

## Why GAO Did This Study

In fiscal year 2018, the federal government provided about \$30 billion for USDA's child nutrition programs, including the school meals programs, WIC, and SFSP, among others. In that year, the federal government spent almost \$14 billion on the largest of these programs, the National School Lunch Program, which supported the provision of meals to about 30 million children. Federal, state, and local entities play important roles in administering the child nutrition programs and ensuring program integrity. For example, USDA annually estimates improper payments in these programs, which are an indicator of program integrity, and states monitor implementation of the programs by local organizations that directly provide food and services to participants.

This testimony discusses (1) actions USDA has taken to address GAO's prior recommendations related to program integrity in the child nutrition programs and (2) improper payments in these programs. This testimony is based on prior GAO reports on child nutrition programs issued from 2013 through 2018, recent GAO and USDA reports on improper payments, and updates GAO obtained in March and April 2019 from USDA officials on actions related to GAO's prior recommendations and improper payments in child nutrition programs.

## What GAO Recommends

GAO made 14 recommendations to USDA in its prior reports on child nutrition. USDA generally concurred with the recommendations and has addressed nine, taken some steps to address one, and is planning to address the remaining four.

## CHILD NUTRITION

### Observations on USDA Actions to Improve Program Integrity and Address Improper Payments

#### What GAO Found

The U.S. Department of Agriculture (USDA) has taken steps, or is planning steps, to improve the integrity of the child nutrition programs in response to recommendations from GAO's prior work. For example:

- **School meals.** In 2014, GAO identified several opportunities for USDA to improve school meals oversight and integrity. For example, through GAO's survey of states, over three-fourths reported a need for USDA guidance on monitoring the financial management of local entities that provide meals to children in schools—an area we reported states were newly required to review. GAO recommended that USDA assess states' needs for information in this area. USDA did this assessment and provided related guidance and training to states.
- **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).** In 2013 and 2014, GAO identified several ways that USDA could improve program integrity and oversight in WIC, which provides food benefits to individuals who are low-income. For example, GAO found that USDA had not used its own monitoring findings on state policies for determining applicants' income eligibility to target assistance to states, and recommended that USDA do so. In response, USDA developed a process for reviewing and acting on its monitoring results.
- **Summer Food Service Program (SFSP).** In 2018, GAO identified several opportunities for USDA to improve program integrity in the SFSP, which provides food to children in low-income areas when schools are closed for vacation. For example, GAO found that USDA did not collect reliable data on children's participation in the program and that estimates were calculated inconsistently from state to state and from year to year. GAO recommended that USDA take steps to improve the reliability of these estimates and take additional actions to improve program integrity. USDA recently reported plans to address GAO's recommendations.

USDA reported improper payments for four child nutrition programs totaling an estimated \$1.8 billion in fiscal year 2018, or just over 1 percent of the \$151 billion in improper payments that agencies estimated government-wide. GAO has reported that reducing improper payments—which generally include payments that should not have been made or were made in an incorrect amount—is critical to safeguarding federal funds. Since fiscal year 2013, the school meals programs have consistently reported the highest improper payment rates across the child nutrition programs. Over time, USDA has taken a variety of corrective actions aimed at reducing improper payments in child nutrition programs, yet estimated improper payment rates for these programs remained generally steady until fiscal year 2018. For that year, USDA changed what it considers to be an improper payment in the school meals programs, resulting in improper payment estimates that are substantially lower than those from prior years. The Office of Management and Budget (OMB) provides guidance to federal agencies on measuring and reporting improper payment rates, and USDA reported that it made this change after consultation with OMB.