

# **Income Verification & Collection Report SY 2016-17**

New York State Education Department  
Child Nutrition Program Administration

# Professional Standards for State and Local Nutrition Program Personnel Final Rule

- Effective July 1, 2015
- This webinar will contribute **1 Training Hour** towards the training requirements under the Professional Standard Requirements
- Required to track the number of training hours earned each year and maintain documentation of the trainings attended
- SED prototype tracking excel document for School Nutrition Directors
- Upcoming SED webinar for more information

# Regulatory Authority

- 7 CFR

- Part 210– National School Lunch Program
- Part 215– Special Milk Program
- Part 220– School Breakfast Program
- Part 235– State Administrative Expense
- **Part 245– Free and Reduced Price Eligibility**
- Part 3016- Procurement for Public & Charter Schools
- Part 3019- Procurement for Non-Public Schools
- Part 3052- Audit Requirements

- Public Law 111-296 (Healthy, Hunger-Free Kids Act of 2010)

- 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

- Supersedes and streamlines requirements from OMB CIRCULARS A-87; A-122

- All USDA, SED guidance, memos, and instructions

- USDA Eligibility Manual for School Meals (updated July 2015)

# Income Verification

- The confirmation of eligibility for free and reduced price meals under the NSLP and SBP
- Verification is an annual requirement!
- Confirmation of information provided on a free/reduced application:
  - Income eligibility
  - Child or household member is receiving assistance under SNAP, FDPIR, TANF
    - Not required through the Direct Certification Matching Process (DCMP)
- Verification must be completed by November 15<sup>th</sup>
  - Includes changes in eligibility
- We suggest using the SED prototype forms
  - Check your POS generated letters
- Keep all supporting documentation on file
  - Number of applications on file as of October 1<sup>st</sup>
  - Number to verify
  - Documentation of confirmation review
  - Summary of the process and results

# Income Verification

Income Verification is not required for:

- SFAs claiming PAID reimbursement only
- Special Milk Program only schools
- RCCI's with no day students
- Non base year Provision 2
- Community Eligibility Provision (CEP)



**\*However information must still  
be reported and submitted  
annually**

# Step 1:

## Establish Verification Sample Pool

Sample Pool: Total number of newly approved applications on file as of October 1

Determine your Verification Sample Pool: (Start October 1)

- Count # free and reduced applications, district-wide (pieces of paper)
  - Include income applications,
  - Applications listing a case number,
  - Applications with the foster child box checked but a letter or documentation from social service/placement agency was not submitted.

Do NOT include:

- Direct Certification Match
- Eligibility letters, homeless, migrant, runaways, or Head Start children
- Foster children who are deemed eligible based on a letter from the State or local placement agency
- Carry-over applications from the previous year who have not yet submitted a new application
- Denied Applications

## Step 2:

# Determining the Sampling Method

Your Response Rate from 2015-16 determines how you conduct income verification for 2016-17!

- Error Prone Method
  - MUST be used if you had a less than 80% response rate to verification in 2015-16
    - We generate the list of LEA's that had a greater than 80% response rate, if your LEA is not listed, you must use this method
  - MUST be used if you are coming off Provision 2
  - MUST be used if you are in first year of operation
- Alternate Options-
  - If 80% or more households responded to income verification in 2015-16 (LEA is indicated on our generated list), you can use the error prone method OR 1 of 2 alternate options:
    - Random Method
    - Focused Method

# Error Prone Method

## Example

- **Error Prone Method:**

verify the lesser of 3% or 3,000 of applications that fall within \$24/week, \$100/month or \$1200/year of the eligibility limit

- ALWAYS Round up
- **Do not verify more applications than required**
- When initially approving applications, it may be helpful to flag error prone applications to help facilitate the process.

- 210 application forms are on file
- Take 3% = 6.3
  - Round up to 7
- Choose 7 error-prone applications to be verified
  - Suppose you only have 3 error-prone applications – what would you need to do?
    - Choose the remaining 4 using random method

# Random Method (Alternate 1)

- Verify the lesser of 3% or 3,000 of the total number of approved applications on file as of October 1<sup>st</sup> selected at random
- Random sample must include both:
  - Income applications
  - Categorical applications
    - (those applications that families indicated a SNAP/TANF/FDPIR case number or checked the foster box on the application but whose names do not appear on the direct certification matching list or did not provide an eligibility letter)

# Focused Method (Alternate 2)

- Verify the lesser of 1% or 1,000 of the total number of approved applications (income and SNAP/TANF/FDPIR or Foster applications) PLUS the lesser of .5% or 500 approved applications which reported a SNAP/TANF/FDPIR case number.

## Example:

900 total approved applications

600 approved w/ just a SNAP/TANF/FDPIR case number, 300 income applications

$$.01 (1\%) \times 900 = 9$$

Separate applications into two piles: income group and case number group

Select 9 error prone *income* applications to verify

$$.005 (.5\%) \times 600 = 3$$

Select 3 applications with case numbers to verify

**12 total verified applications**

## Step 3:

# Select Applications to Verify

- Select applications in accordance with the type of verification conducted
  - Error Prone
  - Random (Alternate 1)
  - Focused (Alternate 2)
- Always round up!
  - 6.1= 7 applications
- **Do not verify any more or any less than required sample size**
- Check computerized systems for accuracy
- Refer to the Income Verification Booklet for guidance

## Step 4:

# Confirmation Review

- Take the applications that have been selected for verification & have them reviewed by a second reviewing official to ensure the application was initially approved correctly
- Second reviewing official cannot be:
  - FSMC employee
  - Original reviewing official
  - Original verification official
- **Confirmation Review is not required if computer software was used to approve applications**



# Confirmation Review Outcomes

## 1. No change in status

(application was approved correctly)

- SFA verifies application

## 2. Changed from Free to Reduced

- Do not change status
- Verify application

## 3. Changed from Reduced to Free

- Immediately change benefits
- Notify household of change
- Verify application

## 4. Changed from Free or Reduced to Paid

- Immediately notify household of change in benefits
- Do **not** verify application
- Select another free or reduced application to verify
- Conduct 2<sup>nd</sup> review of newly selected application

## Step 5:

# Notify Household of Selection



- Must notify households of selection
  - Recommended to use SED prototype letters
- Must inform households:
  - The type of acceptable verification documentation to confirm current income
  - That the household may provide proof that the child or any household member is receiving benefits under the Assistance Programs (SNAP/TANF/FDPIR) instead of providing income information
  - The date the information must be provided by and that failure to respond by the deadline will result in termination of benefits
  - Name of an SFA official who can answer questions and provide assistance
  - A toll free number for parents to obtain assistance. This can be a local number within the district. It cannot be a long distance call

## Step 6:

# Verification of Eligibility

- SFAs must verify all sources of income during verification
- Confirm income at the time of application beginning the month before they applied through the time the application is verified
- Acceptable Documentation:
  - Pay stub (s)
  - W-2's for self-employed **only**
  - TANF or SNAP recertification letter with eligibility dates listed
    - EBT card may not be accepted as documentation
  - Collateral Contact (for ex. employer, pastor, etc.)
  - Letter/documentation from Foster agency
  - Direct Verification
- SFAs must make at least 1 follow up attempt to contact families who do not respond to initial verification efforts
  - May have third party assist with follow-up

## Step 7:

# Results of Verification

- Notify Families of the outcome of verification
  - Use NYSED prototype letter
- Changes in eligibility –
  - Increase in benefits
    - Must be made within 3 operating days (e.g. reduced to free)
  - Decrease in benefits
    - Families must be given 10 calendar days written notice (e.g. free to paid)
    - Notice must include required information on denial letter
- Change Benefits must be made for ALL family members
- NOTE:
  - No response = benefits must be terminated



# Households who do not respond:

- SFAs must take the following written action:
  - Benefits must be terminated
    - 10-calendar day advance notice (the 1st day is the day the notification is sent)
    - This should be built into the verification timeline to be completed by November 15
- The written notice must include:
  - Change in benefits
  - Reason(s) for change
  - Right to appeal
  - Appeal process
  - Non-discrimination statement
  - Reapplication process
- Households that appeals w/in 10 calendar days:
  - Must continue to receive benefits until decision is made by hearing official



# Fragile Households

Fragile household: is one that may be having major hospitalization and/or health issues

- SFAs may decline up to 5% of their verification sample and replace them with other approved applications when a fragile household is chosen

The SFA may:

- Skip over the “fragile” household’s application
- Document why the SFA passed over the “fragile” application  
(**ONLY** in rare and necessary circumstances should this be used)
- Select another application and begin the verification process



# Direct Verification



The Child Nutrition Management System

- Direct Verification is the confirmation of eligibility by using Office of Temporary and Disability Assistance (OTDA) records
  - Purpose– Help reduce termination of eligible families who fail to return information when chosen for verification
  - Intent–To validate a family’s eligibility
- SFAs will:
  - Access Child Nutrition Management System (CNMS) and click on Direct Verification
    - SFAs will use last name search tool and case number search tool to verify students eligibility
      - Add the % (percentage sign) to the beginning and/or end of the name/case number to broaden the search
    - Must match 3 unique identifiers (i.e. DOB, address, name)
    - Keep a record of directly verified students on file for review
    - Report data on Income Verification Collection Report (Attachment G)
  - See The Child Nutrition Knowledge Center for Instructions

# Verification for Cause



- SFAs are obligated to verify all questionable applications
- Applications verified for cause are in *addition* to the annually required verification process
  - Restriction on sample size (over-verifying) does not pertain to verification for cause applications
- Follow Income Verification procedures
- Report those applications verified for cause and the results on the Income Verification Collection Report (Attachment G)

Department of Agriculture, Food and Nutrition Service <b>School Food Authority (SFA) Verification Collection Report</b>			
State agencies must report the information on this form ANNUALLY for each SFA with schools operating the National School Lunch Program (NSLP) and/or the School Breakfast Program (SBP). All SFAs, including SFAs with all schools exempt from verification requirements, must complete applicable sections.			
According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it contains a valid OMB control number. The valid OMB number for this collection is 0584-0026. The time required to complete this information collection is 45 minutes per response, including the time to review instructions, search existing data resources, gather the data needed and complete and review the information collection.			
State Agency Name:	SFA ID#:	Type of SFA: <input type="checkbox"/> Public <input type="checkbox"/> Nonprofit/Private	School Year: From: 20    To: 20
SFA Name:		SFA City:	SFA Zip code: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<b>Section 1</b>	<b>**All SFAs must report Section 1**</b>	<b>A. Number of Schools OR Institutions</b>	<b>B. Number of Students</b>
	1-1: Total schools (Do not include RCCIs):		
	1-2: Total RCCIs (Do not include schools counted in 1-1):		
	1-2a: RCCIs with day students (Report ONLY day students in 1-2aB):		
	1-2b: RCCIs with NO day students:		
<b>Section 2</b>	<b>**ONLY SFAs with alternate provisions must report Section 2**</b>	<b>A. Number of Schools AND Institutions</b>	<b>B. Number of Students</b>
	2-1: Operating Provision 2/3 in a BASE year for NSLP and SBP:		
	2-2: Operating Provision 2/3 in a NON BASE year for NSLP and SBP:		
	2-2a: Provision 2/3 students reported as FREE in a NON BASE year:		
	2-2b: Provision 2/3 students reported as REDUCED PRICE in a NON BASE year:		
	2-3: Operating the Community Eligibility Option:		
	2-4: Operating other alternatives for NSLP and SBP:		
<b>Section 3</b>	<b>**ALL SFAs must report Section 3 or check box 3-1 if applicable**</b>		<b>B. Number of FREE Students</b>
	3-1: <input type="checkbox"/> Check the box only if all schools and/or RCCIs in the SFA were not required to perform direct certification with SNAP (i.e. NON BASE year Provision 2/3 for all schools)		
	3-2: Students directly certified through Supplemental Nutrition Assistance Program (SNAP): Do <u>not</u> include students certified with SNAP through the letter method.		
	3-3: Students directly certified through other programs: Include those directly certified through Temporary Assistance for Needy Families (TANF), Food Distribution Program on Indian Reservations (FDPIR), or Medicaid (if applicable); those documented as homeless, migrant, runaway, foster, Head Start, Pre-K Even Start, or non-applicant but approved by local officials. DO NOT include SNAP students already reported in 3-2.		
	3-4: Students certified categorically FREE eligible through SNAP letter method: Include students certified for free meals through the family providing a letter from the SNAP agency.		
<b>Section 4</b>	<b>**ALL SFAs collecting applications must report Section 4**</b>	<b>A. Number of Applications</b>	<b>B. Number of Students</b>
	4-1: Approved as categorically FREE Eligible: Based on those providing documentation (e.g. a case number for SNAP, TANF, FDPIR on an application)		
	4-2: Approved as FREE eligible: Based on household size and income information		
	4-3: Approved as REDUCED PRICE eligible: Based on household size and income information		
T-1: Total FREE Eligible Students Reported:			T-2: Total REDUCED PRICE Eligible Students Reported:

# Income Verification Collection Report (Attachment G)

- Must report data on verification using the Income Verification Collection Report
- Start Verification Process by October 1<sup>st</sup>
- Complete Verification Process by November 15
- Submit Income Verification Report on CNMS by December 15.
- Even those exempt from verification requirements must still complete the report.
  - CEP and Provision 2 schools only need to complete section 2, 3-1 and 5-1 (if all schools in the SFA are under the Provision)

# Section 1 and 2

## Number of Schools or Institutions and Number of Students Alternate Provisions

Section 1	Total Schools, Residential Child Care Institutions (RCCIs) and Enrolled Students	<b>**All SFAs must report Section 1**</b>	A. Number of Schools OR Institutions	B. Number of Students
		1-1: Total schools (Do not include RCCIs):		
		1-2: Total RCCIs (Do not include schools counted in 1-1):		
		1-2a: RCCIs with day students (Report ONLY day students in 1-2aB):		
		1-2b: RCCIs with NO day students:		

Section 1 will prefill once the October claim is submitted using the last operating day in October

Section 2	SFAs with schools operating alternate provisions	<b>**ONLY SFAs with alternate provisions must report Section 2**</b>	A. Number of Schools AND Institutions	B. Number of Students
		2-1: Operating Provision 2/3 in a BASE year for NSLP and SBP:		
		2-2: Operating Provision 2/3 in a NON BASE year for NSLP and SBP:		
		2-2a: Provision 2/3 students reported as FREE in a NON BASE year:		
		2-2b: Provision 2/3 students reported as REDUCED PRICE in a NON BASE year:		
		2-3: Operating the Community Eligibility Option:		
		2-4: Operating other alternatives for NSLP and SBP:		
		2-5: Operating an alternate provision(s) for only SBP or only NSLP:		

Section 2 is only for SFAs or RCCIs who operate alternative provisions, this include Provision 2 and Community Eligibility Provision (CEP).

# Section 3

## Free eligibles not subject to verification

**3-1** SFAs that are not required to perform direct certification check box 3-1

**3-2** Students directly certified through SNAP ONLY or extension of eligibility  
(most SFAs will have largest number here)

**3-3** Students directly certified through TANF, Medicaid, FDPIR or extension of eligibility for these programs. Also homeless, migrant, runaway, documented foster children, Head Start

**3-4** Include ONLY students certified as Free based on a **letter** submitted by family from SNAP agency or extension of this eligibility

Section 3	Students approved as FREE eligible NOT subject to verification	<b>**ALL SFAs must report Section 3 or check box 3-1 if applicable**</b>	B. Number of FREE Students
		3-1: <input type="checkbox"/> Check the box only if all schools and/or RCCIs in the SFA were not required to perform direct certification with SNAP (i.e. NON BASE year Provision 2/3 for all schools)	
		3-2: Students directly certified through Supplemental Nutrition Assistance Program (SNAP): Do <u>not</u> include students certified with SNAP through the letter method.	
		3-3: Students directly certified through other programs: Include those directly certified through Temporary Assistance for Needy Families (TANF), Food Distribution Program on Indian Reservations (FDPIR), or Medicaid (if applicable); those documented as homeless, migrant, runaway, foster, Head Start, Pre-K Even Start, or non-applicant but approved by local officials. <b>DO NOT</b> include SNAP students already reported in 3-2.	
		3-4: Students certified categorically FREE eligible through SNAP letter method: Include students certified for free meals through the family providing a letter from the SNAP agency.	

- **Students are to be reported only once**
- **Use the last operating day in October when reporting data in section 3**

## Section 4 Eligible through a Household Application

Section A:  
As of October 1<sup>st</sup>

Section 4	Students approved as FREE or REDUCED PRICE eligible through a household application	<b>**ALL SFAs collecting applications must report Section 4**</b>	A. Number of Applications	B. Number of Students
	4-1: Approved as categorically FREE Eligible: Based on those providing documentation (e.g. a case number for SNAP, TANF, FDPIR on an application)			
	4-2: Approved as FREE eligible: Based on household size and income information			
	4-3: Approved as REDUCED PRICE eligible: Based on household size and income information			

Section B:  
As of the Last Operating Day in October

A. Number of applications refers to the number of household applications submitted

- A. 4-1: Free eligible based on a case number written on an application or a foster child application where the household did not submit documentation verifying the foster child's status
- B. 4-2: Free eligible based on income information on an application
- C. 4-3: Reduced eligible based on income information on an application

B. Number of students are the total number of students on all applications submitted (there may be more than one student per household application)

**\*\*ALL SFAs must report Section 5 or check box 5-1 if applicable\*\***

5-1: ☐ Check the box if ALL schools and/or RCCIs are exempt from verification (see instructions for list of exemptions).  
If 5-1 is checked, no further reporting in Section 5 is required.

5-2: Was verification performed and completed?

- ☐ Yes, completed by November 15th  
☐ Yes, completed after November 15th  
☐ No, verification was NOT performed or the process was not completed.

5-3: Type of Verification process used:

1. ☐ Standard (Lesser of 3% or 3,000 error-prone)  
 2. ☐ Alternate one (Lesser of 3% or 3,000 selected randomly)  
 3. ☐ Alternate two (Lesser of 1% or 1,000 error prone applications PLUS lesser of one-half of one percent or 500 applications with SNAP/TANF/FDPIR case numbers)

If 1 or 3 is checked in 5-3,  
report 5-4.  
If 2 is checked in 5-3, enter  
"N/A" in 5-4.

5-4: Total ERROR PRONE applications:  
Report all applications as of October 1st  
considered error prone

5-5: Number of applications  
selected for  
verification sample:

**\*\*ALL SFAs must report 5-7 or check box 5-6 if applicable\*\***

5-6: ☐ Check the box if direct verification was not conducted in the SFA, (i.e. not one of the schools and/or RCCIs in the SFA performed direct verification). If 5-6 is checked, skip 5-7.

A. Number of  
Applications

B. Number of  
Students

Report if FREE and/or REDUCED PRICE eligibility is confirmed through  
direct verification with SNAP/TANF/FDPIR/MEDICAID as of November 15th

5-7: Confirmed through  
direct verification:

**5-8: Results of Verification by Original Benefit Type**

For each original benefit type (A, B, & C), report the number of applications and students as of November 15th for each result category (1, 2, 3, & 4).  
Do NOT include students and applications already reported in 5-7A or 5-7B.

**A. FREE-Categorically Eligible**

Certified as FREE based on SNAP/TANF/FDPIR  
documentation (e.g. case number) on application

Result Category	a. Applications	b. Students
1. Responded, NO CHANGE:		
2. Responded, Changed to REDUCED PRICE:		
3. Responded, Changed to PAID:		
4. NOT Responded, Changed to PAID:		

**B. FREE-Income**

Certified as FREE based on  
income/household size application

Result Category	a. Applications	b. Students
1. Responded, NO CHANGE:		
2. Responded, Changed to REDUCED PRICE:		
3. Responded, Changed to PAID:		
4. NOT Responded, Changed to PAID:		

**C. REDUCED PRICE-Income**

Certified as REDUCED PRICE based on  
income/household size application

Result Category	a. Applications	b. Students
1. Responded, NO CHANGE:		
2. Responded, Changed to FREE:		
3. Responded, Changed to PAID:		
4. NOT Responded, Changed to PAID:		

VC-1: Total questionable applications verified for cause (Enter "N/A" if not applicable):

Report the number of applications as of November 15th verified for cause in addition to the verification requirement.

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