among students from families with incomes exceeding 185 percent FPL.

The cost per enrolled student was \$2.10 in the GV pilot districts and \$1.35 in the GV comparison districts, for a difference of \$.75.<sup>4</sup> This difference is 56 percent of the base cost per student for application and first round verifications. In percentage terms the difference in cost per student enrolled is somewhat smaller (at 56 percent) than the difference in cost per approved student (at 82 percent). This occurs because the savings that results from lower certification rates only partially offsets the additional costs that are due to the higher costs per approved student.

## **2. Cost per Student Applying and per Student Approval in UFD and GV Districts**

We estimate the costs of the pilot project on the cost per student applying using the same basic method as the one used to estimate cost per student enrolled. We multiply the cost per student approved by the proportion of students applying who are approved. The proportion of students applying who are approved is estimated as the proportion of students approved divided by the proportion of students applying.

Table IV.3 provides data used in the calculation and the next to last row shows the cost per student applying. Because relatively high percentages of students applying are approved, the cost per student applying is similar to but less than the cost per student approved. The cost per student applying was \$6.48 in UFD pilot districts compared to \$5.68 in UFD comparison

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<sup>4</sup>For this calculation we use the regression-adjusted estimated approval rates in GV pilot and comparison districts, and we used the cost per approved student for the costs of the base resources to conduct application processing and first round verifications as the comparison estimate in this calculation and the base resource cost plus incremental costs of the second and third round of verifications as the pilot district estimate.

districts, a difference of \$.80. The increase in cost per student applying due to the UFD pilot procedures was 14 percent. This difference is smaller in percentage terms than the difference in cost per approved student because a lower approval rate in the UFD pilot districts partially offsets the higher cost per approved student in the UFD pilot districts.<sup>5</sup>

In GV districts the cost per student applying was \$6.06 in the pilot districts and \$3.51 for the counterfactual, a difference of \$2.55. The difference in cost is 73 percent of the base costs, very similar to the 80 percent difference in costs per student approved.

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<sup>5</sup>Using data presented in Hulseley et al. 2004, Table II.2, we calculate that the percentage of applicants approved was lower in the UFD pilot districts both for students from families with income less than 185 percent of the federal poverty level (88 percent vs. 93 percent in comparison districts), and for students from families with income greater than 185 percent of the federal poverty level (72 percent versus 76 percent in comparison districts).



## V. SUMMARY OF FINDINGS

This chapter summarizes the findings of our study of pilot operations and costs. Here, we offer our assessment of the extent to which the pilot projects represented a fair test of the basic model that the Food and Nutrition Service envisioned. The chapter also highlights some key advantages and challenges in carrying out the procedures necessitated by the pilot projects.

### A. UP-FRONT DOCUMENTATION

The UFD pilot project involved two changes of standard NSLP application and verification procedures: (1) it required that all applicants submit documentation of all income sources with their application, and (2) it eliminated the verification of income for a sample of households conducted in late fall. All the pilot districts implemented the pilot as planned. Some pilot district staff believed that it improved the accuracy of income reporting, largely by relieving families of the need to distinguish between gross income and net income—families could simply provide pay stubs from which school staff could determine gross wages. The process was also perceived by district staff as fairer because all families, rather than a small sample, were subject to the documentation requirement.

Several limitations offset these advantages. Pilot districts received more initial incomplete applications, so staff had to follow up to secure all the documentation. Data presented in Chapter III are consistent with the proposition that a larger proportion of initial applications in the UFD pilot districts were never completed, although limitations of the available data do not allow us to reach this conclusion with confidence. A second limitation that staff at several pilot sites pointed out is that the documentation requirement did not prevent families who wanted to conceal some of their income from reporting and documenting some income sources while failing to report others.

Pilot project staff felt that UFD created some additional work but that this increase in work was manageable and not overwhelming. Furthermore, our formal cost estimates in Chapter IV confirm that UFD creates at least a modest increase in application-processing costs per approved student. Because the UFD pilot procedures reduced the percentage of students who were approved for free and reduced-price meals, total costs of eligibility determination were unchanged by the UFD pilot procedures. However, this cost neutrality came at the expense of targeting efficiency because all of the reduction in certification was due to reduced certification rates among eligible children.

## **B. GRADUATED VERIFICATION**

Compared to the UFD model, district staff felt GV was more complex to operate and more burdensome for staff to implement. In addition, the logic of GV's objectives was not as clear to the staff responsible for implementation. GV was complex because it required one, two, or three rounds of verification, depending on whether the percentage of cases reduced or terminated at each stage was above 25 percent. A result of this design was that the workload, especially the large workload associated with the second and third rounds of verification, was not easy for SFA staff to predict or plan for. Staff had to find time in already tight schedules to carry out these later rounds, if they proved necessary.

GV was also more complex at the application stage. This was because most families were subject to the standard verification procedures, but some were subject to the same process as all families followed in the UFD pilots. Furthermore, the number of households required to provide documentation varied from year to year and depended heavily on the number of rounds of verification conducted in the prior school year. Careful record keeping was necessary to support this determination.

Because of these complexities, GV was generally not implemented with same degree of fidelity to the original pilot model as was the simpler UFD model. Indeed, three of the four original GV pilot districts did not implement the model completely for the three school years of the demonstration.

Our analysis of costs confirmed that GV increased the cost of eligibility determination per approved student. While the GV pilot reduced the number of students approved for free and reduced-price meals, the increase in cost per approved student was such that the overall cost of eligibility determination per enrolled student increased by about \$2.55—a 73 percent increase over the base costs.



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**APPENDIX A**  
**SUPPLEMENTARY TABLES**



TABLE A.1

## ADJUSTED STAFF TIME AND OTHER COSTS FOR APPLICATIONS AND VERIFICATIONS

	Staff Minutes for Applications and Verifications, per Approved Student (Excludes Time for Direct Certification) <sup>a</sup>			Wage Costs for Applications and Verifications, per Approved Student <sup>b</sup>			Wage Costs plus Other Costs for Applications and Verifications, per Approved Student <sup>c</sup>		
	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference
<b>Upfront Documentation Districts</b>									
UFD District Pair 1	16.3	15.4	0.9	4.25	4.55	-0.30	5.22	4.84	0.38
UFD District Pair 2	15.2	23.4	-8.2	3.52	7.36	-3.84	6.34	8.06	-1.72
UFD District Pair 3	22.8	9.8	13.0	5.42	5.50	-0.08	5.85	6.36	-0.51
UFD District Pair 4	15.5	34.1	-18.6	5.22	12.07	-6.85	5.87	12.88	-7.01
UFD District Pair 5	54.2	24.0	30.2	15.81	6.52	9.29	18.91	7.16	11.75
UFD District Pair 6	10.1	8.7	1.4	3.53	1.96	2.29	3.68	2.33	1.35
UFD District Pair 7	9.9	4.0	5.9	8.90	1.00	8.94	9.54	1.44	8.10
UFD District Pair 8	32.8	46.0	-13.2	9.23	8.64	0.59	10.22	9.42	0.80
UFD District Pair 9	17.4	6.5	10.9	3.55	2.95	0.60	3.72	3.37	0.35
Mean Across Districts	21.6	19.1	2.5	6.60	5.62	0.98	7.71	6.21	1.50
<b>Graduated Verification Districts<sup>d</sup></b>									
GV District Pair 1	7.9	16.8	-8.9	3.50	7.87	-4.37	4.10	8.27	-4.17
GV District Pair 2	32.8	28.7	4.1	11.60	8.37	3.23	13.65	8.62	5.03
GV District Pair 3	6.5	29.0	-22.5	1.09	11.79	-10.70	2.66	12.46	-9.80
Mean Across Districts	15.7	24.8	-9.1	5.39	9.34	-3.95	6.80	9.78	-2.98

<sup>a</sup>Estimates based on professional estimates by staff of the time devoted to key application and verification activities. Time for direct certification was estimated separately and is not included in those estimates. Data are adjusted to correct apparent anomalies and omissions. Table A.1 shows estimates without these adjustments.

<sup>b</sup>Calculated as hourly wage costs of staff conducting application and verification processing activities times the hours used of each staff member. Estimates are increased by 25 percent to account for fringe benefits.

<sup>c</sup>Estimate includes other direct costs in addition to wage costs for applications and verifications. Data are adjusted to correct apparent anomalies and omissions, by district.

<sup>d</sup>Estimate for one GV comparison site is the simple mean of estimates for its two comparison districts.

TABLE A.2

GRADUATED VERIFICATION PILOTS: RESOURCES PER APPROVED STUDENT FOR APPLICATION PROCESSING AND FIRST ROUND OF VERIFICATION AND INCREMENTAL RESOURCES FOR ADDITIONAL ROUNDS OF VERIFICATION, BY DISTRICT

	Minutes per Approved Student for Application Processing and First Round of Verification (Not Substantially Affected by the Demonstration)	Incremental Minutes per Approved Student for Second and Third Rounds of Verification (Estimate of Increased Costs Due to the Demonstration)	Total Costs per Approved Student for Application Processing and First Round of Verification (Not Substantially Affected by the Demonstration)	Incremental Total Costs per Approved Student for Second and Third Rounds of Verification (Estimate of Increased Costs Due to the Demonstration)
GV District 1	5.7	2.2	\$2.78	\$1.32
GV District 2	17.6	15.2	\$7.33	\$6.32
GV District 3	3.9	2.6	\$1.13	\$1.53
Mean	9.1	6.6	\$3.75	\$3.06

TABLE A.3

## UNADJUSTED STAFF TIME AND OTHER COSTS FOR APPLICATIONS AND VERIFICATIONS BY DISTRICT

Site Pairs	Staff Minutes for Applications and Verifications, per Approved Student (Excludes Time for Direct Certification) <sup>a</sup>			Wage Costs for Applications and Verifications, per Approved Student <sup>b</sup>			Wage Costs plus Other Costs for Applications and Verifications, per Approved Student <sup>c</sup>		
	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference
<b>Upfront Documentation Districts</b>									
UFD District Pair 1	16.3	14.5	1.8	4.25	4.26	-0.01	5.22	4.54	0.68
UFD District Pair 2	15.2	23.4	-8.2	3.52	7.36	-3.84	6.34	8.07	-1.73
UFD District Pair 3	21.8	9.8	12.0	5.18	5.50	-0.32	5.61	6.36	-0.75
UFD District Pair 4	14.5	34.1	-19.6	4.88	12.07	-7.19	5.53	12.88	-7.35
UFD District Pair 5	65.3	22.0	43.3	19.51	5.69	13.82	29.86	6.33	23.53
UFD District Pair 6	10.1	8.7	1.4	3.53	1.96	1.57	3.68	2.33	1.35
UFD District Pair 7	8.8	4.0	4.8	7.87	1.00	6.87	8.51	1.44	7.07
UFD District Pair 8	32.8	46.0	-13.2	9.22	8.64	0.58	10.22	9.42	0.80
UFD District Pair 9	17.4	6.5	10.9	3.55	2.95	0.60	3.72	3.37	0.35
Mean Across Districts	22.5	18.8	3.7	6.83	5.49	1.34	8.74	6.08	2.66
<b>Graduated Verification Districts<sup>d</sup></b>									
GV District Pair 1	6.8	16.8	-10.0	3.15	7.87	-4.72	3.75	8.26	-4.51
GV District Pair 2	32.8	28.7	4.1	11.60	8.37	3.22	13.65	8.62	5.03
GV District Pair 3	6.5	28.6	-21.8	1.09	11.59	-10.50	2.66	12.25	-9.59
Mean Across Districts	15.37	24.7	-9.3	5.28	9.28	-4.0	6.69	9.71	-3.02

<sup>a</sup> Estimates based on professional estimates by staff of the time devoted to key application and verification activities. Time for direct certification was estimated separately and is not included in those estimates. Adjustments for anomalies and omissions were not applied.

<sup>b</sup> Calculated as hourly wage costs of staff conducting application and verification processing activities times the hours used of each staff member. Estimates are increased by 25 percent to account for fringe benefits.

<sup>c</sup> Estimate includes other direct costs in addition to wage costs for applications and verifications.

<sup>d</sup> Estimate for one GV comparison site is the simple mean of estimates for its two comparison districts.

TABLE A.4

## ADJUSTED STAFF TIME AND OTHER COSTS FOR APPLICATIONS AND VERIFICATIONS PER APPLICATION, BY DISTRICT

Site Pairs	Adjusted Staff Minutes for Applications and Verifications, per Application (Excludes Time for Direct Certification) <sup>a</sup>			Wage Costs for Applications and Verifications, per Application <sup>b</sup>			Wage Costs plus Other Costs for Applications and Verifications, per Application <sup>c</sup>		
	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference
<b>Upfront Documentation Districts</b>									
UFD District Pair 1	27.8	14.8	13.0	7.23	4.35	2.88	8.87	4.62	4.25
UFD District Pair 2	25.9	NA	NA	6.00	NA	NA	10.80	NA	NA
UFD District Pair 3	26.4	9.2	17.2	6.28	5.21	1.07	6.78	6.02	0.76
UFD District Pair 4	24.4	NA	NA	8.20	NA	NA	9.22	NA	NA
UFD District Pair 5	101.7	NA	NA	29.65	NA	NA	35.47	NA	NA
UFD District Pair 6	6.0	16.4	-10.4	2.09	3.71	-1.62	2.18	4.41	-2.23
UFD District Pair 7	6.4	7.2	-0.8	5.77	1.84	3.93	6.18	2.64	NA
UFD District Pair 8	28.9	NA	NA	8.12	NA	NA	9.00	NA	NA
UFD District Pair 9	17.4	NA	NA	3.55	NA	NA	3.72	NA	NA
Mean Across Districts	29.4	11.9	17.5	8.54	3.77	4.77	10.25	3.77	6.48
<b>Graduated Verification Districts<sup>d</sup></b>									
GV District Pair 1	10.0	NA	NA	4.44	NA	NA	5.21	NA	NA
GV District Pair 2	47.0	30.8	16.2	16.65	9.01	7.64	19.60	9.27	10.33
GV District Pair 3	12.1	45.9	-33.8	2.04	18.57	-16.53	4.95	19.71	-14.76
Mean Across Districts	23.0	38.4	-15.4	7.71	13.80	-6.63	9.92	14.49	-4.57

<sup>a</sup>Estimates based on professional estimates by staff of the time devoted to key application and verification activities. Time for direct certification was estimated separately and is not included in those estimates. Number of applications are from MDS for pilot districts and from interviews for comparison districts.

<sup>b</sup>Calculated as hourly wage costs of staff conducting application and verification processing activities times the hours used of each staff member. Estimates are increased by 25 percent to account for fringe benefits.

<sup>c</sup>Estimate includes other direct costs in addition to wage costs for applications and verifications.

<sup>d</sup>Estimate for one GV comparison site is the simple mean of estimates for its two comparison sites.

TABLE A.5

## ADJUSTED STAFF TIME AND OTHER COSTS FOR APPLICATIONS AND VERIFICATIONS PER STUDENT ENROLLED, BY DISTRICT

Site Pairs	Adjusted Staff Minutes for Applications and Verifications, per Student Enrolled (Excludes Time for Direct Certification) <sup>a</sup>			Wage Costs for Applications and Verifications, per Student Enrolled <sup>b</sup>			Wage Costs plus Other Costs for Applications and Verifications, per Student Enrolled <sup>c</sup>		
	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference	Pilot Districts	Comparison Districts	Difference
<b>Upfront Documentation Districts</b>									
UFD District Pair 1	2.2	4.1	-1.9	0.57	1.20	-0.63	0.70	1.27	-0.57
UFD District Pair 2	4.7	5.1	-0.4	1.09	1.62	-0.53	1.95	1.77	0.18
UFD District Pair 3	3.2	2.4	0.8	0.77	1.36	-0.59	0.83	1.57	-0.74
UFD District Pair 4	1.8	5.6	-3.8	0.60	1.98	-1.38	0.68	2.11	-1.43
UFD District Pair 5	9.8	4.5	5.3	2.86	1.22	1.64	3.42	1.34	2.08
UFD District Pair 6	3.6	2.7	0.9	1.26	0.61	0.65	1.31	0.73	0.58
UFD District Pair 7	0.5	1.0	-0.5	0.47	0.26	0.21	0.51	0.37	0.14
UFD District Pair 8	5.6	5.8	-0.2	1.59	1.09	0.50	1.76	1.19	0.57
UFD District Pair 9	4.1	2.2	1.9	0.85	0.99	-0.14	0.89	1.13	-0.24
Mean Across Districts	4.0	3.7	0.3	1.12	1.15	-0.03	1.34	1.28	0.06
<b>Graduated Verification Districts<sup>d</sup></b>									
GV District Pair 1	2.2	7.2	-5.0	0.97	3.35	-2.38	1.14	3.52	-2.38
GV District Pair 2	14.1	10.7	3.4	5.00	3.13	1.87	5.88	3.23	2.65
GV District Pair 3	1.5	6.6	-5.1	0.25	2.69	-2.44	0.61	2.85	-2.24
Mean Across Districts	5.9	8.2	-2.3	2.06	3.20	-1.14	2.54	3.19	-0.65

<sup>a</sup>Estimates based on professional estimates by staff of the time devoted to key application and verification activities. Time for direct certification was estimated separately and is not included in those estimates. Number of applications are from MDS for pilot districts and from interviews for comparison districts.

<sup>b</sup>Calculated as hourly wage costs of staff conducting application and verification processing activities times the hours used of each staff member. Estimates are increased by 25 percent to account for fringe benefits.

<sup>c</sup>Estimate includes other direct costs in addition to wage costs for applications and verifications.

<sup>d</sup>Estimate for one GV comparison site is the simple mean of estimates for its two comparison sites.

TABLE A.6

COMPARISON OF COST ESTIMATES FROM THE COMPARISON SITES IN THE EVALUATION OF THE NSLP APPLICATION/VERIFICATION PILOT PROJECTS AND GAO'S STUDY OF SCHOOL MEAL PROGRAM COSTS

	Pilot Evaluation Comparison Sites <sup>a</sup>	GAO Study <sup>b</sup>
Number of Districts	13	10
Mean Costs per Student Approved for Free and Reduced-Price Meals	7.51	9.84
95-Percent Confidence Interval	(5.36, 9.65)	(5.69, 13.99)

<sup>a</sup>Estimates pertain to the 13 pilot evaluation comparison districts. Cost figures include costs of processing applications and conducting verifications. Costs of performing activities related to direct certification are excluded. Mean cost in the pilot evaluation comparison districts differs from the simple mean of the comparison district means shown in Table A.1 (column displaying “Wage Costs plus Other Costs for Applications and Verifications, per Approved Student”). The reason for this difference is that here we include as separate observations both comparison districts for the one pilot district in which the comparison sample was selected from two neighboring districts, whereas in Table A.1 we include the mean value of the two districts as the value for the comparison to that pilot district. See Burghardt et al. 2004 for discussion of the comparison districts.

<sup>b</sup>Estimates are calculated from data presented in Tables 3, 5, and 7 in “School Meal Programs: Estimated Costs for Three Administrative Processes at Selected Locations,” U.S. General Accounting Office, September 2002. Based on description in the GAO report, we believe the GAO estimates are developed using professional estimates. These estimates very likely include the costs of direct certification, which are not included in our estimates.

## **APPENDIX B**

### **PROTOCOLS FOR COLLECTION OF PROCESS AND COST DATA**



**NSLP APPLICATION/VERIFICATION PILOT EVALUATION  
PROCESS STUDY**

**Protocol for Interviews with District and School Administrators and Staff**

**I. CURRENT PROCEDURES**

**A. Direct Certification**

1. Does your school district use direct certification to certify students whose families are receiving food stamps and/or TANF benefits?
  
2. How is direct certification conducted in your district? (does the district receive a list of students receiving FS/TANF, or does the welfare agency send letters to families receiving FS/TANF that they can bring to the school district?)
  - a. Do students (or families) have to return letters to the district in order to become directly certified?
  
3. Can you list the steps or tasks that the district performs in order to conduct direct certification?
  
4. Do schools perform any work for direct certification? What steps/tasks?
  
5. Which staff are involved in conducting direct certification...
  - a. ...at the district level?
  
  - b. ...at the school level?
  
6. When does most of the work conducted for direct certification occur? Is there a deadline for completing direct certification?
  
7. Can students be directly certified throughout the school year? Under what circumstances?
  
8. How much (if any) work occurs after the main period (at the beginning of the year) for additional certifications?

9. What records and/or data are kept concerning students who are directly certified? Are these kept at the district or school level, or both?
10. What happens if a family who has been directly certified submits a written application?
11. a) What percentage of children approved to receive free meals in the district are approved on the basis of direct certification?  
b) What percentage of children are approved on the basis of an application?

**B. Application Procedures (Written Applications)**

**Outreach and Dissemination:**

12. Are applications completed for each student or per household?
  - a. Would it be possible for us to see a copy of an application form? Send/fax/email to us.
13. How are households informed about the NSLP and the availability of free and reduced price meals?
14. Who is responsible for this outreach (at what level)?
15. When does outreach occur? Does it take place just once, or at different times during the school year?
16. Who is responsible for actually disseminating applications (at what level)?
17. How is this done (given to students vs. mailing them to homes, etc.)?
18. Which children/families do you distribute applications to?
19. How do you ensure that all households are reached?

20. **(GV Pilot Only)** How is it communicated to families whose NSLP benefits were reduced or terminated in the prior year that they must submit income documentation with their application? What process does the district use to flag these students, and to make sure that these children and their families are alerted that they must submit documentation?

21. When are applications distributed? Does this happen once or more during the year?

**Receiving Applications:**

22. How are incoming applications received (via mail, turned in by students, etc.)?

23. Who receives the applications initially, and what is done with them? (Are the staff involved in receiving applications located at the district or school level?)

24. When are applications received? Is there a deadline for receiving applications in order to be reviewed in the beginning of the school year?

25. Does the district accept new applications throughout the school year? Under what circumstances?

**Reviewing Applications:**

26. What is the process used to review applications?

27. Which staff perform this review?

28. At what point during the process of receiving/reviewing applications are applications checked for completeness (including proper documentation of household income for Alternative 1)?

29. **(UFD Pilot or GV Pilot for families who's benefits were reduced last year)** What documentation is generally provided by families with their applications?

a. What documentation (if any) is required by students who are categorically eligible for free meals?

30. What constitutes a complete application?

31. Approximately what percentage of applications are complete and include proper documentation when they are initially submitted?
32. Approximately what percentage of applications are never completed with proper documentation?
33. How do you handle incomplete applications?
34. **(GV Pilot only)** How are staff who review applications made aware of families who must submit income documentation at the time of application due to a reduction or termination of benefits in the prior year?

#### **Eligibility Determination and Notification**

35. What information from the application is used to determine eligibility for free or reduced price meals?
36. **(UFD Pilot only)** How is the income documentation used in order to determine eligibility?
37. When are applications reviewed and eligibility determinations made, for families who submit complete applications initially?
38. How are families notified about eligibility decisions?
39. How are appeals handled?

#### **Submitting Additional Information:**

40. How are families who submitted incomplete applications notified that additional information/documentation is needed?
41. Is there a deadline for submitting additional information? If so, when is this, generally?
42. How are re-submitted applications received and reviewed (using what criteria)?

43. Which staff are involved? (Are the staff located at the district or school level)
44. During what time period does this work generally take place?
45. Under what circumstances do families submit information/documentation regarding changes in household circumstances during the year? How often does this occur, and what happens when it occurs?

**Record Keeping and Information Transfer:**

46. Where and in what media are records about families' eligibility maintained?
47. What information do the records contain?
48. Are applications submitted for each student, or for each household, or some combination?
49. How does information about students' eligibility move from the district level to individual schools? What staff are involved at each level?
50. How is this information made available to staff working the cash register in the cafeteria?
51. If files of applications are kept, ask to review a few (selected at random).

**General:**

52. We've discussed the steps involved in disseminating, receiving, and reviewing applications, and notifying families of their eligibility status for the NSLP. Are there additional tasks that we have not talked about, that are involved in the application procedure for free and reduced price meals in your district? (If so, list activities, staff, level, and time frame)
53. What is the time period during which most of the work on applications takes place—from disseminating the applications to determining eligibility and transferring that information to the schools?
54. In 2002, how many applications did you receive during this time period (specified above)?
55. How many of those applications were approved (F/RP separately if possible)?

56. And how many applications were received in the months following that time period?  
(info from 2001-2002 year is okay)
57. How many F/RP approvals were made during those months?
58. To what extent does nature and/or the amount of work done on applications vary from the initial period in the beginning of the school year, to the months afterwards?

**B. Verification (GV Pilot and Comparison Districts Only)**

**Sample Selection:**

59. How is the initial verification sample selected?
60. **(for districts where applications contain multiple children):** Is the sample selected using students, or using applications?
61. Who performs this task? At what level (district or school)?
62. When during the school year is the sample selected?
63. How many applications/students were selected and verified during (the first round of) the 2001-2002 school year?

**Requesting and Receiving Documentation:**

64. How are families notified that they have been selected for verification?
- a. Could you send or fax to us an example of the notification letter?
65. When does this notification occur?
66. Who is responsible for notifying families selected for the sample? (At what level?)
67. What information/documentation are selected families asked to provide?
- a. What about students who are categorically eligible for meals?
68. Is there a deadline for families to submit the information requested?

69. Who is responsible for receiving verification documentation (and at what level)? Is the information transferred to other offices to be reviewed?

**Reviewing Documentation:**

70. What process is used to review income verification documentation?

71. What information is used to confirm, adjust, or terminate eligibility? How is the information used to do this?

72. What staff are involved in this process? What level do they work at—district or school?

73. When does this work take place?

74. What happens if a family submits incomplete documentation during the verification process?

75. How do you handle families who do not respond to the request for documentation?

76. How are families notified about the results of the verification?

77. Who performs this task (and at what level)?

78. When does notification occur?

79. How are the results of the verification process communicated from the district level to individual schools? How is this information made available to staff in the cafeteria?

80. What data and records are kept at the district and school levels from the verification process?

**Additional Verification (GV Pilot Only):**

81. Who checks the error rate of the initial verification?
  
82. How and when is this done?
  
83. If the error rate is above 25 percent, how does the district select half of the remaining households for the second round of verification?
  
84. Did you complete a second round of verifications in 2001-2002? If so, how many applications were verified during the second round?
  
85. Does the second round of verification differ from the first round in terms of requesting, receiving, or reviewing documentation?
  
86. Do the same staff perform these tasks as performed the original round of verifications?
  
87. Does the second round of verifications take the same, more, or less time than the first?
  
88. When (during which months) does the second round occur?
  
89. Did you have a third round of verifications during 2001-2002? If so, how many applications were verified?
  
90. If a third round of verifications is required, how does the process differ from the second round of verifications?
  
91. When during the school year does the third round of verifications occur, if required?

**General:**

92. We've discussed the steps involved in sampling, contacting families, receiving and reviewing documentation, and notifying families of their eligibility status during the verification process. Are there additional tasks that we have not talked about, that are involved in the verification process? (If so, list activities, staff, level, and time frame)

## II. COUNTS

### for October 2002:

- Number of applications received (may be per child or per household, depending on district)—if possible, divide into applications received during initial period, and then monthly thereafter
- Number of written applications approved F/RP—same as above
- Number of students/applications verified in 2001-2002 school year, by verification round if possible

## III. CHANGES IN PROCEDURES SINCE 1999

The next series of questions concern changes in the application and verification procedures since the fall of 1999 (the year before the pilot program began, for pilot districts).

93. Did the district use direct certification in 1999?

94. Has the process of direct certification changed since 1999? If so, how?

95. How was outreach and dissemination of NSLP applications different in 1999 than it is now?

96. How have the materials that are sent to households regarding the NSLP changed since 1999?

97. Is the process of receiving applications different? If so, how?

98. Are applications received and reviewed by the same types of staff?

99. In what ways has the process of reviewing applications changed?

100. **(UFD Pilot Only):** How has the process of collecting income documentation for all applications affected reviewing applications?

101. How has the verification process changed since 1999?

102. **(UFD Pilot Only):** What level of resources did verification require from your district in 1999? How does this compare with the resources required to collect income documentation for all applications under the pilot? (level of resources = time, money, effort)
103. **(UFD)** How was the initial verification sample selected? When was this done and by whom?
104. **(UFD)** How did you notify families that they'd been selected for verification? Who did this?
105. **(UFD)** What info/documentation were selected families asked to provide?
106. **(UFD)** Was there a deadline given? Approximately how long did they have?
107. **(UFD)** How did you go about reviewing the verification documentation, and who did this?
108. **(UFD)** What sorts of documentation would families send to confirm eligibility?
109. **(UFD)** What happened if a family submitted incomplete documentation?
110. **(UFD)** How did you handle families who did not respond to the request for documentation?
111. **(UFD)** How were families notified about the results of verification (and who did this task)?
112. **(UFD)** How were the results of verification communicated from the district level to the individual schools? How is the information made available to staff in the cafeteria?
113. **(GV Pilots Only):** How many rounds of verification have you performed in the years since you've started the pilot? How has the level of resources required to perform verification changed since 1999?

### **III. PERCEPTIONS**

114. **(Pilots only)** What benefits have been realized by using the pilot program in your district?
115. **(Pilots only)** Were these benefits expected or unexpected?
116. **(Pilots only)** Are there any benefits you'd hoped the pilot would provide but have not been realized?

- 117.**(Pilots only)** What have been the main challenges involved in using the pilot?
- a. How frequently do these challenges occur, and how severe are they?
- 118.**(Pilots only)** How have you handled these challenges?
- 119.**(Pilots only)** Has the pilot affected the volume of families *applying for* free or reduced price NSLP meals? If so, why/how do you think the pilot has had this effect?
- 120.**(Pilots only)** Has the pilot affected the number of families *being approved to receive* free or reduced price meals through the NSLP? If so, why/how do you think the pilot has had this effect?
- 121.**(Pilots only)** Has the pilot affected the likelihood that an ineligible student will apply for and be approved for F/RP meals? How did it do so?
- 122.**(Pilots only)** Has the pilot affected the likelihood that an eligible student would be approved for F/RP meals?
- 123.**(ALL DISTRICTS)** How well do households understand eligibility requirements for the NSLP?
- 124.**(ALL DISTRICTS)** What types of problems do families encounter in the application and verification processes that they bring to the attention of SFA staff? How are these problems handled?



## **CUSTOMIZED COST WORKSHEETS**



**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL UP-FRONT DOCUMENTATION DISTRICT**

**TIME SPENT CONDUCTING DIRECT CERTIFICATION  
[WORK OCCURRING IN AUGUST]**

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Activity	Person 1 Hours	Person 2 Hours	Other Staff Hours (list position/name)	Total Hrs	Comments on Changes since 2000-2001
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Determining if  
children on state  
list are enrolled  
in district, and  
preparing/sending  
notification letters

Updating files,  
entering information  
to computer

Other (please describe):  
Phone calls

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Total Hours:  
Total Labor Cost:

Estimated budget for all non-labor costs (printing, mailing, data processing, etc.) associated with  
conducting direct certification: \_\_\_\_\_

**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL UP-FRONT DOCUMENTATION DISTRICT**

**TIME SPENT PROCESSING APPLICATIONS  
[WORK OCCURRING FROM AUGUST THROUGH OCTOBER]**

Activity	Person 1 Hours	Person 2 Hours	Other Staff Hours (list position/name)	Total Hrs	Comments on Changes since 2000-2001
Preparing Applications for distribution by schools					
Checking returned Applications for completeness					
Generating letters to families with incomplete applications					
Phone calls to families with incomplete applications					
Determining eligibility of complete applications using income documentation					
Entering approved students to list					
Filing hard copy apps					
Generating/ Sending letters					

Activity	Person 1 Hours	Person 2 Hours	Other Staff Hours (list position/name)	Total Hrs	Comments on Changes since 2000-2001
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Preparing/sending  
eligibility  
information/  
lists to schools

Answering  
questions/phone  
calls about why  
families were  
denied

Dealing with any  
questions or  
problems at  
the schools

Other (please describe):

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Total Hours:

Total Labor Cost:

Estimated budget for all non-labor costs (copying, printing, mailing, data processing, etc.) associated with application activities occurring in the beginning of the school year, from August through October:

Estimated number of applications received each month after main period of application activity (or, after October):

**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL GRADUATED VERIFICATION DISTRICT**

**TIME SPENT CONDUCTING DIRECT CERTIFICATION  
[MOST WORK OCCURS IN AUGUST]**

Activity	Person 1 Hours	Person 2 Hours	Total Hours	Comments on Changes Since 1999-2000
Determining if children on state list are enrolled in district				
Updating files				
Preparing notification letters to be sent (stuffing envelopes, writing mail labels)				
Other (please describe): Subsequent checking of list				

Totals Hours:

Total Costs:

Hourly Salary = \_\_\_ for person 1 and \_\_\_ for person 2.

Estimated budget for all non-labor costs (printing, mailing, data processing, etc.) associated with conducting direct certification: \_\_\_\_\_

**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL GRADUATED VERIFICATION DISTRICT**

**TIME SPENT PROCESSING APPLICATIONS  
[WORK OCCURRING FROM AUGUST THROUGH OCTOBER]**

Activity	Person 1 Hours	Person 2 Hours	Total Hrs.
Processing apps (entering info to computer, determining eligibility, filing hard copy apps)			
Mailings to families With incomplete apps			
Phone Calls			
Notification Letters (generating letters, stuffing envelopes, addressing labels)			
Transferring eligibility Information to schools			

Totals  
Costs:

Hourly Salary = \_\_\_ for person 1 and \_\_\_ for person 2.

Estimated budget for all non-labor costs (copying, printing, mailing, data processing, etc.) associated with application activities occurring in the beginning of the school year, from August through October: \_\_\_\_\_

Estimated number of applications received each month after main period of application activity (or, after October): \_\_\_\_\_

**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL GRADUATED VERIFICATION DISTRICT**

**TIME SPENT VERIFYING APPLICATIONS, BY ROUND**

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Activity	Person 1 Hours	Person 2 Hours	Total Hrs.	Comments on Changes Since 1999-2000
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**ROUND 1 (3%):**

Selecting sample/  
sending letters

Mailings to families not  
replying or submitting  
incomplete documentation

Phone calls

Processing verification  
documentation (entering  
it to the computer,  
calculating gross income, etc.)

Notifying families of verification results

**ROUND 2:**

Selecting sample/  
sending letters

Mailings to families not  
replying or submitting  
incomplete documentation

Phone calls

Processing verification  
documentation (entering  
it to the computer,  
calculating gross income, etc.)

Notifying families of verification results

Activity	Person 1 Hours	Person 2 Hours	Total Hrs.	Comments on Changes Since 1999-2000
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**ROUND 3:**

Selecting sample/  
sending letters

Mailings to families not  
replying or submitting  
incomplete documentation

Phone calls

Processing verification  
documentation (entering  
it to the computer,  
calculating gross income, etc.)

Notifying families of verification results

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Total Hours:

Total Costs:

Hourly Salary = \_\_\_ for person 1 and \_\_\_ for person 2.

Estimated budget for all non-labor costs (copying, printing, mailing, data processing, phone calls, etc.) associated with verification activities, by round:

Round 1: \_\_\_\_\_

Round 2: \_\_\_\_\_

Round 3: \_\_\_\_\_

**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL COMPARISON DISTRICT**

**TIME SPENT PROCESSING APPLICATIONS  
[FOR WORK OCCURRING DURING THE MAIN PERIOD OF APPLICATION  
ACTIVITY, FROM AUGUST THROUGH SEPTEMBER]**

Activity	Number of Hours		Comments on Changes Since 1999-2000
	Person 1	School Staff	
Distributing applications to students			
Processing applications (reviewing for completeness, entering data into computer, determining eligibility, filing hard copy applications)			
Mailings to families submitting incomplete applications			
Notifying applicants of eligibility determination (generating letters, stuffing envelopes, addressing labels, etc.)			
Transferring eligibility information to school cafeteria staff			
Other (please describe):			

Hourly pay rate

Hourly fringe benefits

Estimated budget for all non-labor costs (copying, printing, mailing, data processing, etc.) associated with application activities occurring in the beginning of the school year, during the main period of application activity: \_\_\_\_\_

Estimated number of applications received during the main period of application activity: \_\_\_\_\_

Estimated number of applications received *after* the main period of application activity: \_\_\_\_\_

**NSLP APPLICATION/VERIFICATION PILOT EVALUATION**

**TYPICAL COMPARISON DISTRICT**

**TIME SPENT VERIFYING APPLICATIONS**

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Activity	Number of Hours		Comments on Changes Since 1999-2000
	Person 1	School Staff	
Selecting sample			
Sending initial notification letters			
Phone calls or mailings to families not replying or submitting incomplete documentation			
Processing verification documentation (entering into computer, calculating gross income, etc.)			
Notifying families of verification results			
Notifying schools of changes in status			
Other (please describe):			

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Estimated budget for all non-labor costs (copying, printing, mailing, data processing, phone calls, etc.) associated with verification activities: \_\_\_\_\_

