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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D C 20548

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RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

JUN 17 1976

Mr. Richard L. Feltner
Assistant Secretary for Marketing
and Consumer Services
Department of Agriculture

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Dear Mr. Feltner

In response to a congressional inquiry, we have been looking into various proposals to strengthen the food stamp program's identification requirements for recipients. These proposals include (1) using photo identification cards for food stamp recipients, (2) signing and countersigning stamps, (3) punching or perforating stamps with a recipient's identification card number, and (4) using photo identification cards in conjunction with stamp countersigning or perforation.

Food and Nutrition Service officials informed us that the Service plans to conduct tests of photo identification cards in three project areas beginning in the fall and lasting about 3 months. States would run these tests but any costs over and above those normally incurred would be paid by the Service. The tests would begin after finalization of Department of Agriculture regulations establishing demonstration project authority for the food stamp program and publication in the Federal Register of notices (1) requiring the possession of an approved photo identification card as a food stamp eligibility criterion in the three test areas, and (2) describing the specific guidelines under which States would conduct the tests.

As you know, in late 1975 and early 1976, the Service solicited comments from the States and from representatives of the retail food industry on the four identification proposals described above. Service officials told us that the negative reactions of the States and food retailer representatives to the countersigning and perforation proposals prompted the Service to limit its planned tests to photo identification cards only. The food retailer representatives and most States characterized countersigning, in particular, as a procedure which would be costly and excessively time consuming for both issuance offices and food stores. Many States also were concerned that stamp perforation would require special equipment and procedures that would be expensive and burdensome to issuing agents and food stores.

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During our work to date, we have reviewed the responses of the States and have contacted a food advocacy group and food retailer representatives. Much of the criticism directed at countersigning and perforation was based on broad, initial estimates of what their impacts would be. None of the States had data or studies on perforation and only one State had previously tested countersigning. This one State (Mississippi), in November 1975, conducted a 1-day, 30-household test of the time involved in signing food stamp of all denominations at an issuance office. From the results of that test, the State concluded that processing times would be increased significantly. Some States also said that the Service did not have enough data on the unauthorized use of food stamps in the respective States to justify the use of any of the proposed procedures.

A photo identification requirement alone may curb certain types of unauthorized use of food stamps, especially the illegal redemption of lost or stolen authorization-to-purchase cards. Four jurisdictions (Delaware, New Hampshire, the District of Columbia, and St. Louis, Missouri) now use photo identification cards in the food stamp program on a voluntary basis. Data should be available from these jurisdictions on the procedures, benefits, costs, and problems associated with starting up and operating this type of identification system for food stamp recipients. The District of Columbia, for example, started its food stamp photo identification program in 1973. Also, some States issue photo identification cards to public assistance recipients on either a voluntary or nonvoluntary basis.

Service officials told us that evaluation of the existing food stamp photo identification systems was rejected in favor of new tests in three different project areas because the responses by the four jurisdictions to the Service's inquiries in 1975-1976 were limited and indicated the absence of any ongoing review of the impact of photo identification procedures. We believe that the Service has not made a sufficient effort to obtain needed data from the projects that are using photo identification cards. Should the needed data already be available, further demonstration tests of this procedure may not be necessary.

In comparison with the use of photo identification cards, there are little or no data or studies available on countersigning, stamp perforation, or the combination of these measures with photo identification cards. Stamp perforation seems particularly worthy of further study because no judgment would be required by the retail food store clerk--either the perforated number would match the identification card number or it would not. The perforated number of an entire book of stamps could be quickly examined if the perforated number were punched into the book at one time. Also, the food

advocacy group we contacted recommended the use of a nonphoto identification card bearing an identification number that would be punched into the recipient's stamp book as a way to combat illegal food stamp trafficking.


In the one limited test of countersigning referred to above, every stamp in every stamp book had to be signed and countersigned. Additional tests of this procedure would seem warranted--particularly tests where only the large denomination stamps (\$5 and \$10 stamps, or just \$10 stamps) would be signed. Our calculations indicated that requiring signatures and countersignatures on only the \$5 and \$10 stamps would reduce the number of stamps to be signed by about 50 percent.

Another possibility which might warrant testing is to use a combination of photo identification cards and perforated stamps. A variation of this combination would be to require that the person whose photo appears on the identification card--either the head of the household or his authorized representative--must purchase the stamps, but to permit anyone with the identification card in his possession to use the stamps to obtain food--as long as the perforated number in the stamps matched the number on the identification card. This procedure (1) has the potential advantages of reducing the use of stolen authorization-to-purchase cards and the use of food stamps improperly obtained by unauthorized persons, and (2) avoids the disadvantage of limiting the use of stamps to only one person per household.

In summary, we believe that the Department of Agriculture and the Food and Nutrition Service should inquire further into the possibility of obtaining data from the project areas already using photo identification cards before funding additional tests of this procedure. We also believe that the Department and the Service should consider sponsoring tests of other procedures that may strengthen the food stamp identification requirements, including but not limited to the proposals discussed above.

We appreciate the cooperation extended to us by the Service's Food Stamp Division during this inquiry. Please advise us of the Department's decisions and actions regarding the study and testing of food stamp identification proposals.

Sincerely yours,


for Brian Crowley
Assistant Director