



KANSAS LEGISLATIVE  
**DIVISION *of***  
**POST AUDIT**

A Performance Audit Report Presented to the Legislative Post Audit Committee

# **Reviewing Free Lunch Student Counts Used as the Basis for At- Risk Funding**

July 2025

# Introduction

The Legislative Post Audit Committee authorized this audit at its April 24, 2024 meeting. The topic was suggested by staff.

## *Objectives, Scope, & Methodology*

Our audit objective was to answer the following question:

1. Does the number of free lunch students used for at-risk funding accurately reflect the number of students who are eligible for the program?

The scope of our work included reviewing financial and other documents for 769 (out of about 198,000) students who qualified for a free school lunch in the 2023-24 school year. The sample was chosen randomly from Kansas Department of Education (KSDE) data and is representative of the state's free lunch student population. The results are projectable to the population with a 95% confidence level.

Our method included reviewing the rules the United States Department of Agriculture requires of school districts that participate in the National School Lunch Program. We also reviewed guidance and audit documents provided by KSDE. We randomly selected a sample of students from data KSDE provided. For each student, we requested supporting documentation from the student's district. For students who submitted income information to their school district, we used financial data from the Kansas Department of Revenue and the Kansas Department of Labor to determine whether the household's income qualified them for a free lunch in the 2023-24 school year. For other students, we reviewed documentation to determine whether the district appropriately approved the student for a free lunch.

More specific details about the scope of our work and the methods we used are included throughout the report as appropriate.

## *Important Disclosures*

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Overall, we believe the evidence obtained provides a reasonable basis for our findings and conclusions based on those audit objectives.

Audit standards require us to report our work on internal controls relevant to our audit objectives. They also require us to report deficiencies we identified through this work. In this audit, we noted that a lack of verification of reported household income puts this program at high risk for fraud, waste, and abuse.

Our audit reports and podcasts are available on our website [www.kslpa.gov](http://www.kslpa.gov).

**The number of free lunch students used for determining at-risk funding appears to be significantly more than the number of students who may be eligible for the free lunch program.**

### **Background**

**The federal government reimburses school districts for meals they serve to students through the National School Lunch Program.**

- The National School Lunch Program is a federal program that reimburses school districts for meals they serve to students. The United States Department of Agriculture (USDA) administers the program. The program has been in operation since 1946.
- The program is open to public and private schools, charter schools, and certain residential childcare institutions. The USDA reimburses participating schools for each lunch they serve. In exchange, schools must offer free and reduced-priced lunches to students who qualify. Additionally, schools must serve meals that meet federal nutritional standards. In the 2023-24 school year, all 286 school districts in Kansas participated in the National School Lunch Program.
- The federal government reimburses districts for several food programs. This includes reimbursements for lunch, breakfast, milk, and snacks. In this audit we focused only on the lunch program.
- Federal lunch reimbursement rates are based on a few factors. Districts receive a smaller reimbursement for lunches they serve to students who fully pay for their meal. Reimbursement rates for students who qualify for free or reduced-price lunches are higher. The percentage of students in the district who receive a free or reduced-price lunch and whether the district meets certain nutrition requirements also affects the reimbursement rate. In the 2023-24 school year Kansas districts received:
  - \$0.40 to \$0.50 per lunch served to a student who fully pays for their lunch.
  - \$3.85 to \$3.95 per lunch served to a student who qualifies for reduced-price lunches.
  - \$4.25 to \$4.35 per lunch served to a student who qualifies for a free lunch.
- The state also reimburses school districts for each lunch served. This reimbursement meets the federally required state match for the National School Lunch Program. In 2023-24 the state reimbursed districts \$0.04 for each lunch served.

**Students receive a free or reduced-price lunch through the National School Lunch Program if they meet 1 of several criteria.**

- The National School Lunch Program requires districts to offer free and reduced-price lunches to qualifying students. Students can receive a free lunch if they meet 1 of several criteria:
  - The student participates in certain federal programs. This includes Temporary Assistance for Needy Families (TANF), Food Distribution Program on Indian Reservations, Supplemental Nutrition Assistance Program (SNAP), and certain Medicaid benefits. Pre-schoolers participating in Head Start programs are also eligible.
  - The student is a migrant, runaway, in foster care, or experiencing homelessness.
  - The student attends a school that participates in the Community Eligibility Provision of the National School Lunch Program. This provision allows qualifying schools to provide free lunches to all students regardless of the student's household income.
  - The student's parent (or guardian) submits an application reporting total household income is at or less than 130% of the federal poverty line for its size. In 2023-24, this was \$39,000 for a household of 4.
- Students receive a reduced-price lunch if the student's total household income is between 130% and 185% of the federal poverty line. In 2023-24, this was between \$39,001 and \$55,500 for a household of 4. Students who are eligible for a reduced-price lunch pay no more than \$0.40 per lunch.
- Families are not required to notify the school district if their financial situation changes. Once a district determines that a student is eligible for a free or reduced-price lunch, that eligibility is valid for the entire school year plus 30 food operating days into the next year.

**In Kansas, at-risk funding is based on the number of students who are eligible for a free lunch and meet a few other criteria.**

- In Kansas, the state provides at-risk funding to school districts. Districts are meant to use this funding to provide additional services to students at risk of academic failure. The funding is largely allocated based on the number of students in the district who are eligible for a free lunch on September 20<sup>th</sup>. The free lunch count is used as a proxy to determine at-risk funding because of the overlap between the number of students in a district who are economically disadvantaged and the number of students who are likely to need extra support to succeed academically. K.S.A 72-5132 (2) and Kansas Department of Education (KSDE) rules require students who are eligible for a

free lunch to also meet some additional criteria to be counted for at-risk funding:

- Students in grades 1-12 must be full-time students unless they have an Individualized Education Program (students who receive special education services have IEPs). Kindergarten and pre-school students can attend school less than full-time and still be eligible to be counted for at-risk funding.
- Students must be 19 or younger as of September 20<sup>th</sup> unless the student has an IEP. Students who receive special education services can attend school until they are 21.
- Students enrolled in virtual schools are not eligible to be counted for at-risk funding.
- The state allocates at-risk funding based on a weighting that is multiplied by the base state aid. In 2023-24, the weighting was .484 and the base aid was \$5,088 per student. This means that districts received about \$2,500 for every student who met the at-risk funding criteria. In that year, the state paid about \$488 million to districts in at-risk funding.
- The state also provides high-density at-risk funding which is based on the percentage of students who are eligible for a free lunch in a school district. For this type of funding, the state provides additional at-risk funding to districts whose free lunch percentage is 35% or greater. In 2023-24, the state paid about \$75 million to districts that qualified for high-density at-risk funding.
- The number of students included in the at-risk funding count has increased by 10% from the 2018-19 school year to the 2023-24 school year. In 2018-19, about 180,000 students (36% of all students) were included in the at-risk funding count. In the 2023-24 school year about 198,000 students (41% of all students) were included. Much of this increase is due to Medicaid being added as a program that automatically qualifies a student for free lunches in the 2022-23 school year.

### **Student Eligibility for Free Lunches**

**In the 2023-24 school year, an estimated 80% of students who qualified for a free lunch did so through a process called direct certification.**

- Students who meet certain criteria are automatically eligible to receive a free lunch. Generally, these students are not required to submit a National School Lunch Program application to receive this benefit.
- Instead, state agencies and school districts use a process called direct certification to determine which students are automatically eligible to receive a free lunch. The USDA requires states to directly certify students who receive

SNAP, but states can choose to directly certify certain other groups. In Kansas, several groups are directly certified in multiple ways:

- The Department for Children and Families (DCF) compiles a list of students who receive federal benefits including SNAP, TANF, and Medicaid. DCF administers SNAP and TANF. DCF also verifies students who are in foster care. The Kansas Department of Health and Environment (KDHE) sends a list of students who are eligible for Medicaid and whose reported family income is 130% or less than the federal poverty level to DCF. In turn, DCF reports these students in a system that KSDE operates called KN-Claim. School districts access this system and can see which students should automatically receive a free lunch. This system is updated throughout the year and districts receive updates regularly. With the exception of students in foster care, if at least 1 student in the household is on this list, free lunch is extended to all the students in the household.
- School district officials verify that other groups of students are automatically eligible. This includes students experiencing homelessness, runaways, and migrant students. In these cases, a local district official works with other agencies to verify that a student meets relevant criteria. For example, a district official might work with a local homeless shelter to verify that a student is a runaway or experiencing homelessness. If the district determines the student meets the criteria, the student is automatically eligible to receive a free lunch. Additionally, officials that work in certain pre-school programs (such as Head Start) verify that those students are eligible.
- Local tribal officials verify students who participate in the Food Distribution Program on Indian Reservations.
- Students who meet these criteria can receive free lunches for the whole school year plus 30 food operating days into the next school year. At the end of the 30 days, students need to be re-certified or complete a National School Lunch Program application to continue receiving free lunches.
- Students who are directly certified for free lunches are counted in the at-risk funding count if they meet the other statutory criteria (i.e., 19 or younger, full-time student, and do not attend a virtual school). Students who are on the 30-day carry-over period on September 20<sup>th</sup> are counted in the at-risk funding count even if they do not qualify after that period ends.
- The percentage of free lunch students who are directly certified has increased from 46% (about 77,000 students) in the 2020-21 school year to 79% (about 157,000 students) in the 2023-24 school year. The percentage of directly certified students increased significantly in the 2022-23 school year. This was the first year that students who qualified for Medicaid were directly certified to receive free lunches.

**In the 2023-24 school year, an estimated 16% of students who qualified for a free lunch did so by submitting a National School Lunch Program application.**

- For students who are not directly certified, a parent (or guardian) must submit a National School Lunch Program application to determine eligibility for a free lunch. The application requires the parent to provide various information including listing all members of the household (children and adults), total income earned by each household member, and contact information. The program requires only 1 application per household, and it must be submitted annually. See **Appendix B** for an example of this application.
- School districts typically provide an application at enrollment, but parents can apply at any point during the school year. However, only students who were eligible for a free lunch on September 20<sup>th</sup> can be included in the at-risk funding count.
- School district officials use the household income information on the application to determine whether the student may receive a free lunch, a reduced-price lunch, or must pay full price for lunch. USDA rules require the district to consider only the information on the application when making this determination. The district then must notify the parent or guardian of the determination the district made.
- In the 2023-24 school year we estimated about 34,000 students who qualified for a free lunch submitted a National School Lunch Program application.

**In the 2023-24 school year, an estimated 4% of students who qualified for a free lunch attended a school that participated in the Community Eligibility Provision and submitted a Household Economic Survey.**

- The Community Eligibility Provision (CEP) allows eligible schools to provide free lunches to all enrolled students without collecting applications. To be eligible for CEP the school must have at least 25% of its students eligible for free lunches through direct certification in the previous year. In the 2023-24 school year, 73% (895) of Kansas public schools were eligible to participate in CEP.
- Schools that participate in CEP provide all their students with a free lunch. This includes students who otherwise would not qualify for a free or reduced-price lunch. Students are not required to submit an application to receive this benefit.
- It is up to the school district to decide whether to participate in CEP and most do not. This is because the National School Lunch Program reimburses meals in CEP schools using a different formula. In some cases, this results in the district receiving less money in reimbursements from the federal government than they would if they were not a CEP school. Further, CEP has other requirements such as the district must serve breakfast. As a result, districts

must consider how any lost revenue, potential increased costs, and any potential savings might impact their food service program. In the 2023-24 school year, 13% (157) of Kansas public schools participated in CEP. These districts represent about 56,000 students.

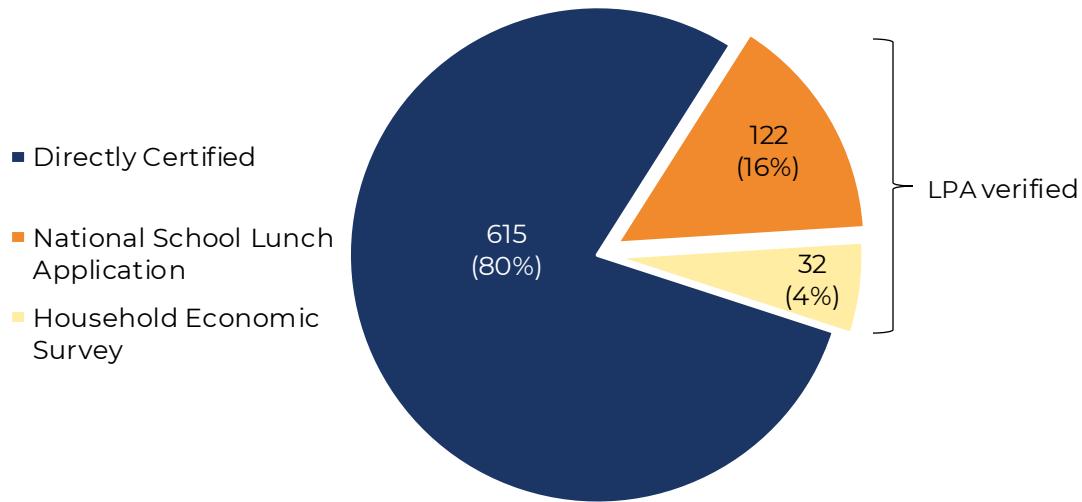
- KSDE requires students who attend CEP schools, but who are not directly certified, to complete a Household Economic Survey to determine at-risk funding counts. This is because the department only counts students whose household income is 130% or less of the federal poverty line in the at-risk funding count. KSDE uses the Household Economic Survey to identify which students meet that criteria. About 7,000 students (4%) submitted a Household Economic Survey in the 2023-24 school year. See **Appendix C** for an example of the Household Economic Survey.
- KSDE also allows alternative schools that do not offer lunch services to provide the survey to students. This allows schools that don't provide lunches to determine whether students would be eligible for a free lunch and thus can be counted in the at-risk funding count (if they also meet the other criteria).

### **Eligibility Verification Results**

**We chose a random and projectable sample of students who qualified for a free lunch in the 2023-24 school year to verify their eligibility for the free lunch program.**

- We reviewed information for 769 randomly selected students who qualified for a free lunch in the 2023-24 school year (out of about 198,000 students). KSDE provided us data for students who received a free lunch from the Kansas Individual Data on Students (KIDS) system. The students in our sample were a mix of students whose household provided a National School Lunch Program application or a Household Economic Survey and students who were directly certified.
- We requested documentation for each student from the student's school district. For students who filled out an application or a Household Economic Survey, the district provided a copy of that document. For students who were directly certified, the district provided confirmation that the student was on the direct certification list.
- For reasons we discuss in detail in the following sections, we were not able to assess all students' eligibility for the free lunch program. **Figure 1** shows the number of students in each group in our sample. As the figure shows, we tried to verify household income for 20% of the students. Further, we were only able to project our results to the group of students whose household submitted a National School Lunch Program application.

Figure 1. The students in our sample were a mix of students who provided an application or survey and students who were directly certified. (a)



(a) We attempted to verify all of the students in these groups. However, we were not able to find 30 applicants' income in KDOR's income tax system or KDOL's wage system.

Source: LPA analysis of a random sample of students who received a free lunch (audited).

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**We reviewed household income information for a projectable sample of students who submitted a National School Lunch Program application to determine whether those students appeared to be eligible for free lunches.**

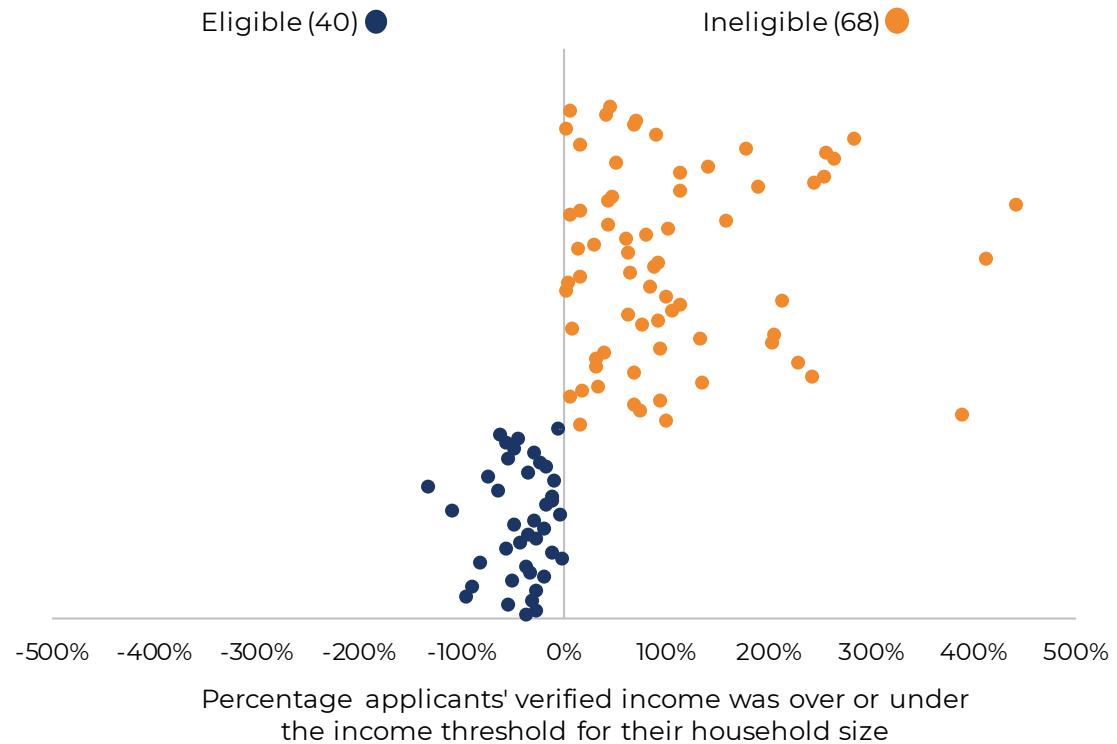
- The random sample of students included 122 students across 55 districts (out of an estimated 34,000 students) who qualified for a free lunch because they submitted a free lunch application. This sample is large enough to be statistically valid for projecting at a 95% confidence interval.
- We requested the National School Lunch Program applications from the students' districts for the 2023-24 school year.
- We used information from that application to find 2023 income tax information for that household from the Kansas Department of Revenue (KDOR). When we could not find income tax information, we looked for quarterly wage information from the Kansas Department of Labor (KDOL). We reviewed the income information we could find and determined if the household met the free lunch income requirements for their household size.

**We estimated that 54% to 72% of all Kansas students who qualified for free lunches because they submitted a National School Lunch Program application were likely ineligible in the 2023-24 school year.**

- We reviewed 122 applications but could not find any income information for 14 applicants. In some cases, the application did not provide enough information for us to locate those individuals in KDOR or KDOL's system. For example, the applicant did not provide their social security number. In other cases, we had enough information, but we still could not find the individual in either KDOR's or KDOL's systems. This could be because these individuals did not submit a tax return or had employers that did not properly submit wage information.
- **Figure 2** shows the results of the income verification work for the 108 individuals we could find. As the figure shows, 68 applications (63%) did not appear to meet the income eligibility for free lunches. This means the financial information we could find at either KDOR or KDOL exceeded the income threshold for the size of the applicants' households.
  - 10% (7) of the ineligible applicants were within 10% of the income threshold. This means these applicants were only slightly over the threshold. Often applicants provide rounded numbers on the application. In these cases, the applicant may have simply slightly underestimated their income on the application.
  - 24% (16) of the ineligible applicants had incomes between 10% and 50% over the allowable income threshold. For example, 1 application listed 2 adult earners in the household with a total of about \$49,200 in annual income. The income threshold for that household was about \$52,400. However, we found income for those 2 individuals that totaled about \$75,300. That applicant's household income was 44% over the threshold for their household size.
  - 66% (45) of the ineligible applicants had incomes that were at least 50% over the income threshold. For about half of these applicants, they had incomes greater than \$100,000 in the year their student received free lunches. Two applicants had incomes greater than \$200,000. In some cases, the application provided income for only 1 adult household member. However, we found 2 or more adults living in that household. As a result, the income provided for that 1 person might have been accurate, but the household income they reported appeared to be incomplete.
- We projected the results from this sample to the whole population of students who qualified for a free lunch by submitting an application. We estimate that between 54% to 72% of all applicants were likely ineligible for a free lunch. That's about 18,400 to 24,600 students. This work represents a 95% confidence interval. This means that there is a 95% likelihood that the true ineligibility percentage for all applications is within this range.

- It is difficult for school districts to detect these problems. USDA rules require them to accept the application at face value. Districts have no way to independently verify the information provided on the application. Further, if the applicant does not report household income accurately or completely, the district is unlikely to be able to detect it.

Figure 2. For the 108 applicants we could verify, 68 (63%) did not appear to meet the income eligibility for free lunches.



Source: LPA analysis of income eligibility for 108 free lunch applicants (audited).

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### **The verification work we conducted for students who submitted a National School Lunch Program application has a few important caveats.**

- The application is a snapshot in time while income tax returns and wage information include earnings for the whole year. This means it is possible that a student was eligible for a free lunch at the time the application was filed, even if the household's total income for the year exceeded the threshold. This means we could have determined that a student was not eligible even though they were at the time they submitted the application.
- We could not verify the size of the applicant's household. As a result, we relied on the applicant accurately listing all household members. If they did not do so it could cause a couple of issues.

- First, we could have understated the amount of household income. Although we occasionally found additional adults not on the application living in the household, we cannot be certain we found them all. As a result, we may not have counted all household income. This means we could have determined that a student was eligible even though they were not.
- Second, we could have applied the wrong income threshold to determine eligibility. The more members in the household, the higher the income threshold is for eligibility. This could create an incentive to list individuals who do not live in the household in order to qualify. In this case, we may have determined that a student was eligible even though they were not. Conversely, if an applicant listed fewer household members, then we may have applied a lower income threshold. In this case, we could have determined that a student was not eligible even though they were.
- Our estimate only applies to students who were qualified by income, which is about 16% of the total free lunch population. We could not project eligibility for the remaining 84% who were directly certified or submitted a Household Economic Survey, as described in the next sections.

**We were unable to verify enough Household Economic Surveys to draw conclusions about the whole population of students who submitted the survey.**

- Out of our random sample of students who qualified for a free lunch, 32 submitted a Household Economic Survey in the 2023-24 school year. Only students who attend a CEP school and are not directly certified submit this survey. We verified these in the same way we verified National School Lunch Program applications. We reviewed tax and other earnings information and compared that to the appropriate income threshold for the household size.
- However, we were only able to verify half of the surveys. For 16 of the 32 surveys, we could not find any tax or wage earnings at KDOR or KDOL. The survey does not require a social security number which makes locating individuals in these systems more difficult. Further, these individuals may not have submitted tax returns or had employers that properly submitted wage information.
- Out of the 16 surveys we could evaluate, 9 (56%) did not appear eligible for free lunch.
  - 2 were within 10% of the income threshold. This means the income we found was only slightly over the threshold. Often individuals provide rounded numbers on the survey. For these, the individual may have simply slightly underestimated their income on the survey.
  - 2 had incomes that exceeded the allowable threshold by 10% to 50%.

- 5 had incomes that exceeded the allowable threshold by more than 50%.
- This work has similar caveats as the work we conducted for the National School Lunch Program applications. The survey is a snapshot of an applicant's income at a specific point in time. However, the income information we reviewed represents total income for the whole year. This means we could have determined that a student was not eligible even though they were at the time they submitted the application. Additionally, the survey does not require the applicant to list all the members of the household. As a result, we may have understated income for some households. This means we may have determined a student was eligible when they weren't. Last, if an applicant misreported the number of household members, we could have applied the wrong income threshold to determine eligibility.
- We could not find income information for enough of the students who submitted a Household Economic Survey to project the results to the whole population of students who submitted a survey. Nevertheless, these results do raise additional concerns about the accuracy of the free lunch count.

**We couldn't verify the incomes of students who qualified for free lunch because they were directly certified, which means we couldn't assess the overall accuracy of the free lunch count.**

- We could not verify whether the students who were directly certified were accurately determined to be eligible. These students do not submit an application, so they do not provide income information to the school district. Instead, eligibility for most of these students is determined by information they provide to DCF and KDHE when they apply for benefits such as SNAP or Medicaid. Due to time and data constraints, we could not determine whether those agencies accurately assessed eligibility for TANF, SNAP, and Medicaid. Further, some directly certified students are determined by their school district. We could not evaluate whether all the districts made these determinations correctly.
- The high percentage of automatically eligible students (about 80% of all free-lunch students) means the overall accuracy of the free lunch count is difficult to assess. This is because decision making related to free lunch eligibility is disbursed among multiple state agencies and 286 school districts. Ultimately, much of the accuracy of the free lunch count (and in turn the at-risk funding count) depends on whether state agencies and school districts accurately approve individuals for their respective programs.
- We could not determine whether students were correctly determined to be directly certified, but we could verify that those students' eligibility was properly documented. We reviewed a random sample of 615 students (out of about 160,000 total students) that the districts identified as being directly certified. This sample included 149 school districts. We used the direct certification list that DCF compiles and documents the district provided to

verify that each student the district reported as being directly certified had documentation supporting that determination. Out of the 615 students we reviewed, we verified documentation for 612 (99%). For the 3 we could not verify:

- 1 district may have inappropriately extended free lunch eligibility to the sibling of a student who was not part of the household.
- 1 district told us a student was directly certified but could not provide supporting documentation.
- 1 district did not respond to our request for additional documentation so we could not verify that student.

**We used U.S. Census Bureau data to estimate the number of students who might have been eligible for a free lunch but did not apply for one.**

- We reviewed data from the U.S. Census Bureau's American Community Survey. This survey collects information from a sample of households each year. That information is then projected to the whole population at a 90% confidence interval.
- We used data from this survey to estimate the number of Kansas public school students whose incomes were 130% or less of the federal poverty line in 2023 (130% is the income threshold for free lunch eligibility). We had to estimate the number of students at the 130% line because the Census survey reports at the 125% level but not the 130% level. We applied this percentage to the total number of public school students in the state to determine how many Kansas public school students could be eligible for a free lunch.
- We then backed out certain populations of students that we know did apply for a free lunch. This estimate takes into account the number of students who were directly certified, the number of students who submitted an application or survey, and the number of students we found were ineligible. This left an estimate of the number of students who would likely be eligible for a free lunch but did not apply.
- We did this work because an additional way the free lunch count may not be accurate is if there is a significant number of students who are eligible but did not apply. This work allows us to estimate any potential undercounting of the free lunch count (and in turn the at-risk funding count).

**We estimated up to 3,200 students might have been eligible for a free lunch in the 2023-24 school year but did not apply, however this is significantly less than the number who qualified but likely were ineligible.**

- In the 2023-24 school year, up to an estimated 3,200 students who were likely eligible for a free lunch did not submit an application or a survey. Families

may not submit a National School Lunch Program application or apply for a federal program for a variety of reasons, including a lack of awareness of the program or concerns about stigma related to receiving those benefits.

Additionally, students in CEP schools will receive a free lunch whether their family fills out the survey or not. This may reduce their incentive to turn in the survey.

- School districts receive about \$2,500 in at-risk funding for each student that qualified for a free lunch (and meets a few other criteria). Because these students did not apply, the districts did not receive that funding. As a result, districts may not have received about \$7 million in at-risk funding in the 2023-24 school year.
- Even though about 3,200 students may have been eligible for a free lunch but did not apply, we found many more students who qualified but likely were not eligible. We estimated between 18,400 to 24,600 students who qualified may not have been eligible. This number is likely low because we could only project our verification results to about 16% of the total number of students who qualified for a free lunch.
- This estimate does not include some rare instances where a student could have been directly certified even though their household income was greater than 130%. For example, migrant students are directly certified for free lunches. However, there is no income threshold for these students. Further, it is up to a parent to notify the district that the student is migrant or for the school to identify the student. If the school did not identify the student and the household income is above 130%, our estimate would not count this student. This student would be eligible for a free lunch but uncounted. We think these situations are rare, but it could result in our estimate being slightly understated.

**Both the state and federal government likely overpaid districts for at-risk funding and meal reimbursements in the 2023-24 school year.**

- If students who receive a free lunch are not eligible to receive a free lunch, both the state and federal governments make unnecessary payments. Conversely, the state and federal government make fewer payments when students who are eligible do not apply.
- In the 2023-24 school year, the state may have overpaid in at-risk funding. The state provides nearly \$2,500 in at-risk funding to districts for every student who qualified for a free lunch. In 2023-24 the state paid for 18,400 to 24,600 students who may not have been eligible for a free lunch. After accounting for the 3,200 students who may have been eligible but did not apply, the state likely overpaid by about \$38 million to \$53 million in the 2023-24 school year. The state likely overpaid in high density at-risk funding as well. High density at-risk funding provides additional funds to districts whose free lunch

percentage is greater than 35%. However, our work is done at the statewide level so we were unable to determine the impact on individual districts.

- The federal government may have overpaid reimbursements for the free lunch program. The federal government reimburses school districts \$4.25 to \$4.35 for every meal it serves to students who qualify for a free lunch. We estimated the total overpayment based on 15,200 to 21,400 students receiving 166 lunches (average number of school days) per year. We assumed students would still eat a school lunch so the federal government would still reimburse the district \$0.40 per meal. In the 2023-24 school year, we estimated the federal government may have overpaid districts by \$10 million to \$14 million.

### **School District and KSDE Verification**

#### **School districts and KSDE are limited in their ability to verify the accuracy of DCF's direct certification list.**

- DCF compiles a list of students who should be directly certified because they receive SNAP, TANF, Medicaid or are in foster care. KSDE officials told us they do not have the necessary information to verify that DCF compiled that list accurately. However, KSDE auditors review DCF's direct certification list to ensure that students who were directly certified after September 20<sup>th</sup> are not counted as part of the at-risk funding count unless there's an allowable exception. Additionally, there is nothing the districts can do to ensure that DCF compiled that list accurately.
- For migrant students, runaways, and students experiencing homelessness, KSDE does review the districts' documentation. For these students, the districts make the determination that the student meets the criteria to be automatically eligible for free lunches. KSDE auditors do not verify that the districts correctly made that determination, but they ensure that the district had the documentation to support it.

#### **Federal rules significantly limit school districts' ability to verify household income for students applying through a National School Lunch Program application.**

- Per federal rule, when a family submits a National School Lunch Program application, school district officials must make an initial determination of eligibility based solely on the information provided on the application.
- Generally, federal rules require districts to verify eligibility for a small percentage of the total approved applications (this includes applications approved for both free and reduced-price lunches). The district must verify either 3% of applications or 3,000 applications, whichever is less. In the 2023-24 school year, districts verified a total of about 1,900 applications. KSDE determines the number of applications the district must verify. USDA rules require districts to randomly choose the required number of applications that

are within \$1,200 of the annual threshold. USDA considers these applications to be error prone. If there are not enough of these types of applications, districts must randomly choose from other applications. Only in specific instances do federal rules permit districts to verify more than 3% of the applications.

- District officials review supporting documentation (e.g., a paystub) to verify families' reported income. The district must notify an applicant in writing that they need to submit supporting documentation. The documentation must include the name of the household member, amount of income received, and frequency. District staff review the submitted documentation and determine if the student is still eligible. However, districts do not have any way of verifying this information outside of the documentation the applicant provides. If the parent does not respond, the student is removed from free or reduced-price lunch status. The district is required to notify the parent in writing of the district's determination.
- In some circumstances a district may verify applications for cause. Districts have an obligation to verify questionable applications. This can include instances where a district has knowledge of additional income the applicant did not report. If a district has concerns about an application, they must notify the applicant in writing. Then they must provide them an opportunity to provide documentation. Districts can verify applications for cause at any time during the school year. Further, these verifications do not count toward the district's 3% verification requirement.
- KSDE removes students from the at-risk funding count if a district determines they're not eligible for a free lunch. If a student qualified for a free lunch on September 20 but the district determined later that the student was not eligible, KSDE auditors told us they remove that student from the at-risk funding count. Districts receive a portion of their state funding multiple times per year so KSDE can adjust district funding throughout the year.

**KSDE auditors review several aspects of the National School Lunch Program applications but cannot independently verify the household income parents report.**

- Each year, KSDE auditors audit the greater of 10% or a minimum of 250 students that submitted a National School Lunch Program application and are eligible for the at-risk funding count in each district.
- Information provided by KSDE indicates that auditors review several aspects of the application. They confirm that the application was signed, dated between July 1 and September 20, and complete. Auditors also determine whether the district correctly determined that the student was qualified to receive free lunches, reduced-price lunches, or fully paid lunches based on the information on the application.

- However, KSDE auditors do not independently verify income through other sources (e.g., income tax returns). There is no system in place that would allow KSDE auditors to take this step.
- Finally, auditors confirm that the district properly verified the number of applications the federal government requires.

**Districts and KSDE auditors review Household Economic Surveys but they cannot independently verify the reported income.**

- KSDE requires students who attend CEP schools, but who are not directly certified, to complete a Household Economic Survey. This is because the department only counts students whose reported household income is 130% or less of the federal poverty line in the at-risk funding count. KSDE uses the Household Economic Survey to identify which students meet that criteria.
- The survey requires very little information. The parent (or guardian) is only required to report the total number of people in the household and the total household annual income. Parents must submit the survey to the district annually.
- KSDE requires school districts to verify these surveys in similar ways as National School Lunch Program applications. KSDE requires districts to request supporting documentation for 3% of Household Economic Surveys. Districts require the applicant to provide documentation (such as a pay stub) that supports the income reported on the survey. However, district officials cannot verify through other sources that the reported income is complete and correct.
- KSDE auditors also include surveys as part of the 10% of students they audit in each district. Like the National School Lunch Program applications, KSDE auditors cannot independently verify the income reported on the survey. KSDE auditors must determine whether the student is eligible to be counted in the at-risk count based on the self-reported information provided on the survey.

**The lack of income verification means the free lunch program is at high risk of fraud, waste, and abuse.**

- Much of the accuracy of the free lunch count is based on whether agencies such as KDHE and DCF accurately make eligibility decisions. If there is fraud or other errors in determining eligibility for those programs, it is likely to have an impact on free lunch eligibility. However, the districts and KSDE do not have the resources or the authority to provide oversight of the eligibility and verification processes of these programs.
- Household income on the National School Lunch Program application is self-reported, and USDA does not permit the districts to verify more than 3% of

applications. As a result, in the 2023-24 school year, 80% (229) of the state's 286 school districts were required to verify 5 or fewer applications. The remaining districts reviewed between 6 and 250 applications. Further, KSDE also has no way to independently verify the income information on the applications. Programs that operate almost entirely on self-reported income are inherently at risk of fraud, waste, and abuse.

- Further, districts receive at-risk funding for students who qualify for a free lunch. This could create an incentive for districts to not look critically at applications. This incentive may create an environment where problems are less likely to be detected.
- In 2019, the U.S. Government Accountability Office reported that USDA did not have a process to identify and assess fraud risks facing the school lunch program. They noted that high error rates in previous years indicate that the program may be "inherently vulnerable to fraud."
- Many of the risks we identified are related to the rules the USDA has created for the National School Lunch Program. As such, KSDE and the school districts have little ability to correct the problems that create the highest risks for this program.

### **Other Findings**

**The 2023-24 free lunch count in Kansas was more than double the estimated number of students the U.S. Census Bureau indicated should be eligible for a free lunch.**

- We reviewed data from the U.S. Census Bureau's American Community Survey. This survey collects information from a sample of households each year. That information is then projected to the whole population at a 90% confidence interval.
- We used data from this survey to estimate the number of Kansas public school students whose income was 130% or less of the federal poverty line in 2023. We had to estimate the number of students at the 130% line because the Census survey reports at the 125% level but not the 130% level. We also estimated the number of public school students because the Census survey counts all children.
- Using 2023 Census survey data, we estimated about 92,000 public school students were living in households that had incomes of 130% or less of the federal poverty line. This is about 20% of all Kansas public school students. The Census survey reported about 18% of all Kansas children lived in households with income of 125% or less of the federal poverty level. Our estimate, which includes students up to 130% of the poverty line, is reasonable in comparison.

- However, in the 2023-24 school year, about 198,000 students received a free lunch because their reported household income was less than 130% of the federal poverty line. This is more than double the number of students we would expect based on the Census survey. The Census survey reported that its estimate could have undercounted the number of children in poverty by about 1%. We took this into account in our estimate.
- We did this work because the Census data is the only other data source that provides perspective on how many students in Kansas likely are eligible for a free lunch. However, we noted there are a few reasons the free lunch count and the Census count could vary so significantly.
  - Much of the accuracy of the free lunch count is based on whether KDHE and DCF accurately determine eligibility for Medicaid, TANF, and SNAP. If those agencies make incorrect eligibility decisions it could inflate the number of students who qualified for a free lunch.
  - Individuals who fraudulently seek benefits could also inflate the number of students eligible for a free lunch. Fraud in any one of several programs could inflate the number of students who qualified for a free lunch.
  - Survey respondents may not accurately report their income. If respondents consistently overreport their income to the Census Bureau, the survey would undercount the number of students who might be eligible to receive a free lunch.

**There are a few additional factors that could influence the accuracy of the at-risk count but evaluating them was outside the scope of this audit.**

- The purpose of this audit was to determine whether the free lunch count was accurate. In Kansas, the accuracy of the free lunch count is the most significant factor in determining whether the at-risk funding count is accurate. However, we noted a few other factors that influence the accuracy of the at-risk count. We could not evaluate the impact of these issues on the at-risk count because it was outside the scope of this audit.
- School districts submit information on a student's free lunch eligibility to KSDE via the Kansas Individual Data on Students system (KIDS). This information plays a role in determining the number of students counted for the at-risk funding count. If districts do not submit accurate information to KIDS, then the at-risk count could be inaccurate.
- The accuracy and thoroughness of KSDE's auditors can have an impact on the at-risk count. If the auditors do not review a sufficient number of applications or routinely do not catch errors, the at-risk count could be inaccurate. Although we reported on what KSDE's processes were, we did not evaluate the sufficiency and accuracy of those processes.

- Kansas statute applies additional criteria to students who are eligible for a free lunch before they can be counted in the at-risk count. For example, to be counted in the at-risk count students must be under the age of 19 and full-time students, unless they have an IEP. If the department applies these criteria inappropriately, then the at-risk count would be incorrect.

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## Conclusion

The state has tied at-risk funding to a student count that may no longer accurately reflect the number of students who are at risk of academic failure. Free lunch was originally used as a funding basis because the number of students in poverty and the number of students at risk of academic failure tended to be similar. However, over time the program has changed significantly which allows more students to qualify for free lunch without submitting household income information. We found that a significant number of students receiving free lunch had household incomes that well exceeded the poverty threshold. Consequently, the free lunch count might not be an accurate measure of the number of students in poverty in Kansas schools. Further, districts now consider more factors than poverty when determining which students need at-risk services. As a result, the free lunch count may no longer be an accurate measure for determining the number of students at risk of academic failure in a district.

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## Recommendations

1. Because the free lunch count may no longer be an accurate measure for determining the number of students at risk of academic failure in a district, the Legislature should consider how at-risk funding should be allocated, including whether it should continue to be allocated based on the free lunch count.

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## Agency Response

On June 26, 2025 we provided the draft audit report to the Kansas Department of Education. Its response is below. Agency officials generally agreed with our findings and conclusions.

Dear Ms. Clarke,

The Kansas State Department of Education (KSDE) knows that all processes can be improved and has built a culture based upon this belief. An audit by an outside agency provides a different perspective and should help the agency gain insight

into how to improve. KSDE agrees with the findings of the Free Lunch and At-Risk Audit but would like to highlight some of the findings and offer an alternative conclusion.

### Eligibility Verification Results

KSDE appreciates LPA's understanding of the limited information that is available to school districts and KSDE for the purpose of verifying family eligibility for free lunch through the National School Lunch Application. As stated in LPA's report, school districts are limited in the number of applications that may be reviewed and only have access to supporting documentation provided by the family. School districts cannot use Department of Revenue records to determine eligibility for the National School Lunch Program, and they do not have access to those records for use in determining eligibility for At-Risk Funding.

It is important to highlight that a family's eligibility for the National School Lunch Program and the district's eligibility for At-Risk funding is a point in time. This means that a family's financial circumstances may change during the course of the year but program eligibility for the National School Lunch Program and At-Risk funding are based on the application date or the date of the review. For At-Risk funding, that date is September 20<sup>th</sup>.

LPA provided an example of two students who qualified for Free Lunch, but using Department of Revenue data found that three individuals in the household had a total income in excess of \$200,000. Although it is possible that the family only included one of the incomes intentionally, there are other possible explanations that happen commonly. With three wage earners in the household, it is possible that the other adults living in the household were a separate economic unit and that is why the income was not reported or the individuals were not included on the application. Additionally, it is possible that one or more of the individuals lost their income in September. If a family of five had a substantial loss of income resulting in a total income of \$45,682 or less by September 20, the students would qualify for free lunch and the district would qualify for At-Risk funding.

Although LPA does explain that the Department of Revenue data can lead to erroneous conclusions, I wanted to provide a specific example of how this could happen, as changes in household income are all too common.

### Conclusion

LPA accurately states that free lunch eligibility under the National School Lunch Program has undergone substantial changes related to direct certification. They are also correct in pointing out that the legislature intended to use students living in poverty as a way to distribute At-Risk funding. However, state law requires that school districts expend At-Risk funds on students designated as at-risk and poverty is not considered an at-risk qualifier. Based on information provided by LPA, it

appears that changes to the Direct Certification program providing eligibility for students to receive free lunch may be less representative of students living in poverty and more representative of students that meet the defined at-risk criteria. The best example of this are students in the custody of the Department of Children and Families (foster care). It is very possible that a student foster care would not be captured in census poverty numbers. The foster family likely would not qualify as household in poverty and the student may not be in the home long enough to be part of the estimated counts. However, students in foster care are explicitly listed as being at-risk.

In considering the findings of this audit, although the free lunch count may no longer be an accurate measure of poverty, the Legislature should consider if the formula still meets the overall goal of providing a measure of at-risk students, given that poverty is not part of the definition of an at-risk student.

Thank you for the opportunity to provide feedback on the Reviewing Free Lunch Student Counts Used as a Basis for At-Risk Funding. This audit provides valuable information for how the State of Kansas provides additional funding to meet the needs of some of our most vulnerable children.

Respectfully submitted,  
Dr. Frank Harwood  
Deputy Commissioner

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## Appendix A – Cited References

This appendix lists the major publications we relied on for this report.

1. School Meals Programs: USDA Has Reported Taking Some Steps to Reduce Improper Payments but Should Comprehensively Assess Fraud Risks (June, 2019). *U.S. Government Accountability Office*.

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## Appendix B – National School Lunch Program Application

This appendix includes an example of a free and reduced-price application for the National School Lunch Program. The USDA provides this application in about 50 different languages to school districts each year.

## Prototype Household Application for Free and Reduced Price School Meals

Complete one application per household. Please use a pen (not a pencil).

**APPLY ONLINE:**  
**RETURN TO (School/District Name):**  
**ADDRESS:**

**STEP 1** List ALL children, infants, and students up to and including grade 12. Attach another sheet of paper if you need space for more names.

**List ALL children in the household. Do not forget to list infants, children attending other schools, children not in school, and children not applying for benefits.**

<b>STEP 2</b> Do any household members (including you) participate in: <b>SNAP, TANF, or FDPIR?</b>			
<input type="radio"/> <b>NO</b> $\downarrow$ Go to STEP 3.	<input type="radio"/> <b>YES</b> $\downarrow$ Write case number here and proceed to STEP 4.		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px; vertical-align: top;">CASE NUMBER (NOT EBT NUMBER):</td> </tr> <tr> <td style="padding: 5px; vertical-align: bottom; text-align: right;">Write only one case number in this space.</td> </tr> </table>		CASE NUMBER (NOT EBT NUMBER):	Write only one case number in this space.
CASE NUMBER (NOT EBT NUMBER):			
Write only one case number in this space.			
<b>STEP 3</b>	List ALL household members and income for each member (before taxes and deductions)		

**A. List all Adult Household Members (anyone who is living with you and yourself, even if not related, including you)**  
List all Adult Household Members **not** listed in STEP 1 even if they are not related to you. For each Household Member listed, if they receive income, report total gross income (before taxes and deductions) for each source in whole dollars (no cents) only. If they do not receive income from any source, write 0. If you enter '0' or leave any fields blank, you are certifying (promising) that there is no income to report.

usehold

report total gross

axes and

8

5

57

8

B. CHILDREN

How often

for list of in-

10

**STEP 4** Contact information and adult signatures

**RETURN COMPLETED FORM TO YOUR CHILD'S SCHOOL:** Insert school address here

111

"certify (promise) that all information on this application is true and that all income is reported. I understand that this information is given in connection with the receipt of Federal funds, and that school officials may verify (confirm) the information. I am aware that if I purposely give false information, my children may lose meal benefits, and I may be prosecuted under applicable State and Federal laws."

Print Name of Adult Signing the Form	Signature of Adult	Today's Date
--------------------------------------	--------------------	--------------

**Return completed form to your child's school.**

**Mailing Address (if available)**   
**City**   
**State**   
**Zip**   
**Phone (optional)**   
**Email (optional)**

## SOURCES AND EXAMPLES OF INCOME

For additional information on income, please refer to the instructions that accompany this application.

Sources of Income		Examples of Income for Children	
Earnings from Work	Public Assistance/Alimony/ Child Support	Pensions/Retirement/ All other sources of income	
<ul style="list-style-type: none"> <li>• Salary, wages, cash bonuses, tips, commissions</li> <li>• Net income from self-employment (farm or business)</li> </ul>	<ul style="list-style-type: none"> <li>• Unemployment benefits</li> <li>• Worker's Compensation</li> <li>• Supplemental Security Income (SSI)</li> <li>• Cash assistance from State or local government</li> <li>• Alimony payments</li> <li>• Child support payments</li> <li>• Veterans benefits</li> <li>• Strike benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Social Security/Disability (including railroad retirement and black lung benefits)</li> <li>• Private pensions or disability benefits</li> <li>• Income from trusts or estates</li> <li>• Annuities</li> <li>• Investment income</li> <li>• Earned interest</li> <li>• Rental income</li> <li>• Regular cash payments from outside household</li> </ul>	<ul style="list-style-type: none"> <li>• A child has a regular full or part-time job where they earn a salary or wages</li> <li>• A child is blind or disabled and receives Social Security benefits</li> <li>• A parent is disabled, retired, or deceased, and their child receives Social Security benefits</li> <li>• A friend or extended family member regularly gives a child spending money</li> <li>• A child receives regular income from a private pension fund, annuity, or trust</li> </ul>
<b>If you are in the U.S. Military:</b> <ul style="list-style-type: none"> <li>• Basic pay and cash bonuses (do NOT include combat pay, FSSA, or privatized housing allowances)</li> <li>• Allowances for off-base housing, food, and clothing</li> </ul>			

## OPTIONAL

Children's ethnic and racial identities. This information is kept confidential and may be protected by the Privacy Act of 1974.

We are required to ask for information about your child's race and ethnicity. This information is important and helps to make sure we are fully serving our community. Responding to this section is optional and does not affect your child's eligibility for free or reduced price meals.

Ethnicity (check one):  Hispanic or Latino (a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish Culture or origin, regardless of race)

Asian

Black or African American

Native Hawaiian or Other Pacific Islander

White

Race (check one or more):  American Indian or Alaska Native

American Indian or Alaska Native

Asian

Black or African American

Native Hawaiian or Other Pacific Islander

White

American Indian or Alaska Native

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Black or African American

Native Hawaiian or Other Pacific Islander

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## Appendix C – Household Economic Survey

This appendix includes an example of the Household Economic Survey. KSDE provides this form to school districts each year. However, households submit it to the school district on a voluntary basis.

**<Delete This Text and Print on District Letterhead>**  
**2023-2024 Household Economic Survey**

Do not complete this form if you are Directly Certified to receive free meals or if you have filled out a Child Nutrition Program Meal Benefits Application.

**For your school to receive specific state and federal benefits and funding,  
you must fill out this form.**

There are \_\_\_\_\_ people in my household, including all children and adults.

The total annual income for all people in the household **before any deductions** for taxes, insurance, medical expenses, child support, etc. is \_\_\_\_\_ per year.

Student Name	School	Grade	Date of Birth

Additional students are listed on the back of this page.

***I certify (promise) that all information on this application is true and that all income is reported. I understand that the school will receive federal and state funding based on the information provided. I understand that school officials may verify (check) the information.***

---

Signature of Parent or Guardian

---

Date

---

Phone

---

For School Use Only:  Free       Reduced       Not Eligible