

Section 6

Verification of Eligibility

Section 6, Verification of Eligibility

Update Guide

August 4, 2023

Updated Verification Report deadline.

May 19, 2023

Clarified information on the following topic:

- Allowable Actions After Verification Completion Date

Created new Definitions and Contact Information sections, located at the beginning of the Administrator's Reference Manual (ARM). Removed definitions and contact information from this section.

September 29, 2022

Clarified information on the following topics:

- Income Documentation
- *Verification Report*
- Removed FSMC role in verification guidance

Extended or Extension of Categorical Eligibility definition

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Verification of Eligibility

Verification is the process for reviewing the eligibility determination for a free or reduced-priced household application submitted for the National School Lunch Program (NSLP) and School Breakfast Program (SBP). Verification of a household's application must include one of the following:

1. Confirmation of income eligibility
2. Confirmation that the student or any member of the household is a participant in a Categorical Assistance Program
 - Supplemental Nutrition Assistance Program (SNAP)
 - Temporary Assistance for needy Families (TANF)
 - Food Distribution Program on Indian Reservations (FDPIR)
 - Medicaid Free (Identified through a direct verification match in the Texas Eligibility List Management System [Texas ELMS])
 - Medicaid Reduced (Identified through a direct verification match in Texas ELMSor a participant in one of the Other Source Categorical Eligible programs
 - Head Start and Early Head Start pre-kindergarten programs
 - Foster¹
 - Homeless, including runaways and individuals displaced by declared disasters
 - Migrant
 - SNAP, TANF, or FDPIR eligible students who are not directly certified

Information Box 1

Categorical Programs Qualifying Students for NSLP and SBP Free Benefits

Categorical Assistance Programs

- Supplemental Nutritional Assistance Program (SNAP)
- Temporary Assistance for Needy Families (TANF)
- Food Distribution Program on Indian Reservations (FDPIR)

Identified through a direct certification match in the Texas Eligibility List Management System (Texas ELMS)

- Medicaid Free
- Medicaid Reduced

Other Source Categorical Eligible Programs

- Head Start and Early Head Start pre-kindergarten programs
- Foster
- Homeless, including runaways and individuals displaced by declared disasters
- Migrant
- SNAP, TANF, or FDPIR eligible students who are not directly certified

¹ Where the state retains legal custody of the child. See the *Administrator's Reference Manual (ARM)*, Section 4, *Eligibility Determination* for additional information on this topic.

The verification process helps to maintain program integrity. As part of the process to determine eligibility, CEs are required to validate² that a student is a participant in a categorical program, with the exception of a foster child, when a household application designates participation in one of the categorical programs. If a student’s participation in Head Start or Early Head Start pre-kindergarten programs; homeless status, including runaways and individuals displaced by declared disasters; or migrant status is validated,³ the student is directly certified and is not subject to verification or direct verification and is not included in the verification pool.

The *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* provides detailed information on processes that are related to eligibility determination.

Information Box 2	
Strategies to Prevent Overlooking Verification Deadlines	
CEs may find the following strategies helpful in meeting the verification timeline.	
Calendar	Mark the date verification is to begin and the deadline for its completion on the school calendar of events or a calendar noting other important dates and deadlines.
Staff Backup	Ensure that more than one person is aware of the deadline and of the verification requirements. Assign an alternate Verification Official. This will help if an assigned Verification Official is suddenly unable to conduct verifications.
Plan of Action	Develop a written verification plan that includes the methods to be used and the time frames by which each step must be accomplished. The plan should be revised and updated each year as needed.
Time Management	Allow sufficient time for agencies (e.g., SNAP or TANF office) to confirm household eligibility. Thirty days is the minimum time an CE should allow for agencies to confirm household eligibility when using agency records in this process.
Point of Service (POS) System	Reach out the CE’s POS system provider early in the year to get information on system functions that support the verification process.

This section provides detailed information on the following topics:

- Process for verifying household applications
- Selection of the verification sample from the total pool of household applications
- Confirmation of the initial eligibility determination for household applications selected for verification
- Notification—selection for verification and verification results
- Requirements for applying verification results
- Appeal of verification decisions
- Reporting
- Records retention

² See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for additional information on this topic.

³ See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for additional information on validation.

Official Roles Related to Eligibility and Verification

Each CE must designate a specific person—Determining or Reviewing Official, Verification Official, and Hearing Official—in the Contracting Entity Application in the Texas Unified Nutrition Programs System (TX-UNPS) Application Packet screen.

The CE must ensure that staff performing these roles have the necessary training or preparation to perform these roles effectively and accurately.

Determining or Reviewing Official (Required)

Person who reviews all household applications, direct certification lists, and other documentation for categorical eligibility in order to make decisions related to eligibility.

Cannot be the same person as the confirming or hearing official

Hearing Official (Required)

Person who ensures that all required provisions are followed correctly and makes a determination any time there is an appeal of decisions related to eligibility determinations.

Cannot be the same person as the determining or reviewing official, confirming, or verifying official

Verifying Official (Required for Verification)

Person who verifies the eligibility of applicant households.

Cannot be the same person as hearing official

May be the same person as determining or reviewing or confirming or follow-up official

Confirming Official (Optional Designation, Required Action)

Person who confirms that the initial determination made by the determining or reviewing official was accurate; cannot be the same person as the determining or reviewing or hearing officials.

May be the Follow-up or Verification Officials

Follow-Up Official (Optional Designation, Required Action)

Person who conducts follow-up with any household or agency that has not submitted requested or adequate information.

May be the Confirming or Verification Official

Eligibility/Verification Official Role Chart					
If a No is recorded at the intersection of the column and row, the individual cannot perform the required actions for both official roles.					
If a Yes is recorded at the intersection of the column and row, the individual can perform the required actions for both official roles.					
	Determining /Reviewing ^R	Hearing ^R	Verification ^R	Confirming ^O	Follow-Up ^O
Determining /Reviewing ^R	--	No	Yes	No	Yes
Hearing ^R	No	--	No	No	No
Verification ^R	Yes	No	--	Yes	Yes
Confirming ^O	No	No	Yes	--	Yes
Follow-Up ^O	Yes	No	Yes	Yes	--
Key for Abbreviations					
^R = Required—CE is required to assign an individual(s) to perform the actions associated with this role.					
^O = Optional— CE is not required to assign an individual(s) to perform the actions associated with this role, but the actions associated with this role are required .					

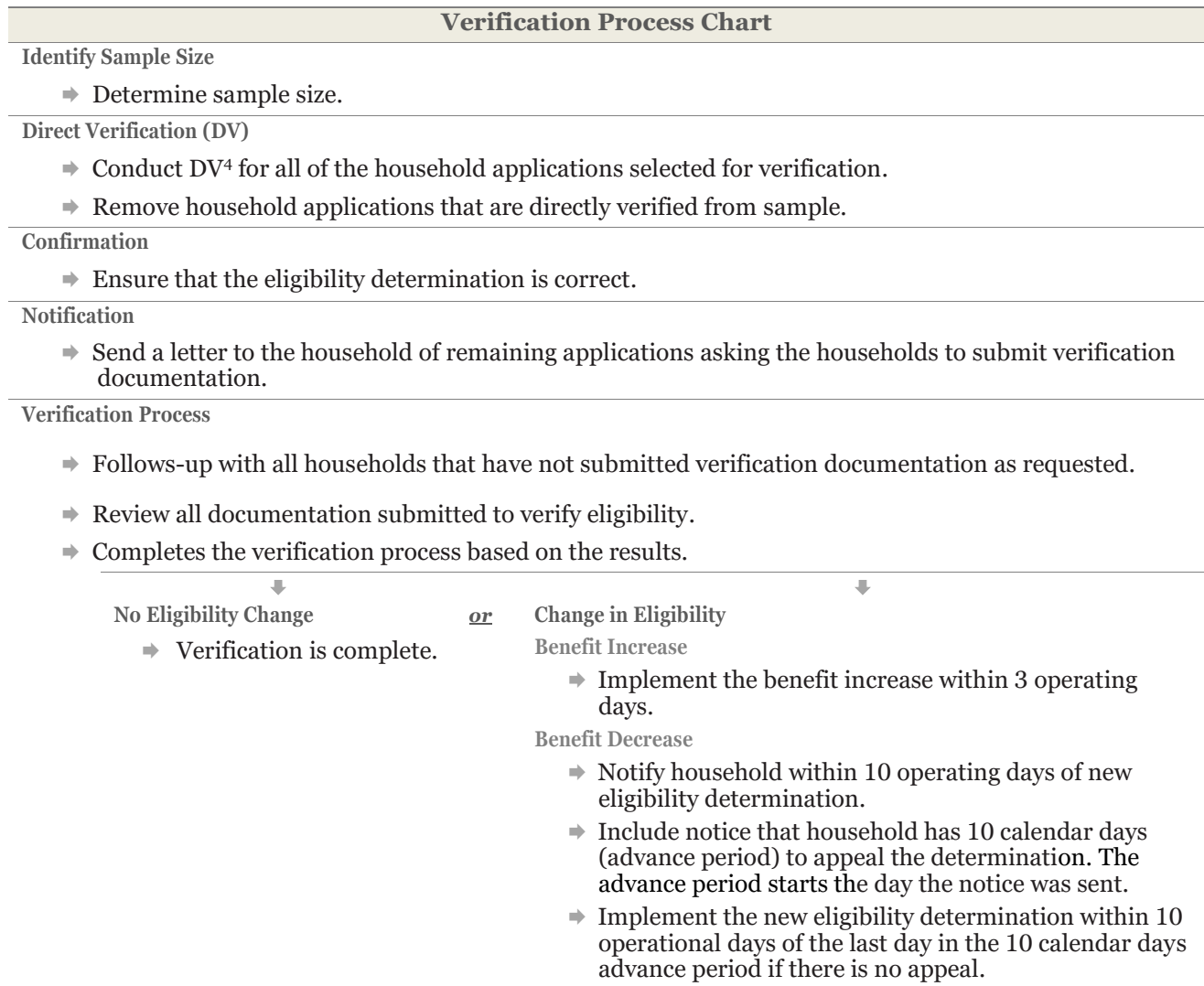
Special Situations, Official Roles

Third Party

If a CE contracts with a third party to assist with the required follow-up activities, the third party is subject to the confidentiality requirements outlined in program regulations.

Verification Process

The following chart summarizes the verification process:



Residential Child Care Institutions (RCCIs)

RCCIs Verification Reporting

All RCCIs must complete and submit the *Verification Report*⁵ in TX-UNPS each year. If the RCCI has only residential students, the RCCI must only answer the questions required for RCCIs.

⁴ Direct Verification is not required. However, conducting Direct Verification often reduces the number of households that must be contacted for the verification process.

⁵ Applies only to NSLP and SBP

RCCI with Day Students

RCCIs with day students must complete the verification process for the day students. This requirement applies even if the RCCI does not charge day students for their meals. The RCCI must answer all questions.

Timeline Requirements

The following timeline is used each year for the verification process:

- Beginning of School Year Until October 1— The Verification Official can verify a household application as soon as it is approved even if this is before the official October 1 start date for verification. CEs are encouraged to begin the verification process as early as possible, especially if the CE has had difficulty collecting verification documentation in the past. If starting early, the CE should use a preliminary sample size based on the previous year's sample number.
- October 1—CE must determine the total number of approved household applications and use this number to calculate the sample size.
- October 1—CEs must determine the number of household applications to be verified for the school year (also called the sample size) and begin the verification process. If October 1 falls on a weekend, CEs may use the next operating day after October 1 as the day to establish the sample size. However, any new household applications or direct certification determinations that are made after October 1 (or Monday following if it falls on a weekend) must be included in the October 31st counts, not the October 1 counts.
- October 31—CEs determine the total number of students enrolled and sites for the current SY as of this date.⁶
- November 15—CEs complete verification activities. The November 15 date is same whether the date falls on a weekend or holiday.
- **Annually every fall**—CEs must submit the *Verification Report* to TDA, accessed in Texas Unified Nutrition Programs System (TX-UNPS) | Applications | Download Forms. Follow the form directions for submission.

Verification for Cause

A CE must verify any questionable household application that provides conflicting information on a case-by-case basis. Verification for cause may be conducted at any time during the school year. However, the CE should seek clarification from the household about any discrepancies found during the certification process before verifying a household application for cause.

Any household applications that have been verified for cause are not counted in calculating the verification sample size.

Reasons for Selection of Household Application for Verification for Cause

Verification for cause is not an automatic process. Any household application that is selected to be verified for cause is chosen because it is considered to be a *questionable household application*:

- Known or available information is conflicting
- Known or available information indicates a mistake or misrepresentation on the household application form.

For Example: A household records a total income on the household application and voluntarily submits paystubs indicating that the recorded total income is incorrect. The CE must approve the

⁶ CEs may open sites after this date, but any site opened after October 31st is not reported on the CE's *Verification Report*.

household application based on the information on the household application. A household application cannot be denied because of additional information voluntarily submitted—even if that information contradicts what is recorded on the household application. However, the determining or reviewing official must identify this household application to be verified *for cause*. Households can be sent the award notification and verification notification *for cause* at the same time.

A household completed a multi-use application allowing the CE to share income information for the household application with another program. When the other program processes the household's application for that program, they determine that the household income is above applicable Income Eligibility Guidelines (IEGs). The other program notifies the CE about the basis for the denial. This household application is questionable and, therefore, it is appropriate to conduct verification for cause. TDA provides sample forms and letters to assist CEs in collecting additional information to verify the household's income or participation in one of the categorical assistance or other source categorical programs at www.SquareMeals.org.

TDA provides sample forms and letters to assist CEs in collecting additional information to verify household's income⁷ or participation in one of the categorical assistance or other source categorical programs at www.SquareMeals.org.

Verification for Cause, No Income Reported

CEs cannot automatically select all free and reduced-price household applications submitted with no income reported for verification *for cause*. If a household application with no income reported is selected to be verified for cause, there must be an additional reason for this course of action.

Verification for Cause, CE Employees

CEs cannot automatically select all free and reduced-price household applications submitted by staff for verification *for cause*. CEs are encouraged to consult with legal counsel to establish parameters of verification *for cause* for staff submitted household applications.

Household Applications Excluded from the Verification Sample Pool

A CE must not verify the household applications of students if the determination of eligibility was made in one of the following ways:

- Household applications for students attending a school that participates in the Special Milk Program only.
- Household applications for students attending a school where there is no separate charge for food service and no special cash assistance claimed (i.e., non-pricing programs claiming only the paid rate of reimbursement for meals served).
- Household applications for students living in residential child care institutions (RCCIs).⁸
[NOTE: Although RCCI schools are not required to conduct verification, participation data from these schools must still be reported in the *Verification Report*.]
- Applications for students whose applications have been validated.
[NOTE: CEs are required to validate that a student is categorically eligible (with the exception of foster) as part of the process to determine eligibility. When a student's participation in Head Start or Early Head Start; homeless status, including runaways and individuals displaced by declared disasters; or migrant status is validated, the student is directly certified and is not subject to verification, direct verification or included in the verification pool.]⁹
- Household applications for students whose household applications have been verified for cause.

⁷ See *Administrator's Reference Manual (ARM)*, Section 4, *Eligibility Determination* for additional income information.

⁸ See the *Administrator's Reference Manual (ARM)*, Section 28, *Residential Child Care Institutions (RCCIs)* for additional information regarding verification and RCCIs. If an RCCI has enrolled day students, verification is required.

⁹ See the *Administrator's Reference Manual (ARM)*, Section 4, *Eligibility Determination* for additional information on validation.

- Household applications listing students that are directly certified using records from public agencies (Texas ELMS in TX-UNPS, dated and signed lists from appropriate agencies, or other acceptable documentation methods for Categorical Assistance Programs or Other Source Categorical Eligible programs).¹⁰

[NOTE: If some of the students in the household are directly certified and others are not, the students in the household who have not been directly certified must be added to verification pool.]

- Household applications that have been denied.

Verification Sample Pool—Household Applications to Include

Before any household application can be verified, the household application must be approved. Denied household applications are not verified. A CE must use the following guidance in creating its verification sample pool:

- Household applications submitted for income.
- Household applications submitted for Other Source Categorical Eligible program participants that are not able to be directly certified.

[NOTE: CEs are required to validate¹¹ categorical program participation for Other Source Categorical Eligible program participants (with the exception of foster) when making an eligibility determination based on a household application. When a student’s participation in Head Start or Early Head Start; homeless status, including runaways and individuals displaced by declared disasters; or migrant status is validated, the student is directly certified and is not included in the verification pool.]¹²

When a foster child is not directly certified, and the household submits a separate household application for the foster child and a separate household application for the other students in the household, both household applications are included in the verification sample pool. If the household submits one household application for all students in the household, including the foster child, only one household application is included in the verification sample pool.

- If some of the students in the household are directly certified for Other Source Categorical Programs¹³ and others are not, the household application for the students in the household who have not been directly certified must be added to verification pool.

Applications Not Included in the Verification Pool

CEs must not include the following eligibility determinations in the verification pool:

- Direct certification with SNAP, TANF, FDPIR, or Medicaid, included extended eligibility determinations for these programs.
- Household eligibility for students who have transferred to the districts whose eligibility is based on a written, emailed, or faxed statement from a sending CE.¹⁴

Verification Pool Chart			
Included in the Verification Pool		<u>Not</u> Included in Verification Pool	
Eligibility Based on	Eligibility Determination	Eligibility Based on	Eligibility Determination

¹⁰ See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for additional information on this topic.

¹¹ See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for additional information on validation.

¹² See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for more information on this topic.

¹³ Head Start or Early Head Start pre-kindergarten programs; foster; homeless, including runaways and individuals displaced by declared disasters; migrant.

¹⁴ See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for more information on this topic.

Household Application Income Information	Household Free or Reduced-Price	Direct Certification in Texas ELMS as SNAP or TANF	Household Free
Household Application with an EDG Number ¹⁵ Provided	Household Free	Direct Certification in Texas ELMS as Medicaid Free or Medicaid Reduced,	Household Free or Reduced-Price
Household Application with Individual Student Foster Identification	Individual Student Free	Direct Certification through a List Provided by Designated Official/Liaison	Individual Student Free
		- Foster, - Migrant, Homeless, Runaway, Displaced - Head Start or Early Head Start Pre-Kindergarten Program	
		Direct Certification through a List of Residential Students with Zero Income Provided by an RCCI	
		Verification for Cause Conducted by School Nutrition Program	Free or Reduced-Price

In the verification process, CEs must not take the following two actions:

1. Verify 100% of all household applications
2. Request that any household submit verification documents at the same time the household application is submitted

Total Number of Household Applications to Be Verified

The total number of household applications to be verified is determined by adding the number of household application verified *for cause* plus the sample size number based on the total number of household applications approved by the CE on October 1.

Verification Sample Size (total number of household applications selected for verification)	+	Additional Household Applications Verified for Cause* (household applications selected because of inconsistent or misrepresented documentation)	=	Total Number of Household Applications Verified
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* Additional household applications verified for cause must not be included in the verification sample.

The verification sample size does not include any household applications selected to be verified for cause. However, the number of applications verified for cause is reported in the *Verification Report*.

Determining Sample Size

CEs are required to determine the verification sample size based on total number of household applications approved by the CE as of October 1 of each year. The sample size is the total number of household applications that must be selected for verification in addition to the for cause household applications selected for verification. CEs must use the following guidance in determining the sample size:

Begin Verification Early

If the CE has chosen to start verification early, the Verification Official will determine if the estimated number of household applications chosen to fulfill the preliminary verification sample size matches the final sample size number determined on October 1. If necessary, additional

¹⁵ See *Administrator's Reference Manual (ARM)*, Section 4 Eligibility Determination for more information on this topic.

household applications must be selected when the CE determines the total number of household applications for the current year.

Minimum Sample

At least one household application must always be verified.

Maximum Sample Size

CEs must only verify the total number of household applications to be included in the sample based on the calculation formulas below.

[NOTE: Household applications verified for cause are not included in the verification sample.]

Nondiscrimination

Regulations require that any method used for selecting household applications for verification must be nondiscriminatory.

Rounding

When determining the required verification sample size of household applications to be verified, round the final fraction/decimal in the calculation upward.

Rounding must only be applied at the final step of calculation. If double rounding is used, the final answer may result in an inaccurate total.

Methods for Determining Sample Size

CEs determine their verification sample size in one of two ways as described below:

Standard Sample Size Any CE that <u>does not qualify</u> for an alternative sample size method Using error prone approved household applications first and then non-error prone if there are not enough error prone household applications	OR	Alternate Sample Size Any CE that <u>does qualify</u> to use one of the two methods for determining an alternative sample size Using all approved household applications
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Standard Sample Size

Those CEs that do not qualify for an alternate sample size will use the Standard Sample Size method. For this method, error-prone household applications are verified first, non-error prone household applications are used to complete the sample size if there are not enough error-prone household applications.

An error prone household application includes an income amount that is within \$100 per month (\$1200 per year) of the applicable Income Eligibility Guideline (IEG).¹⁶ Error prone household applications do not include SNAP, TANF, or FDPIR household applications that are directly certified.

Standard Sample Size Method

CEs must take the following steps to use the Standard Sample Size Method.

Step 1: Standard Sample Size Calculation Process. Determine which amount is smaller—3,000 error prone household applications or 3 percent of the total number of household applications.

¹⁶ USDA typically updates the income eligibility criteria in the late spring. As soon as those updates are publicized, changes are posted at www.SquareMeals.org. Free eligible households are at or below 130 percent of the Federal poverty guidelines. The reduced-price eligible households are between 130 and at or below 185 percent of the Federal poverty guidelines. See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for more information on income eligibility, including how to convert household income with varied frequency to total yearly income.

Determine which is smaller—Number A or Number B. Use that number for the required sample size.

Number A 3,000 error prone household applications	\circ r	Number B 3 percent of total number of household applications	$=$	Sample Size
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Step 2: Interval Number. Determine the interval for selecting household applications for verification by dividing the total number of household applications by the sample size.¹⁷

Total Number of Household Applications in the Verification Pool	\div	Sample Size Determined in Step 1	$=$	Interval Number
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Step 3: Random Selection of Household Applications. Count through the error prone household applications selecting each household application that corresponds to the interval number. To reach the sample size, the Verification Official may need to count through the household applications more than one time. If there are not enough error prone household applications, the CE must use randomly selected non-error prone household applications.

For Example: If the interval number is 76, the Verification Official selects every 76th error prone household application for verification until the sample size is reached.

Alternate Sample Sizes

The ability to use an alternate sample method must be determined annually. Those CEs that qualify for an alternate sample size must meet one of the following conditions:

- **Lowered Non-Response Rate.** CEs that have less than a twenty percent non-response rate for verification requests for the preceding school year.

For Example: In SY 2015–2016, the CE had a non-response rate of 18 percent. Because this percentage is less than 20 percent, the CE qualifies to use an alternate method for determining its sample size in SY 2016–2017.

- **Improved Non-Response Rate.** CEs that

1. have more than 20,000 students approved by household application as eligible for free or reduced-price meals as of October 1 and
2. have at least a 10 percent decrease in the non-response percentage between Year 1 and Year 2 qualify to use an alternate sample size method in Year 3.

For Example: In SY 2014–2015—Year 1, the CE had 21,000 students approved for free and reduced-price meal benefits and a total of 6,000 approved household applications.¹⁸ Therefore, 180 household applications have to be verified.

Forty-five (45) households out of 180 fail to respond to verification requests, creating a non-response rate of 25 percent.

Non-Response Rate: $45 \div 180 = 25\%$

To meet the criteria for an improved non-response rate, the CE needs to improve its response rate by 10 percent the following year—they will need to have a non-response rate of less than 22.5 percent in the next SY.

Needed Improvement: $25\% \times 10\% = 2.5\%$ $25\% - 2.5\% = 22.5\%$

In SY 2015–2016—Year 2, the CE again has 6,000 approved household applications and a required sample size of 180.

¹⁷ See the *Random Selection Method* subsection in this section for more detailed information on this topic.

¹⁸ See the *Standard Sample Size Calculation Process* description in the *Standard Sample Size Method* subsection in this section for more information on this determination.

At the end of verification Year 2, the CE reduces its non-response rate to 19.7 percent.

Improved Non-Response Rate:
19.7% < 22.5%

The CE is eligible for an alternate sample size method in the SY 2016–2017—Year 3 since its non-response rate the second year is less than 22.5 percent.

Alternate Sample Size Methods

CEs qualifying for alternative sample size methods will use one of the following alternative sample size methods:

Alternate 1 Sample Size Method

This sample is drawn from the total pool of all household applications—not just the error prone household applications.

Step 1: Alternate 1 Sample Size Calculation Process. Determine which amount is smaller—3,000 household applications or 3 percent of the total number of household applications.

Determine which is smaller—#A or #B. Use that number for the required sample size.

#A 3,000 household applications	or	#B 3 percent of total number of household applications	=	Sample Size
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Step 2: Interval Number. Determine the interval for selecting household applications for verification by dividing the total number of household applications by the sample size.¹⁹

Total Number of Household Applications in the Verification Pool	÷	Sample Size Determined in Step 1	=	Interval Number
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Step 3: Random Selection of Household Applications. Count through the *household applications* selecting each household application that corresponds to the interval number. To reach the sample size, the Verification Official may need to count through the household applications more than one time.

For Example: If the interval number is 76, the Verification Official selects every 76th error prone household application for verification until the sample size is reached.

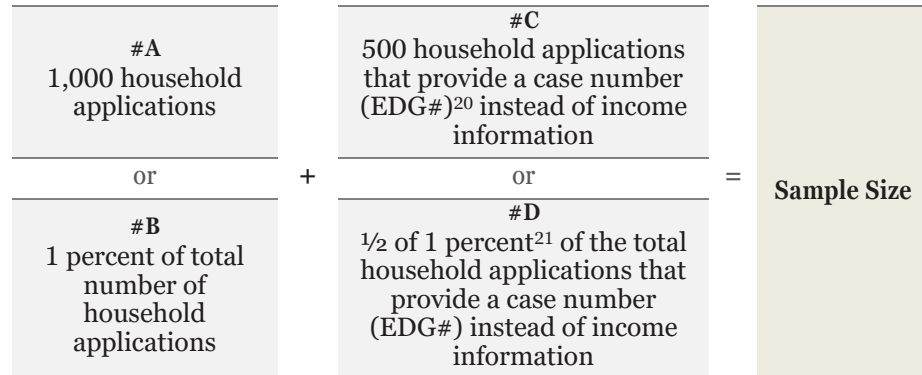
¹⁹ See the *Random Selection Method* subsection in this section for more detailed information on random selection and the use of an interval number.

Alternate 2 Sample Size Method

This sample is drawn from all approved error prone household applications and from SNAP or TANF household applications.

Step 1: Alternate 2 Sample Size Calculation Process. Determine which amount is smaller—1,000 household applications or 1 percent of the total number of household applications.

Determine which is smaller—#A or #B; use that number. Determine which is smaller—#C or #D; use that number. Add the smaller numbers from #A/#B and #C/#D and use that number for the sample size.



Step 2: Interval Number. Determine the interval for selecting household applications for verification by dividing the total number of household applications by the sample size.²²



Step 3: Random Selection of Household Applications. Count through the household applications selecting each household application that corresponds to the interval number. To reach the sample size, the Verification Official may need to count through the household applications more than one time.

For Example: If the interval number is 76, the Verification Official selects every 76th error prone household application for verification until the sample size is reached.

Random Selection Method

No matter which sample size method is used—standard or alternative—CEs must use an interval number to randomly select household applications. Directions for using an interval number are located in Step 2 in the directions for each method.

Direct Verification

Direct Verification is the use of public records²³ to verify a student’s eligibility for free or reduced-price meals when verification of a student’s eligibility is required.

[NOTE: Direct Verification and Direct Certification are two separate processes, but the processes are linked. The purpose of Direct Verification is to verify a student or household’s eligibility. However, once the Direct Verification process is completed, the CE is allowed to use Direct Verification information to assign a student’s eligibility as directly certified for free or reduced-price meals.]

²⁰ Eligibility Determination Group Number

²¹ .005 when converted to a decimal.

²² See the *Random Selection Method* subsection in this section for more detailed information on random selection and the use of an interval number.

²³ See the *Collateral Contacts* subsection in this section for additional information on sources to assist in direct verification. See the *Records Retention* subsection in this section for additional information on the records retention requirements for direct verification.

When a CE is able to directly verify eligibility, the CE is not required to notify the household of its selection for verification.

Direct Verification cannot be used to determine eligibility. It can only be used to verify eligibility. CEs must not attempt to directly verify their total student enrollment. In direct verification, CEs must only attempt to directly verify the households/students selected for verification.

[NOTE: Once direct verification is complete, CEs will use that information to directly certify eligible households.]

If a CE conducts Direct Verification, Direct Verification must be completed before asking a household to provide documentation. If Direct Verification indicates a change in eligibility benefit level,²⁴ the CE must not request additional documentation from the household with the exception of a Medicaid match that results in decreased benefits.

Medicaid Match Reduces Benefits

If the CE discovers that an income-based household application is in conflict with a Direct Verification match that would cause a household's benefits to decrease when applied, the CE will apply the normal verification process and request documentation to verify the higher benefits.

A CE that conducts Direct Verification must also follow all local and state regulations in obtaining and using information for this process.

CEs are not required to conduct direct verification, but the CE will find that there are benefits from doing this process.

Benefits to the CE Using Direct Verification

Direct Verification streamlines the verification of household applications—saving the CE time and effort. By increasing Direct Verification, the number of household applications that the CE must verify by contacting the household is decreased. If any student in the household is identified using the Texas ELMS in TX-UNPS or records provided by another governmental agency, all students in the household are directly verified, and there is no need to request additional documentation from the household.

Submitting Children's Names for Direct Verification in TX-UNPS

Texas ELMS allows Texas CEs to match enrolled students based on the nine-digit EDG#, student name, Texas Education Agency unique student identification number, social security number, and birthdate. Direct Verification will allow CEs to match SNAP, TANF, Medicaid Free, Medicaid Reduced, or the Children's Health Insurance Program (CHIP).

For children who qualify for Medicaid or the Children's Health Insurance Program (CHIP), the database will report whether the student is eligible for free or reduced-price meals. Verification of benefits for Medicaid and CHIP can only be conducted in Texas ELMS—no other method is allowed.

TDA has created the *School Nutrition Programs Direct Certification and Direct Verification (DCDV) Supplemental Manual* to assist CEs in uploading the necessary data and using the database. This manual is located in the Application Packet, Form Download screen in TX-UNPS.

Extended Eligibility

If a CE determines through Direct Verification that a student is categorically eligible for SNAP, TANF, Medicaid Free, or Medicaid Reduced, all students in the household are extended eligibility.

²⁴ Free, reduced-price, or paid

Notification

If Direct Verification results verify the student's eligibility, the CE will not notify the household as the verification process is complete when the CE verifies the eligibility determination.

If Direct Verification results in a decrease in eligibility based on a Medicaid Reduced or CHIP reduced match, the CE must notify the household as described in the *Notification of Adverse Action* subsection in this section.

Point of Service System (POS) Update

When a CE is able to directly verify the eligibility for a household, the CE must update its POS to indicate that the household/student(s) have been directly verified. The system must be able to track the changes to each student's eligibility throughout the school year and the reason for the change.

Direct Verification Shifts to Direct Certification

Direct Verification and Direct Certification are two distinct processes. However, if Direct Verification results in a new eligibility determination, the CE will then use the Direct Verification information to directly certify the eligibility for the household. This process includes household's that are directly verified for CHIP.

Confirmation Review

After selecting the household applications to be verified, the verification sample, the CE must perform a confirmation review before sending notification to the household or Direct Verification.

The confirmation review is a process where the Confirmation Official²⁵ reviews all the selected household applications for the verification sample and the household applications selected *for cause* to ensure that the initial eligibility determination was accurate.

The following guidance applies to the confirmation review.

- A confirmation review must be conducted by an official who was not the determining or reviewing official or hearing official.
- The confirming official reviews the documentation used by the determining or reviewing official and ensures that the eligibility determination is correct.
- If a CE confirms the accuracy of all eligibility determinations as part of the initial eligibility determination process, the CE is not required to perform a second confirmation of eligibility during verification.

Technology-Based Verification System

The requirement for a confirmation review may be waived if the CE has a technology-based system that demonstrates a high-degree of accuracy. Any CE that has an automated system for processing household applications must request approval for this flexibility.²⁶

Outcome of Confirmation Review Process

One of the following actions must be taken after the confirmation review determination:

- *No Change in Benefits*: If the confirming review shows the initial eligibility was correct for the household application, the CE must complete the verification process for the household application.

²⁵ See the *Official Roles Related to Eligibility and Verification* subsection of this document for additional information.

²⁶ See the Contact Information for the Texas Department of Agriculture (TDA) page at the beginning of this manual.

- *Increased Benefits:* If the confirmation review indicates an increase in benefits for the household based on the confirmation review of the household application, the CE must take the following actions:
 - Make the increased benefits available immediately.
 - Notify the household of the increased benefits.
 - Complete verification process for the household application.
- *Decreased Benefits from Free to Reduced Price:* If the confirmation review indicates a decrease in benefits from free to reduced price, the CE must take the following actions:
 - Leave the household’s eligibility status at its initial determination.
 - Complete the verification process for the household application.
- *Decreased Benefits from Free or Reduced Price to Paid:* If the confirmation review indicates a decrease in benefits from free or reduced price to paid, the CE must take the following actions:
 - Notify the household of adverse action immediately.
 - Remove the household application from verification sample pool.
 - Select a similar household application to replace it in the verification sample pool.²⁷
 - Complete the verification process for the newly selected household application.

Replacing Household Applications

After completing the confirmation reviews, the CE may, on a case-by-case basis, replace up to five (5) percent of selected household applications in the following conditions:

Inability of Household to Respond to the Request

The CE believes the household is unable to satisfactorily respond to the verification request. Households in this circumstance are commonly called *fragile households*.

For Example: There is a death in the household, or the household is adversely affected by a disaster.

Household Moves

A household moves before the verification process can be completed.

Household Becomes Directly Certified

When a household selected for verification is found to be directly certified before the household can provide documentation of eligibility, the CE does not have to replace the household application in the verification sample pool. This situation should be reported in the remarks section of the *Verification Report* (through TX-UNPS).

When a household application is replaced, the CE must adhere to the following guidelines:

- When calculating the five (5) percent of the selected household applications that may be replaced, CEs should round up to the next whole number. If five (5) percent of the total household applications selected for verification is less than one, one household application may still be replaced.
- Any household application removed must be replaced with another approved household application selected on the same basis—i.e., an error-prone household application must be replaced by an error-prone household application.

²⁷ See the *Replacing Household Applications* subsection in this section for additional information on replacing an application.

- The newly selected household application must have a confirmation review before the verification process begins.

Household Notification about Selection for Verification

Household notification²⁸ takes place after the confirmation review determines that a household application must be verified.²⁹ Household notification may be done by email or regular mail. Households should be given no less than 2 weeks to respond.

However, if the CE is able to directly verify the eligibility of the household through the Texas ELMS or through other agency documentation, the CE does not have to notify the household of its selection for verification.

Once households have received notification of selection for verification, they are required to send in documentation that verifies eligibility. The household notice or letter must include the following information:³⁰

General Information

1. Explanation that the household has been selected for verification
2. *USDA Use of Information Statement*

CEs must use this statement in its entirety.

The Richard B. Russell National School Lunch Act requires the information requested in order to verify your children's eligibility for free or reduced-price meals. If you do not provide the information or provide incomplete information, your children may no longer receive free or reduced-price meals.

USDA allows a shorter and more targeted Richard B. Russell statement for verification purposes only.

3. Explanation of the due date for the household to provide the requested documentation.
4. Explanation that failure to provide the requested documentation will result in termination of benefits
5. Contact information including the name and telephone number of a staff member who can answer questions and provide assistance to the household about verification at no cost to the household

[NOTE: For verification inquiries, the CE must establish a toll-free number or allow the household to reverse the charges if any households are located outside of the local calling area. Even if every household in the CE is located within a local calling area, the CE must provide an opportunity for a household member to call collect if the person is unable to call the CE from within the CE's local calling area. This includes accepting call charges from parents who work outside of the calling area and who are calling from work.

The CE may provide different telephone numbers for each local calling area within the CE.]

Information on Acceptable Documentation

6. Description of the types of acceptable information³¹ that households may provide to confirm current income³²

[NOTE: This includes, but is not limited to, pay stubs, award letters from assistance agencies such as Social Security, and support payment decrees from courts.]

²⁸ TDA has developed a sample household notification letter that CEs may use to notify households. This sample form is available at www.SquareMeals.org.

²⁹ See the *Outcome of Confirmation Review* subsection in this section more additional information on this topic.

³⁰ See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for additional information on this topic.

³¹ See the *Acceptable Documentation* subsection in this section for additional information on documentation.

³² See *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for additional income information.

7. Explanation the household may submit documentation of income received for a full month for any time between the month prior to the household application through the time period the household is required to provide the documentation
8. Explanation that the household may provide proof that any household member is receiving benefits under a Categorical Assistance Program³³ instead of providing income information
9. Explanation that the household may provide proof that a student is other source categorically eligible³⁴ instead of providing income information

Household with Limited English Proficiency (LEP)

CEs must ensure that limited English proficient (LEP) households are provided adequate language assistance so that the household understands the need for a response to the verification request and the timeline for responding to the request.

Notification Exception

When using agency records exclusively to verify household eligibility, a selection notice is not required because the household will not have to provide documentation.

Acceptable Documentation

There are three methods of documenting household eligibility:³⁵

Documentation Provided by the Household

1. Written income evidence
2. Appropriate letters of award sent to the household by a governing agency

Documentation Obtained from Sources Other Than the Household

3. Agency records
4. Collateral contacts

Income Documentation

Household income documentation should reflect any gross income received on a recurring basis for each individual in the household receiving income. *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* also has detailed information on this topic.

Required household documentation in response to a verification request for each individual in the household earning income:	Information Verification Official looks for while examining documentation for each individual in the household earning income:
<ol style="list-style-type: none"> 1. Dated paycheck stub 2. Dated pay envelope 3. Letter from employer stating gross wages paid and how often they are paid³⁶ 	<ol style="list-style-type: none"> 1. Name of individual receiving income 2. Amount of income 3. Date(s) income received 4. Frequency of income

³³ Assistance programs include Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDPIR).
³⁴ Other Source Categorically Eligible programs includes foster, homeless, migrant, runaway, and Head Start or Early Head Start pre-kindergarten programs.
³⁵ See *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for additional information and detailed guidance on documentation.
³⁶ TDA provides a form for employers to use to submit income information at www.SquareMeals.org.

Gross Income

Gross income for earnings—wages, salary, tips, and commissions—includes the following:

- Income that is automatically deducted from a person’s paycheck to pay any type of withholding tax, employee insurance costs, or charitable contributions
- Income from bonds
- Cash amounts received or withdrawn from any source, including savings, investments, trust accounts, and other resources which would be available to pay the price of a student’s meal

In general, anything considered as income for the initial household application process is also considered as income for verification purposes.³⁷

One-Month Period

Households must provide income information for a period of one month. The one-month period may come from any point in time between the month prior to application and the time the household is required to provide income documentation.

Income Exclusions

Income does not include any income or benefits received under any federal programs that are excluded from consideration as income by any legislative prohibition.³⁸

Overtime Income

If overtime income is reported, the Verification Official must work with the household to determine whether the overtime for the month being verified is representative of overtime received in other months. If the overtime is a one-time or occasional source of income, income should be calculated based on the regular monthly income without overtime.

Military Income Exclusions

When determining eligibility for military service members, refer to the member’s Leave and Earnings Statement (LES). Reviewers must not count any amounts listed as Combat Pay toward household income. Combat pay is also referred to by the U.S. Department of Defense as Hostile Fire Pay/Imminent Danger Pay (HFP/IDP). The entry on the military *LES* is HFP/IDP and may not include the words Combat Pay. However, the descriptors must be treated equally.³⁹

No Income

If a household application for a household selected for regular verification or verification for cause indicates zero income, the Verification Official

- must request an explanation of how living expenses are met and
- may request additional written documentation or for the household to name collateral contacts that can provide the additional information.

³⁷ See the *Acceptable Documentation* subsection in this section for detailed information on acceptable income documentation.

³⁸ See the *Administrator's Reference Manual (ARM)*, Section 4, *Eligibility Determination* for additional information on income exclusions.

³⁹ See the *Administrator's Reference Manual (ARM)*, Section 4, *Eligibility Determination*, for a list of income exclusions for military personnel.

Income Documentation for Verification Chart	
Type of Income ⁴⁰	Acceptable Documentation Suggestions
Cash Income —Wages received from an employer who does not want to be responsible for withholdings. This includes domestic workers, casual laborers, or employees of an individual or small business. Wages may be paid in cash.	<ul style="list-style-type: none"> • Letter from employer or form completed by employer stating wages paid and frequency
Child Support or Alimony —Payment by a separated or divorced spouse for support of children or a spouse. Although the court orders a monthly amount, payments may be infrequent or irregular. Only actual payments, not the amount awarded, must be reported.	<ul style="list-style-type: none"> • Copies of checks or other payment proof received, including bank statements • Court decree or formal written agreement
Earnings of Self-Employed Business Person or Farmer —Net income from self-employed business owner or farmer. Although individuals may hold considerable property and equipment, households must report only actual cash income, not assets.	<ul style="list-style-type: none"> • Business or farming document, such as ledger books or self-issued paycheck stub • Previous year's tax return
Military Housing Allowance —Payment received if an adult member of the household is a member of the military, and the household is located off base.	<ul style="list-style-type: none"> • Leave and earnings statement • Letter from base commander stating amount and frequency of allowance
Retirement or Pension —Retirement or pension income that is non-Social Security retirement. This includes private and state pensions, veteran benefits, and military retirement.	<ul style="list-style-type: none"> • Official statement of benefits received or award notice
R. R. Benefit or Railroad Retirement —Special government retirement fund for former employees of the railroads. Payments can be made to survivors, spouses, and children.	<ul style="list-style-type: none"> • Official statement of benefits received or award letter
Social Security Retirement —Traditional retirement benefits; payments to survivors, spouses and children; and disability payments—more correctly named Old Age and Survivors Disability Insurance. This income applies to younger persons, pre-retirement individuals, and dependents.	<ul style="list-style-type: none"> • Official statement or benefit letter • Copy of monthly check
Supplemental Security Income (SSI) —Special funding program to assist households with aged, blind, or other disabled members, including learning disabled. Sometimes called <i>disability payments</i> .	<ul style="list-style-type: none"> • SSI eligibility letter or statement of benefits • SSI check or bank statement indicating check deposit
Unemployment Compensation or Disability or Workers' Compensation —Income provided through federal or state unemployment or work-related injury compensation.	<ul style="list-style-type: none"> • Notice of eligibility; copy of the disability award letter, or unemployment compensation award letter • Check stub

Unacceptable Income Documentation

The following types of documentation are not acceptable to verify monthly income: ⁴¹

- **Tax Returns:** Tax returns are not considered acceptable proof of income except for households with irregular income (seasonal workers, self-employed persons, etc.). In

⁴⁰ See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for addition information on income and eligibility.

⁴¹ See *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for additional income information.

these cases, tax returns may be used to project the amount of income the household expects to receive for the current year.

- **Non-Representative Weekly Pay Stub:** A pay stub that is not representative of what the household receives each week cannot be used to determine monthly income. However, if one weekly pay stub is representative of what the household receives each week, one pay stub is sufficient to calculate a full month's income.

Records Containing Household Confidential Information

TDA strongly recommends that CEs do not keep confidential information beyond the period of time needed to verify a child's eligibility. TDA has developed the *Verification Individual Household Report Form* that allows CEs to summarize information obtained about each household's eligibility, so CEs do not have to retain confidential information. CEs must use this form or a CE-developed form that contains the same information fields.

When fully completed, this form serves as documentation for the verification of household eligibility or non-eligibility. Therefore, documentation containing confidential information can be destroyed or returned by a method that ensures household confidentiality.

Return of Documentation to the Household

If a household requests that documentation be returned, the Verification Official should comply with the request.

Agency Records

A household's eligibility may be verified through the use of information maintained by other government agencies to which the CE has legal access. This information includes proof that a household or individual participates in a categorically eligible program.⁴² Proof of program participation may be in the form of a letter, list, other benefit issuance form, or proper format for a SNAP or TANF Eligibility Determination Group Number (EDG#).⁴³

[Note: When a student's participation in Head Start or Early Head Start; homeless status, including runaways and individuals displaced by declared disasters; or migrant status is validated, the student is directly certified and not included in the verification pool.⁴⁴]

SNAP, TANF, or FDPIR

Documentation for SNAP, TANF, or FDPIR households that does not specify the certification period is not adequate proof of participation.

For Example: The SNAP identification card is not acceptable because it does not have an expiration date. The Lone Star Card is not proof of eligibility for SNAP benefits as the card has no set expiration date.

Best Practice in Using Agency Records

When verifying eligibility for categorical programs through other agencies begin as early as possible to allow sufficient time, at least 30 days, for that office to respond to the request.

Notifying Households about Use of Agency Records

Although USDA regulations do not require that households be notified of selection when verification is made through agency records, such agencies may have their own notification requirements. The CE should work with the agency to collaboratively ensure that the regulations applying to the agency or funding source are followed.

⁴² See the *Information Box 1, Assistance Programs Qualifying Children for NSLP and SBP Free Benefits* for additional information on categorical eligibility. See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for more detailed information on documentation related to categorical eligibility.

⁴³ See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for addition information on validation.

⁴⁴ See the *Administrator's Reference Manual (ARM), Section 4, Eligibility Determination* for more information on this topic.

Collateral Contacts

A collateral contact is a person outside of the household who is knowledgeable about the household's circumstances and can give confirmation of

- a household's income for the current month or the previous month and
- participation in a Categorical Assistance Program or one of the Other Source Categorical Eligible programs.⁴⁵

Collateral contracts include employers, social service agencies, migrant workers' agencies, and religious or civic organizations.⁴⁶

Collateral Contact Requirements

CEs must adhere to the following guidance in using collateral contacts:

- When to Use—The Verification Official should request a collateral contact only in cases when the household has not been able to provide adequate written evidence.
- Household Designation of Collateral Contact—The CE must give the household the opportunity to designate the collateral contact.
- CE Designation of Collateral Contact—If the household fails to designate a collateral or designates one who is unacceptable to the Verification Official, the Verification Official may select the collateral contact.
- Household Notification—No contact may be made to a collateral contact without first notifying the household and obtaining permission to make the contact.
- Inadequate or Inability of Collateral Contact—If the collateral contact is unwilling or unable to provide the requested information, the household is considered to be non-responsive.⁴⁷

Collateral Contact Documentation

CEs must document written or oral information provided by a collateral contact. Documentation must include the date of communication or interactions and initials of person initiating the communication or interaction and receiving the information. Collateral contacts typically provide two types of records:⁴⁸

- Individual benefit award notification forms or letters
- Lists of eligible household members

Using Collateral Contact Information

The Verification Official will examine any written information provided by the collateral contact and/or evaluate any oral information before making a verification determination.

⁴⁵ See the *Information Box 1, Assistance Programs Qualifying Children for NSLP and SBP Free Benefits* of this document for additional information on sources of categorical eligibility.

⁴⁶ TDA provides forms and sample letters for obtaining collateral information at www.SquareMeals.org.

⁴⁷ See the *Non-Responsive or Inadequate Response* subsection in this section for additional information.

⁴⁸ In some cases, collateral contacts may fall into the category of Direct Verification. See the *Direct Verification* subsection in this section for additional information on this topic.

Non-Responsive or Inadequate Response

CEs must use the following guidance to address non-responsive contacts to verification requests:

Follow-Up

Follow-up contacts are required in the following situations:

1. No or Inadequate Response from the Household. If the household does not respond to the request for verification or submits insufficient or obsolete written evidence, the Follow-up Official must make at least one additional contact with the household.
2. No or Inadequate Response from Collateral Contacts. If the collateral contact does not respond or does not respond adequately, the CE must make at least one follow-up contact with the collateral contact or follow-up with the household if the collateral contact cannot provide adequate information.

Limited English Proficiency (LEP) and the Follow-Up Response

CEs must ensure the limited English proficient (LEP) households are provided adequate language assistance and understand the need to respond to a follow-up request.

Adequate Time for Follow-Up Response

The Verification Official must allow sufficient time for the household to respond before the deadline. Allowing extra time does not mean the CE has to wait indefinitely since verification must be completed by November 15, annually, but it does mean that the CE has to allow a reasonable amount of time for the household to provide the needed information. CEs should build an allowance for a reasonable amount of time in their planning for the verification process and assigning deadlines.

Appropriate Methods for Follow-Up Notification

The follow-up contact may be made by mail, telephone, email, or personal contact.

Adverse Action for Non-Response to a Follow-Up Request

Any household that (1) does not contact the CE when the initial or follow-up request for verification information is made or (2) provides incomplete information or documentation is considered *non-responsive*.

In cases where the CE terminates the household application for failure of the household to respond, verification is considered complete when the advance notice of adverse action is sent to the household.⁴⁹

[Note: For adverse action, the CE must send notice to the household by mail or email.]

Verification for Cause, Due Process

CEs must follow the confidentiality, notice, and appeal procedures when conducting any type of verification including verification for cause.

⁴⁹ See the *Non-Responsive or Inadequate Response* subsection of this document for additional information on this topic.

Required Actions, Verification Results

CEs must provide adequate notification to households for changes in benefits. USDA required the following notification timeline:

Timeline for Change in Benefits Chart			
	Notification to Household	Notification Method	Make the Change Within
No Change in Benefits	as soon as possible	Phone Email Letter	n/a
Increase in Benefits	as soon as possible	Phone Email Letter	3 days [also ensure the eligibility change is noted in the point of service (POS) system]
Decrease in Benefits	Within 10 days of determination of decreased benefits	In writing by letter sent by regular postal mail or email Notice must give household 10 calendar days—advance notice—to appeal	10 operating days after the 10 calendar days advance notice period ends [also ensure the eligibility change is noted in the point of service (POS) system]

Verification of a household’s income eligibility for free or reduced-price meals must result in one of the following actions:

<p>No Change in Benefit Level. Household’s current documentation supports approved benefit level.</p>	<ul style="list-style-type: none"> – No change is made to household eligibility.
<p>Benefit Reduction Based on Documentation Submitted by the Household. Household submitted documentation reports income that is too high for the approved benefit level: household eligibility must be changed from free to reduced-price—free to paid—reduced-price to paid.</p>	<ul style="list-style-type: none"> – Change must be extended to all students in the household with exception of a foster child residing in the household. – Household must be notified of this change. – Notification of change in benefits must be sent to the household within 10 operating days from the date when a new eligibility determination was made. – Household must be given an advance notice period of 10 calendar days, starting on the day the notification was sent, to appeal the decision. – Unless the household appeals the decision, a decrease in benefits must occur within 10 operating days of the final day of the 10-calendar day advance notice.⁵⁰ – Change must be noted in the point of service (POS) system.

⁵⁰ See the *Notification of Adverse Action*; *Required Actions, Verification Results*; and *Required Action, Appeal and Hearing Procedures* subsections in this section for additional information on these topics.

<p>Benefit Reduction Based on Direct Verification for Medicaid Reduced or CHIP Reduced. Household submitted documentation report income that conflicts with Direct Verification data: household eligibility must be changed from free to reduced-price—free to paid—reduced-price to paid.</p>	<ul style="list-style-type: none"> – Change must be extended to all students in the household with exception of a foster child residing in the household. – Household must be notified of this change. – Notification of change in benefits must be sent to the household within 10 operating days from the date when a new eligibility determination was made. – Household must be given an advance notice period of 10 calendar days, starting on the day the notification was sent, to appeal the decision. – Unless the household appeals the decision, a decrease in benefits must occur within 10 operating days of the final day of the 10-calendar day advance notice.⁵¹ – Change must be noted in the point of service (POS) system.
<p>Benefit Increase. Household submitted documentation qualifies household for free meals rather than reduced-price meals—household’s eligibility must be changed from reduced-price to free meals.</p>	<ul style="list-style-type: none"> – Change must be extended to all students in the household with the exception of a foster child residing in the household. – Households must be notified of this change. – Changes in eligibility resulting in increased benefit levels are effective immediately and must be made in <u>3 operating days</u>. – Change must be noted in the point of service (POS) system.
<p>Benefit Termination. For households that do not respond to verification efforts or whose current documentation does not support eligibility for either free or reduced-price meals, the household’s eligibility must be terminated.</p>	<ul style="list-style-type: none"> – Change must be extended to all students in the household with the exception of a foster child residing in the household. – Households must be notified of this change. – Notification of benefit termination must be sent to the household within 10 operating days from the date when a new eligibility determination was made. – Household has advance notice period of 10 calendar days, starting on the day the notification was sent, to appeal the decision. – Unless the household appeals the decision, a decrease in benefits must occur within 10 operating days of the final day of the 10-calendar day advance notice.⁵² – Change must be noted in the point of service (POS) system.

Complete Verification

A household’s verification is complete when the following conditions are met:

Adequate Documentation	
Household submits either adequate written evidence of income or categorical eligibility.	Verification process is considered complete for this household.
Collateral contact or agency provides corroboration of income or categorical eligibility.	
Documentation, Increase or Decrease Eligibility Status	
Household submits either adequate written evidence of income or categorical eligibility which indicates an increased or decreased level of benefits.	Verification process is considered complete for this household when the

⁵¹ See the *Notification of Adverse Action; Required Actions, Verification Results;* and *Required Actions, Appeal and Hearing Procedures* subsections in this section for additional information on these topics.

⁵² See the *Notification of Adverse Action; Required Actions, Verification Results;* and *Required Actions, Appeal and Hearing Procedures* subsections in this section for additional information on these topics.

Collateral contact or agency provides corroboration of income or categorical eligibility which indicates an increased or decreased level of benefits.	household is notified that its benefits will be increased or decreased.*
Documentation, Lack of Program Participation	
Household application provides case numbers (EDG#), and it is determined that no household member is receiving benefits from an assistance program.	Verification process is considered complete when the notice of adverse action (termination of benefits) is sent to the household.
Refusal of Services	
Adult in the household indicates, verbally or in writing, that she or he no longer wishes for the students in the household to receive free or reduced-price benefits.	Verification process is considered complete when the notice of adverse action (termination of benefits) is sent to the household.
* Notification of a decrease must follow the guidance provided in the <i>Notification of Adverse Action</i> subsection in this section.	

Allowable Actions After Verification Completion Date

The following actions may occur after the official date to complete the verification process (November 15):

- Review any additional income or other documentation households provided after the November 15 verification completion date.
- Terminate or reduce the meal benefits of affected households within 10 operating days after the last day of 10 calendar days advance notice of the termination/reduction notice.
- Increase meal benefits of households as appropriate.

Notification of Adverse Action

When verification results in a reduction or termination of benefits, households must be sent a written notice (advanced notice) prior to the changes in benefits. Within in 10 days of the new eligibility determination, the CE must send an advanced notice that gives households 10 calendar days of notice before benefits are stopped. This 10-calendar day period is called the advance notice period. The first day of the 10 calendar days of the advance notice period is the day the notice is sent the household.⁵³

⁵³ TDA provides sample and template forms for this purpose at www.SquareMeals.org.

The notice of adverse action may be sent by postal service or email—the CE cannot notify the household of adverse action by telephone.

The notice must advise the household of the following information:

1. Description of a change in benefits
2. Explanation of the reason for the change
3. Instructions on how to appeal the decision
4. Notification that an appeal must be filed within the 10 calendar days of advance notice period to ensure continued benefits while awaiting a hearing and decision
5. Explanation that the household may reapply for benefits at any time during the school year but will be subject to verification at the time of the second household application, if terminated because of verification
6. Explanation that SNAP, TANF, or FDPIR households may submit a household application containing household names and income information and provide written evidence of current household income

Information Box 3
Change in Eligibility Timeline Requirements
Adverse Action—Decrease in Benefits Make the change within 10 operating days after the last day of the advance notice period (10 calendar days during which the household may appeal the determination) unless the household appeals.
Notice of an Increase in Benefits Make the change within 3 operating days of new eligibility determination.

Required Actions, Appeal and Hearing Procedures

A household has the option to appeal a reduction or termination of benefits within the 10 calendar days of the advance notice period. The CE must adhere to the following guidelines in implementing the appeal and hearing procedures:

- The CE must follow the appeal and hearing procedures as described in this section⁵⁴
- The Hearing Official must be an individual who is not involved with the household application approval or verification process. The Hearing Official cannot be a food service management company employee.
- The household may request a conference prior to a formal hearing. However, this conference must not prejudice the later hearing.

Benefits During Appeal of Verification Results

When a household appeals a reduction or termination of benefits within the 10 calendar days of the advance notice period, the CE must continue to provide the benefits for which the household was originally approved until a final determination is made.

Benefits During the Advance Notice Period

During the 10 calendar days advance notice of adverse action, the students in the household must continue to receive free or reduced-price meal benefits. When a household does not appeal a reduction or termination of benefits within the 10 calendar days of advance notice period, the actual reduction or termination of benefits must take place no later than 10 operating days after the end of the 10 calendar days of advance notice period.⁵⁵

⁵⁴ See the *Administrator's Reference Manual (ARM), Section 2, Program Application & Agreement* for additional information on this topic.

⁵⁵ See the *Notification of Adverse Action and Required Actions, Appeal and Hearing Procedure* subsection in this section for additional information on the reduction or termination of benefits timeline as a result of appeal or hearing decision.

CE's Reimbursement Claims During 10 Calendar Day Advance Notification Period

The CE must continue to claim reimbursement for free or reduced-price meals served to the student during the advance notification period.

Timeline for Reduction or Termination of Benefits Not Appealed or Reduction or Termination of Benefits After Appeal or Hearing Decision

When a household does not appeal a change or termination of benefits during the 10-calendar-day advance notice period or when the Hearing Official rules that benefits must be reduced, the actual reduction or termination of benefits must take place no later than 10 operating days after the 10 calendar days advance notice period.

Household Reapplying for Program Benefits

Households affected by a reduction or termination of benefits may reapply for benefits at any time during the school year. These household applications are not considered new household applications. If a household reapplies for eligibility after termination as a result of verification efforts (including verification for cause) during the same school year, the household must submit income documentation or proof of participation in an assistance program that provides categorical eligibility at the time of reapplication.⁵⁶

Verification Reporting

The CE must annually report information about the household verification selection and results through the Verification Report located in the *Texas Unified Nutrition Programs System (TX-UNPS)*. CEs may also obtain USDA's version of the report, *School Food Authority (SFA) Verification Collection Report FNS-742*, at www.SquareMeals.org to use in preparation for entering information into the Verification Report in TX-UNPS.

[NOTE: CEs are required to maintain records that accurately identify student eligibility based on income, Categorical Assistance Program participation by program, and Other Source Categorical Eligible program participation by program. This information will help CEs in completing the verification form and the CEP report each year.]

All CEs must submit a verification report in TX-UNPS; however, schools operating one of the special assistance provision programs will complete a limited number of fields. If a CE stops operating a special provision program—CEP or Provision 2—and returns to collecting household applications to determine eligibility for school meals, the CE must complete the verification and verification reporting processes when it adopts standard counting and claiming. If this is the case, the CE will work with TDA to establish a timeline for completing the verification process.

The CE must provide the following information in the *Verification Report* (through TX-UNPS) based on the total number of program participants on October 1 of each year:

- Total number of sites as of October 1 of each year.
- Total number of enrolled NSLP or SBP participants, differentiated by regular and special provision sites as of October 31st of each year.
- Total number of SNAP participants directly certified as of October 31st of each year.
- Total number of SNAP/TANF participants not directly certified as of October 31st of each year.

[Note: The form requires that CEs submit the total number of students who were certified using the SNAP letter method even though the SNAP letter method is no longer an acceptable method of directly certifying SNAP participants.]

⁵⁶ See *Information Box 1, Assistance Programs Qualifying Children for NSLP and SBP Free Benefits* of this document for all sources of categorical eligibility.

- Total number of NSLP/SBP participants directly certified as TANF or FDPIR and total number of NSLP/SBP participants directly certified eligible based on NSLP/SBP participation in Other Source Categorical Eligibility⁵⁷ programs as of October 31st of each year.
- Total number of NSLP/SBP participants verified as eligible for free benefits based on participation in any of the Categorical Assistance Programs or Other Source Categorical Eligible⁵⁸ program participation as well as income eligibility as of October 31st of each year.
 [Note: CEs are required to validate⁵⁹ participation in all of the categorical programs, with the exception of foster, as part of eligibility determination. When a student’s participation in Head Start or Early Head Start pre-kindergarten programs; homeless status, including runaways and individuals displaced by declared disasters; or migrant status is validated, the student is directly certified and not included in the verification pool.⁶⁰]
- Total number of NSLP/SBP participants verified as eligible for reduced price benefits based on income as of October 31st of each year.
- Number of households directly certified before the household submitted verification documentation.
- Number of students directly certified as Medicaid Free
- Results of verification process.
- Timeline for completing the verification process.
- Type of verification process used, including the sample method.

Second Review (Independent Review) of Household Applications

The information reported in the Second Review of Applications, which is also located in TX-UNPS, is related to eligibility determinations. This form has a USDA number of 742A. It is not the verification report (742).

Resources

TDA provides forms and document prototypes for CEs to use. While CEs are not required to use all the resources TDA provides, TDA strongly encourages CEs to use them. If CEs choose to use a verification form or letter that is not developed by TDA, they are responsible to ensure that the form or letter contains correct and accurate information.

Required Reports

CEs **must** use the following forms:

- *Verification Individual Household Report Form* or CE-developed form that captures the same data
 - Completed as verification is conducted
 - Located at www.SquareMeals.gov
 - Retained onsite

⁵⁷ See the *Information Box 1, Assistance Programs Qualifying Children for NSLP and SBP Free Benefits* for additional information on qualifying program.

⁵⁸ Other Source Categorical Eligible programs includes foster, homeless, migrant, runaway, and state- or federally funded early literacy programs including Head Start, Early Head Start, and Even Head Start. See *Administrator’s Reference Manual, Section 4, Eligibility Determination* for more information on this topic.

⁵⁹ See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for addition information on validation.

⁶⁰ See the *Administrator’s Reference Manual (ARM), Section 4, Eligibility Determination* for more information on this topic.

- *Verification Report*
Annually every fall
 Located in TX-UNPS, Download Forms page
 Submitted as directed on the form

TDA Templates and Sample Forms

The following template and sample forms are also provided by TDA. These forms are located at www.SquareMeals.gov.

Collecting Information

- *Verification Information Request: SNAP/TANF Multiple Applicant Form*
- *Verification Information Request: Statement of Earnings Form*
- *Verification Information Request: Statement of Social Security Income Form*
- *Verification Summary Form*

Conducting Verification

- *Verification Sample Size Calculator*

Household Notification, Selection for Verification

- *Letter to Households Selected for Verification of Eligibility (also available in Spanish)*
- *Verification Information for Free and Reduced-Price Meals Sheet (also available in Spanish)*

Household Notification, Results

- *Notification Verification Continuation of Benefits Letter (also available in Spanish)*
- *Notification Verification Results/Adverse Action Letter—Income (also available in Spanish)*
- *Notification Verification Results/Adverse Action Letter—SNAP/TANF (also available in Spanish)*

USDA Resource

USDA has developed a *Verification Toolkit* to assist CEs in the verification process. The toolkit is available at <https://www.fns.usda.gov/school-meals/verification-toolkit>.

Records Retention

CEs are required to maintain records that accurately identify student eligibility based on income, Categorical Assistance Program participation by program, and Other Source Categorical Eligible program participation by program. CEs must maintain a direct certification list which indicates the program which initiates direct certification—Categorical Assistance Eligible program and/or Other Source Categorical Eligible programs. CEs will use this information on the *Verification Report*⁶¹ submitted in TX-UNPS each year.

Information Box 4

Records Retention

State Board of Education policies require public and charter schools to maintain records for a period of 5 years.

Private schools, other nonprofit organizations, and RCCIs maintain records for 3 years.

⁶¹ Applies only to NSLP and SBP

CEs may retain documentation electronically or in paper and must retain records for the period time required as described in *Information Box 4*.

Changes in Eligibility

The CE must retain documentation that tracks any changes to a student's eligibility throughout the school year. This requirement also applies if the CE uses a point of service (POS) system. The system must have a method for tracking changes in each student's eligibility throughout the school year.

Verification Report

USDA requires that CEs retain a copy of their *Verification Report*. However, because CEs submit this form through TX-UNPS in Texas, CEs are not required to keep a paper or electronic copy of the actual form.

Verification Individual Household Report Form

USDA also requires CEs to retain notes and comments about all verification contacts with the household as well as documentation that prove eligibility and have these records ready for review by TDA or USDA.⁶² In Texas, CEs must complete the *Verification Individual Household Report Form* for each household selected for verification or may use a CE-developed form that captures the same data.

A complete and accurate *Verification Individual Household Report Form*, an accurate point of service system, and direct verification documentation provide the required information for records retention. Correct use of this report form allows CEs to destroy⁶³ or return confidential information gathered from the household rather than maintain a long-term method for securing confidential personal household information. This form is available at www.SquareMeals.org.

CEs must also retain records as described in the following list:

Eligibility Information

- Documentation indicating categorical eligibility based on direct verification
[NOTE: Direct Verification and Direct Certification are two separate processes, but the processes are linked. The purpose of Direct Verification is to verify a student or household's eligibility. However, once the Direct Verification process is completed, the CE is allowed to use Direct Verification information to assign a student's eligibility as directly certified for free or reduced-price meals.]

Verification Process

- Description of the CE's method for conducting verification
- All forms and documentation demonstrating the CEs process for creating the verification sample pool and the verification sample
- Copies of template verification letters as well as any individualized documentation sent to households or other sources
- Copies of any forms used to obtain information for agencies or other sources that provided verification information
- *Verification Individual Household Report Form* for each verification

Promoting Access to NSLP/SBP

- Evidence, including descriptions of process, about the method used to provide a no-cost telephone number for households to use to get assistance during the verification process
- Evidence, including descriptions of process, of the efforts the CE has made to ensure that adequate language assistance is provided to households when requesting information from households

⁶² If the CE uses a technology-based verification system, the CE must have a process in place for the Verification Reviewer to retain comments or notes for each verified application so that comments or notes are clearly associated with the correct application. In Texas, this includes use of the *Verification Individual Household Report Form*.

⁶³ These records contain confidential information and should be disposed of safely and securely.

Reports

- Evidence, including descriptions of process, about the method used to provide a no-cost telephone number for households to use to get assistance during the verification process
- Evidence, including descriptions of process, of the efforts the CE has made to ensure that adequate language assistance is provided to households when requesting information from households

Appeals and Hearings

- Description of the CE's method for conducting appeals and hearings
- Copies of notification templates, response templates, and individualized communication if used
- Notes and comments concerning any appeals or hearings including the following:
 - Notification, response
 - Direct contact
 - Decisions

Compliance

TDA will review documentation submitted through TX-UNPS and during administrative reviews to determine if the CE is compliant with the regulations related to verification. TDA may require a corrective action plan if the CE does not comply with the verification requirements, including, but not limited to, submitting all required forms by due dates and complete and approvable implementation of verification processes. Noncompliance in these areas may require fiscal action.