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Since 1971, able-bodied adults who receive food stamps and are not exempted by law have been required to register for and accept employment. These requirements were intended to affect the program in two ways: by finding recipients jobs so that they would no longer need assistance and by denying stamps to those who are able but unwilling to work.

Findings/Conclusions: The food stamp program's work registration requirements have not achieved the intended results. A random selection of 1,061 cases from applications approved during January 1976 found 620 recipients who were required to register for work. Of the 620, only 3 obtained jobs and only 233 registered at local employment offices. The remaining 384 recipients were not registered because: food stamp offices failed to have them fill out work registration forms, food stamp offices had not sent the completed forms to employment service offices, employment service offices had not distributed the forms to appropriate local offices, and forms had not reached the local employment service offices for various other reasons. Present procedures for evaluating work registration activities are not adequate because they do not provide information on the percentage of recipients who have not registered and whether the employment offices are receiving work registration forms and using them. Recommendations: The Secretaries of Agriculture and Labor should require: better information to be gathered on the effectiveness of the food stamp work requirements; closer monitoring of State and local activities implementing these requirements; and stronger action to correct identified problems, including finding out why required procedures are not being followed and what can be done to insure that they are followed. (RRS)

6099  
BY THE COMPTROLLER GENERAL

# Report To The Congress

OF THE UNITED STATES

## Food Stamp Work Requirements-- Ineffective Paperwork Or Effective Tool?

The work requirements of the food stamp program are intended to affect the program in two ways--by helping recipients find jobs so that they will no longer need assistance and by terminating benefits to those recipients who are able but not willing to work.

Unfortunately, those responsible for administering the requirements seem to regard them as administrative paperwork rather than as a tool for reducing the program's size. And the job search requirement in the recently enacted Food Stamp Act of 1977 will probably be regarded the same way unless the Departments of Agriculture and Labor make the administrative changes discussed in this report.

The 1977 act also requires that the workfare concept, in which food stamp recipients will be required to work on public service jobs for the value of their benefits, be tested in 14 pilot projects. In considering the President's welfare reform proposal, the Congress should assess the results of the food stamp work requirements, including the 14 workfare pilot projects.



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APRIL 24, 1978



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

A-51604

To the President of the Senate and the  
Speaker of the House of Representatives

The work registration requirements of the food stamp program have not achieved the results the Congress thought they would. Even though some recipients have gotten jobs as a result of the requirements and others have been denied benefits for not cooperating fully with local officials, the actual savings thus far have been meager compared to what could be saved by a well-run work registration effort. This report describes some ways to increase the savings by improving work registration.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Acting Director, Office of Management and Budget; the Secretary of Agriculture; and the Secretary of Labor.

A handwritten signature in cursive script, reading "Thomas R. Staebli".

Comptroller General  
of the United States

D I G E S T

Since 1971, able-bodied adults who receive food stamps and are not exempted by law have been required to register for and accept employment. These requirements were intended by the Congress to affect the program in two ways--by finding recipients jobs so that they would no longer need assistance and by denying stamps to those who are able but unwilling to work. (See p. 1.)

However, the results achieved by the requirements have not been what the Congress intended. For example, in reviewing 1,061 selected cases at five locations, GAO identified 620 recipients required to register for work. Of these 620, only 3 had obtained jobs, and 384 were not even registered for work at the local employment service offices responsible for helping them find jobs.

There were several reasons why the 384 were not registered. Either the

- food stamp offices had failed to have them fill out the work registration forms (102 recipients);
- food stamp offices had not sent the completed forms to the employment service offices (131 recipients);
- employment service had not distributed the forms to the appropriate local offices (131 recipients); or
- for reasons GAO could not determine, forms had not reached the local employment service offices (20 recipients). (See pp. 7 to 13.)

In addition, many recipients may have missed employment opportunities because registration information did not reach the employment offices in time to refer the recipients to available jobs. (See p. 13.) A considerable number of suitable jobs were available which the unemployed food stamp recipients appeared to be qualified for, but most of the recipients had not been referred to employers. (See p. 18.) According to employment service employees, some recipients did not cooperate fully in efforts to obtain jobs. This lack of cooperation was not always documented and benefits were not always terminated even though termination is required. (See p. 16.)

Reliable and complete overall data is not available, so it is not possible to tell either how effective the food stamp work registration requirements are or how effective they could be--based on the results at specific locations--if they were administered well. This lack of data also makes it impossible to tell whether the requirements' effectiveness in other locations is as poor as it was in the locations GAO reviewed.

At these locations, work registration appeared to be treated as just more administrative paperwork, not as a means for reducing the need for and cost of program benefits. (See p. 24.)

In enacting the Food Stamp Act of 1977 Congress anticipated that food stamp recipients who previously were required to register for work would also be required to actively seek employment. Unless needed administrative changes are made, it is likely that this new requirement will also be regarded as just another administrative paperwork requirement rather than as an effective tool for reducing program rolls. (See p. 6.)

If food stamp recipients are to be removed from the rolls through the work registration requirements, several things must be done. Recipients must be properly and promptly registered at the employment office responsible for helping them find jobs. In turn, the employment office must promptly evaluate their employability, including a face-to-face interview if necessary, and refer them to appropriate job openings.

All attempts to provide employment assistance to these recipients must be documented, along with their responses to the attempts. When recipients fail to cooperate, their failures must be documented and their benefits terminated.

The Congress has shown a continuing interest in measures which will encourage and help food stamp recipients to obtain jobs. In furtherance of this interest, the Congress required that 14 pilot projects test the concept of requiring food stamp recipients to work at public service jobs in return for their household's food stamps (workfare). In these projects, recipients required to register and search for jobs will be given 30 days to find employment. If they do not find employment, they will be required to work off the value of their household's food stamp benefits.

It is important that these tests be studied carefully because the concept is similar to part of the President's welfare reform proposal and the results could be used both to evaluate welfare reform proposals and to implement legislation, if enacted. (See p. 23.)

#### MATTER FOR THE CONGRESS

The Congress should consider the food stamp program's experiences with work requirements in its deliberations on the President's welfare reform proposal, especially the costs and benefits of the workfare projects compared to those of a well-administered work registration and job search activity. Careful analysis of the results of the food stamp work requirements might also provide some insights into the probable results of the work requirements the President has proposed. (See p. 26.)

#### RECOMMENDATIONS

The Secretaries of Agriculture and Labor should require

- better information to be gathered on the effectiveness of the food stamp work requirements;

--closer monitoring of the State and local activities implementing these requirements; and

--stronger action to correct identified problems, including finding out why required procedures are not being followed and what can be done to insure that they are followed.

If these measures are not successful, the States not properly carrying out the work requirements of the Food Stamp Act should be penalized financially.

The Secretaries should also take action to get employment service personnel stationed in at least the busier food stamp offices to improve the efficiency of work registration and similar activities. They should evaluate the costs and benefits of well-administered work registration and job search requirements and compare them with the costs and benefits of the workfare concept to be tested in 14 pilot projects. The results of this evaluation should be disseminated widely to the executive and legislative branches of the Government and to the public. (See p. 27.)

#### AGENCY COMMENTS

The Department of Labor agreed with GAO's analysis of the way the food stamp work requirements had been carried out, especially the conclusion that program officials at all levels viewed them as just more paperwork. Labor said it planned to implement GAO's recommendations as soon as practical. (See p. 28.)

The Department of Agriculture agreed that the food stamp work requirements need to be strengthened and said that they would be strengthened in the implementation of the recently passed Food Stamp Act of 1977. (See p. 28.) However, Agriculture did not explain specifically how it planned to correct the underlying systemic problems, and it did not discuss the workability of GAO's recommendations.

The Department also raised questions dealing primarily with the scope of GAO's review. These questions are discussed in appendix I.

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## CHAPTER 1

### INTRODUCTION

Since 1971, able-bodied adult food stamp recipients who are not specifically exempted by law have been required to register for and accept employment if it's available as a prerequisite for obtaining food stamp benefits. The requirements are intended to help potentially employable recipients to improve their financial situations and thereby minimize their need for assistance, and to prevent them from receiving food stamps if they refuse to pursue or accept employment.

We examined the way in which the local food stamp and employment service offices carried out the work registration requirements to determine if their efforts reduced the number of persons dependent on food stamps to the maximum extent feasible.

### FOOD STAMP PROGRAM

The food stamp program, authorized at the time of our review by the Food Stamp Act of 1964, as amended (7 U.S.C. 2011 et seq.), is designed to help low-income households obtain nutritionally adequate diets by supplementing their food budgets. It is a fairly large program. In September 1977, for example, about 16 million people received food stamp benefits and for the fiscal year ended June 30, 1976, it cost the Federal Government \$5.6 billion.

The program is administered nationally by the Department of Agriculture's Food and Nutrition Service (Service) and its regional offices. At the State level, overall responsibility for the program rests with the State agency responsible for federally aided public assistance programs. Locally, the program generally is administered by local offices of the State agency or by offices of county or city public welfare agencies. The State, however, remains ultimately responsible and is the unit with which the Service deals. There are more than 3,000 local food stamp projects in the United States and its territories.

Under the program as it operated at the time of our review, participating households bought food stamps--also called coupons--having a face value greater than their purchase price. The difference was called bonus value. The price households paid for coupons was based on the household's size, income, and certain deductible expenses;

extremely low-income households got food coupons free. Under newly enacted legislation--the Food Stamp Act of 1977 (Public Law 95-113, dated September 29, 1977)--only coupons equivalent to the bonus value will be given out and the purchase requirement will be eliminated. The coupons can still be used to buy food at participating stores.

The Department pays the entire bonus value of the coupons and generally reimburses the States for 50 percent of the State and local administrative costs. If a State does not provide enough qualified personnel to administer the program effectively, the Department may withhold the Federal share of administrative costs. Also, if benefits are overissued because of a State's negligence, the Department can require the State to reimburse the Federal Government for the value of the overissued benefits.

Generally, a participant enters the program by first applying to a local office, where a caseworker determines, from information supplied by the applicant and, according to Service instructions, verified by the caseworker, the applicant's eligibility and the amount of coupons the applicant is entitled to. Since 1971, legislation has required all able-bodied adults in an eligible household to register for and accept suitable employment, unless they are specifically exempted. Those specifically exempted are:

- Persons currently subject to and complying with a work registration requirement under either Title IV of the Social Security Act, as amended (42 U.S.C. 602), or the Federal-State unemployment compensation system.
- Parents or other members of a household with responsibility for the care of incapacitated persons or dependent children under age 12.
- Parents or other caretakers of children in households where there is another able-bodied parent who is subject to the requirements.
- Students enrolled at least half time in any recognized school, training program, or institution of higher education.
- Regular participants in drug addiction or alcoholic treatment and rehabilitation programs.

--Persons employed a minimum of 30 hours a week or receiving weekly earnings which equal the minimum hourly rate under the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206 (a)(1)), multiplied by 30 hours.

The Department of Labor, through State employment service offices, is responsible for assisting Agriculture in implementing the work registration requirements by providing registrants with such services as counseling, testing, training, and referral to potential employers.

Since 1971, the two Departments have operated under an annual interagency agreement that describes the operational and funding arrangements for administering the requirement. For the year ended June 30, 1976, Agriculture transferred \$28 million to Labor under this agreement--Labor returned \$1.9 million unused.

#### SCOPE OF REVIEW

We reviewed the Federal laws, regulations, and instructions governing the work registration requirements. We also reviewed the policies, practices, and procedures of State and local food stamp and employment service offices for registering food stamp applicants for work, referring them to jobs, and adjusting or terminating the benefits of those who obtained employment or refused to cooperate in obtaining employment.

We made our review at local food stamp and employment service offices in Chicago, Cleveland, Philadelphia, San Francisco, and Detroit. At each local food stamp office visited, we reviewed a sample of the cases on file and traced each case's progress through the process from application to referral to the employment service. We also examined other records and data related to work registration and discussed work registration practices and procedures with caseworkers and officials.

At the local employment service offices, we determined whether work registration forms for recipients in our samples were received by employment service offices and whether recipients were referred to and obtained jobs. At the Philadelphia, San Francisco, and Detroit offices, we also determined if suitable jobs were available, whether the employment service offices were adequately notifying the food stamp offices of events that would affect food stamp benefits,

and whether the food stamp offices took appropriate action on these notifications.

We also did work at the Food and Nutrition Service headquarters in Washington, D.C., and at three of its regional offices--Chicago, Princeton (since moved to Robbinsville, New Jersey), and San Francisco.

## CHAPTER 2

### WHY WORK REGISTRATION HAS HAD LIMITED SUCCESS

The food stamp program's work registration requirements have not achieved the results the Congress thought they would. Even though some people have gotten jobs as a result of the requirements and others have been denied benefits for not cooperating fully with local officials, the actual savings thus far have been meager compared to what could be saved by a well-run work registration effort.

One reason for the lack of success at the locations we reviewed was that the work registration requirements seemed to be viewed as just more administrative paperwork; they were not seen as a way to reduce the need for program benefits.

Also, administrative problems have impeded effective implementation of the requirements. Good overall data is not available, so it is not possible to tell exactly how effective the requirements are or--based on the results at specific locations--how effective they could be if they were well administered. But it is obvious from our review that more recipients could have obtained employment through the work registration process if local food stamp and employment service offices had corrected some of their administrative problems. For example, these offices had not provided each other complete, accurate, and timely information, even though it is required. As a result, neither food stamp nor employment service employees had the information they needed to carry out their responsibilities.

Many food stamp recipients required to register for work missed opportunities to obtain employment services because the food stamp offices did not insure that registration forms were completed for them. Others missed employment opportunities because registration information either did not get to appropriate local employment service offices or did not get there quickly enough for the offices to refer the recipients to available jobs. Still others did not cooperate fully in efforts to obtain jobs for them.

Employment service offices did not always notify food stamp offices to terminate or reduce benefits when recipients became employed or refused to cooperate, nor were notices always sent promptly. And when the notices were sent,

the food stamp offices did not always adjust or terminate benefits promptly.

A considerable number of suitable jobs were available which the unemployed food stamp recipients appeared to be qualified for, but most of the recipients had not been referred to the employers.

#### PURPOSE OF THE WORK REGISTRATION REQUIREMENTS

The Congress added the work registration requirements to the Food Stamp Act in 1971 (Public Law 91-671, 84 Stat. 2049). The act should

- help potentially employable persons to improve their financial situation and minimize their present or future need for assistance and
- prevent people who refuse to pursue or accept employment from participating in the program.

The requirements cannot be waived, and program benefits may not be granted to a household before all its members who are required to register have done so. Persons subject to the requirements comply with them by completing a form, a copy of which the food stamp office must forward to the local employment service office.

#### Job search requirement added by new legislation

Under legislation enacted September 29, 1977, Congress anticipated that food stamp recipients required to register for work will also be required to actively search for work or risk losing their food stamp benefits. This requirement is similar to the one which has applied for many years to recipients of unemployment compensation benefits. In other reviews, we have found that the job search requirement has not been effectively implemented and has had limited success in removing recipients from the unemployment compensation rolls.

The job search requirement in the unemployment compensation program is administered by the same State and local agencies that, according to a Service official, will probably

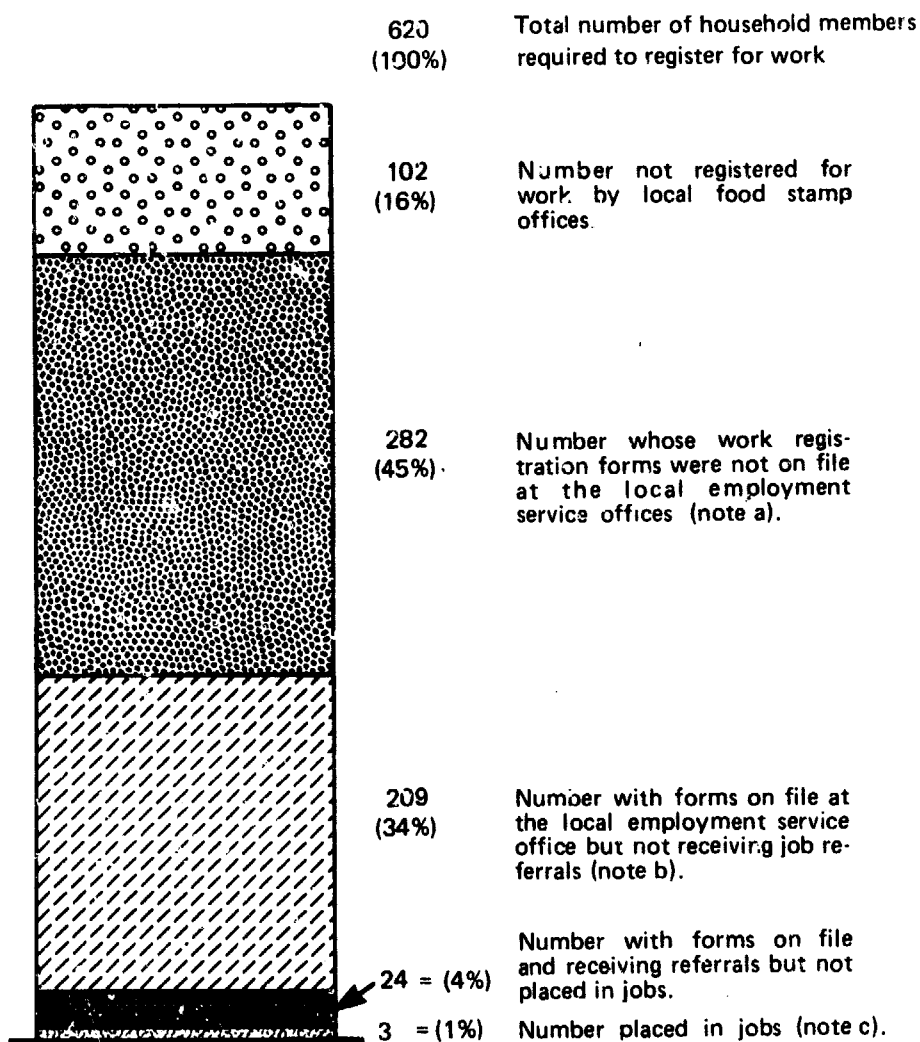
administer the food stamp job search requirement. In view of this situation and the poor implementation of previous food stamp work registration requirements, it is unlikely that the food stamp job search requirement will result in significant numbers of recipients leaving the rolls unless substantial administrative changes are made as recommended in this report. (See p. 27.)

WORK REGISTRATION REQUIREMENTS  
NOT VERY EFFECTIVE

The work registration requirements were not effective in achieving their intended results at the five projects we reviewed. We randomly selected 1,061 cases from applications generally approved during January 1976 and found that 620 recipients were required to register for work. Of these 620, only 3 obtained jobs and only 233 others were registered at the local employment offices which were responsible for helping them find jobs. The other 384 were not registered at such offices. The results of our analysis are shown in the following chart.



## RESULTS OF WORK REGISTRATION REQUIREMENTS ON OUR SAMPLE HOUSEHOLDS



a/ As discussed in the following section, of the 282 cases in this category, 131 occurred in Cleveland where the forms were sent to a central employment service office where they were held instead of being distributed to local offices for action.

b/ In Chicago, two individuals' work registration forms were with the local employment service, but we did not determine whether they got job referrals.

c/ In San Francisco, 14 individuals received job referrals, but, from the records available to us, we could not determine whether any of them were hired.

A Food and Nutrition Service report shows that, during the 21-month period ended March 1976, reductions of \$15.2 million in food stamp bonuses were made nationwide as a result of the work registration requirements. This figure is supposed to represent the aggregate of 1-month bonus reductions for each of the households whose bonuses were reduced or terminated because of the requirements.

The Department pointed out that while only a few persons in our sample were placed in jobs, the number nationwide has been significantly larger. This is obviously true on a total number basis. But, measured proportionally, the percentage nationwide is not significantly different, as shown in the following table.

|   | <u>Nine months<br/>ended<br/>March 1977</u> | <u>Fiscal<br/>year<br/>1976</u> | <u>Fiscal<br/>year<br/>1975</u> |
|---|---|---------------------------------|---------------------------------|
| Monthly average of total participating households (millions)                          | 5.3   | 5.8                             | 5.4                             |
| Number of households with benefits reduced or terminated <u>due to obtaining jobs</u> | 39,509                                      | 60,482                          | 45,772                          |
| Percent of total  | 0.7   | 1.0                             | 0.8                             |
| Number of households terminated for failure to comply with requirement                | 37,584                                      | 68,116                          | 59,870                          |
| Percent of total  | 0.7   | 1.2                             | 1.1                             |

The number of cases (3) shown in our sample (1,061) where we could definitely say that food stamp registrants were placed in jobs represents about 0.3 percent of the sample cases. However, we could not ascertain whether any jobs were obtained in 16 cases where job referrals were made. Thus, although the nationwide numbers furnished us show a little better picture than we found at our review locations, the significance of the difference is not that clear. Moreover, as discussed elsewhere in this report, the accuracy of Department's numbers is questionable (see p. 19.), which makes it difficult to tell whether the requirements are any more effective in locations other than those we reviewed.

PROBLEMS REDUCING EFFECTIVENESS  
OF WORK REGISTRATION

Although all able-bodied food stamp recipients not qualifying for exemption must register for and accept work to receive food stamps, many were not registered. Some local food stamp offices established criteria under which certain nonexempt recipients were, in effect, granted exemptions. Also, food stamp caseworkers sometimes made errors that resulted in some nonexempt recipients receiving food stamps even though they were not registered.

The local food stamp offices were not insuring that the information on the work registration forms was complete enough for the employment service to use before forwarding the forms. Also, they did not always send the forms to the employment service on time.

A large percentage of work registration forms that were completed by food stamp caseworkers never reached the appropriate local employment service office. As a result, many recipients missed the opportunity to obtain employment because the employment service was unaware of them. Also, the local employment service offices did not refer many of the registrants to available jobs.

The employment service offices did not always notify the food stamp offices of events that would change the amount of food stamp benefits certain recipients would receive. When they did send such notices, they were not always in time to prevent overpayments.

Also, certain procedures, such as interviewing recipients, were carried out at both food stamp and employment service offices.

Local food stamp offices did not register  
some nonexempt recipients

Of the 620 persons who were subject to the work registration requirements, 102, or 16 percent, were not registered by local food stamp offices as required. In 42 of the 102 cases, the food stamp caseworkers forgot to complete the proper forms. In another 45 cases, the caseworkers did not fill out the forms because of local procedures that were contrary to the Service's regulations. In another 12 cases, we were told that the local office did not have any work registration forms in stock when those persons applied for food stamps. In the remaining 3 cases, we could not determine the reasons why the persons were not registered.

In Detroit, food stamp employees told us that they exempted some recipients because they were applying for food stamps for only 1 month. They also exempted some recipients who were participating in a non-Federal welfare (general assistance) program which also had a work registration requirement. Such recipients were assumed to have been registered previously by the welfare caseworkers. Food stamp regulations in effect at the time of our review did not exempt persons in either of these situations from registering.

In Cleveland, the county welfare department instituted a policy in June 1975 of not registering those food stamp applicants who could provide proof that they had applied for unemployment compensation--which involves registering for job placement services. The county rescinded the policy in January 1976. According to a State welfare department official, the policy should never have been instituted.

Under policies such as those in Detroit and Cleveland, the local food stamp offices run the risk of overissuing food stamps. The local employment service offices would not know that these persons were receiving food stamps and would have no reason to report to the food stamp offices when the recipients obtained jobs or refused to cooperate in efforts to obtain jobs, which might require that food stamp benefits be reduced or terminated.

The new food stamp legislation enacted September 29, 1977, provides that food stamp recipients required to register for work under the unemployment compensation program or the work incentive program (for certain recipients of aid to families with dependent children) will not be required to register again under the food stamp program. If not implemented properly, this provision could cause widespread problems of the type discussed above. Procedures will have to be established for advising employment service offices of the names of registrants receiving food stamps. That way the employment offices can notify the food stamp offices of events affecting food stamp benefits. Procedures are also needed to insure that all food stamp recipients who are required to register for and seek jobs are properly registered with the employment service, including those required to register under the unemployment compensation or work incentive programs.

#### Food stamp offices sent incomplete information to employment service offices

Once the local employment service office receives a work registration form from the local food stamp office, its

personnel are to evaluate the information to determine what types of jobs the recipient qualifies for. If the information on the form is incomplete, the employment office cannot make this determination and must send the form back to the local food stamp office. This delays the job placement process until the form is returned.

In San Francisco, we reviewed a sample of 75 registration forms that had been sent to the local employment service office. According to the employment service job placement counselors, 46, or 61 percent, of the forms were incomplete and had insufficient information for effective employment evaluation. Missing data ranged from obvious omissions, such as birth dates, to clarification of items, such as job skills and reasons for previous employment termination.

In Philadelphia, it appeared that the communication between the local employment service and food stamp offices had improved with regard to providing complete work registration information. Employment service officials had complained about incomplete forms received in January 1976. Food stamp office officials told us that the cause of this problem was inexperienced supervisors and caseworkers, since the office was established in September 1975 with new personnel. Our subsequent review of the work registration forms sent to the employment service during 1 week in July 1976 indicated that the problem had been eliminated.

#### Work registration forms did not reach local employment service offices

Even though the local food stamp offices had registered 518 of the 620 persons who were required to register (see pp. 7 and 8), the registration forms of 282 persons--54 percent of the 518--never reached the appropriate local employment service office. Thus, they never had an opportunity to be considered for a job and, for all practical purposes, might as well not have been registered.

Of the 282 cases, 131 occurred in Cleveland, where the forms were sent by local food stamp offices to a central employment service office for counting and subsequent distribution to local employment service offices based on recipients' addresses. However, when we visited the central office in May 1976, we learned that it had not distributed any forms since September 1975. This included the 131 registrants from our sample. We estimated that the central office had failed to process more than 9,000 food stamp work registration forms during the 7-1/2-month period ended in mid-May 1976. Employment service officials told us that the forms were not sent to the local offices because of a shortage of personnel at the central office.

For an additional 131 cases at the other locations, we were not able to determine why the employment service did not have the work registration forms. We found a copy of each form at the local food stamp offices but not at the employment service offices. The offices did not always maintain records showing when forms were sent and received. Hence, if a form was not in the employment service case folder or if the employment service had not initiated its own work registration form, we could not determine where the form was or what had happened to it.

For the other 20 cases, the food stamp offices simply had not forwarded the forms to the employment service.

### Processing work registration forms took a long time

It took considerable time for work registration forms to be sent to the local employment service offices from the local food stamp offices and for the employment service to take action to find jobs for the food stamp recipients. Such delays make it less likely that the recipients will be referred to and obtain available jobs.

In Detroit and Philadelphia, for example, it took an average of 34 days for the work registration forms included in our sample from January 1976 applications to reach employment service offices. The processing time in Philadelphia ranged from 41 to 88 days and averaged 55 days. Most of the delay occurred because food stamp offices in both cities batched the forms and sent them to the employment service weekly, monthly, or at some other interval chosen by the local offices.

Similar timing problems had not occurred in San Francisco because procedures in effect there during the period we sampled required that each food stamp applicant register for work in person at an employment service office before receiving food stamp benefits. However, in April 1976 the Service directed California to conform to its regulations, which require food stamp offices to send work registration forms--not applicants--to employment service offices, thereby increasing the possibility of timing problems.

In Cleveland, the food stamp office did not list the names or case numbers associated with the forms it sent to the employment service. The forms were counted, however, to provide information the Service requires the States to report. The employment service did not list the forms it received. Accordingly, we were unable to calculate the

interval between when the forms were filled out and when the employment office received them. Local food stamp office personnel said that, in the future, they would compile lists of forms sent.

We found that, in addition to the long time it took for work registration forms to reach employment service offices, these offices took considerable time--an average of 33 days in Philadelphia and 27 days in Detroit--to process and take action on the forms they received.

Employment service personnel in several Philadelphia offices told us that work registration forms arrived in batches and that it took from 7 days to 3 months for the forms to get there from the food stamp offices. In one employment service office, the backlog of forms became so great that the office decided not to process them because they were too old. The employment service personnel said they also received incomplete forms, which caused additional delays because the missing information had to be obtained from the food stamp office.

We were told that delays adversely affected the employment service's ability to provide service to food stamp registrants because registrants tend not to respond to employment service call-in requests when the requests are made long after actual work registration.

We previously reported that registrants at the employment service were most likely to be referred to jobs if they were physically present at the employment service office. 1/ In two employment service offices in the Philadelphia area, 75 percent of the persons who received referrals obtained that service within 3 working days of being registered. We therefore believe that food stamp registrants are less likely to receive job referrals when food stamp offices take too long to forward the work registration forms to the employment service.

#### Inadequate feedback from employment service offices

Some persons had received food stamps they were not entitled to because local food stamp and employment service offices were not communicating effectively. When a food stamp recipient either obtains employment or fails to cooperate in

1/"The Employment Service--Problems and Opportunities For Improvement" (HRD-76-169, Feb. 22, 1977).

finding a job, the local employment service office is supposed to notify the local food stamp office, so that the recipient's benefits can be appropriately adjusted. In some instances, the employment service had failed to send such notices; in other cases, the notices were sent too late to prevent overpayments.

In Cleveland, the employment service reported that it placed 254 food stamp recipients in jobs during the last half of 1975. However, the food stamp office was notified in only 18 of those cases and, thus, may have been unaware that the other 236 recipients were placed in jobs and probably should have had their benefits adjusted. Based on information at the food stamp office, the employment service had sent only 75 notices of food stamp recipient job placements between July 1973 and December 1975.

We were unable to determine how many notices the employment service should have sent during this period. However, based on the report that 254 recipients were placed during a 6-month period--not to mention an unknown number that may have failed to cooperate with the employment service--75 notices appear to be far fewer than should have been sent.

In our Detroit sample of 25 notices sent by the local employment service office to the local food stamp offices, we found that in nine cases the notices were received after the food stamp recipient's certification period had expired. In five of the nine cases, the employment service took an excessively long time sending the forms to the food stamp office. In two of these cases, small overpayments (\$47) resulted.

#### Overpayments caused by failure to react to employment service notices

In some cases, food stamp recipients who either got jobs or refused to cooperate in finding employment continued to receive the same level of benefits even though local employment service offices properly notified food stamp offices of the situation.

According to Department of Agriculture regulations, local food stamp offices must send a notice of adverse action to any household whose benefits are to be terminated or reduced. The offices are required to send the notices within 10 days of receiving the information which caused the benefit change. The notice must inform the household of the pending change and provide 10 days in which to file an appeal. If



the household does not file an appeal, local food stamp offices are required to adjust or terminate the benefits before the next scheduled benefit issuance to that household--normally the first day of the next month.

In Philadelphia and Detroit, we reviewed 62 cases that were referred by the local employment service office to the local food stamp office because the recipients had either gotten jobs or refused to accept one. Action to terminate or reduce benefits was required in 27 of these cases. The remaining 35 required no action because the households involved were no longer certified to receive food stamps for the period in which the change would have been made effective.

Of the 27 cases requiring action, the local food stamp offices took no action in 6. Allowing for the two 10-day periods provided for in program regulations, action sufficiently timely to prevent benefit overpayments was taken in only 13 cases in which benefit termination or reduction was required. As of the time of our review of the cases, total benefit overpayments of \$1,012 were made in the six cases in which the local food stamp offices took no action and in the eight cases on which the offices' actions were not timely.

#### Recipients did not always cooperate in finding jobs

We recognize that intent is difficult to determine, but, according to employment service personnel, food stamp recipients sometimes resisted job referral help, making it more difficult to find jobs for them.

The records at employment service offices in Detroit and Philadelphia showed, for example, that, of the 40 persons in Detroit and 27 in Philadelphia that could have been referred to jobs, 10 in Detroit and 11 in Philadelphia were not referred because they failed to report for a scheduled interview at the employment service office. The records also showed that, in all 10 instances in Detroit and in 5 of the 11 instances in Philadelphia, the employment service offices sent the food stamp offices the proper notifications to terminate these recipients' benefits. We could not determine if the benefits were actually terminated in the Philadelphia cases because the notices from the employment service were not in the files at the food stamp office. In Detroit, the food stamp office terminated the benefits in 1 of the 10 cases

and failed to do so in two others. In two cases, the notice sent by the employment service was not in the food stamp files. No action was necessary in the other five cases.

Employment service workers and officials in Detroit and Philadelphia noted that food stamp registrants generally have a good potential for employment but are sometimes uncooperative in finding jobs. In San Francisco, employment service officials told us that there had been many instances of food stamp registrants being uncooperative but that these cases had not been documented.

Efficiency of work registration  
might be improved at some locations

As discussed earlier (see p. 14), the success of work registration in terms of job referrals depends greatly on the amount of time between completion of a registration form at the food stamp office and an interview with a job placement counselor at the employment service office. Also as discussed earlier (see p. 14), registrants are most likely to be referred to jobs when they are physically present in employment offices.

One way to reduce the time between registration and interview and induce more personal contacts between the registrants and the counselors is to station the counselors in food stamp offices--at least the ones registering large numbers of recipients for work--to handle work registration activities. Local employment service officials in Philadelphia and Detroit told us that such arrangements would result in better service to food stamp recipients. This might also simplify the paperwork flow between the employment service and food stamp offices, reduce errors, and improve communications between the two agencies.

The Philadelphia food stamp office, for example, registered more than 1,100 persons for work each month. To handle this large volume, each of the 12 local employment service offices had assigned at least one person to interview and screen these recipients for job referrals.

The food stamp offices' practices and procedures in registering food stamp recipients for work were duplicating many of the employment service's practices and procedures. For example, upon approval for food stamps and at intervals thereafter, the food stamp offices required recipients to complete Service work registration forms. The completed forms were then forwarded to the employment service offices, which reregistered and recertified the recipients.

According to employment service officials, they were duplicating the interviewing and certifying processes because the Service's form did not contain enough information to permit delivery of adequate employment services. After our fieldwork was completed, the Service eliminated its form in favor of the standard employment service form. Under the new procedures, food stamp caseworkers will continue to be responsible for insuring that the forms are completed and forwarded to the employment service.

Although this change would seem to improve the information provided to the employment service, we believe it would be more efficient for employment service personnel who are more trained and experienced in job placement to conduct the initial employment interviews. An employment service interview will probably be necessary anyhow before the recipient receives job placement or other employment services.

JOBS WERE AVAILABLE FOR  
FOOD STAMP WORK REGISTRANTS

Success in finding jobs is significantly affected by local labor market conditions. To determine if jobs were available for food stamp work registrants, we reviewed 278 cases in three cities. With the help of local employment service officials, we compared the job history and stated job preferences of each registrant against the job openings listed by the employment service on the day of registration to determine whether jobs were available for which the registrants appeared qualified.

Jobs were available for 139 of the 278 registrants as shown below.

| <u>City</u>   | <u>Number of<br/>food stamp<br/>work registrants</u> | <u>Registrants for whom<br/>jobs were available</u> |                |
|---------------|--|---|----------------|
|               |  | <u>Number</u>                                       | <u>Percent</u> |
| Detroit       | 91   | 38  | 42             |
| Philadelphia  | 112  | 55  | 49             |
| San Francisco | <u>75</u>  | <u>46</u>   | 61             |
| Total         | <u>278</u>   | <u>139</u>  | 50             |

Because of such factors as distance of the job from the registrant's home, lack of public transportation to the job, and the low salaries of the jobs available, not all job openings can be considered suitable. In Detroit and Philadelphia, we considered these factors, with assistance from local employment service officials, in order to estimate the number of job openings that were suitable for these registrants. In Detroit, all 38 job openings were considered suitable. In Philadelphia, 46 of the 55 available jobs were considered suitable.

It appeared that employment service offices in Detroit and Philadelphia could have referred substantially more food stamp work registrants to jobs during fiscal year 1976 than they actually did. In fiscal year 1976, the employment service offices in Detroit and Philadelphia referred only 7.5 percent and 7.7 percent, respectively, of their food stamp registrants to jobs. In contrast, our review showed that 42 percent and 49 percent of the registrants in Detroit and Philadelphia, respectively, could have been referred to suitable jobs.

#### BETTER INFORMATION NEEDED TO EVALUATE WORK REGISTRATION ACTIVITIES

Both the food stamp and employment service offices were reporting information to the Service on food stamp work registration activities, but neither gave data accurate enough to use for evaluating the effectiveness of the activities. Also, the food stamp quality control system reported information on cases for which work registration forms were not filled out but did not show whether the recipients were registered with the employment service, whether the registration was timely, or the extent of problems in work registration activities. Effective October 1, 1977, the Service eliminated the requirement for food stamp offices to report on work registration activities because it believed that the employment service information was adequate for its purposes.

#### Information reported by food stamp offices

Before October 1, 1977, each food stamp project was required to submit a monthly report on work registration activities showing the

--number of recipients registered for work (work registration forms filled out),

- number of persons and households whose benefits were reduced or terminated because of employment,
- number of persons and households whose benefits were terminated because of failure to cooperate in efforts to find them jobs, and
- value of reductions in benefits because of employment or failure to cooperate.

According to Service instructions, the monthly report was to be based largely on information submitted to local food stamp offices by local employment service offices.

A Service headquarters official said that the local food stamp projects' reports were of uncertain accuracy because some included recipients who had gotten jobs on their own or who were on strike or laid off and returned to their regular jobs. These errors would overstate the savings attributable to the work registration requirements because, although the recipients went to work, it was not because they had registered for work at the food stamp offices. Also, the reported figures could include duplicate counting since some households could have had their benefits reduced or terminated more than once during the reporting period as a result of intermittent or temporary jobs or other changes in their employment status.

Also, we noted that some local food stamp offices were not submitting information on savings attributable to the work registration requirements and some were not receiving information needed for the monthly report from local employment service offices. These problems would result in understating the overall savings attributable to the work requirements.

Information reported by  
employment service offices

The Department of Labor submits quarterly reports to the Service on the basis of information from the State employment service agencies. These reports show the number of food stamp recipients registered for work during the period, placed in jobs, and referred to jobs and the total number of job placements and referrals. (Some recipients are referred to more than one job or are placed in a second job after leaving the first one.)

In our report on employment service activities referred to on page 14, we pointed out that the employment service data on placements tended to be significantly overstated. In the eight urban offices we visited in that review, we obtained information from 337 persons who, according to the employment service, were placed in jobs by the service. Forty-four percent of these people told us that they were not actually placed. Half of them said they did not find jobs, and the other half said they found jobs on their own which were not related to employment service assistance.

The Department of Labor reported that, for the first two quarters of fiscal year 1977, 827,800 food stamp recipients were placed in jobs. For the same period, food stamp offices reported to the Service that 1,477,000 recipients were registered for work and that the benefits of 21,500 households were reduced or terminated because of employment resulting from work registration.

The number of individuals whose benefits were reduced or terminated because of employment--as reported by the food stamp and employment service offices--will be different. However, the events they are supposed to reflect are too similar for the differences in figures to be so large. Even if all members of every household were placed in jobs--an extremely unlikely event since most of them would be exempt from the work registration requirements--there would be a considerable difference. The food stamp office reports showed that only 80,855 people were contained in the 21,500 households whose benefits were reduced or terminated.

We believe that the data reported by both the employment service and the food stamp offices is too unreliable to use for evaluation purposes. We also believe that, to properly evaluate the work registration requirements' effectiveness, information is needed on the extent to which they reduce food stamp benefits. The Service, however, has eliminated the requirement for this information rather than improve the reliability of the information being reported.

#### Quality control information

The Service's quality control system--its method of checking on the accuracy of certification and work registration activities--reported that, during July through

December 1976, work registration requirements were not met in an average of 4.7 percent of the cases sampled nationwide. <sup>1/</sup> The percentages for the five States in which we made our review are shown below. Quality control information is based on statewide samples. Thus, information on local projects is not available.

| <u>State</u>     | <u>Percent of cases having work registration errors</u> |
|------------------|---|
| California       | 2.0   |
| Illinois         | 11.6  |
| Michigan         | 5.4   |
| Ohio             | 3.4   |
| Pennsylvania     | 3.8   |
| Weighted average | 5.2   |

Under the quality control system, reviews and analyses are made at food stamp offices of statistically sampled cases. For quality control purposes, work registration requirements are considered to be complied with if a properly executed work registration form is on file at the local food stamp office for each household member required to register. The reviews do not identify how many persons were erroneously exempted by the local food stamp offices from the requirements, and they do not determine if members of the sampled households were effectively registered at the employment offices or how long it took the registration forms to reach the employment offices. As discussed earlier (see pp. 14 and 17), work registration is more likely to be effective if it is accomplished timely.

Quality control information on compliance with work registration requirements would be more useful if it showed the percentage of cases in which recipients required to register were either not effectively registered at the employment offices or were not registered timely. In addition, it would be helpful to know the percentage of recipients (as opposed to households) who were required to be registered but who were not registered timely. This information would tell the Service the extent to which failure to comply with work registration requirements and procedures is preventing recipients from being encouraged to work.

<sup>1/</sup> The comparable percentage for the preceding period was 6.3 percent; however, information showing, by State, the percentage of cases having work registration errors was not available.

## NEW WORK REQUIREMENTS TO BE TESTED

Under the food stamp legislation enacted in September 1977, the Secretaries of Agriculture and Labor must establish 14 pilot projects to test new work requirements (commonly referred to as workfare). In the pilot projects, food stamp recipients who would ordinarily be required to register for and seek jobs will also be required to work at public service jobs in return for their household's food stamp benefits. The requirement will apply only to households whose earned income is less than their food stamp benefits, and no individual will be required to work more than 40 hours a week overall (public service work plus any other work).

Upon applying for food stamps, recipients in the pilot project areas will go through the normal work registration and search process, and if, within 30 days after the initial registration, they have not obtained a job, they will have to begin public service work. As discussed on page 13, processing work registration forms took a long time in the offices we reviewed. Because of the 30-day limit imposed on the test projects, it will be necessary to process the forms quickly to adequately test the workfare concept.

The number of hours each recipient will be required to work at public service jobs will be determined on the basis of the household's food stamp benefits. The household will receive credit at the minimum wage for each hour worked by its members at public service jobs each month until they have received credit for the total amount of their monthly benefits.

The Secretaries of Agriculture and Labor are required to report to appropriate committees of the Congress on the progress of the pilot tests by March 29 and September 29, 1978, and to issue a final report by March 29, 1979.

We believe the pilot tests have special merit and warrant careful study because work requirements and incentives are sure to be a major part of any proposal to reform the Nation's welfare system. The proposal the President submitted to the Congress in September 1977 stresses employment for the able-bodied as an alternative or supplement to welfare. While there are some basic differences between the job component of the President's welfare proposal and the workfare demonstration in the Food Stamp Act of 1977, the results of the pilot tests could provide the Congress invaluable information to use during deliberations on the President's proposal.



The President's proposal and the workfare demonstration are similar in that both require recipients, after a period of job search in the private sector, to accept a public service job as a requirement for obtaining maximum benefits.

In the workfare demonstrations, the recipients would be paid food stamps and would work the hours necessary to recoup the value of their food stamp benefits. The President's proposal would provide full-time temporary jobs from which the recipients would earn wages and other benefits. The funds to pay these people would be provided by the Federal Government.

We believe the workfare pilot tests to be vitally important because the workfare concept may be introduced and seriously considered as an alternative or supplement to the work incentive plan proposed by the President. Also, these tests will provide actual experience with the concept of requiring recipients to accept public sector employment to earn the value of federally financed welfare benefits.

We plan to evaluate the planning for and implementation of the pilot tests and the overall results and effectiveness of the tests. We will report the results of our evaluations to the Congress.

## CONCLUSIONS

The ultimate goal of food stamp work registration is to reduce the number of people receiving food stamp benefits. But largely because personnel at all levels responsible for administering the requirements seemed to view them simply as administrative paperwork rather than as a useful tool for reducing the program's size, this objective had not been achieved to a significant extent in the cities we reviewed.

And the same is likely to be true of the newly enacted provisions of the Food Stamp Act. By requiring recipients to search for jobs, these provisions give food stamp administrators a new tool to encourage recipients to work. Implemented properly, they could be useful in encouraging recipients to obtain jobs and in identifying recipients who are not willing to work. But this new requirement will only be as effective as its implementation. If employment service personnel do not take vigorous action to identify and report recipients not complying with the requirement, it will have little, if any, impact.

To cut the size of the food stamp rolls by using the work registration requirements, several things need to be done. First, food stamp recipients must be properly and promptly registered at the employment service office responsible for helping them find jobs. Next, the employment service office must promptly evaluate the employability of each such registrant, including, when necessary, a face-to-face interview and afterwards refer them to appropriate job openings.

Then there must be followup. All attempts to provide employment assistance to these recipients must be documented, along with the recipients' responses to the attempts, and when recipients do not cooperate, this must also be documented so that action can be taken to terminate their benefits. Only through these measures will recipients who are willing to work be encouraged to do so and those not willing to work be identified and their benefits terminated.

Present procedures for evaluating work registration activities are not adequate because they do not provide information on (1) the percentage of recipients who should have been registered but were not and (2) whether the offices that will actually try to find the recipients jobs are receiving the work registration forms in time to be able to use them. This information should be obtained, possibly through the food stamp quality control system, and used to identify States and projects not properly registering food stamp recipients for work. Strong corrective action should be taken in such instances.

One way to make food stamp work registration more efficient--at least in the busier food stamp offices--would be to station employment service personnel in the food stamp office. Presently the registration forms are filled out at the food stamp offices by food stamp caseworkers and then are sent to the employment service. This way of handling the forms seems to increase the likelihood of errors and wastes time. If employment service personnel were stationed at the food stamp offices to obtain work registration information, not only would duplication in interviews be decreased and the chances of obtaining complete information be increased, but the delay involved in sending forms to the employment service would also be eliminated. Moreover, employment services, such as evaluation and job referral, could begin immediately, and information affecting food stamp benefits could be given to food stamp personnel more quickly.

Further, the Service should work more closely with the Department of Labor to find ways to more effectively identify those State and local employment service offices not referring food stamp work registrants to jobs. Procedures must be developed for accurately reporting the number of food stamp recipients registered with the employment service, the number referred to job openings, the number that obtained jobs as a result of work registration--and now job search--requirements, and the resulting reduction in food stamp rolls and benefits. The Service's recent action to eliminate reporting by food stamp offices on work registration activities seems to be a step in the wrong direction. Such reporting should have been improved rather than eliminated, especially since the accuracy of the employment service's reports on job placements is questionable.

Monitoring the employment service offices' activities will be even more important under the new food stamp legislation because they will probably be responsible for administering the job search requirement. All of these activities must be carefully monitored, and action must be taken against offices not doing the job. Unless this kind of aggressive monitoring and followup is done, the job search requirement is likely to be considered just more paperwork.

The 14 pilot projects that will test the requirement for food stamp recipients to work at public service jobs in return for their food stamp benefits should be studied carefully. The results of this test could provide the Congress invaluable information to use during deliberations on the President's welfare proposal.

#### MATTER FOR CONSIDERATION BY THE CONGRESS

Since work requirements are sure to be a major issue in deliberations on the President's welfare reform proposal, we believe the Congress should consider the food stamp program's experiences with such requirements during those deliberations. Of particular benefit in designing the best work requirements/incentives into a new welfare program would be to compare the costs and benefits of the workfare projects against those of a well-administered work registration and job search activity. A careful analysis of the results of the food stamp work requirements might also provide some insights into the probable results of the work requirements proposed by the President.

RECOMMENDATIONS TO THE  
SECRETARIES OF AGRICULTURE AND LABOR

We recommend that the Secretaries of Agriculture and Labor:

- Arrange to obtain accurate information on the effectiveness with which food stamp work requirements, including the new job search requirement, are being carried out in the various States and localities. Such information should include the extent to which recipients required to register for and seek employment are (1) being promptly referred to appropriate employment service offices, (2) being referred to available job openings, (3) obtaining jobs as a result of the work requirements, (4) failing to cooperate in efforts to obtain jobs for them, and (5) having their food stamp benefits reduced or terminated as a result of the work requirements.
- Closely monitor the effectiveness of the requirements' implementation and identify those States and locations which are not aggressively administering the work requirements.
- Identify and take strong action to correct the specific problems involved with States and local offices not following prescribed procedures related to the food stamp work requirements. Corrective action should include technical assistance and, if other approaches fail, financial penalties as provided for in the Food Stamp Act.
- Take actions to get employment service personnel stationed in at least the busier food stamp offices to handle work registration, job search, and other employment activities for food stamp recipients.
- Evaluate the effectiveness of well-administered work registration and job search requirements in relation to the effectiveness of the public service job requirements in the 14 workfare pilot projects and compare the benefits and costs of the two approaches. The results of this evaluation should be widely disseminated in the executive and legislative branches of the Government and to the public.

## AGENCY COMMENTS AND OUR EVALUATION

### Department of Labor

Department of Labor officials, in oral comments on this report, agreed with our analysis of the way the food stamp work registration requirements have been carried out, especially our conclusion that officials at all levels of government responsible for implementing the requirements seemed to look upon them as just another paper-pushing exercise. They said that, generally, Labor intends to implement our recommendations as soon as practical.

Specifically, with regard to our recommendation that employment service personnel be stationed at busier food stamp offices to handle work registration, the officials emphasized that Labor has no legal authority to require such stationing. However, it enthusiastically supports the idea and will strongly suggest that State and local employment service officials adopt it where feasible.

The officials said they believe that the Food Stamp Act of 1977 will require better monitoring and reporting of food stamp work registration activity. They said that Labor also plans to include food stamp recipients in the regular validation studies it performs on its reporting system to insure that the data it gathers on the food stamp work registration requirements is representative of what is actually happening.

The officials agreed that the food stamp workfare pilot tests were very important and said that Labor had initiated joint efforts with the Department of Agriculture to secure a contractor to evaluate and report on the tests.

### Department of Agriculture

In its letter dated November 22, 1977, the Department of Agriculture agreed that the food stamp work requirements needed to be strengthened and that it planned to take actions to this end in implementing the Food Stamp Act of 1977. However, it did not explain specifically how it planned to correct the underlying systemic problems nor did it discuss the workability of our recommendations.

Certain sections of this report have been revised, as appropriate, to incorporate relevant Department of Agriculture comments; other comments, dealing primarily with the scope of our review, are discussed in appendix I. A copy of the Department's letter also is included as appendix II.

DISCUSSION OF DEPARTMENT OF AGRICULTURE COMMENTS

The Department of Agriculture agreed that the food stamp work requirements need to be strengthened and said it planned to take actions to this end in implementing the Food Stamp Act of 1977. However, it did not explain specifically how it plans to correct the underlying systemic problems nor did it discuss the workability of our recommendations for helping to solve the work registration problems we identified.

Agriculture also had several comments about the scope of our review. It said that our samples of food stamp cases and of individuals subject to the work registration requirements were too small to be representative of work registration activities nationwide. Also, it said that the cities we visited were not a representative cross section of food stamp jurisdictions.

What Agriculture says is partially true, but it is based on an apparent misunderstanding of the purpose of our review. We sought to explain our position on this matter in connection with an earlier report 1/ and later in a meeting with Department officials on this report. With our limited resources, we cannot possibly cover all Federal agency operations to a degree that would always enable a scientific projection of the precise extent of problems in the entire Nation. Our general approach has therefore been to look at major programs and activities, identify important problem areas, find out whether we are dealing with isolated or recurring problems, identify the underlying or systemic causes of recurring problems, and carefully consider and recommend actions designed to correct the basic problems. Thus, our audit objective from the outset of this review has been to assess the general effectiveness of the work registration requirements at several major centers of the food stamp program and to identify the root causes of any problems. Our review was designed to determine which, if any, of the problems we identified were systemic in nature and would thus have program-wide impact on the implementation of the work registration requirements. It was never our intention to scientifically measure the precise degree to which each of the problems we identified exist all across the country.

1/ "Supplement to Comptroller General's Report to the Congress, 'The Food Stamp Program--Overissued Benefits Not Recovered and Fraud Not Punished,'" (CED-77-112A, August 31, 1977).

That does not mean, however, that generalizations can't be made from our findings. We made our assessment in large metropolitan areas because that is where the bulk of the food stamp benefits are dispensed. The five States included in our review dispensed about 25 percent of the total nationwide food stamp benefits in fiscal year 1976. Our report describes in detail the various underlying reasons why work registration activities produced the disappointing results we found in these locations. It is these underlying reasons which we believe to be the critical findings of our review. We do not know precisely how serious the problems we discussed in our review are in every State, city, and town that has the program, but neither does Agriculture. Nevertheless, the problems had reached serious proportions at the locations we visited and the nature of these problems, especially the lack of effective Service monitoring and evaluation, makes it clear that they are not isolated instances. Therefore, overall corrective actions such as we are recommending are clearly necessary.

The Service's quality control system supposedly provides an estimate of what percentage of a State's food stamp total caseload contains work registration errors. The Department said that food stamp quality control reviews showed that, nationwide, work registration forms were missing from files in 4.7 percent of the cases. This contrasts with the 9.1 percent figure indicated by the results of our review. Such comparison, however, is not appropriate. The periods involved are different and quality control error percentages vary from period to period. For the 6-month period preceding the one referred to by Agriculture, the reported work registration error rate was 6.3 percent. Most of the cases we reviewed dealt with program applications approved during this preceding period.

Moreover, the system only captures one type of error-- those cases in which a local food stamp office determines that a person has to register for work but no completed work registration form is in the case file. It does not identify and estimate how many of the persons who actually should have registered were erroneously exempted by the local food stamp office from the requirements. The quality control system does not gather data on work registration activities beyond the point of registration at local food stamp offices. As discussed on page 22, some modifications in the data reported, could make the quality control system much more useful in terms of monitoring work registration activities.

Agriculture stated that the reported savings due to the work requirements represent only 1 month's bonus reduction and that the savings are understated because they are likely to last for more than 1 month. However, neither we nor the Department can adequately predict what, if any, these additional savings would be.

Other comments by the Department addressed specific details in the draft report which have been revised or qualified as appropriate.



UNITED STATES DEPARTMENT OF AGRICULTURE  
FOOD AND NUTRITION SERVICE

WASHINGTON, D.C. 20250

November 22, 1977

Mr. Henry Eschwege, Director  
General Accounting Office  
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in reference to your letter of September 29, 1977, transmitting a recent GAO draft audit on the work registration requirement of the Food Stamp Program.

We have carefully reviewed the issues in the report. We agree that the food stamp work requirement needs to be strengthened, and plan to take actions to this end in implementing the recently passed Food Stamp Act of 1977. However, we also believe that the GAO report contains some significant flaws.

1. The limited number of cases reviewed (1,061) and limited number of persons reviewed who are subject to the work requirement (620), is so small that any conclusions drawn could hardly be considered valid or representative of the work registration operation nationwide. In addition, the GAO survey was not conducted in a representative sampling of food stamp jurisdictions. [See GAO note below.]

The survey was conducted in Chicago, Cleveland, Philadelphia, San Francisco, and Detroit -- all northern, big city areas. Not one survey area was in the south, a smaller city or town, or a rural area -- although a large proportion of the food stamp caseload (and an even larger proportion of the food stamp registrant caseload) resides in these other areas. Moreover, in every one of the five cities included in the study, the Department has conducted or is in the process of conducting a major investigation into potentially serious problems related to administration of the food stamp program. In short, by taking a small number of cases from what is not a representative cross-section of food stamp jurisdictions, the GAO has produced what we believe to be an unrepresentative picture of the operation of the food stamp work requirement.

GAO note: This comment is discussed on pages 29 to 31.

Henry Eschwege

Let us offer one piece of information to substantiate this. In one of its key findings, the GAO found that in 97 cases of the 1,061 cases reviewed (or 9.1 percent of the cases), food stamp offices had failed to have recipients fill out a work registration form. Yet food stamp quality control reviews, based on 44,500 cases sampled nationwide, found that current work registration forms were missing from files in 4.7 percent of the cases. The GAO sample thus had an error rate that was 94 percent greater than the national average. As stated above, we acknowledge that there are deficiencies in the work registration program and that improvements are certainly needed, but we do not agree that the GAO report gives an accurate or fair picture of the dimensions of these deficiencies nationwide. [See GAO note 1.]

In a meeting we had with representatives of the GAO, our point was essentially acknowledged by the senior GAO official present. The GAO official said that one of the principal reasons the GAO had selected these five big cities for the study was that the "chances of there being problems are much greater in these kinds of places." He said that with limited resources, the GAO wanted to concentrate on problem areas. [See GAO note 1.]

We should point out that while only a small number of persons in the GAO sample were placed in jobs, the number nationwide has been significantly larger. Information from food stamp offices on the impact of the work requirement, while not as solid as we would like, nevertheless gives an indication of the effect nationwide of the work registration requirements: [See GAO note 2.]

#### Impacts of the Work Requirements

|   | <u>Households<br/>with Benefits<br/>Reduced Due<br/>to Obtaining<br/>Jobs</u> | <u>Households<br/>Terminated<br/>Due to Ob-<br/>taining<br/>Jobs</u> | <u>Households<br/>Terminated<br/>for Failure<br/>to Comply</u> | <u>Total<br/>Households<br/>Terminated<br/>or Reduced</u> |
|---|---|--|--|---|
| Nov. 1971 - June 1972<br>Fiscal Year:     | 4,973   | 8,565  | 14,011   | 27,549  |
| 1973.....                                 | 16,347  | 32,655   | 47,312   | 96,314  |
| 1974.....                                 | 15,090  | 20,833   | 40,006   | 80,929  |
| 1975.....                                 | 18,841  | 26,931   | 59,870   | 105,642   |
| 1976.....                                 | 24,023  | 36,459   | 68,116   | 128,598   |
| Transition Quarter<br>and First Half 1977 | 19,500  | 20,009   | 37,584   | 77,093  |
| TOTAL                                     | 98,774  | 150,452  | 266,899  | 516,125   |

GAO notes: 1. This comment is discussed on page 30.  
2. This comment is discussed on page 9.

Henry Eschwege

[See GAO note below.]

4. We welcome the GAO's interest in the 14 "workfare" pilot projects. We are now making plans to give "workfare" a full and fair test.

[See GAO note below.]

Finally, we believe that there is one additional reason, not mentioned in the GAO report, that the figures from FNS reports on the savings due to the work requirement are understated. This is because the savings represent only one month's bonus reduction for each household whose bonus is reduced or terminated due to the work requirement. If a household's bonus is reduced or terminated because a household member has gone to work, or is terminated because of noncompliance with the work requirement, then the savings to the food stamp program are likely to last for far more than one month.

Sincerely,



LEWIS B. STRAUS  
Administrator

GAO note: Deleted comments refer to material in the draft report which has been revised in the final report.

PRINCIPAL OFFICIALS CURRENTLY  
RESPONSIBLE FOR THE ADMINISTRATION OF  
ACTIVITIES DISCUSSED IN THIS REPORT

Tenure of office  
From                      To

DEPARTMENT OF AGRICULTURE

SECRETARY OF AGRICULTURE:

    Bob Berqland                                      Jan. 1977              Present

ASSISTANT SECRETARY FOR FOOD  
AND CONSUMER SERVICES:

    Carol Tucker Foreman                              Mar. 1977              Present

ADMINISTRATOR, FOOD AND  
NUTRITION SERVICE:

    Lewis B. Straus                                      May 1977              Present

DEPARTMENT OF LABOR

SECRETARY OF LABOR:

    Ray Marshall                                      Jan. 1977              Present

ASSISTANT SECRETARY FOR  
EMPLOYMENT AND TRAINING:

    Ernest G. Green                                      Mar. 1977              Present

ADMINISTRATOR, UNITED STATES  
EMPLOYMENT SERVICE:

    William B. Lewis                                      Aug. 1974              Present

(02381)