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February 1998

# FOOD STAMP OVERPAYMENTS

Thousands of  
Deceased Individuals  
Are Being Counted as  
Household Members



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

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**Resources, Community, and  
Economic Development Division**

B-278830

February 11, 1998

The Honorable Richard G. Lugar  
Chairman, Committee on Agriculture,  
Nutrition, and Forestry  
United States Senate

Dear Mr. Chairman:

During numerous hearings over the last several years, the Congress has expressed its strong desire to reduce the level of fraud, waste, and abuse in the Food Stamp Program, which is administered by the U.S. Department of Agriculture (USDA). We recently reported that in calendar year 1995, despite federal regulations prohibiting inmates of correctional institutions from participating in the Food Stamp Program, more than 12,000 inmates in four states were included in households that improperly collected an estimated \$3.5 million in benefits.<sup>1</sup> In this context, you asked us to determine whether other ineligible individuals were similarly being counted as members of households receiving food stamp benefits. As agreed, this report focuses on deceased individuals who were counted as household members for the purpose of calculating benefits.

We determined (1) how many deceased individuals were included as members of households that received food stamp benefits and the estimated value of improper benefits that were issued to the households, (2) how these individuals could be included without being detected, and (3) whether computer matching or other methods could effectively identify such individuals.

To identify deceased individuals counted as members of food stamp households, we conducted a computer match comparing 1995 and 1996 food stamp rolls in four large states (California, Florida, New York, and Texas) with the Social Security Administration's (SSA) Death Master File.<sup>2</sup> These four states account for 35 percent of the nation's participants in the Food Stamp Program.<sup>3</sup> (See app. I.) SSA's records contained all the individuals reported as deceased nationwide from 1937 through 1996. To

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<sup>1</sup>Food Stamps: Substantial Overpayments Result From Prisoners Counted as Household Members (GAO/RCED-97-54, Mar. 10, 1997).

<sup>2</sup>SSA's Death Master File compiles death information from a wide variety of sources and is considered the most comprehensive list of death information available in the federal government.

<sup>3</sup>Because California does not maintain statewide participation information, we used state eligibility information in our match. We determined that for California, eligibility for the program is representative of actual participation, as described in app. II.

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provide the highest level of confidence that our analyses resulted in valid matches, we used only those matches that (1) met the most reliable and stringent match criteria used by SSA to verify Social Security numbers, (2) showed a date of death that preceded the dates that food stamp benefits were issued to the household, and (3) showed that the individual was deceased at least a full month and that sufficient time had elapsed for the household to notify the state of the change and for the state to take action.<sup>4</sup>

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## Results in Brief

We identified nearly 26,000 deceased individuals in the four states we reviewed who were included in households receiving food stamps for the 2-year period 1995 through 1996. These households improperly collected an estimated \$8.5 million in food stamp benefits.

The inclusion of deceased individuals in food stamp households goes undetected because agencies rely primarily on unverified information on household membership provided by food stamp applicants and participants. States are not required to match applicant-provided Social Security numbers with the Social Security numbers of deceased individuals. However, several state agencies match information on the applicant's household members with information on deceased individuals from their state's vital statistics agency. These states' efforts have had mixed success because the states have not always had verified, comprehensive death information. While the Social Security Administration makes information on its deceased beneficiaries available to state agencies through its State Verification and Exchange System, this information is limited to the recipients of specific Social Security Administration benefits.

States' computer matching of individuals in food stamp households with data in the Social Security Administration's more comprehensive Death Master File would provide a cost-effective mechanism to accurately and independently identify deceased individuals included in food stamp households. It would be even more cost-effective, however, for the Social Security Administration to notify the states when a food stamp participant dies, rather than having the states conduct computer matches, because the Social Security Administration already has a system in place to identify deceased individuals who received Social Security benefits. However, such notifications would require the agency to make some adjustments to

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<sup>4</sup>Program regulations generally give a household 10 days to notify the state of changes in composition and the state 10 days from the date of notification to adjust benefits.

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its current data system to identify deceased individuals who received food stamp benefits but not Social Security benefits. Furthermore, some states place restrictions on the use of the death data they provide to the Social Security Administration; the agency currently does not have the authority to disclose restricted death information to other states administering federal benefit programs.

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## Background

The Food Stamp Program is designed to promote the general welfare and to safeguard the health and well-being of the nation's population by raising the nutrition levels of low-income families. Recipients use their food stamp benefits to purchase allowable food products from authorized retail food merchants.

Eligibility for food stamp benefits is determined on a household basis. A household can be an individual, a family, or another group who lives together and customarily purchases and prepares food in common. Applicants must provide a Social Security number for each household member. The value of the food stamp benefits for a household is determined by the number of eligible household members and their income, adjusted for assets and such costs as expenses for shelter and utilities. Nationally, the average monthly value of the benefit per household member is about \$73. The household's monthly food stamp allotment increases with each additional member, provided income limits are not exceeded. Households that receive food stamps are required to report changes in household membership, such as the loss of a member, to the administering state agency.

Within USDA, the Food and Nutrition Service (FNS) administers the Food Stamp Program through agreements with state agencies. FNS is responsible for approving state plans for operation and for ensuring that the states are administering the program in accordance with regulations. The states are required to establish a performance reporting system to monitor the program, including a quality control review process to help ensure that benefits are issued only to qualifying households and that the benefit amounts are correct. State agencies are responsible for imposing penalties for violations of program requirements and are responsible for recovering food stamp overpayments.<sup>5</sup> The federal government pays all of the benefit costs and one-half of the administrative costs for each state. In 1996, USDA paid the states about \$1.7 billion to administer the program.

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<sup>5</sup>The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 doubled the disqualification period for intentional program violations from 6 months to 1 year for the first violation and from 1 year to 2 years for the second violation.

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The program is administered by states. Eligibility workers in service centers work directly with clients to certify household eligibility and determine benefit amounts at the time of application and at least annually thereafter.

With respect to deceased individuals, SSA's information is more comprehensive than that gathered by state agencies. SSA compiles information in its Death Master File from a wide variety of sources, including the Department of Veterans Affairs, the Health Care Finance Administration, funeral directors, and its own internal claims and postentitlement processes. SSA also includes in the Death Master File death information that it purchases from the states through agreements negotiated with each state. About half of these agreements restrict SSA's ability to disclose this information to agencies in other states. Each Social Security number in the Death Master File has been verified to ensure that it is associated with the appropriate name, date of birth, and gender for each deceased individual. SSA updates its file monthly. In contrast, state information regarding deceased individuals is initially compiled at the local level by, for example, county departments of health, which gather the information from local funeral homes and other sources, including coroners. The counties forward the information to a designated state agency, such as the state bureau of vital statistics.

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## **Inclusion of Deceased Individuals in Food Stamp Households Costs Millions in Overpayments**

During calendar years 1995 and 1996, about \$8.5 million in food stamp benefits were improperly collected by households that included deceased individuals—nearly 26,000 in total—in the four states we examined. (See table 1.) While these individuals were counted in food stamp households for an average of 4 months, we identified 177 instances in which deceased individuals were counted as beneficiaries for the full 2 years covered by our review. We also identified 20 instances in which such individuals were counted in more than one state during the period of our review.

**Table 1: Deceased Individuals Counted as Household Members, Number of Months for Which Individuals Were Counted, and Estimated Overpayments, by State, Calendar Years 1995 and 1996**

States examined	Number of deceased individuals counted as household members	Total months for which individuals were counted	Estimated overpayments
California <sup>a</sup>	1,646	6,293	\$415,859
Florida	5,794	21,748	1,709,245
New York	11,976	61,893	5,012,315
Texas	6,465	18,078	1,341,598
<b>Total</b>	<b>25,881</b>	<b>108,012</b>	<b>\$8,479,016</b>

<sup>a</sup>The lower number of deceased individuals included in food stamp households in California in comparison with the other states in our review can be attributed largely to the state's "cash-out" policy, under which the state provides a cash supplement in lieu of food stamps to Supplementary Security Income recipients. Consequently, many elderly individuals, who accounted for a large portion of the deceased individuals who were counted as household members in other states, were not on California's food stamp rolls.

Sources: For California, California Department of Public Social Services; for Florida, Florida Department of Children and Families; for New York, New York State Department of Social Services; for Texas, Texas Department of Health Services; FNS; and SSA.

The deceased individuals whom we identified in our match were members of households of varying sizes, some with multiple members and some with a single member—the deceased individual was the household. For households with multiple members, the household may have included a deceased individual as a member at application, or the member may have passed away while on the food stamp rolls. But benefits continued to be issued on the presumption that the individual was present in the home. For single-member households, some other individual obtained the benefits. In these cases, the food stamps could have been issued either to a person designated as the deceased individual's authorized representative<sup>6</sup> or to someone who fraudulently represented himself or herself as the deceased individual.

Food stamp benefits are issued either as coupons or via electronic benefit transfer systems. For coupons, issuance procedures require clients to present various items of identification, such as Food Stamp Program cards bearing their signature, in order to pick up food stamps from a service center or other outlet. A small number of the coupons are mailed to the clients. Under an electronic benefit transfer system, the state agency issues access cards (similar to debit cards) and personal identification numbers to clients who obtain benefits through point-of-sale terminals in stores. However, the effectiveness of the issuance procedures to ensure

<sup>6</sup>All food stamp clients have the right when they apply to specify an authorized representative to act on their behalf, including receiving their stamps.

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that only eligible participants receive benefits depends on how rigorously the procedures are followed by the responsible staff and clients.

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## Unverified and Incomplete Household Information Allows Inclusion of Deceased Individuals in Households to Go Undetected

Deceased individuals are included in food stamp households because (1) local agencies use unverified and incomplete information to determine the composition of a household when calculating benefits and (2) recipients of benefits sometimes do not notify the agencies of changes in household composition. Some states have attempted to verify the information that food stamp clients provide on household composition through computer matching of this information with deaths reported to the state, although the program does not require such matching. The success of these efforts has been mixed, largely because the states do not have complete, accurate, and timely data. Currently, even the information SSA reports to the states on deaths is incomplete—SSA provides information only on deceased individuals who received both SSA benefits and food stamp benefits, not just food stamp benefits.

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## States Rely on Client-Provided Household Information

Most agencies primarily rely on food stamp applicants to provide accurate information on household composition and to report subsequent changes, such as the loss of a household member. In general, the Food Stamp Program takes this approach because it has to balance the issues of clients' convenience, administrative simplicity, and payment accuracy; consequently, controls over determining household composition are not as rigorous as they could be. A household that wishes to receive benefits must present an application listing members and their Social Security numbers and provide information about income and other eligibility factors. Eligibility workers review this information, obtain identification documents such as a driver's license, interview a household representative, and certify eligibility.<sup>7</sup> In addition, they recertify the household at least annually. However, at no time are all household members required to appear and present identification. Furthermore, clients are responsible for identifying changes in household composition.<sup>8</sup>

According to FNS, which identifies error rates for each state by reviewing a random sample of cases, clients' errors or misrepresentations contribute

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<sup>7</sup>Sometimes the eligibility workers fill out the application on the basis of the interview.

<sup>8</sup>Almost all households in California must submit monthly reports on changes. Households in Florida and Texas are required to report changes in circumstances, including changes in household composition, within 10 days of becoming aware of the change. Households with earned income in New York must report changes quarterly; all others must report within 10 days of a change.



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significantly to incorrectly issued benefits, particularly when overpayments occur. In 1996, FNS reported that about 7 percent of the benefits issued nationwide were overpayments and that 57 percent of the overpayments were attributable to intentional or unintentional inaccuracies in client-provided information.

Nevertheless, FNS' regulations do not require the verification of client-provided information on household composition, unless the eligibility workers deem the information "questionable." The regulations allow each state agency to develop guidance for identifying questionable information. In the states we visited, the guidance defined questionable information as applicants' statements that were contradictory or did not agree with the information that was in the case record or otherwise available to the eligibility workers. FNS has not required the states to match Social Security numbers of deceased individuals with the numbers provided for the Food Stamp Program.

When the eligibility workers in the states we visited suspected questionable or fraudulent information, they could refer the application to investigators before granting aid. Investigators in each state told us that they try to verify questionable information on household composition by visiting homes and making collateral contacts to confirm information with friends, neighbors, or landlords. According to the investigators, these techniques are hit-or-miss, time-consuming, costly undertakings and provide information that is only as reliable as its source. Furthermore, investigative resources are generally very limited.

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## States' Matching Efforts Have Had Mixed Results

Although some state agencies have employed their own computer matches as a means of identifying deceased individuals who are included in food stamp households, the practice does not appear to be widespread. Of the states we visited, California, Florida, and New York have established a matching program between the state's public assistance rolls (for all assistance programs, not just food stamps) and the state's death records from its vital statistics agency. According to FNS, only two other states, Illinois and Ohio, currently perform a monthly computer match between state records of deceased individuals and their food stamp rolls, and two other states, Maryland and Pennsylvania, have conducted matches, but not routinely.<sup>9</sup>

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<sup>9</sup>In addition, every month, New York City matches public assistance rolls against death records from its health department.

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The California Department of Health Services conducts a monthly match of its assistance eligibility rolls, including that for food stamps, with state death records from its vital statistics agency. However, because the agency's Social Security numbers are not verified, and the information is limited to California, mismatches may occur, and some deceased individuals may not be identified.

While Florida officials consider their match to be very useful, the state's reliance on unverified Social Security numbers and other identifying information reduces its effectiveness. The officials appreciate the positive effects of their match on the overall integrity of assistance programs (food stamps, Medicare, and others) because it eliminates ineligible individuals from the rolls and discourages fraud and abuse. However, because the agency's match is based solely on Social Security numbers, and these numbers are not verified in the state's record of deceased individuals, invalid matches are produced. During the first year of the match (initiated in December 1995), 4,528 matches were acted on by eligibility workers in the following way: 1,439 cases were updated, 21 cases were referred for fraud investigation, and 57 cases were determined to be duplicative. According to a state official, the remaining 3,011 matches required no action because (1) the case file had already been revised or (2) the match was invalid because although a Social Security number matched, other data—such as date of birth, gender, and race—did not. Access to SSA's death information, in which the Social Security number, name, date of birth, and gender have been verified, would reduce the number of invalid matches.

The New York State matching effort was suspended in June 1997 because the outdated death information used in the match resulted in invalid matches. The match, which had been in place since the late 1970s, was conducted using only the state's vital statistics data from the previous year. Eligibility workers stopped following up on the match results because they often found that appropriate action had already been taken as a result of more recent information provided by other sources, such as household members or obituary listings. In 1996, a new state law required the state to conduct a computer match to identify deceased individuals included in households receiving federal and state assistance, primarily so that liens could be placed on the estates of individuals owing funds to the state. In response to this requirement, the state is redesigning the matching program and establishing a process with the state's vital statistics bureau to ensure that current data are used. SSA's death

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information, if available to the state, would provide the most comprehensive and current source of information.

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**SSA-Provided Information Excludes Data on Individuals Who Only Received Food Stamps**

SSA provides limited information to the states on deceased beneficiaries of its own programs, Retirement, Survivor and Disability Insurance (RSDI) and/or Supplemental Security Income (SSI), through its State Verification and Exchange System (SVES). SVES is a computer system that the states use to verify the Social Security numbers of applicants to the Food Stamp Program and to determine if applicants are receiving RSDI or SSI benefits. However, SVES does not automatically notify the states of the deaths of food stamp recipients who did not also receive RSDI or SSI benefits.

For SSA beneficiaries, SVES will automatically alert the states if RSDI or SSI benefits have been terminated or altered because of death or other conditions, and will also provide the SSA-verified date of death and changes in benefits. However, for individuals who do not receive SSA benefits but who have applied for food stamp benefits, SSA only verifies the accuracy of the Social Security number(s), name(s), and date(s) of birth submitted in the application. SSA does not notify the states if those Social Security numbers belong to deceased individuals.

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**Providing States With Comprehensive Information Would Allow More Effective Identification of Overpayments**

Matching SSA's comprehensive Death Master File with states' information on food stamp participants would be an effective and inexpensive way of identifying deceased individuals included in food stamp households. Because SSA already has a system in place for providing death information to the states, it would be even more cost-effective for SSA to routinely provide death information on food stamp participants to the states rather than having the states conduct computer matches of the food stamp rolls and their death records. However, in order for SSA to provide this additional information, it would have to (1) modify its SVES and (2) be given the authority to provide the data to the states. The availability of such information would provide ancillary benefits, such as helping state agencies identify deceased individuals in other assistance programs.

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## State-Conducted Computer Matching Is a Cost-Effective Way to Identify Deceased Individuals Included in Food Stamp Households

Although the lack of reliable information adversely affected the success of matching programs in California, Florida, and New York, both an FNS study and our own experiences demonstrate that automated data matches by states using food stamp records provide a cost-effective means of reducing fraud and improving program integrity. A 1995 FNS study of the Income and Eligibility Verification System (IEVS), which compares wage, benefit, and other payment information reported by food stamp clients with records in six government agencies' databases, demonstrated the cost-effectiveness of programs using computer matches to verify beneficiary information.<sup>10</sup> In the two sample states it reviewed, FNS found that all of the IEVS matching programs had a cost-effectiveness ratio (program savings compared with the costs of the match, follow-up, and claims collection) greater than 1, indicating that every dollar spent on IEVS returned more than a dollar in savings to the program.

We found during this and our prior review of prisoners' participation that developing the computer programs to identify participation by ineligible individuals did not require a large investment of programmers' time. Our programmers required an average of about 20 days to develop a program for each state. This effort required them to become familiar with the files, resolve any apparent data problems, and create and run each program. State programmers may require less time because they are already familiar with the food stamp data in their state. The cost of having states conduct computer matching is relatively low for the return generated: According to the 1995 study of IEVS, data-processing costs were approximately 2 cents per case, and investigative follow-up and claim collection costs were about \$5 to \$7 for all matches, whether or not there were overpayments.

Although the states we reviewed that matched their vital statistics data with the food stamp rolls had mixed success, their success rate could be improved if they used the more comprehensive data maintained by SSA. However, states wishing to conduct such matches may have difficulties because of the size of the SSA database—which includes 57 million records. Moreover, SSA would have to provide its data files to all the states that wanted to conduct such matches, which would be a costly and inefficient method of matching deceased individuals with food stamp rolls.

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<sup>10</sup>The Income and Eligibility Verification System (IEVS) Targeting Demonstration, Findings and Guidelines for State Food Stamp IEVS Programs, Final Report, USDA, Food and Consumer Service [now the Food and Nutrition Service], Office of Analysis and Evaluation (Apr. 1, 1995).

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## Having SSA Identify Food Stamp Recipients Who Have Died Would Be a More Cost-Effective and Comprehensive Way to Ensure That Deceased Individuals Are Excluded From Food Stamp Households

Computer matching of SSA's Death Master File information with information on food stamp recipients would yield more comprehensive results than states' efforts to match such beneficiary and death information in their own state records. Unlike states' information, the Death Master File includes, for example, participants who would not be included in a state's or local agency's vital statistics information because they died outside of the state or of the local agency's jurisdiction. In addition, SSA's information, including each individual's Social Security number, name, gender, and date of birth, is verified, while this information is not verified in states' vital statistics records.

As previously discussed, SVES currently verifies information on Social Security numbers and on SSA benefits provided to food stamp applicants for the states, and notifies the states of any changes in SSA benefit payments for participants in the Food Stamp Program. While SVES provides an established means for this exchange of data, two problems would have to be addressed if SVES were also to provide information on deceased individuals whose Social Security numbers are being used only for food stamp benefits.

First, SSA officials stated that the agency would have to make a minor modification to SVES in order for it to identify individuals who are deceased and received food stamp benefits but not any SSA benefits. According to SSA officials, while SVES is not currently configured to query the Death Master File with state-submitted information, the software needed to do so has been developed and validated. The officials stated that SVES was originally designed to include this capability. Developed by SSA about 6 years ago, the software would have to be updated and activated to provide this information. According to SSA officials, while the cost and time required to do this programming is unknown, it is not expected to be prohibitive.

Second, and more significantly, SSA does not have the authority to provide death information obtained from one state to other states. Under section 205 (r)(1) of the Social Security Act,<sup>11</sup> SSA has the authority to enter into agreements with the states to obtain states' death information. In addition, section 205 (r)(3) of the Social Security Act<sup>12</sup> authorizes SSA to provide death information to federal and state agencies administering federal benefit programs to "the extent feasible." However, some of the state agreements restrict SSA's ability to disclose such information. According to

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<sup>11</sup>42 U.S.C. 405 (r)(1).

<sup>12</sup>42 U.S.C. 405 (r)(3).

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SSA, over half of the agreements between SSA and the states contain such restrictions.

This problem of disclosure has been recognized for some time.<sup>13</sup> In 1991, we recommended that the Congress remove these restrictions. In 1993, the Congress passed legislation to remove such restrictions on disclosure to federal agencies to ensure that federal payments or other benefits are not erroneously paid to deceased individuals (26 U.S.C. 6103 (d)(4)). However, the legislation did not cover state agencies administering such federal programs. One of the Department of Health and Human Services' recommendations for the National Performance Review would have resolved this problem. The recommendation called for establishing a federal clearinghouse for death information that could have been used by federal and state agencies. Legislation to establish such a clearinghouse was introduced in the 103rd Congress but was not enacted.

In addition to providing accurate, comprehensive match data to identify deceased individuals in the Food Stamp Program, access to SSA's Death Master File information would provide opportunities to states to identify deceased individuals in other assistance programs and to improve the integrity of their food stamp data. The states use SVES to verify information for applicants and current recipients of all assistance programs, including the Food Stamp Program, Medicare, and the states' programs of aid to families and children and general relief.

SSA's information on deceased individuals could also be used to identify agency errors. We identified a couple of cases in which the household reported the loss of a member, but, for some reason, the state or local agency did not remove that person from the benefit calculation, causing an overpayment. A notice of a match with SSA's data sent to the eligibility worker would provide another opportunity for the case to be looked at and adjusted to reflect the change in household size.

SSA's death information could also help agencies to profile the circumstances under which benefits are erroneously issued to deceased and other ineligible individuals. For example, an examination on the basis of household size of instances in which identified deceased individuals counted as members of food stamp households could be useful in determining if the problem is predominantly caused by (1) multimember households' not reporting deceased members or (2) individuals'

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<sup>13</sup>Agencies Need Death Information From Social Security to Avoid Erroneous Payments (GAO/HRD-91-3, Feb. 6, 1991) and Status of Agency Use of SSA Death Information (GAO/HRD-93-31R, July 20, 1993).

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fraudulently using the name, date of birth, and Social Security number of deceased individuals. An agency could then take appropriate steps to address the problem, such as reinforcing the responsibility of households to report changes in composition to the agency. Similarly, examining the method of food stamp issuance (electronic benefit transfer, mail, or clients' pickup) could alert an agency to the issuance method under which having deceased individuals counted as members of food stamp households is most prevalent and help it to select appropriate countermeasures. Similarly, identifying the eligibility workers responsible for a disproportionate number of cases with deceased individuals could identify the need for additional guidance or training.

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## Conclusions

The inclusion of deceased individuals in households receiving food stamp benefits compromises the integrity of the Food Stamp Program and results in overpayments. Conventional methods for detecting such individuals have not been fully effective, resulting in overpayments in the states we reviewed. A match by states using SSA's Death Master File information or, preferably, a modification to SSA's computerized verification system that provides SSA's deceased beneficiary information to the states could be a cost-effective method for identifying such individuals in food stamp households and reducing overpayments. To make this possible, SSA would need to be given the authority to provide this information to the states.

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## Recommendation to the Congress

In order to ensure the integrity of the Food Stamp Program by preventing deceased individuals from being counted as household members, we recommend that the Congress enact legislation to enable SSA to disclose all information from its Death Master File to the states administering the Food Stamp Program.

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## Recommendations to the Secretary of Agriculture

Until the Congress enacts legislation to enable SSA to disclose all information from its Death Master File to the states administering the Food Stamp Program, we recommend that the Secretary of Agriculture work with the Commissioner of the Social Security Administration to encourage the states to voluntarily allow such disclosures.

We further recommend that the Secretary of Agriculture direct the Food and Nutrition Service to emphasize to the states the need to identify deceased individuals and remove them from the rolls of food stamp households.

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## Agency Comments

We provided copies of a draft of this report to the U.S. Department of Agriculture and the Social Security Administration for review and comment. Their comments and our responses are in appendixes III and IV, respectively.

In commenting on the draft report, the Department agreed with the report's recommendations to improve the availability and use of data from the Social Security Administration so that deceased individuals would not be counted as members of food stamp households. The Department stated that the integrity of the Food Stamp Program would be improved with better access to Social Security's death record information. While agreeing with our report's overall findings and recommendations, the Department believed that our report was too definite about the magnitude of the overpayments and that our methodology did not provide an exact determination of the extent to which issued benefits were actually used. As our report recognizes, without a detailed review of each of the 26,000 cases we identified, it is not possible to precisely calculate the level of the associated overpayments. Instead, to demonstrate the general magnitude of the dollar values involved, we prepared an estimate using average monthly payments per person in the states involved. Our estimating approach, which we believe was reasonable, could understate or overstate the actual values. In any event, we believe the key observation remains: The large number of deceased individuals counted in food stamp households that we identified suggests a systemic problem needing immediate attention.

In commenting on the draft report, the Social Security Administration agreed with our conclusion that the use of its Death Master File could improve efforts to identify deceased individuals counted as members of food stamp households. Social Security stated, however, that our report's recommendation to the Congress concerning Social Security's authority to release information in its Death Master File was not needed. It said that while some of this information was restricted and could not be released to the U.S. Department of Agriculture's Food and Nutrition Service and the states administering the Food Stamp Program, Social Security already has the authority to provide 95 percent of the death information it possesses. We believe there is no sound reason why the U.S. Department of Agriculture and the states should not have the benefit of all the information possessed by Social Security as they strive to reduce fraud, waste, and abuse in the Food Stamp Program. Furthermore, we do not believe the data now shared by Social Security can address 95 percent of the problem; available data from the Food and Nutrition Service indicate



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that a significant number of deceased individuals now included in food stamp households cannot be identified with the information Social Security now provides. Congressional action to enable Social Security to disclose all the death information it possesses to the Food and Nutrition Service and the states would remove the only legitimate obstacle to having the Social Security Administration share information that would help another federal agency reduce fraud, waste, and abuse in its program.

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We conducted our work from March 1997 through January 1998 in accordance with generally accepted government auditing standards. Our detailed methodology is presented in appendix II.

We are providing copies of this report to appropriate congressional committees, interested Members of Congress, and other interested parties. We will also make copies available to others on request.

As arranged with your office, unless you publicly announce its contents earlier, we will make no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Secretary of Agriculture, the Commissioner of the Social Security Administration, and other interested parties.

Major contributors to this report are listed in appendix V. If you have any questions about this report, please contact me at (202) 512-5138.

Sincerely yours,



Robert A. Robinson  
Director, Food and  
Agriculture Issues

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**Abbreviations**

FNS	Food and Nutrition Service
IEVS	Income and Eligibility Verification System
RSDI	Retirement, Survivor and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
SVES	State Verification and Exchange System
USDA	U.S. Department of Agriculture

# Information on the Cost of Food Stamp Benefits and Participation in Four States

In 1996, California, Florida, New York, and Texas represented almost 36 percent of the cost of benefits in the Food Stamp Program and approximately 35 percent of the nation's participants.

**Table I.1: 1996 Food Stamp Program's Benefit Cost and Participants by State**

<b>State</b>	<b>Costs of food stamps</b>	<b>State participants</b>
California	\$2,554,862,013	3,143,390
Florida	1,295,526,302	1,371,352
New York	2,053,944,448	2,098,561
Texas	2,140,168,464	2,371,958
<b>Total</b>	<b>8,044,501,227</b>	<b>8,985,261</b>
<b>Program total</b>	<b>\$22,441,331,729</b>	<b>25,533,302</b>

Source: U.S. Department of Agriculture's Food and Nutrition Service.

# Objectives, Scope, and Methodology

In response to the Congress's strong interest in reducing the level of fraud, waste, and abuse in the Food Stamp Program, we reviewed food stamp beneficiaries' data to determine whether deceased individuals, who are not eligible for food stamps, were inappropriately included as members of households receiving food stamps. Specifically, we determined (1) how many deceased individuals were included as members of households that received food stamp benefits and the estimated value of improper benefits that were issued to the households, (2) how these individuals could be included without being detected, and (3) whether computer matching or other methods could effectively identify such individuals.

To determine if deceased individuals were included as members of households that received food stamp benefits and the estimated value of benefits that were issued to the households, we matched the food stamp records of the four states with the largest benefits in the Food Stamp Program and the Social Security Administration's (SSA) Death Master File. Specifically:

- Florida, New York, and Texas state welfare agencies provided us with computer files containing information on all members of households and the amount of food stamp benefits issued to these households during calendar years 1995 and 1996. The data provided personal identifiers, including name, Social Security number, date of birth, gender, and the months in which food stamp benefits had been issued to the household of which each individual was a member. The state agencies had verified the Social Security numbers for the data on food stamp beneficiaries through SSA's Enumeration Verification System.
- In California, which only maintains eligibility information for households at the state level, we determined that eligibility was predictive of issuance in two counties, so we used eligibility information in lieu of issuance data.<sup>1</sup>
- SSA provided a copy of its Death Master File, which has compiled information since 1937.<sup>2</sup> The data provided the same personal identifiers as obtained for food stamp beneficiaries and listed the date of death for each individual.

<sup>1</sup>In a match between the state eligibility information and the Los Angeles County and Orange County, California, food stamp issuance information, we found that more than 89 and 75 percent, respectively, of the eligible individuals participated.

<sup>2</sup>While SSA's Death Master File is considered the most comprehensive list of death information available in the federal government, some deaths may not be reported; hence, it cannot be considered a complete listing of all deaths.

We matched the verified Social Security numbers of deceased individuals with the verified Social Security numbers in the states' records of membership in food stamp households. For those deceased individuals identified as members of households, we determined the periods in which food stamp issuance occurred after the date of death. We estimated the dollar value of food stamps issued to households with deceased members by applying the state's average monthly issuance per individual recipient from 1995 and 1996 to each period in which issuance occurred after the date of death. Food stamp benefits are calculated for households, not for individuals. As such, it is difficult to determine the exact value of benefits issued to a deceased individual included in a household, unless he or she is the only member of a household. Even then, the amount will vary from individual to individual, on the basis of such factors as income, assets, and the cost of shelter. Therefore, we relied on the average monthly benefit issued per person in the locations we reviewed, which ranged from a high of \$82 in New York to a low of \$65 in California.

In recognition of the notification and processing time frames that allow 10 days for clients to report household changes and 10 days for the state agency to take action, we did not consider any issuance in the month of death or in the following month, where appropriate, to be an overpayment.

Because of the quality control program operated by the U.S. Department of Agriculture's Food and Nutrition Service (FNS) and the states' ongoing quality assurance efforts, we accepted the computerized food stamp data as reliable. To provide additional confidence in the data's accuracy, we reviewed a limited number of food stamp case files at social service centers in six large metropolitan areas: Los Angeles County, California; Orange County, California; San Diego County, California; San Antonio, Texas; Tampa, Florida; and New York City, New York. We compared the name, Social Security number, and date of birth of individuals in the computerized data with information in the relevant case files and found the differences to be insignificant. We did not attempt to verify dates of benefit issuance because many case files did not contain complete information.

The reliability of SSA's death information was confirmed in our prior report, which found that nearly all the information was accurate,<sup>3</sup> and in a

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<sup>3</sup>Social Security: Most Social Security Death Information Accurate But Improvements Possible (GAO/HEHS-94-211, Aug. 29, 1994).

1994 Internal Revenue Service review that reported that up to 98 percent of the data was accurate.<sup>4</sup>

To determine why the inclusion of deceased individuals in food stamp households was not detected, we visited state agency officials in Sacramento, California; Tallahassee, Florida; Albany, New York; and Austin, Texas; to discuss and review policy and procedures for verifying applicant data and any subsequent changes, including the loss of a household member. We discussed fraud detection and computerized data matching efforts, quality control and assurance efforts, and methods of food stamp issuance with state officials. In addition, at the social service centers in the six large metropolitan areas we selected for review, we discussed the processes for food stamp application, data verification, certification, and recertification. We discussed local fraud detection and computerized data matching efforts. While reviewing case files at each location, we validated to the extent possible the death of a participant.

To determine whether computer matching or other methods could effectively identify deceased individuals included in food stamp households, we discussed with agency officials in each of the states we visited their opinions regarding the value of such a match. We contacted state officials who had implemented a match to identify such deceased individuals to determine the cost, quality, savings, and barriers to matching. To determine the effort associated with data matching to identify such individuals, we calculated the time used by our programmer to develop and implement the match programs and reviewed studies performed for FNS and the Office of Management and Budget regarding the costs and effectiveness of matching routines.

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<sup>4</sup>Review of the Use of Deceased Taxpayer Data, Department of Treasury, Internal Revenue Service, Internal Audit Report, Dec. 14, 1994.

# Comments From the U.S. Department of Agriculture

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



**United States  
Department of  
Agriculture**

Food and  
Consumer  
Service

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22302-1500

JAN 15 1998

Mr. Robert A. Robinson  
Director  
RCED Division, F&A Issues  
United States General Accounting Office  
441 G Street, N.W., Room 2T23  
Washington, D.C. 20548

Dear Mr. Robinson:

This letter provides Agency comments on the draft report regarding benefits to deceased individuals. We appreciate the opportunity to review the draft and for the full discussion of the audit afforded by meetings with the General Accounting Office's (GAO) audit staff on December 16, 1997, and January 8, 1998. We agree that access to death record information improves the integrity of the Food Stamp Program (FSP). Obviously, deceased persons should be immediately removed from the FSP rolls. However, for the reasons described below, we are requesting editing of the report title and contents to more accurately convey the comparatively small magnitude that this problem represents for the FSP.

As noted in the report, States use death data now. However, the audit found that improvements could be made in the availability of good death record information and showed that use of such data is likely to be beneficial. Using Social Security Administration (SSA) data not currently available to States, the auditors found that deceased persons' benefits continued to be issued for a variety of reasons that could be overcome by better data. Although the GAO's methods could not ascertain why benefits continued, there are several possible explanations. For example, deaths may not have been reported by households or, in the case of single persons, by others who might have known about both the FSP benefits and the death. Furthermore, the State either did not match State death records (three of four States did match) or the available information had flaws or was incomplete.

We agree with the report's recommendations to improve data availability and use so that benefits end with death. We already work with the SSA to facilitate State use of SSA data and will work to make more death data available as well. Secondly, we will encourage States to use State and other death records to remove deceased individuals from the FSP.



**Appendix III  
Comments From the U.S. Department of  
Agriculture**

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The audit is a good reminder that automation is continually making new sources of data available for FSP eligibility purposes and that the FSP needs to continually look for these kinds of new opportunities to improve program administration. However, we have one major reservation about the report. Our concern is that the report is too definite about the magnitude of the dollar benefits to be gained from use of SSA death data. We recommend editing the report to acknowledge uncertainty about the amount of loss that could be corrected by better death matching. The tone of the report implies much more certainty than is warranted from the data presented. The GAO's methods did not allow an exact determination of the amounts of the benefits issued to the deceased household members and the extent to which issued benefits were actually used. GAO assumed average State per-person benefits in calculating erroneous benefits paid, but because this is a unique subset of the food stamp population, actual benefits may well have differed from the average. The report acknowledges that benefits may not have been picked up or may have been mailed and returned or never used, but does not take this into account in the estimation. Furthermore, EBT benefits in Texas may have never been accessed. It is also important to point out that data matching will not allow the recovery of the total amount issued. Even with frequent reporting, benefits will continue until data are collected, transmitted, edited, and finally acted upon by the caseworker; in addition, there would be costs associated with the new activities that the report does not discuss.

See comment 1.

See comment 2.

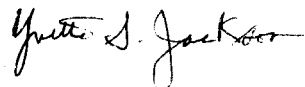
See comment 3.

None of the concerns expressed above undermine the report's recommendation that the Food and Nutrition Service continue to work to improve data matching in the FSP. However, we do request editing to make the study's limitations clearer. Furthermore, given the uncertainty of the estimates and the relatively small findings in a program that provided \$20 billion in benefits during fiscal year 1997, we suggest a more appropriate title would be Improved Death Record Matching Could Prevent Erroneous Benefit Payments in the Food Stamp Program.

See comment 4.

In conclusion, we agree that additional death matching efforts are likely to be cost effective and we will promote their adoption. Please let us know if we may be of assistance in preparing the final report.

Sincerely,



Yvette S. Jackson  
Acting Administrator

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The following are GAO's comments on the U.S. Department of Agriculture's letter dated January 15, 1998.

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## GAO Comments

1. We agree with USDA's observation that our methodology did not allow an exact determination of the dollar value of benefits issued on behalf of deceased household members and the extent to which the benefits issued were actually used. Our estimates of overpayments are based on the number of deceased individuals we identified and FNS' per person average monthly value of food stamp benefits provided in each state. Given the various factors that determine specific benefit amounts—including household income, assets, costs of housing, and the number of individuals in the household—actual overpayments could not be determined without a detailed analysis of the 26,000 cases we identified—the actual overpayments may have been lower or may have been higher. Our estimates are presented to show the general magnitude of the problem. The fact that almost 26,000 deceased individuals were included in food stamp households indicates a significant, systemic problem that needs to be addressed.

2. Concerning USDA's view that data matching will not allow the recovery of all overpayments, the states are required to recover overpayments by establishing claims against households, and they have several years to take action on those claims. In addition, the states can recover overpayments by reducing future food stamp benefits. While state agencies may be unsuccessful in recovering overpayments from some households whose membership includes deceased individuals, such as single-member households, the use of SSA's comprehensive death information will still yield savings to the program by (1) identifying deceased individuals in the application process before any benefits are issued and (2) preventing additional issuance once the deceased individual is identified. Furthermore, such efforts have the effect of reinforcing the requirement that clients report changes in household composition.

3. Concerning USDA's view that the report does not discuss all the costs of identifying and following up on information regarding deceased individuals in food stamp households, we noted in this report the results of a 1995 Food and Nutrition Service study of the Income and Eligibility Verification System (IEVS), which is used to identify unreported and underreported income. The study found that data-processing costs were approximately 2 cents per case, and investigative followup and claim collection costs were about \$5 to \$7 per case for all cases, whether or not

they were overpayments. The cost of identifying and following up on deceased individual cases would be similar to those incurred under IEVS. As such, our recommendation to use the existing SSA system was made with the goal of maximizing efficiency and minimizing costs by simply adding a vital piece of information to reports that are already routinely used by eligibility workers. We continue to believe that we have recommended the most cost-effective method for identifying deceased individuals on food stamp rolls—one that would require state agencies, as part of the normal course of their work, to follow up on the information provided.

4. We have modified the report title to better capture the key issue identified in this report; namely, that thousands of deceased individuals are being inappropriately included in food stamp households.

# Comments From the Social Security Administration

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



## SOCIAL SECURITY

Office of the Commissioner

January 16, 1998

Mr. Robert A. Robinson  
Director, Food and Agriculture Issues  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Robinson:

Thank you for the opportunity to comment on the draft report, "Food Stamps: Millions in Overpayments Result From Counting Deceased Individuals as Household Members" (GAO/RCED-98-53).

We agree with GAO's conclusion that use of the Social Security Administration's (SSA) death master file (DMF) to identify deceased individuals counted as members of food stamp households can be an effective tool to prevent and detect unreported deaths. However, we do not believe that the legislative remedy proposed is needed because SSA can provide these data to the United States Department of Agriculture (USDA) under current law, albeit without the restricted data discussed below.

GAO used the DMF including those State death records which are routinely restricted from disclosure by SSA under section 205(r)(3) of the Social Security Act. However, GAO does not indicate the extent that the restricted data resulted in the identification of deceased individuals in food stamp households. Our internal analysis reveals that less than 5 percent of the death data on SSA records are derived from State records and even less are covered by disclosure restrictions. In addition, USDA already receives information on the death of beneficiaries through the State Verification and Exchange System (SVES). These two sources equal more than 95 percent of the death information available to SSA. On the basis of this, we do not believe a modification to the Social Security Act is necessary to achieve the intended result.

Also, footnote "a" for Table 1 of the report states California provides cash in lieu of food stamps to Social Security recipients as part of their Social Security benefit. The cash is actually provided to Supplementary Security Income (SSI) recipients (not Social Security beneficiaries) as a State supplementation of their SSI payments.

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

See comment 1.

See comment 2.

See comment 3.

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**Appendix IV  
Comments From the Social Security  
Administration**

2

If you or your staff have any questions, please call  
Odessa J. Woods at (410)965-0378.

Sincerely,



Kenneth S. Apfel  
Commissioner  
of Social Security

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The following are GAO's comments on the Social Security Administration's letter dated January 16, 1998.

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## GAO Comments

1. We continue to believe that our recommendation to the Congress has merit. As SSA concedes in its comment, the agency has death information that if shared with USDA and the states would help reduce the number of deceased individuals inappropriately included in food stamp households. However, SSA states that it does not have the authority to disclose such information to USDA or the states. In this context, we believe that USDA could better ensure the integrity of the Food Stamp Program if it had all the information already in the hands of another federal agency. If the Congress enacted legislation enabling SSA to share this information with the states, this legislation would help USDA reduce fraud, waste, and abuse in this program.

Such legislation could, but would not have to, amend the Social Security Act. The Congress has partially addressed the issue of restricted state death data in a 1993 amendment to the Internal Revenue Code. Under this provision, the Internal Revenue Service may not disclose federal tax information to a state unless that state allows federal agencies to use restricted state death data for the purpose of ensuring that federal benefits and other payments are not erroneously paid to deceased individuals. 26 U.S.C. 6103 (d) (4). While this provision covers USDA, it does not include state agencies administering federal benefit programs, such as the Food Stamp Program. If the Congress wished, this provision could be amended to cover such state agencies.

2. We do not share SSA's view that making roughly 95 percent of its death information available to the states administering the Food Stamp Program is adequate to solve the problem of deceased individuals being counted as members of food stamp households. For the four states included in our review, we identified almost 26,000 deceased individuals that were being counted as members of food stamp households. While in this instance we cannot determine what proportion of these individuals were identified from SSA's data that are currently withheld from USDA and the states, previous GAO work related to this issue has demonstrated that using SSA's data was extremely useful in identifying and reducing overpayments in other federal benefit programs.<sup>1</sup> As part of that work, we estimated that millions could be saved annually if agencies had access to the restricted death information.

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<sup>1</sup>Status of Agency Use of SSA Death Information (GAO/HRD-93-31R, July 20, 1993).

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In addition, FNS data regarding the characteristics of food stamp households provides evidence that a significant number of deceased individuals included in food stamp households may be excluded from the data that SSA currently makes available to states. As is noted in this report, SSA only provides information through the State Verification and Exchange System (SVES) on deceased individuals who were Supplemental Security Income (SSI) or social security beneficiaries. In 1995, FNS reported that 83% of individuals in food stamp households did not receive SSI, and that 87% did not receive social security income. In the final analysis, therefore, we don't believe there is merit in SSA's view that the information it already provides is good enough. We believe there is no sound reason why USDA and the states should not have the benefit of all the information possessed by SSA as they strive to reduce fraud, waste and abuse in the Food Stamp Program.

3. We have modified the footnote to table 1 to reflect SSA's comment.

# Major Contributors to This Report

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