Payment Integrity Scorecard

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

Reporting Period
Q1 2025

FY 2024 Overpayment Amount ($M)*   **$1,081**

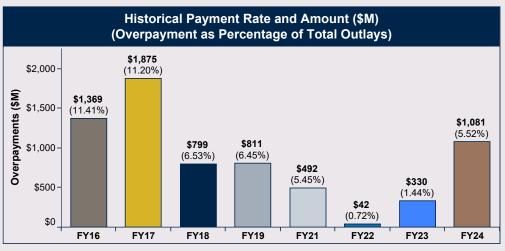*Estimate based a sampling time frame starting 7/2017 and ending 6/2018

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)

	FY16	FY17	FY18	FY19	FY21	FY22	FY23	FY24
Overpayments ($M)	$1,369 (11.41%)	$1,875 (11.20%)	$799 (6.53%)	$811 (6.45%)	$492 (5.45%)	$42 (0.72%)	$330 (1.44%)	$1,081 (5.52%)

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

FNS worked to improve and update its verification process in its Summer EBT application. This introduces a new module to improve the rigor of the process. Specifically, it includes a feedback loop where FNS will review the outcomes of verification in the first year to approve targeting of high-risk applications in future years. The Summer EBT application is nearly identical to the NSLP/SBP application, so improvements here will demonstrate how to states how the same process can be applied in NLSP/SBP.

Accomplishments in Reducing Overpayment

	Accomplishments in Reducing Overpayment	Date
1	Data collection for FNS's NSLP/SBP IP study concluded and data analysis has begun. Results will provide us with an updated baseline for IP estimates. This will be the first updated baseline using data collected since the Covid-19 pandemic and will improve FNS's IP estimates.	Dec-24
2	FNS released an updated CN Database with a modernized platform. It is used in nutrient analyses and is an important tool for making sure that meals meet the requirements for reimbursement. The tool will help improve integrity by promoting and easing meal pattern adherence.	Dec-24
3	FNS's annual State Agency Meeting was in 12/24. FNS staff discussed operations with state agency staff and answered questions related to program integrity. FNS staff presented in a general session focused on improper payments and fraud in CN programs.	Dec-24

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	Goals towards Reducing Overpayments	Status	ECD
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.	On-Track	Sep-25

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Activity	NSLP 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)	NSLP 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.