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UNITED STATES GENERAL ACCOUNTING OFFICE
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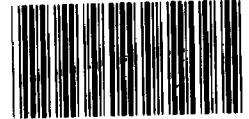
COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

RELEASED

B-202505

MARCH 26, 1981

The Honorable Jesse A. Helms, Chairman
Senate Committee on Agriculture,
Nutrition, and Forestry



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The Honorable Strom Thurmond
United States Senate

The Honorable E. Thomas Coleman
The Honorable William L. Dickinson
House of Representatives

Subject: Information on Strikers' Participation
in the Food Stamp Program (CED-81-85)

On February 6, 1981, you asked us to gather available data on participation in the Food Stamp Program by households with members involved in labor/management disputes. 1/ Such data was to include information on the number of participating households containing a striker, the value of food stamp benefits provided to such households, and fluctuations in strikers' participation.

Our review showed that, in the 50 States and the District of Columbia, for the five 1-month periods for which data was available (during the period September 1976 to November 1979):

- The percentage of food stamp households containing a striker ranged from 0.29 percent to 2.1 percent of total food stamp households.
- Of all persons on strike, the percentage of strikers who participated in the Food Stamp Program ranged from 3.6 percent to 36.4 percent.

1/Labor/management disputes include lockouts by management and strikes. Because workers involved in either type of dispute are treated the same for food stamp purposes, we use the term "strikers" for all workers involved in labor/management disputes.

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--Food stamp benefits provided to strikers' households may have amounted to \$37 million in fiscal year 1980.

Information on these matters and related considerations, as well as a description of our work objectives, scope, and methodology, is summarized below.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our work was limited to compiling and analyzing information available at the headquarters of the Department of Agriculture's Food and Nutrition Service, which administers the Food Stamp Program, and the Department of Labor's Bureau of Labor Statistics. Our objectives were to gather data on the number of strikers participating in the Food Stamp Program, the cost of food stamp benefits to households containing strikers, and fluctuations in strikers' participation.

We reviewed legislation, Service regulations, and program participation statistics relating to strikers. We relied extensively on published and unpublished Service data on strikers' participation in the program (in the 50 States and the District of Columbia only)--especially "Characteristics of Food Stamp Households" surveys.

The Service had conducted these surveys for five 1-month periods--September 1976, February and November 1978, and April and November 1979. We also used Bureau data on work stoppages in the United States (the 50 States and the District of Columbia only). We used Bureau data on the total number of strikers during Service survey periods to determine the percentage of strikers in the program for these periods. However, because we found no direct relationship between number of strikers and number of strikers participating in the Food Stamp Program, we could not use Bureau data to establish trends in strikers' participation in the program. We did not verify information from either source because of the tight time frame involved in this review.

We interviewed Service officials responsible for writing program regulations and for preparing Service surveys on food stamp household characteristics. We also interviewed a Bureau official responsible for preparing reports on work stoppages.

We were not able to make statistically valid projections on the future impact of strikers on the Food Stamp Program because of the limited amount of historical data available. We have, however, given informed estimates of the impact in fiscal year 1980 based on various operating indicators and our knowledge of relevant aspects of the Food Stamp Program. Other factors to consider when using these estimates are as follows.

--Because of the tight time frame involved in this review, we did not evaluate the sample design the Service used in compiling survey data and therefore cannot say whether the Service data is valid. However, we have no reason to believe that it is not valid.

--For any given period, strikers would tend to be clustered in particular geographic areas rather than evenly distributed throughout the country. If the Service's survey happened to include one or more areas where large numbers of workers were on strike, nationwide projections of strikers' participation could be distorted. Service officials believe that this may have happened in the February 1978 survey because of a coal miners' strike in one of the surveyed areas. For this reason we did not use the February 1978 data in developing our 1980 estimates. However, it should be noted that high levels of strikers' participation in the program could occur periodically. For those periods, the total amount of benefits received by strikers' households would be greater than at other times.

--Some strikers' households could have been participating in the Food Stamp Program before the strike--depending on what the household income was. However, food stamp benefits to these households could have increased because of income loss resulting from the strike.

Further explanations of our analysis are included in pertinent sections throughout the report.

EXTENT OF STRIKERS' PARTICIPATION
IN THE FOOD STAMP PROGRAM

Strikers are eligible for food stamp benefits under the same rules applied to all households. Based on survey data obtained by the Service, strikers' participation in the Food Stamp Program represents a small percentage of total program participation, as shown below.

Food Stamp Households Containing a Striker

<u>Month</u>	<u>Number of participating households (notes a and b)</u>	<u>Number of participating households containing a striker (notes a and b)</u>	<u>Percent of households containing a striker (notes a and b)</u>
September 1976	5,029,000	17,000	0.34
February 1978	4,962,600	104,400	2.10
November 1978	4,757,000	13,795	0.29
April 1979	5,903,000	17,710	0.30
November 1979	6,417,000	24,386	0.38

a/Includes the 50 States and the District of Columbia only.

b/All estimates are based on the assumption that no household contains more than one striker. This assumption was validated in the Service's November 1979 survey.

As explained on page 3, Service officials cautioned that the 2.10 percent estimate for February 1978 may be distorted and may not be typical of normal participation by strikers.

The House Agriculture Committee compiled earlier estimates of strikers' participation from various other sources. The committee's report (H. Rept. 95-464) estimated that 0.2 percent of food stamp households not receiving public assistance contained strikers in April 1975, 0.2 percent of such households contained strikers in August 1975, and 0.3 percent of such households contained strikers in October 1975. Because data from the committee's sources is not consistent with data used in the later Service estimates, we did not use the committee's data.

Of all persons on strike during the five 1-month periods, the percentage participating in the Food Stamp Program varied greatly, as shown in the following table.

Strikers Participating in the Food Stamp Program

<u>Month</u>	<u>Number of strikers (note a)</u>	<u>Number of strikers participating (note a)</u>	<u>Percent of strikers participating</u>
September 1976	466,300	17,000	3.6
February 1978	286,700	104,400	36.4
November 1978	156,300	13,795	8.8
April 1979	492,500	17,710	3.6
November 1979	224,900	24,386	10.8

a/Includes the 50 States and the District of Columbia only.

As explained on page 3, Service officials cautioned that data for February 1978 may be distorted and may not be typical of normal participation by strikers.

Several factors could account for the varying percentages of strikers getting food coupons.

- Because strike benefits are included as income, some strikers may be disqualified under the income eligibility criteria.
- Some unions pay higher strike benefits than others.
- Some unions pay strike benefits as a matter of right to all members; others pay variable benefits based on need; still others pay benefits based on both right and need.
- Some unions have no waiting period for strike benefits; others have waiting periods of 1 to 4 weeks.

Because all of the normal program eligibility criteria apply to strikers, some may be disqualified because of the resource (assets) eligibility requirement. For example, most households cannot have more than \$1,500 in liquid and nonliquid resources, such as savings accounts or recreational vehicles.

ESTIMATED BENEFITS TO STRIKERS' HOUSEHOLDS

Using the Service's survey data on the average food stamp benefits received by strikers' households for the periods

involved, we computed the following estimated benefits received by strikers' households during the months of the Service surveys.

Food Stamp Benefits Received by Households Containing a Striker

<u>Month</u>	<u>Number of households containing a striker (note a)</u>	<u>Average benefits to households containing a striker (note a)</u>	<u>Benefits to households containing a striker (note a)</u>	<u>Benefits to all households (note a)</u>	<u>Percent of benefits to households containing a striker</u>
September 1976	17,000	\$110	\$ 1,870,000	\$362,913,405	0.52
February 1978	104,400	157	16,390,800	398,066,285	4.11
November 1978	13,795	83	1,144,985	368,475,637	0.31
April 1979	17,710	(b)	(b)	-	-
November 1979	24,386	120	2,926,320	573,984,877	0.51

a/Includes the 50 States and the District of Columbia only.

b/Benefit data was not available from the Service.

Based on Service survey and program summary data, we estimate that in fiscal year 1980 strikers' households received \$36.5 million in food coupons. We further estimate that in fiscal year 1980 an average of 24,000 strikers participated in the Food Stamp Program monthly. Although we believe these estimates are "in the ballpark," we suggest caution in their use for reasons discussed on pages 2 and 3.

We developed our estimates using data for only 3 months--September 1976, November 1978, and November 1979. We did not use April 1979 data because it did not include program benefit information. We also did not use February 1978 data because, as explained on page 3, it may not represent a typical situation and its inclusion could have distorted our computation of monthly averages.

We averaged the percentages of participating households containing a striker for September 1976, November 1978, and November 1979 and found that 0.34 percent of participating households contained a striker. We similarly averaged the percentages of total program benefits provided to households containing strikers for the same 3 months (obtained from the preceding table) and found that 0.45 percent of food stamp benefits went to households containing a striker. We applied these averages to participation

and benefit data for fiscal year 1980 to arrive at our estimates of \$36.5 million and 24,000 strikers.

LEGISLATIVE PROPOSAL MAY MAKE MOST
STRIKERS INELIGIBLE TO PARTICIPATE
IN THE FOOD STAMP PROGRAM

Current legislation gives State food stamp agencies the option to estimate future income or use the prior month's income to determine household income and eligibility. The Service, however, has not published final regulations to implement this option. A recent legislative proposal by the administration may make most strikers ineligible for program benefits by requiring that income eligibility be based only on income received in a prior period. Using income received in a prior period is called retrospective accounting.

According to the administration, this proposal has the

"advantage of ensuring that families cannot take advantage of food stamps during temporary periods of voluntary or foreseeable unemployment unless their available income is truly low."

The administration also said that because eligibility and benefit levels would be based on income during a prior period, the longer term unemployed would become eligible for benefits as their resources are used up. According to Bureau statistics, most strikes last less than a month. Consequently, Service officials believe that strikers would, in many cases, be ineligible.

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At your request, we did not take the time to obtain written agency comments and the matters covered in the report were discussed with agency officials. Their comments are included in the report where appropriate.

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As arranged with your offices, unless you publicly announce its contents earlier, we plan to distribute this report 2 days after its issue date. We will then send copies to the Secretary of Agriculture; the Director, Office of Management and Budget; interested Senate and House committees; and other interested parties.

Sincerely yours,

A handwritten signature in cursive script that reads "Henry Eschwege". The signature is written in black ink and is positioned below the typed name.

Henry Eschwege
Director