



Highlights of [GAO-05-245](#), a report to congressional committees

# FOOD STAMP PROGRAM

## States Have Made Progress Reducing Payment Errors, and Further Challenges Remain

### Why GAO Did This Study

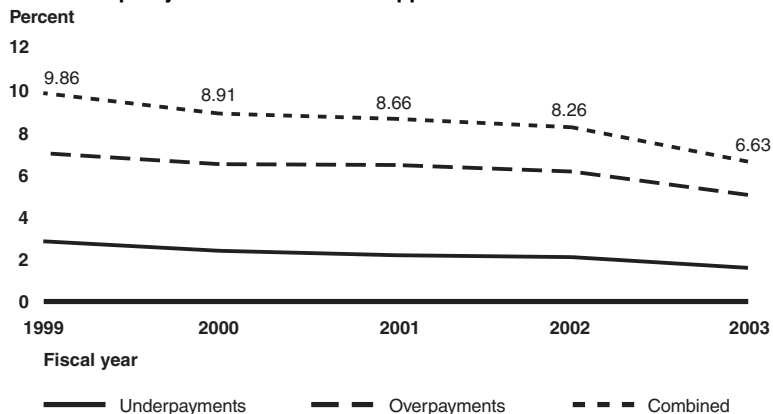
In fiscal year 2003, the federal Food Stamp Program made payment errors totaling about \$1.4 billion in benefits, or about 7 percent of the total \$21.4 billion in benefits provided to a monthly average of 21 million low-income participants. Because payment errors are a misuse of public funds and can undermine public support of the program, it is important that the government minimize them. Because of concerns about ensuring payment accuracy GAO examined: (1) what is included in the national food stamp payment error rate and how it has changed over time, (2) what is known about the causes of food stamp payment errors, and (3) what actions the Food and Nutrition Service (FNS) and states have taken to reduce these payment errors.

To answer these questions, GAO analyzed program quality control data for fiscal years 1999 through 2003 and interviewed program stakeholders, including state and local officials from nine states.

### What GAO Found

The national dollar payment error rate for the Food Stamp Program, which combines states' overpayments and underpayments to program participants in all states, has declined by almost one-third over the last 5 years to a record low of 6.63 percent. This decline has been widespread; the rate fell in 41 states and the District of Columbia, and rates in 18 of these states fell by at least one-third. However, despite this decrease, some states continue to have relatively high payment error rates. For example, in 2003, 7 states had payment error rates of more than 10 percent.

**Food Stamp Payment Errors Have Dropped over the Last 5 Years**



Source: the Food and Nutrition Service.

Almost two-thirds of food stamp payment errors are caused by caseworkers, usually when they fail to keep up with reported changes or make mistakes applying program rules, and one-third are caused by participant failure to report required, complete, or correct information, such as household income and composition. State officials said program complexity and other factors, such as the lack of resources and staff turnover, can contribute to these errors. In fiscal year 2003, states referred about 5 percent of all cases identified with errors for suspected participant fraud investigation.

To increase food stamp payment accuracy, FNS and the 9 states GAO reviewed took many approaches that parallel good internal control practices. These efforts include increasing the leadership and accountability in the program, performing risk assessments to identify problem areas, implementing various program and process changes in response to the findings from risk assessments, and monitoring and promoting improved performance. The states are using a combination of approaches to improve payment accuracy, making it difficult to tie error rate improvements to specific practices. However, state officials point to their improved state error rates as evidence of a collective impact.

[www.gao.gov/cgi-bin/getrpt?GAO-05-245](http://www.gao.gov/cgi-bin/getrpt?GAO-05-245).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.