



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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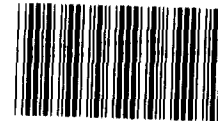
COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

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B-206711

The Honorable Jesse Helms
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate



117871

Dear Mr. Chairman:

Subject: Expedited Service in the Food Stamp
Program (CED-82-59)

On January 22, 1982, you asked us to examine the use of expedited service in the Food Stamp Program. The expedited service provision requires an expedited processing of new food stamp applications and the issuing of benefits in 3 working days. Generally, households with no net monthly income or households considered destitute, as defined by the Department of Agriculture, are eligible for expedited service.

You asked us for information on (1) the extent to which expedited service is being used, (2) the extent to which this service is susceptible to abuse, (3) the impact that this service has on administrative case workloads, and (4) suggestions for improving or eliminating this program provision. As you requested, this report provides the preliminary results of our work. Because we have not completed our analysis, we have not reached any overall conclusions or made any recommendations. As you requested we plan to provide you with our final report by June 1982.

Our preliminary work, which included visits to 4 States, telephone interviews with food stamp officials in 23 other States, and a review of records and interviews with officials at Department headquarters, showed the following.

--The number of households applying for food stamps under expedited service varied greatly among 15 States for which we could obtain this information. In these States, 6 percent to 70 percent of all new cases received expedited processing--in seven of the States, more than 35 percent of new cases were expedited.

--According to quality control data for 20 States, the error rate for expedited service cases was generally lower than

the overall food stamp caseload error rates. However, because only a limited number of expedited cases were selected for quality control reviews and quality control workers are sometimes unable to locate the selected clients or obtain needed information from them, some questions remain as to the validity of such rate comparisons. For expedited cases in 16 States, the error rates for the April 1980 to September 1980 period ranged from 2.3 percent to 18.5 percent, compared with a range of 13.8 percent to 24.2 percent for all cases. For expedited cases in the four States we visited, the error rates for the April 1981 to September 1981 period ranged from 4.1 percent to 21.7 percent, compared with a range of 16.4 percent to 24 percent for all cases.

--State officials in the four States we visited said that expedited service cases caused an administrative burden in the operation of the Food Stamp Program and that the provision should be modified or eliminated.

--State officials in three of the four States we visited favored changes to the expedited procedures such as longer application periods (7 to 14 working days) and a liquid resource test (cash or bank account) but had mixed feelings about a gross income limit. They did not favor a shorter certification period because it would increase, not lessen, the administrative burden on caseworkers. The food stamp director in the other State did not express an opinion on possible changes to expedited service procedures.

These matters and the recommendations of the Department's Regulatory Review Task Force concerning food stamp expedited service are discussed on pages 4 to 13.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to gather and analyze readily available information on the use of expedited service in the Food Stamp Program. The Department of Agriculture's Food and Nutrition Service does not require State and local food stamp agencies to routinely collect data on expedited service cases. Consequently, to identify States that might have such data, we asked the Service's seven regional offices to identify any States that they thought might have the statistics we needed. We were told that four States had data that could be provided within our required time frame. On this basis, we visited State and local food stamp offices in Baltimore, Maryland; Tallahassee, Florida; Frankfort, Kentucky; and Nashville, Tennessee. We gathered data on expedited service from issuance records and county performance reports and reviewed quality control review records of expedited service cases. We also discussed expedited service procedures, problems, and possible changes with State

food stamp directors; quality control directors; statisticians; directors of fiscal management, data control, and field operations; and county office supervisors and caseworkers.

We supplemented our detailed work at the locations visited through telephone interviews with food stamp officials in 23 other States that had \$10 million or more in monthly food stamp issuances. We discussed how they handled expedited cases and solicited whatever information or estimates they could give us on the extent to which expedited service was used.

We also reviewed the Service's expedited service regulations and quality control guidelines and practices. We interviewed Service officials in the Washington, D.C., area, particularly those in the State Operations Division and the Program Development Division. Using information available from the Service's quality control system, we compiled information on expedited service error rates.

The Service performed a computer analysis of quality control reports for us for the 6-month period April 1980 to September 1980 (the latest period for which relatively complete information was available from the Service) on the expedited service cases for 16 States. These States represented about 54 percent of the total monthly food stamp benefits issued. (Some information was available for a later period--October 1980 to March 1981--but it covered only 11 States and Puerto Rico.) We also obtained quality control data that was available for the four States we visited for the period April 1981 to September 1981.

We did our work in accordance with GAO's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

EXPEDITED SERVICE REQUIREMENTS AND PROCEDURES

The Food Stamp Act of 1977 requires that States provide that "households in immediate need because of no income as defined in * * * this Act receive coupons on an expedited basis." According to regulations effective March 1, 1979, households entitled to this special processing are those that have no net income or who are destitute because their sole income for the month is from (1) a source that was terminated before application or (2) a new source that will not provide more than \$25 within 10 days from the date of application.

Applicant households that meet these criteria must be provided an opportunity to participate in the program by having an authorization-to-participate document (ATP card) or coupons (food stamps) mailed to them by the close of business on the second day after filing an application or by having the ATP card

or coupons available to be picked up no later than the start of the third working day after the application was filed. For purposes of expedited processing, the first day is the working day after the application is received at the appropriate local office.

To meet the 2- or 3-day deadline for expedited service, the verification of household circumstances may be postponed except for identity and residency, which must be verified by documentary evidence or collateral contact before certification. Other facts may be verified within this short time frame, and verification that has been postponed must be completed before issuing the subsequent month's benefits. Both expedited and nonexpedited households must meet normal resource limits and are subject to work registration and other nonfinancial program provisions.

USE OF EXPEDITED SERVICE VARIED
GREATLY AMONG THE STATES

The use of expedited service for new cases varied greatly among the 15 States for which we obtained this information. The percent of new expedited cases for the periods reviewed ranged from 6 percent in South Carolina to 70 percent in Wisconsin. In seven States, more than 35 percent of new food stamp cases received expedited service. Expedited cases represent a much greater percent of new cases than of the total food stamp caseload because originally expedited cases lose their identity and are considered regular cases after the first month's issuance. From this point forward they are fully verified and treated as regular cases. For the 4 States we visited, households receiving expedited service, as a percent of total caseload, averaged 2.5 percent.

We telephoned 23 State food stamp offices and visited 4 others to obtain data on the number of new cases that were being expedited. Officials in 11 of the 23 States were able to estimate or obtain this information from their records. As shown in the following table, their use of expedited service varied greatly.

<u>State</u>	<u>Percent of new cases receiving expedited service</u>
South Carolina	6
Michigan	11
New Jersey	14
Missouri	15
Arkansas	20
Washington	25
Georgia	26
Illinois	36
Massachusetts	55
Texas	60
Wisconsin	70

The four States we visited issued \$1.3 billion of the \$10.6 billion of food coupons issued nationally in fiscal year 1981. Data on the number of expedited cases in these States is shown in the following table.

<u>State</u>	<u>New Food Stamp Cases</u> <u>October 1981</u>		<u>Percent of new cases expedited</u>
	<u>Number of cases</u>		
	<u>All new cases</u>	<u>Expedited service cases only</u>	
Florida	28,666	6,733	23.5
Kentucky	10,708	4,594	42.9
Maryland	9,311	3,381	36.3
Tennessee	<u>11,735</u>	<u>7,890</u>	67.2
Total	<u>60,420</u>	<u>22,598</u>	37.4

QUALITY CONTROL ERROR RATES WERE LOWER FOR EXPEDITED SERVICE CASES

Expedited service cases generally had a lower error rate than the overall quality control error rate for all cases reviewed. However, because of the limited number of expedited cases included in the quality control review and the impact of incomplete case reviews, the error rate data may not accurately reflect the total program picture.

Each State is required to have a quality control group that reviews a sample of the State's food stamp caseload to determine what percent of the State's cases are \$6 or more in error (case

error rate) and what percent of the benefits issued were issued in error (allotment error rate). The sample covers a 6-month period, and a number of cases are reviewed for each month of that period based on the households' circumstances as of that month. The quality control review identifies all cases for which the initial benefit issuance in the current certification period was expedited and which were included in the sample cases selected for the 6-month period under review.

To obtain a broad perspective of expedited service error rates based on the work of State quality control groups, we asked the Service to extract available quality control data for the April 1980 to September 1980 period. The following table shows that the expedited service error rates were generally lower than the overall error rates.

Quality Control Error Rates
For Overissued or Ineligible Cases
April to September 1980

<u>State</u>	<u>Percent of cases in error</u>		<u>Percent of error in allotment amounts</u>	
	<u>Expedited</u>	<u>All</u>	<u>Expedited</u>	<u>All</u>
Alabama	9.0	17.0	5.5	7.9
California	7.0	13.8	3.8	7.8
Florida	18.1	20.5	7.7	8.6
Indiana	7.8	14.7	3.8	6.8
Kentucky	4.2	14.1	2.3	6.3
Ohio	8.8	15.5	13.2	9.1
Maryland	11.7	23.8	26.8	14.5
Massachusetts	18.4	17.2	6.5	9.9
Michigan	15.2	17.6	10.5	10.1
Missouri	8.4	14.7	6.4	8.0
New York	18.5	24.2	9.0	14.8
North Carolina	2.3	19.6	1.5	9.3
Oregon	5.7	15.3	4.1	9.1
South Carolina	11.9	23.9	3.9	9.5
Tennessee	10.7	21.8	3.8	10.5
Texas	5.1	16.1	2.4	7.2

Note: Because of the relatively small number of expedited cases used in determining error rates, certain comparisons may not have any statistical significance. For example, Florida's case error rates of 18.1 percent and 20.5 percent are not statistically different after considering the small number of expedited cases used; however, North Carolina's rate would be statistically different because of the large difference in case error percentages. We have not computed the impact of the small number of expedited cases.

The above table does not differentiate between expedited cases that were reviewed in the month in which expedited service

was received and those reviewed in a subsequent month. The following table shows, for the States we visited, the number of cases reviewed in the quality control sample, those marked expedited, and those actually reviewed in the month expedited service was received.

Number of Cases in Quality Control Sample
April to September 1981

	<u>Florida</u>	<u>Tennessee</u>	<u>Maryland</u>	<u>Kentucky</u>	<u>Total</u>
All cases sampled	1,213	1,127	1,200	1,178	4,718
All cases marked expedited	122	46	49	70	287
Expedited cases reviewed in month of expedited service	41	19	27	33	120

Because household circumstances in expedited cases selected for review in a subsequent month may have changed, they may not necessarily reflect the situation at the time the households applied for expedited service. We therefore determined for the four States we visited separate case and allotment error rates for expedited cases reviewed in the month expedited service was received. The following table shows that these error rates are generally lower than the overall expedited error rates.

Quality Control Error Rates
For Cases Overissued or Ineligible
April to September 1981

	<u>States</u>			
	<u>Florida</u>	<u>Tennessee</u>	<u>Maryland</u>	<u>Kentucky</u>
Percentage of cases in error:				
All cases	24.0	22.0	21.7	16.4
Expedited cases	14.0	21.7	4.1	11.5
Expedited cases reviewed in month of expedited service	0	15.8	0	9.1
Percentage of allotment amounts in error:				
All cases	12.1	10.6	14.8	6.4
Expedited cases	6.0	13.0	1.2	5.6
Expedited cases reviewed in month of expedited service	0	11.9	0	6.4

Reasons why expedited case error rates may be lower than overall rates

State officials had expected that error rates for expedited cases would be higher than for the overall food stamp caseload because a household could receive 1 month's food stamp benefits just by proving residency and identity. They were surprised when available data did not bear this out. However, certain types of errors would occur in the overall caseload that would be unlikely to occur in the expedited caseload. This may partly explain the lower error rates for expedited cases. For example:

- Agency errors account for about a third of the overall dollars issued in error. However, these errors are rare in expedited cases because such cases generally involve households with little or no income. These cases do not require as many calculations or decisions by a food stamp caseworker. Thus, less opportunity exists for agency errors in expedited cases.

--Some cases include overissuance errors that have a small dollar impact but increase the overall case error rate. Some expedited service cases we reviewed contained such errors, especially underreporting of income. These errors had no impact on the allotment or case error rates because they were usually not enough to raise the household's net income above zero. For example, in one case a client reported no income even though he earned \$150 a month. However, when the allotment was recalculated and deductions taken from the \$150, the client still had a zero net income. Therefore, the allotment was correct and the client's failure to accurately report this income was not counted as an expedited case error.

Another factor that may account for the lower expedited service error rate is that not all quality control cases selected for review are actually reviewed. This occurs when quality control workers are unable to locate the client or the client refuses to cooperate with the investigation. We were not able to quantify the impact of this factor. However, in 3 of the States we visited, expedited cases represented a greater percent of unreviewed cases than of reviewed cases. In Kentucky, expedited cases represented only 6 percent (70 out of 1,178 cases) of cases reviewed but 29 percent (18 out of 62 cases) of cases that could not be reviewed. The same was true for Florida, where the percentages were 10 and 34, respectively, and Maryland, where the percentages were 4 and 16, respectively. Tennessee could not provide this information.

STATE OFFICIALS BELIEVE EXPEDITED SERVICE IS AN ADMINISTRATIVE BURDEN

In the four States we visited, food stamp officials said that daily food stamp work schedules are disrupted because caseworkers must interrupt ongoing work to handle expedited cases. Workers subsequently hurry to catch up on the work they had to put off and, as a result, may make errors in those cases. Also, clients whose cases are delayed because of the priority given to expedited cases may not get their stamps as quickly as they otherwise would.

We were told that in States with computer mail issuance, such as Tennessee and Kentucky, caseworkers must get the issuance orders for expedited cases to the computer center the same day the client applies in order to meet the 3-day processing requirement. As a result, the same pressures and workflow disruptions that caseworkers experience are also experienced by workers at the computer issuance centers. Also, the quick processing time may not allow the normal computer edits and accuracy checks to be performed. For this reason, Tennessee has asked for a waiver of the 3-day expedited processing requirement and has requested 7 days to process expedited cases.

State and local officials in the four States we visited said that because of the administrative burden of expedited service, they would like to see this provision completely eliminated as a Federal mandate. Florida and Kentucky officials said that, given an option, they would probably have some type of formal expedited service even if it was not mandated but that they would probably have longer application periods and more mandatory verification. A Maryland official said that the State would probably create some type of emergency food system although not necessarily using the food stamp program to do so. Tennessee officials said that they probably would not have any formal type of expedited service but would rely on caseworkers to issue stamps quickly if a need existed. Officials in all four States said that, for the most part, workers try to process cases quickly when they believe applicants need the benefits quickly.

STATE OFFICIALS QUESTION
THE NEED FOR EXPEDITED SERVICE

A general though unvalidated belief among the State and local officials in the States we visited was that relatively few households really had an emergency need for food and that, if expedited service were eliminated, it would not harm the clients. We received comments such as:

- Most people would not wait until a true emergency situation exists before they come in for food stamps.
- If a household had been without income for some time why, all of a sudden, does an emergency situation exist that requires expedited service?
- Most counties have organizations that can help people until food stamps can be issued.

Officials in Kentucky said that many of the households that qualify under the destitute definition because of terminated income either have or will soon have enough money to supply immediate food needs but, because the definition is too broad, they qualify for expedited service. For example, if a person was laid off and received his or her last paycheck on January 31 but expected to receive income from a new source as soon as February 11, he or she could apply for expedited service on February 1 and not have any income counted because (1) the last pay was not received in the month of application and (2) the new income was not anticipated within 10 days of the time of application. In fact, under this hypothetical scenario, a person could be ineligible for food stamps if processed under normal requirements but be eligible to participate for 1 month under expedited requirements.

Officials of the four States we visited said that their States did not provide emergency general assistance (some counties

did), but that almost all cities and counties had some charitable organization or organizations that provide emergency food to the needy. These included food banks, churches, the Salvation Army, and rescue missions. State and local officials said that these organizations might not be able to handle the volume of people that are now receiving expedited service. To the extent that all expedited service cases are not true emergencies, fewer people might apply to such organizations for emergency assistance than would be eligible for expedited food stamp benefits.

POSSIBLE CHANGES TO EXPEDITED SERVICE
WOULD PRODUCE VARYING RESULTS

We discussed with State officials in the four States we visited some possible changes in expedited service regulations and what impact they would have on their agency and clients. Views of officials in three of the four States on possible changes follow. The food stamp director in the other State did not express an opinion on possible changes.

- Certification period of less than 1 month. State officials did not favor shorter certification periods because shorter periods would increase, not lessen, the administrative burden.
- Longer period for processing expedited service applications. State officials favored longer periods (possibly 7 to 14 working days) because they would ease deadline pressure and allow more thorough verification. However, those households that need food stamps quickly would still receive immediate processing. Officials claimed it would ease disruptions in workflow because in most cases food stamps are now regularly received within 2 weeks. Service studies in Texas and New Jersey showed that most nonexpedited cases were processed within 2 weeks--82 percent of cases in Texas and 94 percent of cases in New Jersey.
- Gross income limit. State officials had mixed feelings about a gross income limit. All agreed that it would cut down on the number of expedited service cases but were not sure what would be a fair way to impose such a limit. All said that requiring zero gross income would be too harsh because some households might have some income such as \$10 to \$20 and still be needy or because terminated income cases might need their last bit of income to pay rent. One official suggested that it would be unfair to have the same limit for households of different sizes.
- Liquid resource test (cash or bank accounts). Officials favored a liquid resource test and believed that people should spend some of their own money before getting expedited service.

A January 22, 1982, report by the Service's Regulatory Review Task Force recommended to the Service several changes in expedited service procedures. According to the report, expedited service and processing requirements should not apply to households defined as destitute but only to households with no net monthly income as stated in the act. The task force report also recommended that the processing standard be extended to 7 working days with normal verification procedures. The Service is currently considering the task force's recommendations.

As you requested, we also discussed with State officials the potential impact that the retrospective accounting provision may have on expedited service cases when it is implemented in 1983. This provision bases food stamp benefits on the previous month's actual income rather than on an estimate of anticipated income. State officials said that its use would eliminate many households that would otherwise receive expedited service.

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We have discussed the information in this report with your office and, as requested, we did not obtain agency comments. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after its issue date. At that time, we will send copies to the Secretary of Agriculture and the Director of the Office of Management and Budget and make copies available to others on request.

Sincerely yours,



Henry Eschwege
Director