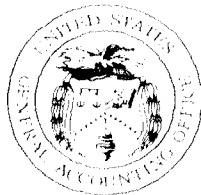


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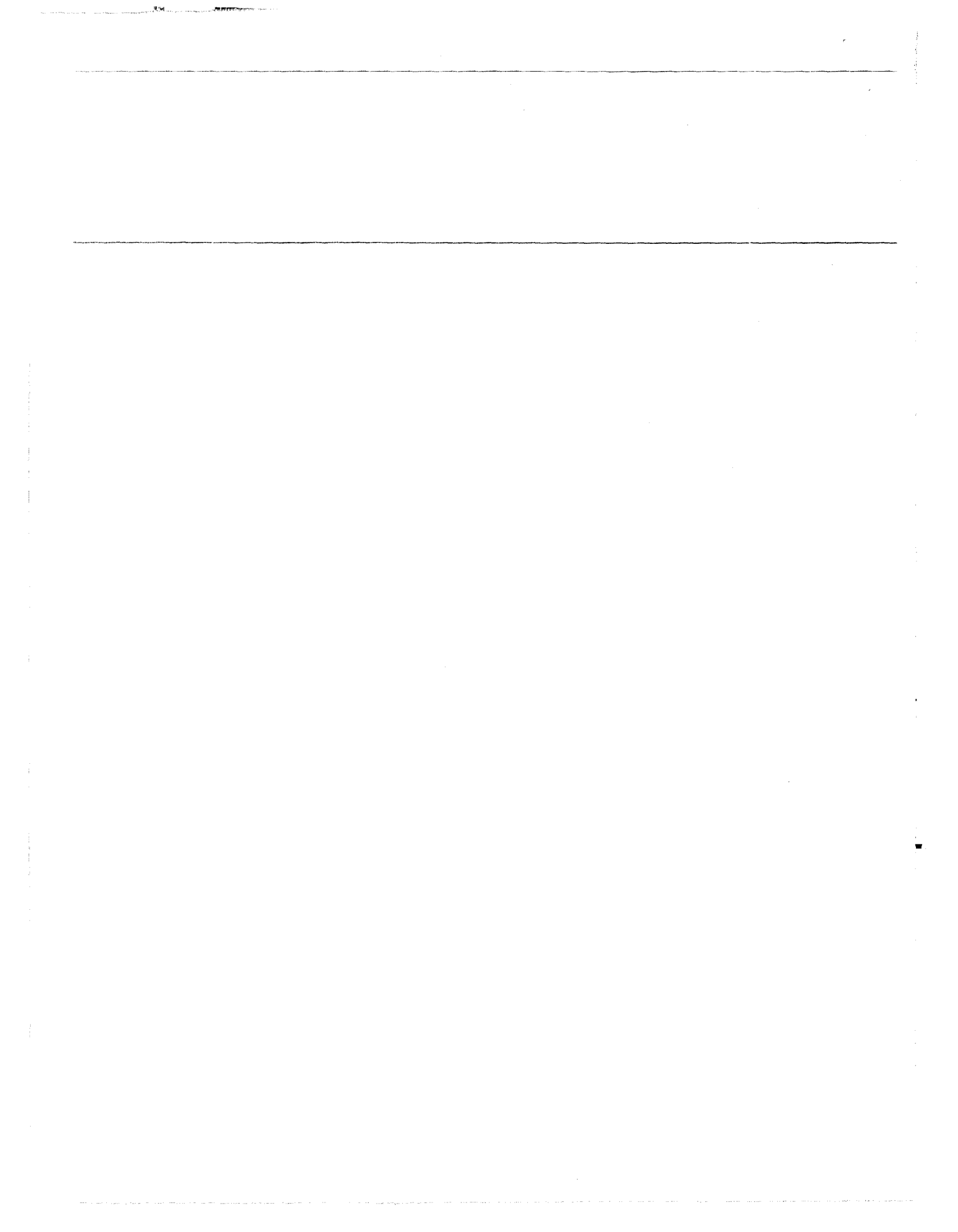
FOOD STAMP PROGRAM

Participants Temporarily Terminated for Procedural Noncompliance



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United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

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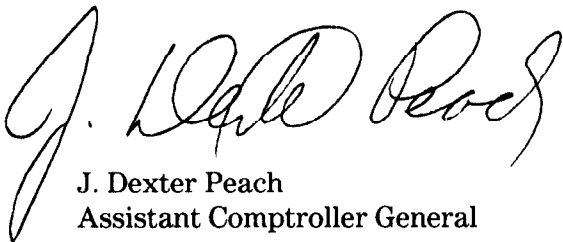
Congressional Requesters

As requested, this report discusses the extent of and reasons for food stamp household participants being temporarily terminated from the Food Stamp Program because they or state agency personnel did not comply with program procedures, resulting in benefit losses.

This report includes a matter for consideration by the Congress regarding excluding household participants from certain provisions of the Food Stamp Act, as amended, in order to ensure full benefits, but only if the participants complete their new application requirements for recertification within the month following the due month. The report recommends that the Secretary of Agriculture instruct the Administrator, Food and Nutrition Service, to encourage states that have not yet employed a monthly reporting option to consider its implementation, where practicable.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after the date of this letter. At that time, we will send copies of this report to the appropriate House and Senate committees and subcommittees; interested members of the Congress; the Secretary of Agriculture; the Director, Office of Management and Budget; and other interested parties.

This report was prepared under the direction of John W. Harman, Director, Food and Agriculture Issues. Major contributors to this report are listed in appendix V.



J. Dexter Peach
Assistant Comptroller General

B-217883

List of Requesters

The Honorable Patrick J. Leahy
Chairman, Committee on Agriculture, Nutrition and Forestry
United States Senate

The Honorable Edward M. Kennedy
Chairman, Committee on Labor and Human Resources
United States Senate

The Honorable Tom Harkin
Chairman, Subcommittee on Nutrition and Investigations
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Daniel Patrick Moynihan
Chairman, Subcommittee on Social Security and Family Policy
Committee on Finance
United States Senate

The Honorable Leon E. Panetta
Chairman, Committee on the Budget
House of Representatives

The Honorable Thomas J. Downey
Acting Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Honorable Charles Hatcher
Chairman, Subcommittee on Domestic Marketing,
Consumer Relations and Nutrition
Committee on Agriculture
House of Representatives

Executive Summary

Purpose

The Food Stamp Program is designed to provide low-income household members additional food purchasing power to help them acquire an adequate low-cost diet. However, eligible program participants can be temporarily terminated from the program if they do not comply with procedural requirements—a situation that could contribute to hunger in America. The Chairmen of several congressional committees and subcommittees requested GAO to determine the extent of and reasons for eligible food stamp participants being temporarily terminated from the program.

Background

The U.S. Department of Agriculture's Food and Nutrition Service administers the Food Stamp Program by establishing national policies and overseeing states' operations. States' local offices determine applicant eligibility and benefit amounts. Once eligibility is established and benefits begin, participants may be required to file monthly reports, updating their financial status, or to verify information submitted to the local office. Near the end of a certification period, the local office requires participants to reapply for certification with a new application and interview.

GAO reviewed a statistically valid sample of households, 160 in Georgia and 200 in Wisconsin, participating in the Food Stamp Program during fiscal year 1987, to determine the number of and reasons for households being temporarily terminated (from 1 day to 3 months) from the program for not complying with procedural requirements.

Results in Brief

GAO, on the basis of its sample, estimates that about 49 percent of the households in Georgia and about 68 percent of the households in Wisconsin experienced breaks in service. Of these breaks, about 87 percent were due to changes in a household's eligibility status. The remaining breaks, which are the subject of this report, were due to either households or state agencies not complying with procedural requirements.

GAO estimates that between 7,000 and 30,600 food stamp households in Georgia and between 7,900 and 20,800 in Wisconsin experienced breaks in receiving benefits because of procedural noncompliance during fiscal year 1987. These breaks caused estimated benefit losses ranging from \$.4 million to \$3.4 million in Georgia and between \$.4 million and \$1.9 million in Wisconsin. Although these results cannot be generalized nationwide, GAO did contact officials in other states who indicated that

similar conditions may possibly exist—but not to any large extent—in their states. (See ch.2.)

To continue in the program, a participant, if required, must submit complete, timely monthly reports and/or new applications for recertification by specified dates. Also, state agencies must process participant-submitted data in a timely manner. Participants in Georgia and Wisconsin, however, did not always complete and submit monthly reports or new applications in a timely manner, causing temporary terminations from the program and losses of benefits. In addition, Wisconsin adopted an incorrect procedure and made other procedural errors, which resulted in losses of benefits. Wisconsin has taken corrective actions. The Food Stamp Act could be amended to help ensure full monthly benefits to participants who file recertification applications up to 1 month late.

Principal Findings

All of the sampled households in Georgia that had experienced procedural breaks in receiving food stamp benefits were due to participants not complying with proper procedures. In Wisconsin, most of the households experienced breaks due to participants not complying with proper procedures. In the remaining sampled households, state officials were not complying with procedures. GAO did not find any state-caused breaks in Georgia.

Participant-Caused Breaks in Receiving Benefits

Participant-caused breaks resulting in benefit losses were caused by participants not (1) submitting timely monthly reports, (2) providing requested verification documents, (3) notifying their local office regarding the nonreceipt of stamps, or (4) meeting work requirements. Breaks caused by untimely submission of monthly reports should be reduced in the future because Georgia, like 39 other states, has adopted a monthly reporting reinstatement option. This option, adopted in Georgia since GAO's review, permits states, in lieu of requiring a participant to reapply for benefits, to accept a participant's monthly report after the due date, resulting in the participant continuing in the program with a full month's worth of benefits.

The remaining participant-caused breaks were due to participants not filing timely or complete new applications for recertification. If a new application is not received before the expiration date, the participant is terminated and receives a prorated amount of benefits based on the date the new application is received, usually the following month.

To provide participants that file late applications for recertification a full month's worth of benefits, states could allow participants an extra month to submit a new application, similar to the reinstatement option under monthly reporting. Implementing this change would require amending the Food Stamp Act to exclude from the proration provisions of the act those participants who need to file a new application for recertification. Such an amendment would allow a participant a full month's worth of benefits, but not until all program requirements are met in the month following the expiration of the certification period. Although GAO did not determine the cost nationwide for such a change, households in Wisconsin would have received between \$18,400 and \$158,000 more during fiscal year 1987 while households in Georgia would have received between \$.05 million and \$1.5 million more for the same period, based on GAO's estimated range of households affected.

GAO attempted to contact all the sampled households that had experienced a break caused by procedural noncompliance. Of those participants contacted, most could not remember why they experienced a break in receiving benefits. For others, various reasons were given, such as the participant forgot to comply with procedural requirements or the participant thought someone else was responsible for providing necessary information.

State-Caused Breaks in Participants Receiving Food Stamp Benefits

In Wisconsin, state-caused breaks resulting in benefit losses were caused by the state (1) applying the monthly reporting reinstatement option improperly, (2) processing participant-submitted documents and forms untimely, or (3) having inadequate automation capability. Planned awareness training for caseworkers and a computer programming change should reduce these types of errors.

During GAO's review, Wisconsin adopted the monthly reporting reinstatement option. However, 13 states have not adopted the option, and the Service has not determined why. If these states have the capability to implement the option, they should be encouraged to do so. In addition, the Service should review the adoption for compliance so that participants in these states receive the same types of benefits that are available in the 40 other states.

Matter for Congressional Consideration

To ensure full monthly benefits to participants who file recertification applications up to 1 month late, the Congress may want to consider amending the proration provisions of the Food Stamp Act to exclude such participants.

Recommendations

To promote more equitable food stamp benefits in all states, GAO recommends that the Secretary of Agriculture direct the Administrator, Food and Nutrition Service, to (1) contact those states that have not adopted the monthly reporting reinstatement option, (2) determine their capability to adopt the option, (3) encourage its adoption where practicable, and (4) if adopted, review the option to ensure that its implementation is proper.

Agency Comments

The Service agrees with GAO's recommendation to re-emphasize the availability of the reinstatement option for monthly reporting. However, the Service said that the losses due to household members filing late for recertification are small in proportion to the total number of households that experienced breaks. The Service also said that eliminating proration during recertification may diminish the incentive for households to file timely and would, thus, affect state workloads. GAO found that most participants who were not in compliance did not complete the recertification process in a timely manner. GAO believes that there would be adequate incentive for timely recertification if proration was eliminated because households in need of food stamp assistance would not receive benefits until the recertification process was complete. Elimination of proration for recertification also would make it consistent with the Service's current policy for late monthly reporters. (See ch. 2 for the Service's and states' comments and GAO's responses.)

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Abbreviations

AFDC	Aid to Families with Dependent Children
GAO	General Accounting Office
USDA	U.S. Department of Agriculture

Introduction

The Food Stamp Program is designed to provide low-income household members additional food purchasing power to help them acquire an adequate low-cost diet.¹ The program is administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service. The Service provides guidance through its food stamp regulations to states managing the program's day-to-day operations. Local offices within each state are responsible for determining whether applicants are eligible to participate in the program and, if determined eligible, authorizing an appropriate amount of benefits. During fiscal year 1987, the Food Stamp Program served on average over 19 million participants monthly at a cost of about \$11.5 billion—\$10.5 billion in food stamp benefits and \$1.0 billion for the federal share of states' administrative costs.

The Food Stamp Program

To obtain eligibility and receive food stamps, individuals must complete and file an application with a state or local office indicating they need assistance. As part of the application process, applicants are required to submit documents to verify certain information provided in their applications, such as income and assets. After an applicant's eligibility is determined, certification to receive food stamps is granted by a state agency and set for a continuous period of up to 12 months.

During a certification period, a participant may be required to report monthly any changes in income or other circumstances that may affect benefits. Such requirements were put in place to reflect changes in a timely manner and ensure the adequacy of determining the benefit amount. Although states were required to use monthly reporting for certain types of household members, two groups of food stamp participants were legislatively exempted from the monthly reporting requirement—migrant farmworkers while in the job stream and households in which all adult members are all either elderly or disabled and have no earned income.² Even though all participants are not required to submit monthly reports, those experiencing a change that could affect their benefits are required to report the change. As of December 31, 1987, 12 states required that all of its program participants,³ except those

¹An adequate low-cost diet is determined by USDA's "Thrifty Food Plan" that consists of basic low-cost nutritional foods.

²The Hunger Prevention Act of 1988 exempts the homeless from monthly reporting and eliminates the need for additional proof of information that has already been verified.

³For this report, states include the 50 states, the District of Columbia, Guam, and the Virgin Islands. Puerto Rico provides food stamps through a nutrition assistance program that is administered by use of a block grant.

exempted by law, report monthly and 41 other states required monthly reporting for selected categories of participants, for example, those with earnings that fluctuate. On average, over 38 percent of all food stamp participants nationwide are monthly reporters.⁴ To continue receiving food stamp benefits, participants nearing the end of their current certification period must file a new application for recertification, including verification documents, and schedule an interview.

Monthly Reporting Requirements

Food stamp participants who must report monthly are required to submit a completed report by a specified date and include verification documents to support the data submitted, such as income. If a participant on monthly reporting does not file a report by the end of the reporting month, he or she could be terminated from the program. For example, if a participant is required to report his or her status for January by February 5 but fails to do so, the local office will notify the participant by about February 20 that the monthly report has not been received and unless the report is received by the end of the month, he or she will be terminated from the program. Assuming the participant does not submit the monthly report by the stated deadline, he or she would be terminated from the program beginning March 1. If, on the other hand, the participant submits the required monthly report before the deadline, he or she can continue to receive food stamp benefits.

Although states can withhold benefits from participants for filing late monthly reports, as discussed above, a state may also adopt a reinstatement option that permits it to accept a late monthly report, in lieu of requiring a participant to reapply, as the basis for placing a participant back on the rolls (reinstatement) and providing benefits for a full month. Monthly reports submitted later than the month following the reporting month are not subject to the provisions of the reinstatement option. The Food and Nutrition Service implemented the monthly reporting reinstatement option in 1984 to lessen the financial impact on participants and reduce the paper work burden on states that would otherwise result when participants file in the following month, are terminated, and need to repeat the application process. The Service made this an option because many of the states' computer systems were not able to adopt the option without program difficulties and additional costs. This practice is consistent with provisions in the Aid to Families With Dependent Children (AFDC) Program.

⁴The Hunger Prevention Act of 1988 could effect the number of monthly reporters in the future because the act allows states more flexibility in deciding which households shall report monthly.

As of October 1, 1988, 40 states use the monthly reporting reinstatement option. The remaining 13 states have not adopted this option. A Service headquarters official said that because this is an option, the Service has not contacted these states to determine why the option is not used.

Although the reinstatement option permits the state to accept a monthly report filed in the month following the due month and provide the household with benefits for an entire month, the benefits themselves are not paid until the state receives the report. For example, if a monthly report that was due February 5 was not received until March 15, the participant under the reinstatement option would receive benefits for March but would not actually receive them until sometime after March 15.

Recertification Requirements

Before the end of a certification period, participants are notified by their local office that their current certification period is due to expire and that benefits will end unless they reapply for recertification by completing a new application and appearing for an interview with a caseworker. The local office may also require verification documents for certain information on the new application, such as income earned and saved or other assets. If the food stamp office does not receive the new application and/or verification document(s) by the specified date or the participant does not come in for an interview, the participant will not continue to participate in the program after his or her current certification period expires. These requirements, according to a Service official, necessitate timely responses and current information from participants before benefits may continue.

States are permitted to use one of three options to notify participants who must report monthly that their certification period is about to expire. With the first option, a state can mail a new application form along with a notice of expiration in place of a monthly report form to obtain the necessary information. The participant must submit the form by mail or in person by the date specified and, at that time, schedule and later appear for an interview at the local food stamp office. The second option allows a state to mail a notice of expiration and monthly report form and an addendum requesting additional information necessary for recertification. In addition, participants must schedule and appear for an interview. Households must return the form and the addendum to the local office by the due date or bring their completed forms in at the time of their interview. The third option permits states to recertify participants based on information contained in the monthly report or obtained

during an interview. At the time of the interview, the state agency obtains the information not provided in the monthly report that is necessary for recertification and has the participant sign a statement indicating that he or she has applied for recertification.

For participants not on monthly reporting that need to be recertified, states require that they submit a new application before the end of their last month of current certification to continue receiving benefits without interruption. A new application for recertification is easier to complete than an initial application for a first-time applicant. Upon approval of a new application and determination of eligibility, another certification period (or recertification period) is established.

Objectives, Scope, and Methodology

In a July 14, 1987, letter from several Senate and House Committee and Subcommittee Chairmen and in subsequent discussions with their offices,⁵ concern was expressed that food stamp procedures may be contributing to hunger in America. Basically, the requesters are concerned about eligible families or household members participating in the Food Stamp Program being temporarily terminated from the program solely because they did not comply with procedural requirements, a phenomenon known as "churning." Temporarily terminated, for this report, means that a household member was terminated from the program for a period of 1 day to 3 months before returning to the rolls. Specifically, we were asked to determine the extent of and reasons for participants in the program experiencing churning—a term we refer to as "breaks" in receiving food stamp benefits. For this report, a break is a temporary termination that a household member experiences resulting in the loss of benefits. In addition, we were requested to provide other states' views on whether the results of our work apply in their states.

We selected the states of Georgia and Wisconsin to examine the extent of and reasons for food stamp participants experiencing breaks in receiving their benefits. These states were selected because they (1) are in different geographical regions of the country, (2) serve over 100,000 households per month, providing us with a large group from which to draw a sample, (3) are ranked 11th and 19th, respectively, based on

⁵These include the Senate Committee on Agriculture, Nutrition, and Forestry and its Subcommittee on Nutrition and Investigations; Senate Committee on Labor and Human Resources; Senate Subcommittee on Social Security and Family Policy of the Committee on Finance; the House Committee on Agriculture and its Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition; and House Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means.

their food stamp populations, providing us with examples of average participant states, and (4) have various automated program functions, such as benefit calculation and issuance.

In Wisconsin, the program is administered by the Department of Health and Social Services. In fiscal year 1987, food stamp issuances totaled approximately \$146 million and participation averaged about 120,500 households per month, with each household receiving an average of about \$101 in monthly coupons. The federal share of administrative costs totaled \$14 million while Wisconsin's share totaled \$12.3 million.

In Georgia, the program is administered by the State Department of Human Resources. In fiscal year 1987, food stamp issuances totaled approximately \$257 million and participation averaged about 175,500 households per month, with each household receiving an average of about \$122 in monthly coupons. The federal share of administrative costs totaled \$33.5 million while Georgia's share totaled over \$30.7 million.

To determine the extent of households experiencing breaks and the reasons for those breaks, we reviewed 360 active household case records, 160 from Georgia and 200 from Wisconsin, that were randomly selected from states' fiscal year 1987 quality control samples. A state's quality control sample is designed to be a statistically valid sample of all household case records prepared for the Food and Nutrition Service.⁶ From these records the Service is able to determine whether the state had correctly granted eligibility, calculated benefits, and terminated household members. Each state's quality control sample totaled about 1,200 household case records for fiscal year 1987. Our samples from these quality control samples enabled us to make statewide estimates based on our review results. Because we reviewed a statistical sample of households, each statewide estimate developed from the sample has a measurable precision.

Based on our sample case results within each state, statistical estimates were developed at the 95-percent confidence level and are shown as a lower and upper limit. This means that 95 times out of 100, if we reviewed all the households in our sampled states the results would fall between the lower and upper limits of the confidence interval. Chapter 2

⁶For a sample to be statistically valid, a state must comply with Service guidance on the use of sound sample design principles. For Georgia and Wisconsin, Service regional officials had determined that the samples from these two states met the criteria and are statistically valid.

provides our estimates statewide and associated lower and upper confidence level.

To select our sample households, we used a stratified random sample design similar to the one used by states to submit sample cases to the Service for a quality assurance review. Stratification divides the universe into mutually exclusive groups, such as grouping households that participate in the Food Stamp Program only and grouping households that participate in the Food Stamp Program while also participating in another program, such as AFDC. From the strata comprising active cases, we selected 200 from Wisconsin and 160 from Georgia.

After randomly selecting household cases for fiscal year 1987, we reviewed the issuance records for each of the 160 active cases in Georgia and 200 active cases in Wisconsin to identify those households that had experienced food stamp benefit breaks. For those that had experienced a break, we obtained and reviewed their case files to determine the reason(s) for the breaks.

After reviewing the case files, we attempted to contact those household members that had experienced breaks in receiving food stamps to determine the reason(s) they failed to comply with a procedure or the action they took when terminated from the program. If the initial contact proved unsuccessful, we sent follow-up letters requesting that the household members contact us. We received a 50-percent response from household members in both Georgia and Wisconsin who experienced a break in receiving food stamps and lost benefits. The responses were discussed with appropriate food stamp officials in Georgia and Wisconsin and at Service headquarters and regional (Chicago and Atlanta) locations.

To make our statewide estimates, we used statistical formulas appropriate for the sample design employed (i.e., a stratified design) where each household's probability of being selected into the sample was proportional to the number of months it received benefits during the year. Our estimates are rounded to the nearest hundred, where possible. It should be noted, however, that although we display statewide estimates where possible, our specific discussions and examples are focused on our sample cases. The results of our sample case reviews are shown in appendix I.

To determine whether other states were experiencing similar problems in administering their food stamp benefits, we selected the following six

states—Connecticut, Louisiana, Minnesota, Missouri, Nevada, and Pennsylvania—to contact and discuss this issue with their food stamp policy and/or program officials. These states were selected because (1) they are located in different regions of the country, (2) two states (Louisiana and Minnesota) have state-supervised programs and the other four have state-administered programs,⁷ (3) their food stamp programs are generally automated, (4) all of them have implemented monthly reporting to some degree, and (5) the monthly reporting reinstatement option is used in four states—Connecticut, Louisiana, Nevada, and Pennsylvania. Although the results of obtaining other states' views cannot be considered a statistically representative sample of conditions nationwide, our discussions provide an indication of how food stamp procedures are carried out in other states.

In addition to the detailed audit work performed in Georgia and Wisconsin, we interviewed officials of and obtained pertinent documents from Service headquarters in Alexandria, Virginia, and its regional offices in Chicago, Illinois, and Atlanta, Georgia. We also reviewed pertinent laws, regulations, policies, and procedures applicable to Food Stamp Program operations at the state and federal levels. Further, we reviewed Georgia's and Wisconsin's Food Stamp Program issuance records and household case files. These states' internal controls were meeting the needs of the program. Our audit work was performed between October 1987 and February 1989, in accordance with generally accepted government auditing standards.

⁷State-supervised programs require that county local offices follow prescribed food stamp regulations but permit local office heads to use their discretion in conducting daily office operations. In comparison, state-administered programs require that county local offices follow prescribed regulations and state directives on how daily operations will be conducted.

Food Stamp Participants Lost Benefits Because Procedures Were Not Always Properly Followed

In addition to meeting eligibility requirements, participants and state personnel administering the program must comply with program requirements, such as filing and processing complete monthly reports and new applications for recertification in a timely manner to ensure that benefits are provided without interruption. A number of household participants in Georgia and Wisconsin, however, either filed monthly reports or new applications late or not at all or failed to provide requested verification documents for information contained in these forms. In addition, state agency personnel in Wisconsin did not always follow monthly reporting reinstatement option procedures or process household submitted data in a timely and accurate manner.

As a result of these procedural problems, we estimate statewide, based on our sample cases, that 18,800 households in Georgia lost between \$.4 and \$3.4 million and 14,400 households in Wisconsin lost between \$.4 and \$1.9 million in food stamp benefits for which they were otherwise eligible during fiscal year 1987.

Households Experienced Breaks in Receiving Food Stamp Benefits

We estimate that 119,000 food stamp households in Georgia and 129,600 in Wisconsin had experienced a break in receiving their food stamp benefits for a variety of reasons during fiscal year 1987. Another 123,600 in Georgia and 59,900 in Wisconsin did not experience such breaks. (See table 2.1.) Most of the breaks households experienced were caused by changes in their eligibility status. Other breaks were caused by noncompliance with procedures.

Table 2.1: Estimated Households That Did and Did Not Experience Breaks During Fiscal Year 1987, Based on Our Sample Cases

	Georgia					
	95% confidence limits					
	Estimate	%	Lower	%	Upper	%
Households experiencing breaks	119,000	49.0	102,000	37.3	135,900	60.7
Households <u>not</u> experiencing breaks	123,600	51.0	78,000	39.3	169,300	62.7
Total estimated households^a	242,600	100	180,000		305,200	
	Wisconsin					
	95% confidence limits					
	Estimate	%	Lower	%	Upper	%
Households experiencing breaks	129,600	68.4	109,000	57.4	150,300	79.4
Households <u>not</u> experiencing breaks	59,900	31.6	35,000	20.6	84,700	42.6
Total estimated households^a	189,500	100	144,000		235,000	

^aOur estimates reflect the number of individual households that received benefits for one or more months during fiscal year 1987.

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We estimate that 18,800 of the 119,000 households in Georgia that experienced breaks were caused by a household member not complying with procedural requirements. For example, the household member did not (1) file a completed monthly report on time or (2) complete a new application for recertification in a timely manner. The remaining estimated 100,200 households experienced breaks because of changes in a household member's eligibility status, such as income increases or family size decreases.

Of the total estimated 129,600 households statewide in Wisconsin that experienced breaks in receiving their food stamp benefits, we estimate that about 14,400 households experienced breaks because (1) a household member did not comply with procedural requirements, such as not submitting requested verification documents or completing new applications for recertification in a timely manner, (2) the state improperly applied the monthly reporting reinstatement option, or (3) the state did not correctly process submitted information from the participant. The remaining 115,300 households experienced breaks because of changes in their eligibility status. (See table 2.2.)

Table 2.2: Reasons for and Estimated Number of Households Experiencing Breaks During Fiscal Year 1987

Reasons for breaks in service	Georgia					
			95% confidence limits			
	Estimate	%	Lower	%	Upper	%
Problem in following procedure	18,800	7.7	7,000	2.6	30,600	12.8
Change in eligibility status	100,200	41.3	84,000	30.7	116,400	51.9
Total^a	119,000	49.0				

Reasons for breaks in service	Wisconsin					
			95% confidence limits			
	Estimate	%	Lower	%	Upper	%
Problem in following procedure	14,400	7.6	7,900	3.9	20,800	11.3
Change in eligibility status	115,300	60.8	93,500	50.0	137,100	71.7
Total^a	129,600	68.4				

^aTotals do not always agree because of rounding and our method of estimating households that did and did not experience breaks.

As a result of our preliminary findings, we focused on reviewing those sample case households in Georgia and Wisconsin that experienced a break in receiving their food stamps for reasons other than eligibility. We used this method in order to obtain more detail on the specific reasons for the breaks and to determine the extent of benefit losses those household members experienced.

Procedural Reasons for Households Experiencing Breaks in Receiving Benefits

The procedural reasons that households experienced a break in receiving food stamp benefits during fiscal year 1987 can be grouped into two categories: (1) state agency-caused breaks and (2) household-caused breaks. We estimate that between 17 and 83 percent of the breaks experienced by households in Wisconsin were caused by the state agency, whereas none of the breaks in Georgia were agency-caused. This does not mean that there were no state-caused breaks in Georgia, it just means that we are unable to provide a meaningful estimate of agency-caused breaks for Georgia, if any, because we did not observe any such breaks in our sample cases. In both states, some household members did not comply with various procedural requirements. Table 2.3 shows, based on our specific sample case review that is shown in appendix I, the estimated number of times that households statewide had experienced breaks because either the state agency or the household member did not comply with proper procedures. The figures in table 2.3 reflect statewide estimates, including the lower and upper limits, for the number of breaks, which were greater than the total number of households involved, because some households experienced more than one break.

State-Caused Breaks in Receiving Benefits

States are responsible for processing participant-submitted data in a timely and correct manner to ensure that food stamp benefits are issued in the proper amount and on time. Although we did not find any state-caused breaks in our sample cases in Georgia, we estimate that in Wisconsin 10,700 breaks experienced by households were caused by state agency personnel. For Wisconsin, participants experienced breaks in benefits because the state did not (1) apply the monthly reporting reinstatement option properly, (2) process participant-submitted information timely or correctly, or (3) have adequate automation capability.

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Table 2.3 Reason(s) for and Estimated Number of Breaks Statewide, Fiscal Year 1987

Reason(s) for breaks in receiving benefits	Georgia		
	Estimate	Lower	Upper
Agency did not: properly apply monthly reporting reinstatement option, or timely and correctly process participant information, or have adequate automation capability.	a		
Participants did not: timely complete new application.	18,300	6,500	30,100
Other participants did not: timely complete monthly report, or provide verification document, or follow notification requirements when not picking up or receiving food stamps, or meet work requirements.	a		
Agency did not: properly apply monthly reporting reinstatement option, or timely and correctly process participant information, or have adequate automation capability.	10,700 ^b	4,000 ^b	17,400 ^b
Participants did not: timely complete new application.	7,400	2,600	12,200
Other participants did not: timely complete monthly report, or provide verification document, or follow notification requirements when not picking up or receiving food stamps, or meet work requirements.	3,400 ^b	700 ^b	6,100 ^b

^aWe are unable to provide meaningful estimates for these reasons because the Georgia households we sampled did not experience any agency-caused breaks and experienced only a few participant-caused breaks for the other than timely completion of a new application reason.

^bThese estimates reflect collectively the number of households that experienced a break for the reasons listed under the "Agency did not" and "Other participants did not" captions.

**Improper Application of the
 Monthly Reporting
 Reinstatement Option**

Households required to file monthly reports must submit them in a timely manner to ensure that food stamp benefits will continue without interruption. As discussed in chapter 1, participants may file their monthly report as late as the last day of the month (the reporting month) and still receive a full month's worth of benefits the following month (the issuance month). However, Service regulations permit states to adopt one of two options in handling participants that file monthly reports after the last day in the reporting month. One option permits states to terminate participants from the program when they submit a monthly report after the reporting month and then have the participants file a new application. States can then issue benefits beginning with the date of the new application. The other option, the monthly reporting reinstatement option, permits states to accept a monthly

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report received in the month after the month in which it was due and, provided the participant is still eligible, grant the participant a full month's worth of benefits and the opportunity to continue in the program without reapplying.

During our review, Wisconsin was not implementing the monthly reporting reinstatement option properly. To illustrate, when monthly reports were received in the month after the monthly reports were due, Wisconsin would permit the participant to be reinstated without reapplying but would prorate the benefits beginning with the date that the monthly report was received rather than issue a full month's worth of benefits.

From our sample cases in Wisconsin, we found households that had experienced breaks because the state employed the monthly reporting reinstatement option improperly. For example, a LaCrosse County, Wisconsin, woman lost \$45 worth of benefits because she filed two monthly reports late. The first monthly report was due in February 1987 and was not filed until March 12, 1987. The second report was due in May 1987 and was not filed until June 4, 1987. As a result, the household lost 11 days' worth of benefits in March 1987 totaling \$27, based on her reported income of \$1,108 that would have given her \$75 in benefits that month. In addition, she lost 3 days' worth of benefits in June 1987 totaling \$18, based on her reported income of \$779 that would have given her \$180 in benefits that month. These benefit losses were not restored because they went undetected for more than 1 year from their occurrences and current statute prohibits states from restoring benefit losses to participants if not found within 1 year of their occurrence.

We confirmed Wisconsin's application of the above option with the Service and discussed this issue with Wisconsin state officials in June 1988. A Service official said that they had first informed Wisconsin of the improper application of the option in 1983 and suggested that the practice be corrected. According to the official, between 1984 and 1987, the Service reminded Wisconsin periodically by telephone and written communications that it had not corrected its monthly reporting reinstatement option. The official added that Wisconsin had always indicated that corrective action would be taken. More recently, during an annual operations audit in May 1988, the Service again brought the improper monthly reporting reinstatement option to Wisconsin officials' attention and recommended corrective action.

State officials told us that they agreed that they were applying the reinstatement option incorrectly. Also, they were aware of the infraction but

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had not taken any action until we and the Service inquired about the state's planned actions regarding this matter in June 1988. The state officials gave several reasons why the infraction had gone uncorrected. Initially, according to the state officials, they believed Wisconsin was in compliance with the law because all monthly reporters, including those with late monthly reports, had their eligibility redetermined each month and, in effect, were treated like new applications. The officials said that they had planned to request a waiver from the Service but constant staff turnover since 1985 and higher priority projects, such as reducing benefit overpayments, precluded them from this action.

As of October 1, 1988, Wisconsin began implementing the monthly reporting reinstatement option as established by Service regulation. Service officials told us that they have reviewed Wisconsin's monthly reporting reinstatement option since the October action and determined that the option was correctly implemented.

Untimely or Incorrectly
Processing Participant-Submitted
Data

Service regulations require states to promptly and correctly process participant-submitted information such as new applications for recertification and other information affecting a participant's benefits. In Wisconsin, we found that caseworkers had not properly processed benefit claims, resulting in some households experiencing breaks in receiving benefits. These breaks were caused by, among other things, Wisconsin caseworkers not (1) promptly processing a new application for recertification, (2) providing benefits for a household that was moving from one county to another, or (3) accurately adding income information submitted by a participant.

Wisconsin caseworkers caused households in our sample cases to lose benefits by not processing new applications for recertification promptly or making benefits retroactive to the date the new application was received. For example, an elderly woman lost \$20 in food stamp benefits because the state did not process her new application for recertification in a timely manner. The woman's certification was to expire at the end of July 1987. She submitted her new application for recertification on July 29, 1987, but the caseworker did not process the new application until September 1, 1987, and, although state officials could not explain why, did not make benefits retroactive to the beginning of August. As a result, the woman lost her benefits for 2 months. Current regulations prohibit states from restoring benefit losses to participants if mistakes are not found within 1 year of their occurrence. Because we found this

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mistake during our audit, less than 1 year from its occurrence, and brought it to Wisconsin personnel's attention, benefits were restored.

The 1-year limitation on restoring benefits, according to Service officials, was imposed because of the difficulty that states would have in administratively going back more than 1 year into prior records and calculating the amount, if any, of benefits that should be restored. In addition, a regional Service official noted that individuals presumed to be hungry cannot be retroactively fed by restoring food stamps that were needed in a prior period.

In another case, a Forest County, Wisconsin, household loss \$127 in food stamp benefits because a caseworker prematurely terminated the household even though it had reported, as required by state regulations, that it was moving to Florence County. According to state policy, Forest County should have issued the February 1987 benefits because it had received notification in January 1987 that the household was moving. However, the last issuance from Forest County was in January because the county terminated the household at the end of January. When the household reapplied in February 1987 in Florence County, the county started the household's benefits beginning March 1st. Although Wisconsin officials agreed that the household should have received benefits for February, they were unable to explain why the caseworker in Forest County had terminated the household at the end of January. In addition, benefits were not restored in this case because more than 1 year had lapsed before the error was found.

In all of the sample cases where we found that loss of benefits was state-caused, state officials were in agreement. A state official added that mistakes will continue to occur as long as people are involved. However, the official said that they will try to reduce such errors by continuing to alert and train caseworkers to handle participant-submitted information more carefully and promptly. A Service official told us that if its personnel find, during its quality control reviews, either an over or underpayment to a household, the Service would contact the state and require the state to either assess the household for the overpayment or provide the household with an appropriate amount of food stamps to make up for the underpayment.

In our review of Wisconsin case files, we found that the state had problems with its automated data processing system. These problems caused some households in our sample cases to experience breaks in receiving

State Did Not Have Adequate
Automation Capability

benefits. For example, a Milwaukee mother and her three children lost \$76 in benefits because the state's automated processing system was unable to correctly process two monthly reports—one due in December 1986 and the other in January 1987—received in the month of January. According to state personnel, the problem began when the woman did not file her monthly report due in December—causing the computer to terminate the household at the end of December. In January, the participant filed her monthly report due January 5th on the 17th. The computer accepted the January 17th filing for benefits to be paid in February. On January 19th the woman filed her monthly report that was due December 5th but the computer did not accept the entry. From this submission, the participant should have received at least 12 days' worth of benefits in January. However, because the computer had already accepted a monthly report for January and was set to issue benefits for February, it did not compute any benefits for the month of January. Because this oversight was not found within 1-year, food stamps were not restored.

In April 1987, Wisconsin personnel changed its automated data processing system to prevent this type of error. In addition, Wisconsin officials told us that they plan to introduce a new automation system in about 1-year. Such a system, according to one official, will apply to three programs—AFDC, Medicaid, and Food Stamp Program—without having to continually make a system change to all of the programs if a change occurs in one of the programs, as is sometimes required. Once installed, Wisconsin officials believe participants should not experience any benefit losses because of an automation limitation or inability to properly handle participant-submitted information.

Participant-Caused Breaks in Receiving Benefits

All of the breaks in benefits occurring in Georgia and many in Wisconsin were participant-caused. The following sections provide more details on the reasons for these breaks.

Untimely and Incomplete Application for Recertification

Untimely submission of a new application for recertification, including all relevant documents, appeared to be the main reason for participant-caused breaks in Georgia (estimated statewide at 18,300) and Wisconsin (estimated statewide at 7,400). A participant must file a new application, provide all the information required, provide verification document(s) of income and/or other essential information, and schedule and appear for an interview.

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In both Georgia and Wisconsin the food stamp offices notify participants on or just before the beginning of the month of their last benefit issuance. The notices inform the participants when their current certification expires and that they need to reapply and be interviewed in order to continue in the Food Stamp Program. Included with the notice are application forms and a scheduled interview date. A household will continue to receive its full monthly benefit under a new certification only if the new application is filed before the previous certification period ends. However, a household that does not file a new application before the expiration deadline will receive prorated benefits for the first month based on the date a new application is received.

In our review of case files in Georgia and Wisconsin, we found households that had problems with the recertification process because household members did not file new applications for recertification in a timely manner. For example, a Milwaukee, Wisconsin, participant lost \$10 in food stamps in May 1987 because her application for recertification was not filed on time. The participant's daughter told us that while her mother was in the hospital during April she found the new application and a notice of a scheduled interview. The daughter said that she completed the application while her mother was in the hospital and mailed it to the local office on April 21, 1987, along with an explanation that her mother would not be able to make the scheduled interview. Although the application was mailed back to the local office, Service regulations require that a participant or an authorized representative must sign an application to establish a filing date. In this case, the participant had not signed the application nor was the daughter an authorized representative for her mother. Because the caseworker had not received the application and did not know that the interview would not be held, the caseworker visited the participant's home on April 29 expecting to obtain a new application for recertification and complete the interview, which was not accomplished. As a result, a second home visit had to be scheduled. This second visit and a signature on the new application was not completed until May 1987, resulting in the participant losing \$10 in benefits.

We contacted seven additional household members in Wisconsin. Of those seven, three could not remember filing late applications, one filed late because he initially thought he was ineligible, another said that he was too sick to file his application on time, one said that the local office sent the notification late, and the last one said that the local office scheduled the interview too late. Wisconsin officials disagreed with the last two participants' reasons for filing late applications because state

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files indicated that notices were sent and interviews were scheduled in time for the applicants to recertify.

Georgia households in our sample cases also experienced breaks because participants did not include needed verification documents with their recertification applications. None of these kinds of breaks were found in the Wisconsin cases we reviewed. Service regulations require that states terminate such households if they fail to provide requested documents.

For example, a Fulton County, Georgia, participant was notified on September 5, 1986, that, if he wanted to be recertified and continue receiving food stamp benefits beyond September 30, he needed to complete a new application and attend an interview tentatively scheduled for October 9, 1986. The participant submitted the new application and attended the interview on October 9. During the interview, the caseworker asked for proof of his mortgage payment amount, utility costs, and the number of people living in the household. Because the participant did not have the needed document at the time of the interview, the information was to be provided to the local office by October 21, to ensure that the participant would continue in the program beyond October 31. The participant was given a grace period of 18 days, which extended the due date until November 8. The local office received the requested verification documents, on November 18, 10 days late. The household was terminated from the Food Stamp Program for filing late and lost \$24 in food stamp benefits. Once the requested documents were received, the household was again placed on the food stamp rolls. We contacted this participant to determine why the verification documents were late. The participant told us she could not remember the circumstances surrounding the reduction in benefits.

We also contacted four other Georgia sample case participants who had lost benefits because of problems in providing verification information. One participant had to provide a rental receipt to verify residency and how the rent was paid. According to the participant, she knew that her benefits would be terminated if she did not submit the required documents, but her landlord would not provide a statement until she paid the rent. Consequently, a rental receipt was not provided because the rent had not been paid. The other three participants could not remember the circumstances that caused them to lose their food stamp benefits.

Officials in both Georgia and Wisconsin said that participants are responsible for complying with the Food Stamp Program's procedural requirements or they risk losing benefits. These officials said that they

have too many participants on the rolls to provide individual attention to each. States generally give participants a full month to complete and submit new applications for recertification, which these officials believe is a sufficient amount of time. A Wisconsin program official said that the state provides a notice and a checklist of items or functions the household needs to complete to recertify. The first notice is sent prior to the participant's last month of current certification, a second notice is sent near the end of the participant's last month of current certification, and a final notice is sent near the end of the last month of current certification, if a new application has not been received.

Continuing Participation in the Food Stamp Program

To address congressional concerns that noncompliance of food stamp procedures may be contributing to hunger in America and preventing otherwise eligible household members from participating, we discussed with Georgia and Wisconsin officials options that might be employed to help participants continue participation in the Food Stamp Program without penalty for filing late or incomplete applications.

Eliminating the Proration Provision Would Allow Full Benefit Payment

A Georgia official said that one way to eliminate penalizing participants would be to eliminate the regulation that calls for the proration of benefits for participants that file a recertification application in the month after the month it was due. Under current regulation, benefits are reduced, or prorated, for filing late based on the number of days that the application was filed late. Eliminating this regulation would allow states to provide a full month's worth of benefits to a household that files and completes their new application for recertification in the following month, much like the procedure that currently exists under the monthly reporting reinstatement option, as discussed in chapter 1. The official also said that such a regulatory change would not require a significant program change or cost very much at the state level as long as the state could identify a participant who is recertifying from an applicant that is applying for the first time. The official noted, however, that provisions of the Food Stamp Act may require changes.

A Wisconsin program official said that, although eliminating the proration provision may be beneficial for participants and provide them with a full month's worth of benefits much like the monthly reporting reinstatement option, it would be difficult for the state to implement. The difficulty, according to this official, stems from the state's automated

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Food Stamp Program system being integrated with other welfare programs. The problem, according to this official, in changing program procedures is that changes in one program may necessitate making changes in another program. The official said that although such programming changes would not be impossible, they may be difficult.

Service headquarters and regional program officials said that eliminating the prorated provision of the Food Stamp Program might not be difficult to administer. In addition, the officials indicated that they believed the prorated regulations were developed from statutory amendments to the Food Stamp Act in 1982 to save program costs. One official said that the Service at that time had estimated that about \$10 million to \$15 million might be saved by applying a proration provision to household participants needing to recertify. Although the official could not provide any documentation to substantiate this estimate, he said that the savings was based on a perception that only a few participants nationwide filed late applications for recertification. We estimate that, based on the amount of benefits lost by households in our sample cases, eliminating the proration provision would have provided households in fiscal year 1987 with additional benefits estimated at between \$.05 million and \$1.5 million in Georgia and between \$18,400 and \$158,000 in Wisconsin.

A regional Service official noted that eliminating the proration regulation would provide participants with additional time to submit their new application for recertification without financial penalty. The official said that even providing participants more time for recertification, some participants may use the extra time and still be late. The official also noted that even if the proration regulation were eliminated, participants allowed to file a new application late would have their food stamp issuance delayed until the new application was received. For example, a participant that needs to file a new application before the end of January to receive February benefits, but does not do so, will not receive benefits until after the date of the filing. This, in effect, would still delay the issuance of benefits for participants who file late. The official noted that the thrust in the 1982 welfare reform was to make participants accountable. Consequently, participants cannot receive benefits unless they comply with the program's procedural requirements.

We discussed the proration regulation with the U.S. Department of Agriculture (USDA) General Counsel and, according to a General Counsel official, this regulation was developed from provisions in Sections 8(c) and 11(e) of the Food Stamp Act, as amended. Section 8(c) specifies that

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first-time applicants begin receiving benefits based on the date their application is received. Section 11(e) specifies that participants be terminated if they do not submit a new application for recertification in the last month of their current certification. Consequently, the official believes that terminating participants under the provisions of 11(e) causes them to become applicants needing to file initial applications. As a result, an application from a prior participant is treated under section 8(c), which means their benefits are prorated based on the date the application is received. We agree that a change in section 8(c) of the Food Stamp Act, as amended, would be needed to exclude participants filing late new applications for recertification from the proration provision.

Other Participant-Caused Breaks

Other participant-caused breaks that we found in our sample cases involved participants not (1) completing monthly reports in a timely manner, (2) providing verification documents for reported changes, (3) following notification requirements when not picking up or receiving food stamps, or (4) meeting work requirements. Because these participant-caused breaks were found infrequently in Wisconsin and Georgia, we have grouped these causes together and estimate their occurrence statewide. For Wisconsin we estimate that household participants experienced about 3,400 breaks for the previously stated four reasons. However, because Georgia only had one household participant to experience a break for not completing monthly reports timely, we could not provide estimates statewide that would be meaningful. This does not mean that there were no other breaks occurring in Georgia, it just means that we only found one in our sample cases.

Untimely and incomplete submission of monthly reports. One reason that household members in our sample cases experienced breaks in receiving their food stamp benefits was because they did not provide timely and complete monthly reports. As discussed in chapter 1, if food stamp participants are required to file monthly reports by the 5th of the month, but do not do so by the 20th, the household is notified that the report is late. If the participant has not submitted the monthly report by the end of the month, the household is terminated from the program and loses benefits beginning on the first day of the following month. However, if the state has adopted the reinstatement option, participants do not lose benefits if the monthly report is properly filed before the end of the following month. During fiscal year 1987, Georgia had not adopted and Wisconsin had adopted, but not properly implemented, the monthly

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reporting reinstatement option. As a result, households filing a late monthly report in either state experienced losses in benefits.

At the time of our review, Georgia was following monthly reporting procedures. For example, one household was late in filing monthly reports on three separate occasions and on each occasion the household lost benefits. We contacted the participant and was told that she remembered losing benefits because she had forgotten to mail her completed monthly report back to the state on time. She said that she had no recent problems getting her completed monthly reports back to the state in time and believed the procedures for filing monthly reports seem to work well. In addition, a Georgia program official said that in March 1988 the state had implemented the monthly reporting reinstatement option which will benefit participants who file a late monthly report, such as the participant mentioned above.

As of October 1, 1988, 40 states were using the monthly reporting reinstatement option. The other 13 states, Arkansas, Iowa, Kentucky, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Rhode Island, Tennessee, Utah, Virginia, and Wyoming, are not employing the option. In commenting on why these 13 states have not adopted the option, a Service official said that, when the option was initially implemented, not all states had the automation capability to adopt the procedure (which is why it was an option). Therefore, the Service had not encouraged its implementation in all states or sought reasons why a state had not adopted the option. Finally, the official said that many states have improved the automation of their Food Stamp Programs, which may make adoption of the option easier for those states that have not yet done so.

Participants did not provide verification documents. In addition to obtaining verification for information submitted in first-time applications, new applications for recertification, or monthly reports, Service regulations require states to obtain verification documents from participants who notify their local office of a change in their household that might affect their benefits. The regulations require that households provide verification documents within 10 days of the request. Although we found no households terminated in Georgia, households in Wisconsin were terminated and lost benefits because they did not provide the requested verification documents in a timely manner.

In one sample case a Washburn County, Wisconsin, household participant reported that his wife had moved into his house in October 1986.

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Because this change potentially affected his benefits, the local office asked for verification of the wife's income, a copy of her social security card, and a copy of her birth certificate to be provided within 10 days. The participant did not provide the requested information until November 4, 1986, 3 days late. As a result, the household lost \$28 in benefits in November because the local office terminated the household at the end of October and did not reopen the case until the requested information was provided. We contacted this participant and was told that the reason he was late was because he thought his wife had sent the documents to the local office.

We also contacted another household to determine why the participant did not provide requested document(s) within the required time. The household member told us that he had just forgot to send the document to the local office.

Both the Service and Wisconsin program officials said that these participants have a responsibility to provide requested document(s) to their local office within 10 days. The officials said that they believe 10 days is a sufficient amount of time to accomplish this. The officials added that this task is much easier to accomplish than completing an initial application or a new application for recertification. The officials concluded that for these reasons these participants should be terminated and be required to file an application if they want to continue in the program and receive benefits based on the date the application is received. Thus, according to the officials, eliminating the proration provision should not apply in these cases.

Participants did not notify local offices that food stamps were not claimed or received in the mail. According to Service regulations, a household must receive or pick up its food stamps within the month they are issued. If the household does not pick up or receive the food stamps through the mail during the issuance month, it must inform the local food stamp office during that month that the food stamps were not received or picked up. States are prohibited, by Service regulation, from reissuing food stamps to households that do not contact their local office in the month that the stamps were issued. This regulation was promulgated to help prevent fraud and make it easier for states to trace current food stamp issuances and, if appropriate, issue replacement stamps. In Wisconsin, households experienced breaks in receiving benefits because they did not notify their local office that they had not picked up their food stamps from the local office or received their stamps through the mail within the month they were issued.

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In one sample case, a Milwaukee, Wisconsin, mother of five children lost \$227 in food stamp benefits because she did not contact the local food stamp office when she did not receive her monthly food stamps in the mail. According to the case file, the state issued the stamps on time, but the postal service returned the stamps to the local office because the household had moved. The household did not contact the food stamp office until the following month to tell the caseworker that she did not receive her food stamps. As a result, the local office was not able to provide her with replacement stamps. According to a Wisconsin program official, households are informed that prior to moving they should contact their local office to inform their caseworker of the pending move so that stamps can be sent to a current address. We contacted one of the households that did not receive or pick up their food stamps. The household member said that she did not know the food stamps were at the local office to be picked up.

Participants not meeting work requirements. Sample case households in Wisconsin experienced a break in receiving food stamps and losing benefits because the participants did not meet work requirements. Service regulations require that participants in the Food Stamp Program comply with states' employment and training programs. Participants are terminated when they fail to meet work requirements, such as registering for employment, showing up for employment interviews, or maintaining their current job. However, a participant can only be penalized 2 months for not maintaining employment requirements.

In one sample case, a pregnant Milwaukee woman lost \$109 in food stamp benefits because she did not comply with the work requirement provision of Wisconsin's General Assistance Program. Food stamp regulations require participants to comply with the state's general assistance requirements. Failure to meet these requirements is reason for termination from the Food Stamp Program. In March 1987, the woman was terminated from her job because of unsatisfactory work performance and tardiness. As a result, she was terminated from Wisconsin's General Assistance Program and, in April 1987, she was terminated from the Food Stamp Program. The participant reapplied on June 11, 1987, and was approved to receive food stamp benefits beginning in June.

Financial Losses Experienced by Households Because of Breaks in Benefits

During fiscal year 1987, we estimate statewide that Georgia households lost between \$.4 and \$3.4 million in food stamp benefits and Wisconsin households lost between \$.4 and \$1.9 million. The amount of lost benefits for a household is based on the number of days and times the household experienced a break in receiving food stamps. Table 2.4 shows the estimated number of break occurrences, including the lower and upper limits, experienced by households in our sample cases for lengths of time up to and over 30 days during fiscal year 1987.

Table 2.4: Length of Time and Estimated Number of Breaks That Households Experienced and Were Off the Rolls During Fiscal Year 1987

Length of time	Georgia		
	Number of occurrences		
	95% confidence limits		
	Estimate	Lower	Upper
Off the rolls 1 to 30 days	14,100	3,100	25,100
Off the rolls 31 days or more	a	a	a

Length of time	Wisconsin		
	Number of occurrences		
	95% confidence limits		
	Estimate	Lower	Upper
Off the rolls 1 to 30 days	13,400	5,800	21,000
Off the rolls 31 days or more	8,100	2,400	13,800

^aWe were unable to provide a meaningful estimate because our sample cases contained few cases with breaks of 31 days or more.

The breaks in the Georgia and Wisconsin cases we sampled resulted in household benefit losses that ranged from a low of \$5 to a high of \$386 in Wisconsin, and a low of \$10 to a high of \$436 in Georgia.

We estimate that 18,800 households in Georgia and 14,400 households in Wisconsin lost between \$.4 and \$3.4 and \$.4 and \$1.9 million in food stamp benefits, respectively, because a household member or state caseworker did not comply with procedural requirements.

Other States' Views

As requested, we obtained an indication of whether the experiences we observed in Georgia and Wisconsin exist in other states. We contacted Food Stamp Program and policy officials in Connecticut, Louisiana, Minnesota, Missouri, Nevada, and Pennsylvania. In all six states, the officials stated that similar participant and state problems possibly exist but not to any large extent. They further added that they had not conducted any studies that would quantitatively provide the extent to

their automation systems, Georgia and Service headquarters and regional officials said that administering the elimination of the proration provision would not be difficult.

State and Service officials agree that eliminating the proration provision would provide more time for participants to recertify. However, although participants would be given more time and a full month's worth of benefits, their benefits would be delayed until they meet all program requirements and submit a new application for recertification. Consequently, if the Congress believes that the benefits to participants from such a change would outweigh the cost increases, it may want to consider excluding from the proration provisions of Section 8(c) of the Food Stamp Act, as amended, those participants that file a new application for recertification within a month of the current expiration date. Such an exclusion would be consistent with present provisions governing monthly reporting.

Matter for Consideration by the Congress

To ensure full monthly benefits to participants who file recertification applications up to 1 month late, the Congress may want to consider amending the proration provisions of the Food Stamp Act to exclude such participants.

Recommendations to the Secretary of Agriculture

To promote equitable benefits in all states, we recommend that the Secretary of Agriculture direct the Administrator, Food and Nutrition Service, to (1) contact those states that have not adopted the monthly reporting reinstatement option, (2) determine their capability to adopt the option, (3) encourage its adoption where practicable, and (4) if adopted, review the option to ensure its implementation is proper.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Food and Nutrition Service agreed with our recommendation that it contact all states not using the monthly reporting reinstatement option to re-emphasize its availability and encourage its use where practical. (See app. II.) The Service also said it would continue to work with state agencies to eliminate recipient losses caused by state administrative problems.

Wisconsin commented that our report was very helpful in correcting deficiencies that will improve service delivery to food stamp households. (See app. III.) Georgia provided comments suggesting changes to

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and has begun alerting its caseworkers through its training programs to be more careful and prompt in their handling of participant-submitted information. Further, Wisconsin's and Georgia's implementation of the monthly reporting reinstatement option in October 1988 and March 1988, respectively, should eliminate benefit losses experienced by many participants who file late monthly reports and receive prorated benefits.

Implementation of the monthly reporting reinstatement option exists in 40 states. Thirteen other states have not adopted the option and the Service has not contacted these states to determine why. Because the option has proven to be beneficial to participants in Georgia and Wisconsin and states generally have increased their automation capabilities since the option's initial implementation, the 13 states that have not yet adopted the option should be contacted by the Service to determine their capability to adopt the option and, if found practicable, encouraged to do so. In addition, should states adopt the option, the Service would need to review implementation of the option to ensure compliance with regulations. Thus, adoption would allow participants in the adopting states to receive the same types of benefits that are available in the other 40 states.

In addition to the procedural changes already taken in the two states we visited, eliminating the proration provision for recertification in the Food Stamp Act would benefit those participants who are eligible for food stamps but are temporarily terminated from the program because of not meeting requirements in a timely manner. Allowing eligible participants until the month following their last month of current certification to complete their recertification requirements without prorating benefits would provide them with a full month's worth of benefits.

Eliminating the proration provision would also result in a greater consistency in each state's handling of monthly reports and recertifications. Specifically, both of these procedures would allow participants to complete these requirements in the month following the due month without benefit loss. Such a regulatory change, according to Service officials, would not require a significant program change at the federal level or significantly increase costs in relation to total program costs. We estimate that additional benefits of between \$.05 million and \$1.5 million in Georgia and between \$18,400 and \$158,000 in Wisconsin would have been provided participants that did not complete their applications for recertification until the month following the month in which they were due. In addition, although Wisconsin officials indicated it may be difficult for them to program the elimination of the proration provision in

In addition to the discussion of reasons for household members experiencing breaks and losing benefits, our report provides examples of individuals that had experienced breaks in receiving food stamps and the reasons and circumstances surrounding these breaks. We also provide a tabulation of the reasons for noncompliance, both participant-caused and state-caused, in appendix I and in table 2.3. As a result, we believe that we have provided sufficient detail to show the reasons for households experiencing breaks in receiving benefits for noncompliance with procedure.

Third, the Service said that it appears that the losses due to household members noncompliance with recertification requirements are small in proportion to the total number of households that experienced procedural breaks. In addition, the Service said that current policy encourages households to report information timely and thereby ensure the accuracy of the information used to redetermine eligibility and benefit level. The Service concludes that the elimination of proration during recertification may diminish the incentive for participants to file timely and would, thus, affect state workloads.

As table 2.3 and appendix I indicate, procedural problems during the recertification process (timely completion of new applications) was found to be the reason most often cited as the cause for households in our samples to lose benefits. Based on our sample case results, we estimate that between 12,700 and 59,300 breaks in Georgia and 2,600 and 12,200 breaks in Wisconsin were caused by household members not completing the recertification process in a timely manner. Although the Service concludes that its current policy for prorating benefits for late reapplications encourages timely reporting, its policy for late monthly reporting allows states to eliminate proration by adopting the monthly reporting reinstatement option. In addition, because household members in need of food stamp assistance would not receive benefits until the recertification process was complete, there is adequate incentive for timely submission. Consequently, we disagree with the Service and believe that eliminating the proration provisions would provide households who file recertification applications up to 1 month late the same benefit opportunities currently available to households in 40 states that file late monthly reports.

With regard to the impact that such a policy change would have on a state's workload, we agree that there might be some impact. However, when we discussed a reinstatement option for there certification process

the report's wording. (See app. IV.) Comments from all three responders relating to the clarity and technical accuracy of specific statements in the draft report were incorporated in the report where appropriate. In addition, the Service and Wisconsin raised specific concerns with several aspects of the report's content, presentation, and potential impact on state administration. The following addresses their concerns.

Food and Nutrition Service

The Service raised concern with (1) the estimate of benefit losses based on households experiencing breaks for procedural reasons, (2) the report lacking a tabulation of the reasons for noncompliance, and (3) the effects of adopting a reinstatement option for recertification on state administration.

First, the Service said that our estimates of benefit losses due to procedural breaks in participation is likely overstated. It added that, although we imply that all household members were terminated for procedural reasons and not for eligibility reasons, we could not confirm this because we could not contact all of the sample case households that had experienced a break for procedural reasons.

We believe that our estimates of benefit losses are reasonable. Our estimates of benefit losses are based on caseworker determinations that household members be terminated for not following procedures. These caseworker actions were supported by documentation in the household files. Further, when a terminated household member returned to the roles, information provided by the household did not indicate that the household had experienced a break for other than a procedural reason, including those that experienced a break for more than 30 days. In addition, the 21 of 41 households we contacted that experienced a procedural break agreed, when they could remember, that the break was caused by them not following procedures. Finally, we discussed each household break with Georgia and Wisconsin officials. In all cases, state officials agreed that the breaks caused by household members were procedural.

Second, the Service questioned whether the examples in our report accurately reflect the variety of reasons for noncompliance with procedural requirements. The Service indicated that it would like to see a complete tabulation of the reasons for noncompliance, especially those for recipient-caused breaks.

Chapter 2
Food Stamp Participants Lost Benefits
Because Procedures Were Not Always
Properly Followed

expressed concern that implementing the monthly reporting reinstatement option will cause an increase in the workload for caseworkers because of a concern that the option will act as an incentive for clients to submit late reports.

We do not believe that households would have an incentive to intentionally file monthly reports late knowing that their benefits would not be paid until their report is received and processed. We believe that the option, which has been voluntarily adopted by Wisconsin and 39 other states, makes it easier for clients to stay on the rolls and easier for states to process monthly reports than requiring new applications.

Finally, Wisconsin expressed its need for information relating to breaks in service to numbers of households affected by these breaks. Wisconsin said that having this data would be helpful for corrective action purposes. As appendix I shows, we have indicated the number of households affected by procedural noncompliance. In addition, we have provided Wisconsin, under separate cover, a list of the households and the type of break(s) experienced by those households.

**Chapter 2
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with the Service and Georgia program officials, we were told that implementing such an option would not cause any difficulty or hardship on administrative functions or be costly to implement. As a result, we do not believe that implementing a reinstatement option for recertification would be burdensome on states' administration.

Wisconsin

In a general comment, Wisconsin indicated that we have not emphasized in the report that most breaks are the result of changes in client eligibility and the majority of all other breaks were initiated by clients.

We believe that our report adequately emphasizes breaks caused by eligibility changes and household members given that we focused our review on households that experienced breaks for procedural reasons. Notwithstanding this directive, in chapter 2 we discuss and show in table 2.2 that the major cause of households experiencing breaks was due to changes in eligibility. Also in chapter 2 and in appendix I, we provide detailed discussions and descriptive tables showing that most of the household member caused breaks were due to their noncompliance with procedure and a lesser number of households experienced breaks because of the state. In addition, we now mention in our executive summary that 87 percent of the breaks were caused by eligibility changes, and the remaining breaks, the subject of this report, were due to households or state agencies not complying with procedural requirements.

Under its caption "Chapter 1: Policy Interpretation," Wisconsin questioned why we favor the monthly reporting reinstatement option over termination and reapplication.

We have recommended to the Service that the implementation of this option should be encouraged, if practicable, in the 13 states that have not yet adopted it. The benefits of adopting the option are that it (1) allows states to accept a late monthly report in lieu of requiring a new application, (2) provides treatment to participants in the 13 states equal to what participants currently receive in 40 states, and (3) provides for a process that is easier for households to complete and generally easier for a state to process.

Under its caption "Chapter 2: State Agency Caused Breaks," Wisconsin discusses the impacts on its policy of adopting the monthly reporting reinstatement option. Wisconsin also focused its discussion on the rationale for implementing the option incorrectly. However, the state

Table of Breaks Found in the Sample Cases

This appendix shows the reasons for and number of breaks found in those cases we sampled in Georgia and Wisconsin during fiscal year 1987. The numbers are based on our sample cases and are provided for information purposes only. In Georgia, 12 households experienced 14 breaks, and in Wisconsin 29 households experienced 44 breaks. Any use made of these numbers should be done with caution because they are not statistically meaningful.

Reason for breaks in receiving benefits	Number of breaks by state	
	Georgia	Wisconsin
Agency did not:		
properly apply monthly reporting reinstatement option	0	7
timely and correctly process participant information	0	8
have adequate automation capability	0	3
Total agency-caused breaks	0	18
Participants did not:		
timely complete new applications	11	17
Other participants did not:		
timely complete monthly report or	3	0
provide verification document or	0	3
follow notification requirement when not picking up or receiving food stamps or	0	4
meet work requirements	0	2
Total participant-caused breaks	14	26
Total	14	44

**Appendix II
Comments From the Food and
Nutrition Service**

Mr. John W. Harman

2

With respect to the other findings in the report, FNS will contact all State agencies to re-emphasize the availability of the option to reinstate monthly reporting and encourage its use where feasible. In addition, FNS will continue to work with State agencies to eliminate recipient losses caused by State administrative problems. Since work requirements are part of the Food Stamp Act, and Congress has legislated penalties for noncompliance with the requirements, we consider them to be more than just "procedural".

Thank you for giving us the opportunity to review and comment on this report. Your staff's willingness to meet with us to address our questions and concerns was also greatly appreciated.

Sincerely,



G. SCOTT DUNN
Acting Administrator

Comments From the Food and Nutrition Service



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

MAR 17 1989

Mr. John W. Harman, Director
Food and Agriculture Issues
U.S. General Accounting Office
441 G Street, N. W.
Washington, D.C. 20548

Dear Mr. Harman:

We are writing to provide comments on the February 6, 1989 draft report entitled "Food Stamp Program: Participants Temporarily Terminated for Procedural Noncompliance." The report addresses an important issue of Food Stamp Program benefit delivery. We are pleased that only minimal problems are reported.

Within that context, however, we believe that the report may be misleading concerning the nature of the problems described and their magnitude. It is likely that benefit losses due to procedural breaks in participation may be overstated because some of the households who failed to conform with procedural requirements may also have experienced a change in circumstances that would have affected their eligibility. The report implies that eligibility continued during the breaks in participation in all cases, but the report does not contain information to confirm this. Since GAO was able to follow-up on only about 50 percent of the sample, we are concerned that some households, particularly those with breaks in participation longer than 30 days, may have experienced a change in circumstances that would have affected benefits during the period of nonparticipation.

We also question whether the anecdotes included in the report accurately reflect the variety of reasons for noncompliance with the procedural requirements reviewed. We would like to see a complete tabulation of the reasons for noncompliance, especially those involving recipient-caused breaks in participation.

In order to estimate tradeoffs between current policy and a policy change one would want to know how much each type of procedural noncompliance discussed in the report contributes to the total estimates of the number of breaks and associated benefit loss. It appears to us that the benefit losses due to the policies at issue are a small portion of the totals. This is important because adoption of a reinstatement option for recertification that parallels the reinstatement option for monthly reporting may affect State agency administration and have other effects on recipients beyond the immediate issue at hand. Current policies encourage households to report information timely and thereby ensure the accuracy of the information used to redetermine eligibility and benefit level. The elimination of proration at recertification may diminish this incentive, and thereby affect State workloads. The report does not address the effects of the proposal on administrative issues. Moreover, administrative issues should be considered in the context of a more complete picture of the problems associated with current policy than this study provides.

Appendix III
Comments From the State of Wisconsin

Mr. John W. Harman
March 10, 1989
Page 2

I am concerned, however, that a significant finding of this study, that most breaks in benefits are the result of clients not being eligible to receive food stamps, is almost completely ignored in the report. The GAO was requested by Congress to determine the causes of "churning." This is stated on page 13, as follows:

Specifically, we were asked to determine the extent of and reasons for participants in the Food Stamp Program experiencing churning -- a term we refer to as "breaks" in receiving food stamp benefits.

It is clear from the data presented that changes in eligibility factors are the major source of breaks in benefits. Most cases are closed (temporarily terminated) because the household's income has increased or other circumstances have changed and they are no longer eligible for benefits. This conclusion is ignored in the draft report and should be stated in the final report. Given the data presented on page 21, close to 90 percent of the breaks in service in Wisconsin were the result of client changes in eligibility status. This finding is mentioned briefly in the introductory chapter and then ignored throughout the remainder of the report. As a result, the report is biased because the information presented does not clearly put the issues raised about procedural breaks in benefits in the proper context of all breaks in benefits.

In addition, if we look at the issue of client responsibility, a majority of all the breaks (95 percent) were initiated by clients because of procedural or eligibility reasons and were not the result of a state agency error, or a Food and Nutrition Service procedural policy problem. Both of these factors (eligibility breaks and client responsibility) are important to the administration of an equitable program and should be stressed in the final report. The remainder of this correspondence will deal with other concerns in the report.

Chapter 1: Policy Interpretation

We have a problem with the statement "temporarily terminated (from 1 day to 3 months) from the program for not complying with procedural requirements" (ref. page 2). Since this term is new to us, we would appreciate an exact definition. Our system does not provide for cases that are temporarily terminated for a three month period. I believe that federal policy also does not provide for this type, or length, of termination.

We also question how GAO explains the options available to participants who fail to return monthly report forms on time. The report defines the reinstatement option as the one which yields a full month's benefits if the monthly report is submitted. However, if all cases are temporarily terminated because of some procedural reason, then both of the

Now on p. 18.

See comment 1.
Now on p. 4.

Comments From the State of Wisconsin

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



State of Wisconsin

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
1 West Wilson Street, Madison, Wisconsin 53702

Tommy G. Thompson
Governor

March 10, 1989

Patricia A. Goodrich
Secretary

Mailing Address:
Post Office Box 7850
Madison, WI 53707

Mr. John W. Harman, Director
Food and Agriculture Issues
U.S. General Accounting Office
441 G Street N.W.
Room 4075
WASHINGTON D.C. 20548

Dear Mr. Harman:

I appreciate the opportunity to comment on the General Accounting Office draft report entitled Food Stamp Program: Participants Terminated for Procedural Noncompliance Causes Benefit Loss. We found that working with the GAO on this study was very helpful in correcting deficiencies that will improve service delivery to food stamp households. The assistance provided by the GAO staff was beneficial in sorting out some extremely complex program policy.

Over the past five years food stamp policy has become increasingly more complicated and difficult to implement. To illustrate this problem, I have noted an error in the introduction of the draft report, on page 10, in which the following policy statement is provided:

Two groups of food stamp participants are legislatively exempted from the monthly reporting requirement -- migrant farmworkers and households without earned income whose members are all either elderly, disabled, or recipients of supplemental security income benefits.

This statement of policy is not correct. It should state:

... and households without earned income whose adult members are all either elderly, disabled, or recipients of supplemental security income benefits.

The omission of the word "adult" would have the effect of excluding some households from this rule, i.e. households that contain children and adults in which all of the adults are elderly or disabled, etc., and have no earned income. It is quite possible that the misapplication of this policy, as interpreted by GAO, would cause a number of food stamp households to be "churned" off of the program and lose benefits. Again, my main concern in pointing this out is to illustrate how easily policy can be improperly interpreted. Overall, Wisconsin is appreciative of the work done by the GAO in this particular program review because we feel that one of the outcomes will be an improvement in client well being.

Appendix III
Comments From the State of Wisconsin


Mr. John W. Harman
March 10, 1989
Page 4

including case examples and staff input about the major source of benefit breaks and changes in eligibility status. Doing so would put the information currently in this chapter in the proper context. Including such information would also allow for expansion of the Conclusions and Recommendations sections of the report with more meaningful suggestions on how to reduce breaks in benefits.

The final problem in Chapter 2 deals with the lack of information relating breaks in service to numbers of households affected by these breaks. Many cases had multiple breaks in benefits that stem initially from a client's failure to follow a procedure. It would be helpful for corrective action purposes to have this data included in the report.

I hope the information presented in this letter will be taken into account when the final report is prepared. We have an opportunity to fully explore this issue and we should take advantage of it. Should you need additional information, please contact me.

Sincerely,


Patricia A. Goodrich
Secretary

cc Dustan Van Vleet, FNS

Mr. John W. Harman
March 10, 1989
Page 3

options available to states are reinstatement options. When a household is required to reapply because the case was terminated due to a late monthly report, this is also considered a reinstatement option. The two options provided to implement this policy are of equal validity, depending on the administrative situation in each state. The report strongly implies that one option (the provision of full benefits) is preferable to the other. When these regulations were promulgated in 1983, state agencies were not aware that one option was preferable. The section of the report dealing with this policy analysis should be expanded to include the reasoning behind the conclusion that one reinstatement option is preferred to another reinstatement option.

Chapter 2: State Agency Caused Breaks

The main concern in this section of the report centers around the implementation of monthly reporting policy that deals with late monthly reports. As is stated in the draft material, Wisconsin had incorrectly implemented this policy. We changed in October of 1988 to fully comply with federal policy. However, the following is relevant to this policy change.

1. The Food Stamp regulation dealing with this issue is not clear, in that it does not specify that clients submitting late monthly reports are to be given a full month's benefits if they do not reapply. This must be inferred by referencing the Food Stamp Act which implies that proration of benefits should be done only at application. As is stated in the report, we felt we were in compliance because of the way in which our computer system redetermines eligibility for all monthly reporting cases.
2. The net effect of our policy before it was changed was to prorate benefits, but continue the case. This was much less harmful to clients than implementing a reinstatement option which would require clients to complete the entire application process.
3. Our policy was implemented to conform to AFDC policy in this area. Program consistency is now lost which may result in an increase in errors in this policy area for both programs.
4. The question of equity is not addressed in the report. An incentive has now been established for clients to submit late monthly reports. This is error prone and will also result in an increase in workload for income maintenance staff.

My second concern with this chapter of the report is the negative tone that the narrative takes with respect to citing cases and quoting state and Food and Nutrition Service staff. The narration can be improved by

Comments From the State of Georgia

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

James G. Ledbetter, Ph.D./Commissioner

The seal of the Georgia Department of Human Resources, featuring a stylized human figure with arms raised inside a circle, with the text "GEORGIA DEPARTMENT OF HUMAN RESOURCES" around the perimeter.

878 PEACHTREE STREET, N.E. / ATLANTA, GEORGIA 30309

March 30, 1989

Mr. John W. Harman, Director
Food and Agriculture Issues
U.S. General Accounting Office
441 G Street N.W.
Room 4075
Washington, D.C. 20548

Dear Mr. Harman:

The draft report entitled Food Stamp Program: Participants Terminated For Procedural Noncompliance Causes Benefit Loss has been reviewed by the Assistance Payments Section. Peggy Peters, Food Stamp Chief, discussed several issues with the evaluator, Harry Wolfe, on February 13, 1989. Mr. Wolfe was most helpful in resolving the issues raised by Mrs. Peters. A copy of her comments is attached for your information.

Thank you for giving us the opportunity to comment on this paper.

Sincerely

Handwritten signature of Douglas G. Greenwell in cursive.

Douglas G. Greenwell, Director
Division of Family and Children Services

DGG/pps

Attachment

AN EQUAL OPPORTUNITY EMPLOYER

The following is GAO's comment on Wisconsin's letter dated March 10, 1989.

GAO Comment

1. For this report, temporarily terminated means that a household member was terminated from the Food Stamp Program for a period of time from 1 day to 3 months before returning to the rolls. This term and these time frames are not official federal terms or time frames nor are they part of the federal policy. We use this term and these time frames because the requesters wanted to know if eligible family or household members are experiencing short-term terminations from the program solely because they did not comply with procedural requirements.

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Office

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Virginia K. Street, Evaluator

The following is GAO's comment on Georgia's letter dated March 30, 1989.

GAO Comment:

Georgia's attached comments addressed several technical aspects of this report. We did not include the attachment but have incorporated the comments in the report.

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