



Testimony

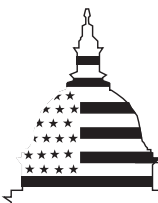
Before the Subcommittee on Department Operations,
Oversight, Nutrition, and Forestry, Committee on
Agriculture, House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EDT
Wednesday, June 27, 2001

FOOD STAMP PROGRAM

Program Integrity and Participation Challenges

Statement of Robert E. Robertson, Director
Education, Workforce, and Income Security Issues



G A O

Accountability * Integrity * Reliability

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss our observations on the administration of the Food Stamp Program. As you know, the U.S. Department of Agriculture's (USDA) Food Stamp Program helps low-income individuals and families obtain a more nutritious diet by supplementing their income with food stamp benefits. USDA's Food and Nutrition Service (FNS) and the states jointly implement the Food Stamp Program, which is to be reauthorized in fiscal year 2002. The Food Stamp Program provided about \$15 billion in benefits to over 17 million low-income individuals in the United States during fiscal year 2000.

The information I am presenting today is based on our past work related to two fundamental challenges that the Food Stamp Program faces now and will continue to face in future years: (1) ensuring the integrity of the program, and (2) minimizing program barriers that might impede eligible individuals from participating in the program.

In summary, both FNS and the states have taken steps to ensure the integrity of the Food Stamp Program. For example, under FNS' quality control system, FNS uses sanctions and incentives to encourage states to reduce their benefit payment error rates. It has also promoted the exchange of information among states about potentially successful initiatives for improving payment accuracy. For their part, states have implemented various quality control measures including using electronic data matching to identify ineligible participants and providing special training for food stamp workers who determine whether applicants are eligible and the amount of benefits that they receive. The combined overpayment and underpayment error rate for the Food Stamp Program was about 9 percent of payments made in fiscal year 2000. The greatest potential for further reducing these errors may rest with actions aimed at simplifying the extremely complex rules for determining eligibility and calculating benefits. Simplifying the Food Stamp Program may also encourage more eligible individuals to participate in the program. FNS estimates that only about 59 percent of eligible people participated in the program in 1998, down from 71 percent in 1994. Furthermore, children's participation in the Food Stamp Program has dropped more sharply than the number of children living in poverty, indicating a growing gap between need and assistance. Many reasons may exist for the decline in overall food stamp participation. For example, in 1999, we reported that state and local initiatives designed to reduce Temporary Assistance for Needy Families (TANF) caseloads contributed to the decline in the food stamp rolls. We made several recommendations to FNS on actions it should take

related to these initiatives, and in turn, FNS has taken steps intended to ensure that eligible people receive food stamp benefits.

Background

The Food Stamp Program provides low-income households with paper coupons or electronic benefits that can be redeemed for food in about 156,000 stores across the nation. In fiscal year 2001, the Congress appropriated \$20.1 billion for the Food Stamp Program. FNS establishes regulations for implementing the Food Stamp Program, reviews states' operating plans to ensure compliance with the regulations, and funds food stamp benefits and about half of the states' administrative costs. The states administer the program by determining whether households meet the program's income and asset requirements, calculating monthly benefits for qualified households, and issuing benefits to participants. Household eligibility and benefit amounts are based on nationwide federal criteria, including household size and income, assets, housing costs, and work requirements.¹

FNS monitors states' performance by assessing how accurately they determine food stamp eligibility and calculate benefits. Under FNS' quality control system, the states calculate their payment errors by annually drawing a statistical sample of at least 300 to 1,200 active cases, depending on the average monthly caseload. The states review case information and make home visits to determine whether households were eligible for benefits and received the correct benefit payment. FNS regional offices validate the results by reviewing a subset of each state's sample to determine its accuracy, and make adjustments to the state's overpayment and underpayment errors as necessary.²

Until the mid-1990s, most recipients used benefits provided in the form of coupons to purchase allowable food. According to FNS, as of March 2001, 41 states, the District of Columbia, and Puerto Rico have operational food stamp EBT systems. Thirty-nine of these systems are operating statewide. All states are to implement EBT systems by October 1, 2002, unless USDA waives the requirement. By providing benefits electronically, the federal

¹According to FNS, a household's gross income cannot exceed \$1,848 per month for a family of four, and its net income—gross income minus allowable deductions—cannot exceed \$1,421.

²To determine each state's combined payment error rate, FNS adds overpayments and underpayments, then divides that sum by the total food stamp benefits paid by the state.

government saves time and money because the process of providing the coupons is eliminated. Furthermore, an EBT system creates an electronic record of each food stamp transaction, making it easier to identify and document instances of fraud and abuse in the program.

Recent legislative initiatives to reform welfare have also affected Food Stamp Program operations. Specifically, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which was passed in 1996 to reform the nation's welfare system, also modified aspects of the Food Stamp Program.³ To reform welfare, PRWORA replaced the Aid to Families with Dependent Children entitlement program with the TANF program and gave the states responsibility for administering TANF through block grant funding. In implementing welfare reform, the states have, for example, used PRWORA's flexibility to (1) require that applicants look for jobs before their TANF applications are processed; (2) offer one-time, lump-sum payments (known as diversion payments) to potential applicants rather than enroll them in the TANF program; and (3) disqualify individuals from participation in the Food Stamp Program if they have committed TANF violations, thereby reducing the household's total food stamp benefit.⁴ Almost all of the states use a single application for the food stamp and welfare programs to reduce administrative costs, even though the eligibility rules for these two programs are different.

Though welfare reform retained the Food Stamp Program as an entitlement for qualifying participants, it tightened eligibility requirements and eased administrative requirements. It disqualified able-bodied adults without dependents who, during the preceding 36-month period, received food stamp benefits for at least 3 months but worked less than 20 hours per week.⁵ Similarly, the act required that the states, by August 1997, remove from their rolls most permanent resident aliens who were previously eligible to receive food stamps.⁶ In addition, PRWORA replaced

³P.L. 104-193, Aug. 22, 1996.

⁴See *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence* (GAO/HEHS-98-109, June 18, 1998).

⁵States may ask FNS to waive the work requirement for groups of individuals who live in an area where the unemployment rate is over 10 percent or there are not enough jobs.

⁶As of Nov. 1, 1998, the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) restored eligibility for the Food Stamp Program to permanent resident aliens who (1) were living in the United States when PRWORA was enacted in Aug. 1996 and were over 65, or (2) are under age 18.

several specific administrative requirements with more general standards that give states more flexibility in operating their food stamp programs.

Inaccurate Benefits and Trafficking of Food Stamp Benefits Affect Program Integrity

Over the years, we have reported on program integrity concerns in the Food Stamp Program.⁷ Fraud, waste, and abuse in the program generally occur in the form of either improper payments to food stamp recipients or trafficking in food stamp benefits.⁸ The states and FNS have taken steps to reduce inaccurate payments to food stamp recipients and reduce trafficking in food stamp benefits. However, all of the state officials we contacted for a recent study believe that the most effective way to reduce payment errors and program costs is to simplify food stamp rules, such as those pertaining to program eligibility.

Steps Have Been Taken to Address Inaccurate Payments, but Program Simplification May Be Needed

Inaccurate payments can be in the form of overpayments or underpayments to food stamp recipients. Overpayments occur when ineligible persons are provided food stamps, as well as when eligible persons are provided more than they are entitled to receive. Overpayments can be caused by inadvertent or intentional errors made by recipients and caseworkers. According to FNS' quality control system, the states overpaid food stamp recipients about \$976 million in fiscal year 2000 and underpaid recipients about \$360 million. Together, overpayment and underpayment errors amounted to about 9 percent of food stamp benefits. About 54 percent of these errors occurred when state food stamp workers made mistakes, such as misapplying complex food stamp rules in calculating benefits. The remaining 46 percent of the errors occurred because participants, either inadvertently or deliberately, did not provide accurate information to state food stamp offices. While the states and FNS have taken steps to address payment errors, state officials told us that they believe simplifying food stamp rules will have the greatest impact on reducing payment errors and program cost.

⁷See *Food Assistance: Reducing Food Stamp Benefit Overpayments and Trafficking* (GAO/RCED-95-198, June 23, 1995); *Food Stamp Program: Storeowners Seldom Pay Financial Penalties Owed for Program Violations* (GAO/RCED-99-91, May 11, 1999); and *Food Stamp Program: Better Use of Electronic Data Could Result in Disqualifying More Recipients Who Traffic Benefits* (GAO/RCED-00-61, Mar. 7, 2000.)

⁸ Trafficking of food stamp benefits is the exchange of food stamps for cash or certain nonfood items. It occurs when a storeowner gives a recipient a discounted cash payment (often 50 cents on the dollar) for food stamp benefits and then redeems the benefits at full face value from the government.

States and FNS Have Taken Action to Reduce Payment Errors

In a recent report we identified states' efforts to minimize food stamp payment errors and examined what FNS has done or could do to encourage and assist the states in reducing such errors.⁹ We found that all 28 states we contacted had taken action in recent years to reduce payment errors.¹⁰ While these states took various actions to reduce payment error rates, most states took the following five actions:

- verified the accuracy of benefit payments calculated by state food stamp workers through supervisory and other types of case file reviews,
- provided specialized training for state food stamp workers,
- analyzed quality control data to identify causes of common payment errors and develop corrective actions,
- matched food stamp rolls with other federal and state computer databases to identify ineligible participants or verify income and asset information provided by food stamp recipients, and
- used computer software programs to assist caseworkers in determining benefit amounts.

Some states also increased the frequency with which certain types of food stamp households must provide documentation in order to maintain their eligibility for food stamp benefits—a process called recertification. For example, even though FNS regulations require that food stamp households be recertified only annually, almost half of the states we contacted require households with earned income to be recertified quarterly because their incomes tend to fluctuate, increasing the likelihood of payment errors. More frequent certification enables caseworkers to verify the accuracy of household income and make appropriate adjustments to household benefits, possibly avoiding a payment error. However, more frequent certification can also inhibit program participation for eligible participants because it creates additional reporting burdens for food stamp recipients.

⁹See *Food Stamp Program: States Seek to Reduce Payment Errors and Program Complexity* (GAO-01-272, Jan. 19, 2001).

¹⁰These states, which included 14 with payment error rates below the national average and 14 above the average, delivered about 74 percent of all food stamp benefits in fiscal year 1999.

FNS has taken several steps to encourage states to minimize their payment error rates, including providing financial incentives to states that have error rates substantially below the national average and imposing financial sanctions on states that exceed the national average. When error rates are too high, states are required to either pay a penalty fee or provide additional state funds—beyond their normal share of administrative costs—to be reinvested in error-reduction efforts, such as additional training in calculating benefits. In fiscal year 2000, FNS imposed \$46 million in financial sanctions on 18 states whose error rates were above the national average of 9 percent. In that same year, FNS provided \$55 million in enhanced funding to 11 states whose payment error rates were less than or equal to 5.9 percent—well below the national average.

FNS also has reduced the opportunity for payment errors by allowing the states to reduce food stamp reporting requirements for certain recipients. For example, FNS expanded the availability of waivers related to reporting requirements, such as the waiver that raises the earned income changes that households must report.¹¹ FNS was concerned that the increase in employment among food stamp households would result in larger and more frequent income fluctuations, which would increase the risk of payment errors. FNS also was concerned that the states' reporting requirements were particularly burdensome for the working poor and may, in effect, act as an obstacle to their participation in the program because eligible households may not view food stamp benefits as worth the time and effort it takes to obtain them. As a result of these concerns, FNS established regulations in November 2000 that gave states the option to require food stamp households with earned income to report changes semiannually, unless a change would result in a household's gross monthly income exceeding 130 percent of the monthly poverty income guideline.

Finally, FNS has promoted initiatives to improve payment accuracy through the exchange of "best practices" information among states. Since 1996, FNS has compiled catalogs of states' payment accuracy practices that provide information designed to help other states develop and implement similar initiatives.

¹¹Other waivers include one that limits the changes that households must report to three key events: (1) gaining or losing a job, (2) moving from part-time to full-time employment or vice versa, and (3) experiencing a change in wage rate or salary. Another waiver eliminates the need for households with earned income to report any changes during a 3-month period, provided the household provides required documentation at the end of the period.

State Officials Believe
Simplifying Food Stamp Rules
May Be Most Effective in
Reducing Errors and Program
Costs

While imposing financial sanctions, offering incentives, and granting waivers related to food stamp reporting requirements can help states reduce payment errors, the 28 state officials we spoke with believed that simplifying the complex food stamp requirements for determining eligibility and calculating benefits offered the greatest potential for additional reductions in payment errors. In supporting simplification, the state officials generally cited caseworkers' difficulty in correctly applying food stamp rules to determine eligibility and calculate benefits. Specifically, the state officials cited the need to simplify requirements for (1) determining a household's deduction for excess shelter costs and (2) calculating a household's earned and unearned income. The states also cited the need to simplify food stamp rules for determining the valuation of vehicles. The Food Stamp Act of 1977 was recently revised to allow the states to use the same vehicle valuation rules that they use for TANF, if these rules would result in fewer assets attributed to the household.¹²

Food stamp officials in 20 of the 28 states we contacted said simplifying the rules for determining a household's allowable shelter deduction would be one of the best ways to reduce payment errors.¹³ The Food Stamp Program generally provides for a shelter deduction when a household's monthly shelter costs exceed 50 percent of income after other deductions have been allowed. Allowable deductions include rent or mortgage payments, property taxes, homeowner's insurance, and utility expenses.

Food stamp officials in 18 states told us that simplifying the rules for earned income would be one of the best options for reducing payment errors because earned income is both the most common and the costliest source of payment errors. Generally, the process of determining earned income is prone to errors because caseworkers must use current earnings as a predictor of future earnings and the working poor do not have consistent employment and earnings. Similarly, officials in six states told us that simplifying the rules for unearned income would help reduce payment errors. In particular, state officials cited the difficulty caseworkers have in estimating child support payments that will be

¹²See The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for fiscal year 2001 (P.L. 106-387).

¹³While USDA's appropriations act for fiscal year 2001 increased the amount of the shelter deduction for food stamp households, it did not change the way that the deduction is calculated.

received during the certification period because payments are often intermittent and unpredictable. Because households are responsible for reporting changes in unearned income of \$25 or more, unreported changes and child support payments often result in a payment error.

In our view, simplifying the program's rules and regulations offers an opportunity to, among other things, reduce payment error rates and promote program participation by eligible recipients. We have recommended that FNS develop and analyze options to simplify requirements for determining program eligibility and benefits and, if warranted, submit legislative proposals to simplify the program. As part of its preparations for the program's upcoming reauthorization, FNS has begun to examine alternatives for improving the Food Stamp Program, including options to simplify requirements for determining benefits.

Better Use of Electronic Data Needed to Reduce Trafficking

While payment errors affect whether food stamp recipients receive appropriate food stamp benefits, trafficking results in the improper use of benefits. In March 2000, FNS estimated that stores trafficked in about \$660 million a year in food stamp benefits, or about 3-1/2 cents of every dollar of food stamp benefits issued.¹⁴ In the past, we have reported on federal efforts to identify storeowners who engage in trafficking, the amount of penalties assessed and collected against these storeowners, and states' efforts to identify and disqualify recipients who engage in trafficking.¹⁵ We discovered the following:

- FNS does not sufficiently use electronic databases to identify storeowners who engage in trafficking. While FNS and USDA's Office of Inspector General use a variety of sources, including EBT databases, to identify suspect traffickers, we have noted in various reports that electronic data could be used more effectively to identify additional storeowners and recipients engaged in trafficking. In addition, we found that most states with statewide EBT systems were not independently analyzing EBT data

¹⁴In May 2001, FNS began working with USDA's Economic Research Service to provide input for a study that will develop data collection methods, using electronic data, and a framework for annually measuring and reporting on the extent of trafficking in the United States.

¹⁵See *Food Stamp Program: Information on Trafficking Food Stamp Benefits* (GAO/RCED-98-77, Mar. 26, 1998); [GAO/RCED-99-91, May 11, 1999](#); and [GAO/RCED-00-61, Mar. 7, 2000](#).

to identify recipients who may be trafficking in food stamp benefits.

- While FNS almost always assessed penalties against storeowners when its investigations showed they had violated the program's requirements, storeowners generally did not pay the assessed financial penalties. According to agency officials, the small percentage of fines they are able to collect reflect the difficulties involved in collecting this type of debt, such as problems in locating debtors and their refusal to pay. However, we found that weaknesses in the agency's debt collection procedures and practices also contributed to low collections.

We made several recommendations to FNS on ways it could improve the integrity of the program by more effectively using EBT data, including providing guidelines to states on reviewing electronic data. FNS has begun to take steps to implement our recommendations. In addition, along with USDA's Office of Inspector General, we recognize the importance of improving state use of EBT data and we are working with USDA to determine best practices for using these data to identify food stamp recipients and storeowners who may be defrauding or abusing the program.

The Strong Economy and Other Factors Have Reduced the Number of People Eligible for Food Stamps, Yet Many Who Are Eligible Are Not Participating

Participation in the Food Stamp Program has dropped by about 33 percent during the past 4-1/2 years. The monthly average number of participants declined from 25.5 million in fiscal year 1996 to about 17.1 million in the first half of fiscal year 2001. Although factors such as the strong U.S. economy and tighter eligibility requirements have been cited as primary reasons for the dramatic decline in food stamp participation in recent years, there remains a large gap between the number of people eligible to receive benefits and the number participating in the program. Some of this gap may be explained by other factors, such as past initiatives designed to reduce TANF caseloads, confusion about eligibility requirements after the passage of PRWORA, and administrative burdens placed on food stamp participants that might discourage participation.

A Strong Economy and Tighter Eligibility Requirements Have Reduced the Number of People Eligible for Food Stamps

In 1999 we reported that the strong U.S. economy was one of the primary factors contributing to the decline in food stamp participation.¹⁶ Since more people were employed and earning more money, the number of people who met the program's income eligibility standard decreased. In addition, the length of time some people spent on the food stamp rolls was reduced because they found new jobs more quickly. Finally, when the economy is strong, the percentage of eligible people participating in the program may be indirectly lowered. This is because, as households' income levels rise and food stamp benefits fall proportionally, households may decide not to apply or seek recertification for these benefits, especially when they approach the minimum benefit level of \$10 per month.

We also reported that tighter food stamp eligibility requirements have also contributed to the decline in food stamp participation. Specifically, the passage of PRWORA tightened eligibility requirements for able-bodied adults without dependents, making fewer people eligible for food stamps. During fiscal year 1997, participation in the Food Stamp Program by these two groups fell by about 714,000 people, accounting for about 25 percent of the decline in food stamp participation that year.

Other Factors May Explain Why Many Individuals Eligible for Food Stamps Are Not Participating

While some of the decline in participation can be explained by factors that reduce the overall number of people eligible to receive benefits, an increasing percentage of people eligible for food stamp benefits are not participating in the program. Specifically, FNS estimates that only about 59 percent of eligible people in the United States received food stamp benefits in September 1998—a 12 percentage-point drop from the estimated 71 percent of eligible people participating in September 1994. In addition, there is evidence to suggest that a growing gap exists between the number of children living in poverty—an important indicator of children's need for food assistance—and the number of children receiving food stamp assistance. Between 1995 and 1999, the number of children receiving food stamp benefits declined by 33 percent, while the number of children living in poverty declined by only 17 percent. Further, during this

¹⁶ *Food Stamp Program: Various Factors Have Led to Declining Participation* (GAO/RCED-99-185, July 2, 1999).

same period of time, the number of children served free lunches in USDA's National School Lunch Program increased by about 4 percent.¹⁷

Table 1: Comparison of the Number of Children Receiving Food Stamps With the Number of Children Living in Poverty, 1989-99

Number in thousands

Year	Children who received food stamps ^a	Children living in poverty ^b
1989	9,442	12,590
1990	10,139	13,431
1991	11,960	14,341
1992	13,364	15,294
1993	14,211	15,727
1994	14,407	15,289
1995	13,879	14,665
1996	13,212	14,463
1997	11,868	14,113
1998	10,546	13,467
1999	9,354	12,109

^aTotals are estimates by fiscal year.

^bTotals are estimates by calendar year.

Source: FNS for food stamp data; the U.S. Bureau of the Census, within the U.S. Department of Commerce, for poverty data.

In 1999, we reported that state and local initiatives designed to reduce the TANF caseloads contributed to the decline in their food stamp rolls.¹⁸ In several states and localities, FNS identified barriers to food stamp participation and policies that improperly removed eligible households with children from the food stamp rolls as a sanction for a TANF violation. This occurred, in part, because FNS had still not established regulations that implemented PRWORA's revisions to the Food Stamp Act and the guidance it had already issued was considered nonbinding. In addition, we found that only three of FNS' seven regional offices regularly conducted annual reviews of each state in their jurisdiction, even though FNS' regulations require such reviews. FNS regional offices had not examined

¹⁷To be eligible for a free lunch, a child must come from a household whose income is at or below 130 percent of the federal poverty guideline.

¹⁸[GAO/RCED-99-185](#), July 2, 1999.

program access in nine states and the District of Columbia from October 1996 through June 1999. These reviews have previously identified obstacles, such as gaining access to benefits, which might inhibit individuals from participating in the program.

To ensure that eligible people receive food stamp benefits, we recommended that FNS establish regulations requiring that the states (1) inform each applicant for assistance of the right to apply for food stamps during the first meeting and (2) limit sanctions on the food stamp benefits to only the individual—not the household—who does not comply with a welfare requirement. FNS established regulations in November 2000 and January 2001 that implemented both parts of our recommendation. We also recommended that FNS give higher priority to aggressively targeting obstacles related to participants' access to food stamp benefits in reviewing states' food stamp operations. Since our report was issued, FNS has conducted participant access reviews in each of the 50 states; Washington, D.C.; and the Virgin Islands.

A 1999 report noted that most nonparticipating households estimated to be eligible for food stamp participation—including those who had previously participated in the program—did not apply because they did not think they were eligible.¹⁹ The food stamp directors of four FNS regional offices agreed that implementation of TANF has been an important factor in the decline in participation in their regions. According to these directors, many people do not apply for food stamps because they assume that if they are ineligible for TANF, they are also ineligible for food stamps. We recommended that FNS publicize eligibility requirements for the Food Stamp Program and distinguish them from the eligibility requirements for TANF.²⁰ Soon after that recommendation was made, FNS launched a public awareness campaign to better publicize food stamp eligibility requirements in hopes of improving participation.

In addition, recent research has indicated that some eligible households may not participate in the Food Stamp Program because of the perceived

¹⁹Michael Ponza, James C. Ohls, Lorenzo Moreno, and others, *Customer Service in the Food Stamp Program* (Washington, D.C.: Mathematica Policy Research, Inc., July 1999).

²⁰[GAO/RCED-99-185](#), July 2, 1999.

difficulty of doing so.²¹ Specifically, those who were aware they were eligible for food stamps but chose not to participate most often cited reasons related to the administrative burden of applying, such as the time and costs involved. One survey found that, on average, applicants spent nearly 5 hours and made at least two trips to the local food stamp office to apply for food stamps. If states are increasing the frequency with which certain types of households must be recertified to reduce the likelihood of payment errors, program participation may be inhibited because of the additional reporting burdens for food stamp recipients.

Concluding Observations

FNS and the states have taken actions to reduce fraud, waste, and abuse in the Food Stamp Program. Our past work has found that FNS and the states need to make better use of electronic data to track individuals and storeowners who may be trafficking in food stamp benefits. We also found that financial sanctions and enhanced funding have been at least partially successful in focusing states' attention on minimizing payment errors. However, this "carrot and stick" approach can accomplish only so much. Food stamp regulations for determining eligibility and benefits are extremely complex and their application is inherently error-prone and costly to administer. Furthermore, this approach, carried to extremes, can create incentives for states to take actions that may inhibit achievement of one of the agency's basic missions—providing food assistance to those who are in need. For example, increasing the frequency with which recipients must report income changes could decrease errors, but it could also have the unintended effect of discouraging participation by the eligible working poor. This would run counter not only to FNS' basic mission but also to an overall objective of welfare reform—helping people move successfully from public assistance into the workforce.

Simplifying the Food Stamp Program's rules and regulations offers an opportunity to reduce payment error rates and promote program participation by eligible recipients. FNS has begun to look at options for simplifying requirements for determining benefits. However, in view of the upcoming reauthorization, it is critical that FNS follow through with this process and develop options that strike an appropriate balance between the sometimes competing objectives of ensuring program integrity and

²¹Mathematica Policy Research, Inc., July 1999; and Shelia Rafferty Zedlewski with Amelia Gruber, *Former Welfare Families Continue to Leave the Food Stamp Program* (Washington, D.C.: Urban Institute, March 2001).

encouraging eligible individuals to participate. To be successful, this process must include a continuing dialogue with all appropriate stakeholders, including congressional members and state officials, and must ensure that actions are taken to streamline the program while at the same time improving program integrity.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or other members of the Subcommittee may have.

GAO Contact and Staff Acknowledgments

For future contacts regarding this testimony, I can be contacted at (202) 512-7215. Key contributors to this testimony were Dianne Blank, Elizabeth Morrison, Debra Prescott, and Suzanne Lofhjelm.

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