

Why GAO Did This Study

In fiscal year 2012, over 31.6 million children participated in USDA's National School Lunch Program (NSLP) at a cost of about \$11.6 billion. In fiscal year 2013, USDA estimated NSLP certification errors of more than 8 percent, or \$996 million. GAO was asked to review possible beneficiary fraud within the program.

This report assesses (1) steps taken to help identify and prevent ineligible beneficiaries from receiving benefits in school-meal programs and (2) what opportunities exist to strengthen USDA's oversight of the school-meals programs.

GAO reviewed NSLP policies, interviewed program officials, and randomly selected a nongeneralizable sample that included 25 of 7.7 million approved household applications from 25 of 1,520 school districts in the Dallas, Texas, and Washington, D.C., regions. GAO performed limited eligibility testing using civilian federal-employee payroll data from 2010 through 2013 due to the unavailability of other data sources containing nonfederal employee income. GAO also conducted interviews with households. Ineligible households were referred to the Inspector General.

What GAO Recommends

Among other things, GAO recommends that the Secretary of Agriculture develop a pilot program to explore the feasibility of using computer matching to identify households with income that exceeds program-eligibility thresholds for verification, and explore the feasibility of verifying a sample of categorically eligible households. USDA generally agreed with the recommendations.

View [GAO-14-262](#). For more information, contact Steve Lord at (202) 512-6722 or lords@gao.gov.

SCHOOL-MEALS PROGRAMS

USDA Has Enhanced Controls, but Additional Verification Could Help Ensure Legitimate Program Access

What GAO Found

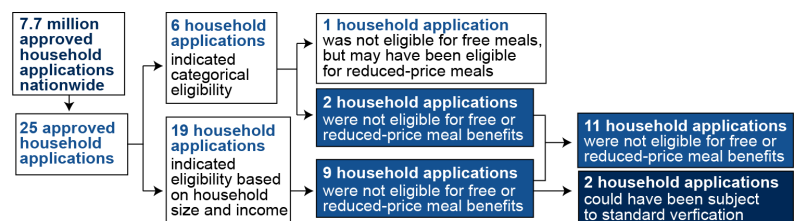
The U.S. Department of Agriculture (USDA) has taken several steps to implement or enhance controls to identify and prevent ineligible beneficiaries from receiving school-meals benefits. For example:

- USDA worked with Congress to develop legislation to automatically enroll students who receive Supplemental Nutritional Assistance Program benefits for free school meals; this program has a more-detailed certification process than the school-meals program.
- Starting in the 2013-2014 school year, USDA increased the frequency with which state agencies complete administrative reviews of school districts from every 5 years to every 3 years. As part of this process, state agencies review applications to determine if eligibility determinations were correctly made.
- In 2012, USDA issued guidance to clarify that school districts have the authority to verify approved applications for school-district employees when information indicates that the applicant misrepresented his or her income.

GAO identified opportunities to strengthen oversight of the school-meals programs while ensuring legitimate access, such as the following:

- Exploring the feasibility of computer matching external income data, such as state payroll data, with participant information to identify households whose income exceeds eligibility thresholds for verification could help identify ineligible participants. Currently, school districts verify a sample of approved applications deemed "error-prone"—statutorily defined as those with reported income within \$1,200 of the annual income levels specified in program-eligibility guidelines—to determine whether the household is receiving the correct level of benefits (referred to as standard verification in this report). In a nongeneralizable review of 25 approved applications, GAO found that 9 of 19 households that self-reported household income and size information were ineligible and only 2 could have been subject to standard verification.
- Verifying a sample of categorically eligible applications could help identify ineligible households. Currently, school-meal applicants who indicate categorical eligibility (by participating in certain public-assistance programs or meeting an approved designation, such as foster children) are eligible for free meals and are generally not subject to standard verification. In a nongeneralizable review of 25 approved applications, 6 households indicated categorical eligibility, 2 of which were ineligible, and another may have been eligible for reduced-price meals instead of free school meals.

Results of GAO's Analysis of a Nongeneralizable Sample of 25 Approved Household Applications from the 2010-2011 School Year



Source: GAO analysis of school-meals household applications.