

Application Selection Procedures

Available Sample Sizes

Section 9(b)(3) of the NSLA specifies verification sample sizes for LEAs. There are three sample sizes established for verification activities, as described in the table below. The standard sample size must be used by an LEA unless the LEA qualifies to use an alternate sample size. As stated in Section 9(b)(3)(D)(iii) of the NSLA, the standard sample size is the lesser of three percent or 3,000 of the approved applications on file as of October 1. For more information, see: SP 27-2006: *Verification Sample Size*, <http://www.fns.usda.gov/sp27-2006-verification-sample-size>.

Available Sample Sizes	
Standard Sample Size [7 CFR 245.6a(c)(3)]	
Standard	<p>Sample size equals the lesser of:</p> <ul style="list-style-type: none"> • Three percent of all applications approved by the LEA for the school year, as of October 1 of the school year, selected from error prone applications; or • 3,000 error prone applications approved by the LEA for the school year, as of October 1 of the school year.
Alternate Sample Sizes Available to Qualified LEAs [7 CFR 245.6a(c)(4)]	
Alternate One	<p>Sample size equals the lesser of:</p> <ul style="list-style-type: none"> • Three percent of all applications approved by the LEA for the school year, as of October 1 of the school year, selected at random; or • 3,000 applications approved by the LEA for the school year, as of October 1 of the school year, selected at random.
Alternate Two	<p>Sample size equals the lesser of the sum of either:</p> <ul style="list-style-type: none"> • 1,000 of all applications approved by the LEA, as of October 1 of the school year, selected from error prone applications; or • One percent of all applications approved by the LEA, as of October 1 of the school year, selected from error prone applications. <p>PLUS the lesser of:</p> <ul style="list-style-type: none"> • 500 applications approved by the LEA, as of October 1 of the school year, which provide case numbers in lieu of income information; or • One-half of one percent (.05 percent) of applications approved by the LEA, as of October 1, of the school year that provide case numbers in lieu of income information.

Completing the Sample Size

The LEA may not have enough applications that meet the criterion for sample sizes based on error prone applications. When this happens, the LEA must select, using random sampling, additional approved applications to complete the required sample size [7 CFR 245.6a(c)(5)].

In other situations, the number of error prone applications may exceed the required sample size. When this happens, the LEA must randomly select, using random sampling, the required number of applications from all error prone applications.

Qualifying to Use an Alternate Sample Size

There are two ways an LEA may annually qualify to use an alternate sample size based on lowered non-response rates.

- **Lowered Non-Response Rate [7 CFR 245.6a(d)(2)]:** Any LEA may use an alternate sample size for any school year when its non-response rate for the preceding school year was less than 20 percent. For example, for SY 2016-2017, an LEA could have used an alternate sample size if in SY 2015-2016 the LEA's non-response rate was 18 percent.

- **Improved Non-Response Rate [7 CFR 245.6a(d)(3)]:** An LEA with more than 20,000 children approved by application as eligible, as of October 1 of the school year, may use an alternate sample size for any school year when its non-response rate for the preceding school year was at least 10 percent below the non-response rate for the second preceding school year.

The following table, Qualifying to Use an Alternate Sample Size, provides an example of how an LEA may qualify based on an improved non-response rate.

Qualifying to Use an Alternate Sample Size
Year 1: SY 2014-2015
<ul style="list-style-type: none">• The LEA had 21,000 children approved for free and reduced price meal benefits based on a total of 6,000 approved applications<ul style="list-style-type: none">○ Therefore, 180 household applications (3 percent of 6,000) must be verified• Of those 180 households, 45 households failed to respond to verification requests, which results in a non-response rate of 25 percent ($45 \div 180$ as a percentage)• The LEA must improve the 25 percent non-response rate by at least 10 percent• The improvement rate is calculated by multiplying the non-response rate by 10 percent, which is 25 percent x 10 percent = 2.5 percent

Qualifying to Use an Alternate Sample Size
<p>Year 2: SY 2016-2017</p> <ul style="list-style-type: none"> • The LEA had 6,000 approved applications, so the sample size is 180 (3 percent of 6,000) • The number of non-respondents was reduced to 40 which is a non-response rate of 22.2 percent ($40 \div 180$ as a percentage) • The next step is to calculate the level of improvement needed between Year 1 and Year 2, by subtracting Year 1's non-response improvement rate from Year 2's non-response rate (25 percent minus 2.5 percent = 22.5 percent) • Since 22.2 percent is less than the minimum non-response rate of 22.5 percent, the improvement is greater than 10 percent • The LEA qualified to use an alternate sample size for SY 2016-2017
<p>Year 3: SY 2017-2018</p> <ul style="list-style-type: none"> • The LEA could use one of the alternate sample sizes for its verification activities

Continuing Eligibility for Use of an Alternate Sample Size

The LEA must annually determine if it is eligible to use one of the alternate sample sizes and each State agency must establish a procedure for LEAs to designate use of an alternate sample size. The State agency may also establish criteria for reviewing and approving the use of an alternate sample size, including deadlines for submissions. If the LEA determines it is eligible, the LEA must contact the State agency in accordance with any procedures established by the State agency for approval prior to use an alternate sample size [7 CFR 245.6a(d)(4)].

Post-Selection Procedures

There are two procedures the LEA completes prior to contacting the household to obtain documentation of eligibility: the required confirmation reviews and the optional replacement of certain applications.

Confirmation Reviews

Prior to any other verification activity, a determining official must review each approved application selected for verification to ensure the initial determination was accurate. Any LEA that conducts a confirmation review of all applications at the time of certification is not required to conduct confirmation reviews prior to verification. The confirmation review must be done by an individual other than the individual who made the initial eligibility determination [7 CFR 245.6a(e)(1)].

This requirement is waived if the LEA uses a technology-based system with a high level of accuracy in processing an initial eligibility determination. The LEA must contact the State agency to determine if its system qualifies them for this waiver. The State agency may request documentation to support the accuracy of the LEA's system. If the State agency determines the technology-based system is inadequate, it may require the LEA to conduct a confirmation review of each application selected for verification.

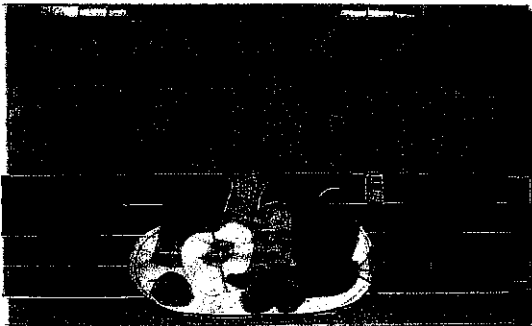
Once any required confirmation reviews are completed, the LEA will proceed with verification if the initial determination was correct or incorrect, as follows:

LEA Responsibilities Following a Status Change [7 CFR 245.6a(e)(1)(i)(A-C)]	
No Change in Status	The LEA verifies the application.
Status Change from Reduced Price to Free	The LEA: <ul style="list-style-type: none"> • Makes the increased benefits available immediately; • Notifies the household of the change in benefits; and • Verifies the application.
Status Change from Free to Reduced Price	The LEA: <ul style="list-style-type: none"> • Does not change the child's status; • Verifies the application; • Notifies the household of the correct eligibility status after verification is completed and, if required, sends the household a notice of adverse action.
Status Change from Free or Reduced Price to Paid	The LEA: <ul style="list-style-type: none"> • Immediately sends the household a notice of adverse action; • Does not verify the application; • Selects a similar application, such as another error prone application, for verification; and • Follows the confirmation review procedures for the selected application.

Replacing Applications

After completing the confirmation reviews, the LEA may, on a case-by-case basis, replace up to five percent of applications selected [7 CFR 245.6a(e)(2)]. Applications may be replaced when the LEA believes the household would be unable to satisfactorily respond to the verification request.

If five percent of total applications in the LEA results in less than one application total, one application may still be replaced. All results of the five percent calculation are rounded up to the next whole number. Any application removed must be replaced with another approved application selected on the same basis. For example, an error prone application must be substituted for a withdrawn error prone application. The newly selected application must then have confirmation review.



When an application is selected for verification and, prior to hearing back from the household in question, that household is found on a direct certification list, the application does not have to be replaced in the verification sample pool. The application would be marked as a direct certification in the appropriate box in Section 3 of the FNS-742. LEAs should include these applications in Field 5-5 (Number of applications selected for verification) of the FNS-742 and indicate the number of these applications that are being converted to direct certification in the remarks portion of the FNS-742.