Welcome, I’m Michelle Stephens, one of the school lunch consultants with Nutrition Services @ the Department of Education.

Our Webinar today, is on the Verification Report and Direct Certification with Medicaid
Goal of Webinar

- Provide an Overview of Verification
- Prepare Data
- Complete FNS-742 Verification Report
- Time for Questions

- Our goal for this webinar is to Provide an Overview of the verification process.
- What steps you need to take to complete the process and have the data you need
- To complete an accurate verification report.
On August 8 we presented a webinar on the changes to your DC List, which now includes Medicaid Data. The webinar was recorded and can be viewed on Nutrition Services Website.

With the addition of the Medicaid Data we hope this will reduce the number of applications SFAs have to process. Depending on the size of your school, this may also reduce the number of applications you are required to verify.

And Available this year is Direct Verification which uses records from the Department of Health and Human Resources to verify income. I will go over how this works later in the presentation.
USDA requires School districts, to confirm household’s eligibility for free or reduced-price meals

- 3% of all applications must be verified
- Required when eligibility has been determined through an application, not through Direct Certification – letter or list

- USDA requires School districts, to confirm household’s eligibility for free or reduced-price meals
- 3% of all applications must be verified
- Household’s approved with an application, showing a Master Case Number OR income are subject to verification.
- Directly certified students are not included in the process of verification.
• Districts must verify at least one application; do not verify all

• Can begin after application approval process is underway

• All selected applications must be verified

• Districts must verify at least one application. USDA does not allow a district to verify all applications. Schools have the right to verify questionable applications “for cause;” however, be careful that a person’s civil rights are not being violated. “For Cause” applications are in addition to the required number of applications that must be verified.

• Verification can begin after the application approval process is underway. You are required to complete verification for each household selected.
There are two types of verification sampling used in Nebraska:
• Alternate or Random Sampling
• Standard or Error Prone Sampling

Sample Pool: based on number of approved applications on file October 1

There are two types of verification sampling used in Nebraska:
• Alternate or Random and
• Standard or Error Prone

We will go over each type.

The district’s Sample Pool is based on the number of approved applications on file as of October 1.

Remember an application is a piece of paper not the number of students who qualify for F/R price meals.

Also keep in mind, if you determine the number of applications you have on file on October 1, it will not include households that may still be on carryover from last year and have not turned in a meal application for the new year.
Let’s Begin by discussing Alternate or Random Sample. Random Sampling is the most common type of verification used.

- By Definition each application has an equal chance of being selected.
- The sample size is 3%
- Do not include directly certified students when selecting households to verify.

There are a number of ways to randomly select applications – you can use a computer generated list or they can be picked by hand.
Determining the Sample Size.

- Here is an example of how to calculate the number of applications to verify.
- The Sch Dist has 125 approved applications subject to verification.
- If I take 125 and multiply it by 3% = 3.75 (you must always round up). So in our example the District must verify 4 households.
The other type of verification sampling is Standard or Error Prone

- By definition this method involves selecting applications that are within $100 monthly or $1200 annually of the income guidelines.
- It is required in school districts with a verification non-response rate of 20% or more the previous year.
- Districts notified by e-mail if Error Prone sampling is required.

• Definition: Selecting applications within $100 monthly/$1200 annually of the income guidelines
• Required in school districts with a verification non-response rate of 20% or more the previous year
• Districts notified by e-mail if Error Prone sampling is required

Non-Response – is defined as a household that failed to reply to your request for verification.

An email was sent to the Authorized Representative and Claim Contact only if the District is required to do an Error Prone Sample.
• If your school received the e-mail requiring Error-Prone sampling this year, we suggest you flag those applications that meet the income criteria during the approval process.
• These error prone applications become the sample pool.
• Again the sample size is 3%.

Standard - Error Prone Sample

• Recommendation: Identify error prone applications during approval
• The error prone applications become the sample pool
• Select 3% sample from the pool
Let’s go through an example. We have a district with 50 applications subject to verification. Using the formula for calculating the number of households to verify, $50 \times .03 = 1.5$ or 2. This district needs to verify two households.

Let’s say during the approval process, you flagged 10 of the 50 applications because they met the income criteria.

You would select the required 2 households to verify from those 10 applications.
• A Confirmation Review is required for each application selected for verification.
• The application must be checked to see that the original approval was correct.
• The Confirming Official must be someone other than the person who originally approved the application and must sign/date only the applications selected for verification.

If a school has a procedure upfront where 2 people review applications for accuracy. The 2\textsuperscript{nd} person can sign as the confirming official.
Before you contact the household that you have selected for verification. Schools have the option of trying to confirm eligibility with another method called “Direct Verification” which is available in the online CNP System.

To Access DV click on Applications and then select DV

Instructions for conducting DV also can be found our Nutrition Services website

The data base used for DV uses additional data including Medicaid SCHIP data and 133% of poverty for Free Eligibility.
Schools can enter individual students into the DV upload OR they can upload a CSV File with the same information. The instruction sheet explains the file format, but it is basically the same.

Application #, this can be a number that you simply assign to your pool of applications.

First Name, Last Name, Gender and Date of Birth
There are 7 possible results:

1. Reject, because the student is already DC so you need select another application.
2. Not Matched – so you will have to send the household the verification letter.
3. SNAP
4. TANF
5. Foster Care
6. Medi-Free
7. Medi-Reduced

If the online response matches the SFA approval of the household, you have completed verification for this household. You do not need to contact this household. For purposes of documentation, we ask that you print a copy of the online response that you received.

However if the online response does not match the SFAs determination, then you are required to send a verification letter to this household.

If the response is rejected this means the student is on your Direct Certification List and you will need to select another application to verify.

The online Verification Report we’re going to discuss later has 2 questions regarding
whether DV was conducted and if so how many were confirmed through DV.
• Each household must be notified in writing that they have been selected for verification. Please use Attachment F – *We Must Check Your Application*

• Households may provide proof of their income from the month prior to application up until the time documentation is required to be sent in.
We recommend that you give the household no more than two weeks to send in the documents requested. The date the household needs to respond should be no later than Oct 31.

- Districts must provide a no-cost telephone number to households located outside the local calling area.
- If a household selected for verification moves during the process, another application must be selected.
School districts must follow-up at least once if the household did not adequately respond:

- Did not respond to initial request
- Submitted insufficient evidence

Schools are required to follow up at least one time with a household
- If they failed to respond
- OR they did not provide, proof of all income listed on their application.
School districts are required to document all contacts with the household regarding verification. This can be done by

- Mail
- Email
- Telephone Call

If the family is contacted and they tell you they no longer qualify for meal benefits, this does count as a verified response. This is important because a nonresponse can trigger an error prone sample for the next school year.
When written evidence submitted:
- Must calculate to determine household’s income
- Compare calculated income to guideline chart to see if they still qualify
  - Overtime counts only if received on a regular basis
- Tax returns: for self-employed only

When the household provides proof of their income
- The school district is required to calculate the household’s income based on the documentation submitted.
- This income must then be compared to the income eligibility guidelines to determine if the household still qualifies for meal benefits.
- If overtime is reported on a paystub, the school must contact the household to determine if the amount listed is earned on a regular basis. If it is one-time or sporadic, do not include. You can document the household’s contact right on the paystub.
- A tax return can only be used to determine income for a self-employed individual.
The only line items you look at are 12, 13, 14, 17, and 18. If income is reported on line 7, for Wages, salaries and tips this means a household member is employed by someone outside the home and a paystub must be provided for that individual to verify current income.

Also never use the figure reported on Line 37 called Adjusted Gross Income when determining the household’s income.
Let's look at the example of calculating income from 2 paystubs. Mary Jones is a single parent with 2 children who was approved for free meals based on a reported annual income of $15,000. She has provided 2 pay stubs. Job 1 she is paid monthly. Job 2 she is paid every 2 weeks. Since we have multiple frequencies of incomes we are required to calculate annual income. Districts are required to show these calculations. When we compare the household’s total income to the eligibility guidelines, this household still qualifies for free meals.
School districts are required to notify each household in writing of the results of verification after documentation has been received, reviewed and a determination made.

Please use Attachment G *We have Checked your Application*
The letter sent to the household may indicate that there has been
1. No change in benefits or
2. Benefits increase → free
3. Benefits decrease → reduced or terminated

The letter sent to the household may indicate that there has been
1. No change in benefits or
2. Benefits increase meaning: The household was approved for reduced and now qualifies for free or
3. Their Benefits decrease meaning: The household was approved for free and now qualifies for reduced OR the household was approved for free or reduced and now must pay full-price for their children’s meals.
When a Change Occurs

If a household's benefits increase, make the change immediately or within 3 operating days.
However if a household’s benefits are reduced or terminated:
• School districts are required to give households a 10 calendar-day notice
• The date the letter is sent counts as day 1
• If household reapplies: they must supply written evidence

The 10 calendar day notice also applies to the school. If the letter states the benefits change on November 20, then that is the same day the school makes the change in their database.

• If a household’s benefits are reduced or terminated & they reapply for benefits, they are required to provide written evidence of their income.
Verification Recordkeeping

For each application, keep copies of all correspondence:
1. All letters sent to household
2. Documents submitted: paystubs, agency letters, etc.
3. Record of any follow-up
4. Tracker form: Attachment H-2
This form basically organizes what has been done with each family throughout the verification process.
We ask that you show:
• The date the Confirmation Review was completed.
• The date the verification letter was sent, and
• The date the response was due from the household
• And the number of students on the application
Next you check the households original approval
Then you are to check the verification result
On the bottom portion of this form we ask that you indicated the:
• Date the verification Result Letter was sent and
• the date verification was completed
• this form should be signed by the districts verifying official

Keep all verification materials together: You can either Staple documents to the back of the application, OR If these documents are kept in a separate file, be sure to include a copy of the household’s application.

After all households are verified then you will complete the online report.
The online Verification Report must be completed by all school districts and residential child care institutions by Nov 15. A Paper copy of the form is available with instructions on our website.
You will need to Login into the CNP System with your user ID and password.
To access the report click on the dark blue menu bar and select verification report.
Next Select Modify for School Year 2016-17
There are 5 Sections of the FNS-742 Verification Report

| Section 1 | Total number of schools, RCCIs, and enrolled students |
| Section 2 | SFAs with alternate provisions |
| Section 3 | Students approved free but not subject to verification |
| Section 4 | Students approved Free/Reduced via household application |
| Section 5 | Verification Results |
Let's go through each section of the online report. The contact information will auto fill with the district's Food Service Manager. Please update this section with the person that completes verification in case we need to contact them.
Section 1 is to be completed by all SFAs including those residential child care institutions that are exempt from verification process.

In column A record the number of feeding sites and in column B report the district enrollment as of October 31. RCCI’s complete 1-2 and depending on their situation will complete either Line 1-2a or 1-2b.
Section 2 is to be completed by Schools operating alternate provisions. In Nebraska this would be Provision 2 sites or schools that participate in the Community Eligibility Provision (CEP).

Lines 2-1 through 2-4 are to be completed if the school operates Provision 2 for both breakfast and lunch and applications are not collected.
CEP Schools must complete Line 2-3.
If the school operates (Provision 2 for breakfast only) complete Line 2-5.
Section 3 must be completed by All SFAs, even schools that are not required to conduct verification.
This section collects data regarding students that are not subject to verification, so you will be using your Direct Certification data.
You need to read each one of the questions carefully so you can make sure you enter the correct numbers requested. We will go through each question.
If the SFA is not required to perform verification, check the box in 3-1. All sites must be either Provision 2, or CEP schools or an RCCI without day students.
The direct certification list can be found online in the CNP System by: Clicking on: **Applications** in the dark blue menu bar; and then by Clicking on **Direct Certification**.
When reviewing this list the Column Labeled Q indicates how the student was approved for free or reduced meals.
The letter S represents SNAP
T represents TANF
C represents a Foster Child
M-F – Medicaid Free
M-R – Medicaid Reduced
These different codes are critical when completing Section 3.
When determining your districts directly certified count by category keep in mind that
- SNAP takes precedence over other programs
- so if a student is SNAP certified along with TANF report the student as SNAP certified.
- If the student is SNAP certified and also a foster child report the student as SNAP certified.

Finally don’t forget to report those students who’s names were added to the DC List because someone in their household received SNAP or TANF benefits.
So line 3-2 is where you report the number of students certified on your DC List with a Qualifying code of S for SNAP as of October 31.
In 3-3 report the number of students as of Oct 31, certified through other programs such as TANF, FDPIR, Homeless, Migrant, Runaway, Foster, Headstart, and Medicaid Free.

Make sure you do not include the Medicaid Reduced counts. At this time the collection report does not have a place to report your Medicaid Reduced numbers, however we recommend you keep track. We may be requesting this information at a later time.
A household can provide a copy of the SNAP letter they received directly from the food stamp office showing they qualify for SNAP benefits. If you have received any of these letters report the number of students in question 3-4.
In Section 4 you will report both the number of applications and students approved for free meals based on applications. Make sure this number does not include any applications for students that were on the DC List. The most common mistake in this section is switching the number of applications and students. Column A is for Number of Applications and Column B is for number of students.

The number of applications are based on October 1 (when you selected your sample pool)
And the number of students is based October 31.
For applications that were approved with a Master Case number only report the number of applications in column A and number of students in column B.
In 4-2 report the number of free applications on file as of Oct 1 and the number of students approved as of Oct 31.
In 4-3 report the number of reduced applications on file as of Oct 1 and then again the number of reduced students as of Oct 31.
Based on what was entered in Column A of Section 4 regarding your applications the system calculates the correct number of applications to verify and that number is auto populated in 5-5.
In Section 5 all SFAs will report the results of verification.
Schools that are not required to complete verification will check the box in 5-1. No other reporting is required.
All other SFAs will indicate if the process was completed by November 15 and the method of verification will be reported in 5-3 depending on the type of verification process required.
Schools that were notified by e-mail that they must conduct Error Prone verification are to select Standard in 5-3 and report the total number of error prone applications they had on file in 5-4.

5-5 is automatically calculated based on the number of application reported in Section 4.

So in this Example the SFA would select one of the 3 Error Prone applications to verify.
All other SFAs will select Alternate One in 5-3, again 5-5 is automatically calculated based on the number of application reported in Section 4.
Question 5-6 is regarding the DV we discussed earlier. So if you did not conduct DV check the box. If you did not, leave it blank.

If you were able to confirm an application with the DV process, report the Number of Applications, and the number of students in 5-7.
The SFA must report the results of verification by completing the table in 5-8. The columns across the top labeled A, B, and C represent the household's original eligibility. The four rows in each column represent the results of each household verified.
The last box VC-1 is to be completed only if the SFA selected additional applications to verify for cause.
When you are finished with the report click Save. If everything was completed correctly you are finished with the verification report.
However, if you receive errors, and have to modify any of the questions in the report Question 5-5 removes the auto calculation of the number of applications and returns an error message. There is an easy step the fix this.
On Line 5-3 click on Standard and then back on Alternate you will notice that 5-5 is then populated with a number. The verification report will then be saved without errors.
The Civil Rights Summary is Attachment H-1 and can be found on our website.
The civil rights summary is the district’s racial/ethnic report for the current year. Complete this report by November 15 and keep it on file at your school.
Our powerpoint and recorded webinar will be posted out our website. You can find all the information you need to complete the verification process on our website. You can click on the links to access the resources.

Click on the following links:

- Letters and Forms: [Verification Information and Forms](#)
- Video: [Short Video on How to Complete Online Verification Report](#)
- Instructions: [DC and Direct Verification Webpage](#)
Thank you for joining us for the webinar. Please feel free to contact us if you have any questions or need additional assistance.