

Payment Integrity Scorecard

Program or Activity

Food and Nutrition Service (FNS) National School Lunch Program (NSLP)

Reporting Period

Q3 2025

FY 2024 Overpayment Amount (\$M)*

\$1,081

*Estimate based a sampling time frame starting 7/2017 and ending 6/2018



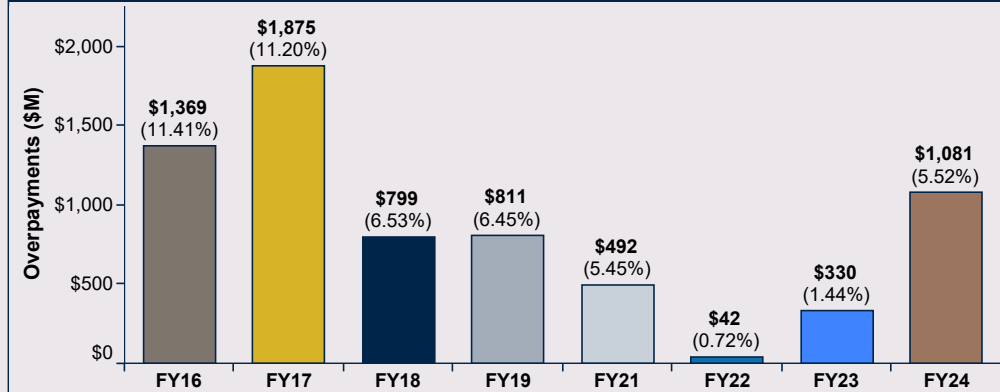
U.S. Department of Agriculture

Food and Nutrition Service (FNS) National School Lunch Program (NSLP)

Brief Program Description & summary of overpayment causes and barriers to prevention:

The National School Lunch Program (NSLP) is a federally assisted meal program operating in public and nonprofit private schools and residential child care institutions. It reimburses participating schools and institutions for the cost of providing meals to eligible children. NSLP overpayments are primarily due to errors in determining children's eligibility for program benefits. Errors in counting and claiming meals for federal reimbursement is a secondary source of over payment. The most significant barrier to prevention is the decentralized nature of the program. Certifying children for benefits and counting meals for reimbursement are handled independently by tens of thousands of schools and school districts.

Historical Payment Rate and Amount (\$M) (Overpayment as Percentage of Total Outlays)



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

In the past quarter, FNS completed the auditing process for compliance with the Payment Integrity Information Act of 2019 (PIIA). The audit involved reviewing published improper payment estimates, sampling and estimation plans, corrective action plans, and reduction targets. In the process, FNS better streamlined its improper payment reporting mechanisms to optimize measuring and documenting procedures. FNS is also actively working with the contractor for the Fourth Access, Participation, Eligibility and Certification Study (APEC IV) to create supplemental data tables that will allow future improper payment estimates to more accurately reflect nuances of the program. After using data from APEC III for IP estimates across multiple reporting cycles, analysts have identified data elements that would be useful for improving the estimates and would be straightforward for the contractor to provide in the new study. FNS expects that this additional data will allow for more robust estimates when incorporating data from APEC IV.

Accomplishments in Reducing Overpayment

Date

| | | |
|---|--|--------|
| 1 | FNS conducted state Management Evaluations (MEs). The agency shared results from its Data Validation Service with states ahead of their MEs. The DVS applies edit checks to state's NSLP verification data. Sharing these results alerts states to possible data quality issues. | Jun-25 |
| 2 | Preliminary agency analysis of state-reported, school district-level NSLP verification outcomes for school year 2024-2025. | Jun-25 |
| 3 | Work continues on the fourth Access, Participation, Eligibility and Certification Study (APEC IV), which aims to provide current and nationally representative data for improper payments on NSLP and SBP. The contractor is finalizing table shells after USDA feedback. | Jun-25 |

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| Goals towards Reducing Overpayments | Status | ECD | Recovery Method | Brief Description of Plans to Recover Overpayments | Brief Description of Actions Taken to Recover Overpayments |
|--|----------|--------|-----------------|---|---|
| 1 With the completion of data collection, FNS and its contractor will begin analyzing results of the newest IP study for NSLP/SBP. This is the beginning of the process that will help us update our IP estimates and better identify root causes. Most recently, FNS collaborated with the contractor to discuss the analysis plan with the aim of finalizing the presentation of data tables. | On-Track | Jun-25 | 1 | FNS has been granted a waiver for recovery of overpayments due to the nature of the program (i.e., State level administration, where States distribute reimbursements to program operators who submit claims and for monitoring and oversight of the claims submission process) | FNS has been granted a waiver for recovery of overpayments due to the nature of the program (i.e., State level administration, where States distribute reimbursements to program operators who submit claims and for monitoring and oversight of the claims submission process) |

| Amt(\$) | Root Cause of Overpayment | Root Cause Description | Mitigation Strategy | Brief Description of Mitigation Strategy and Anticipated Impact |
|----------|---|---|--|--|
| \$1,081M | Overpayments outside the agency control that occurred because of a Failure to Access Data/Information Needed. | USDA's Community Eligibility Provision (CEP) and Direct Certification with Medicaid pilot projects (DC-M) use cross-agency data sharing to certify children for NSLP benefits without application error. Not all eligible states, schools and districts participate in CEP or DC-M. | Automation - automatically controlled operation, process, or system. | USDA provides resources to help states improve integrity. FNS facilitates conversations with states to maximize direct certification, which reduces error by eliminating household applications. Household applications are our biggest source of error. |