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FOOD STAMPS

Substantial Overpayments Result From Prisoners Counted as Household Members



Resources, Community, and
Economic Development Division

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Congressional Committees

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. In fiscal year 1995, for example, the U.S. Department of Agriculture (USDA) issued over \$22 billion in food stamp benefits for about 26 million individuals. In that same year, USDA reported that approximately 15 percent of food stamp cases contained errors resulting in as much as \$1.7 billion in overpayments nationwide.

In this context, we examined the computerized records of inmates of correctional institutions, who are ineligible for food stamps, to determine whether they were being included as members of households receiving food stamp benefits. The value of food stamp benefits that a household is entitled to receive is partially determined by the number of eligible household members. Prisoners are not to be counted as part of a household when benefits are calculated. We determined (1) how many prisoners were included as members of households that received food stamp benefits (hereafter referred to as prisoner participation) and the estimated value of improper benefits that were issued to the households, (2) how prisoner participation could take place without detection, and (3) whether computer matching can be an effective method for identifying prisoner participation.

We conducted a computer match of the 1995 food stamp rolls with state prison data in four states (California, Florida, New York, and Texas)¹ and with local jail data in four metropolitan areas (Los Angeles County, California; Dade County, Florida; New York City, New York; and Harris County, Texas).

Results in Brief

Despite federal regulations prohibiting inmates of correctional institutions from participating in the Food Stamp Program, we identified 12,138 inmates in the areas we examined who were included in households receiving food stamps. These households improperly collected an estimated \$3.5 million in food stamp benefits.

¹California food stamp data are limited to only those Los Angeles County participants who were on the rolls as of August 1995. We conducted the computer match for the three states and Los Angeles County. Together, these jurisdictions account for 27 percent of food stamp program participants nationwide.

Prisoner participation goes undetected because agencies generally do not verify the information on household membership provided by food stamp applicants. Furthermore, according to officials in USDA's Food Stamp Program, most state or local agencies responsible for administering the program do not routinely collect and review lists of individuals incarcerated in state and local facilities to determine whether any of these individuals are being counted as members of food stamp households.

Given the program's reliance on client-provided information, computer matching of lists of prisoners and food stamp household members provides a straightforward and potentially effective mechanism to accurately and independently identify prisoners' participation. While states have implemented various computer matching routines—such as the Income and Eligibility Verification System, which compares data on welfare clients with data on state and federal wage and benefits—many states have not yet implemented a computer matching program to identify prisoners participating in the Food Stamp Program.

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 either an individual or a family or other group that lives together and customarily purchases and prepares food in common. The value of 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 shelter and utilities. The household's monthly food stamp allotment increases with each additional member, provided income limits are not exceeded. Household members who are incarcerated and fed by a correctional facility are not eligible for food stamp benefits and are not to be included in the household for purposes of calculating the food stamp benefit. Households that receive food stamps are required to report changes in household membership, such as a member's incarceration, to the administering state or local agency.

Within USDA, the Food and Consumer Service (FCS) administers the Food Stamp Program through agreements with state agencies. FCS is responsible for approving state plans for operation and ensuring that the states are

administering the program in accordance with regulations. 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 for recovering food stamp overpayments.²

The program is administered at the local level by either a state agency or a local welfare agency, depending on the state. In California, county agencies operate the program at the local level, while in New York State, districts operate the program. The state agency supervises operations in both states. In Florida and Texas, state agencies operate the program through district and regional offices, respectively. Whatever the administering authority, local service centers work directly with clients to certify household eligibility and determine benefit amounts at the time of application and at least annually thereafter.

To identify prisoner participation, we performed a computer match comparing 1995 food stamp rolls with inmate rolls. To ensure that our analyses resulted in valid matches, we (1) verified the prisoners' social security numbers through the Social Security Administration's verification system, (2) used only those matches showing dates of incarceration that coincided with the dates that food stamp benefits were issued to the household, and (3) used only those matches showing that the prisoner had been incarcerated for 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.³ The food stamp rolls covered three large states (Florida, New York, and Texas) and one large county (Los Angeles, California). (See app. I.) The inmate rolls covered the state prison population in the four states and the jail population in large metropolitan areas of each state, that is, Los Angeles County, California; Dade County, Florida; New York City, New York; and Harris County, Texas. Our detailed methodology is discussed in appendix II.

²The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 doubled the disqualification period for intentional program violations from 6 months to one year for the first violation, and from one year to 2 years for the second violation.

³Program regulations generally give a household 10 days to notify the state of changes in household composition and the state 10 days from the date of notification to adjust benefits.

Prisoners Included as Household Members Cost Millions in Overpayments

During calendar year 1995, about \$3.5 million in food stamp benefits were issued on behalf of state prison and county jail inmates claimed as household members in the locations we examined. (See table 1.) Of this total, nearly 9,500 state prison inmates included as household members accounted for an estimated \$2.6 million in benefits. About 2,700 county jail inmates accounted for over \$900,000 in benefits.

Table 1: Months of Prisoner Participation and Estimated Overpayments, by Prison or Jail System

Dollars in thousands			
Jurisdiction examined	Total inmate participants	Months of participation ^a	Estimated overpayments
State prison system			
California ^b	913	2,814	\$194
Florida	1,167	4,523	353
New York	1,670	7,445	587
Texas	5,690	20,081	1,470
County jail system			
Los Angeles ^b	277	494	34
Dade	1,712	9,450	738
New York City	604	1,700	134
Harris	105	267	19
Total	12,138	46,774	\$3,529

^aMonths of participation is the number of months for which households received benefits while household members were in prison.

^bIncludes only the Los Angeles County food stamp recipients who were on the rolls as of Aug. 1995.

Sources: For California, California Department of Corrections and Los Angeles County Department of Public Social Services; for Florida, Florida Department of Corrections and Florida Department of Health and Rehabilitative Services; for New York State, New York State Department of Correctional Services and New York State Department of Social Services; for Texas, Texas Department of Criminal Justice and Texas Department of Health Services; and USDA's Food and Consumer Service.

The inmate participants that we identified in our match were members of households of varying sizes, some with multiple members and some with a single member—the prisoner was the household. For households with multiple members, the household continued to receive its monthly benefits, which were calculated on the presumption that the prisoner was present in the home. For single-member households, someone other than the prisoner was issued the benefits. The stamps could have been issued

either to a person designated as the prisoner's authorized representative⁴ or to someone who fraudulently represented himself or herself as the prisoner to receive the benefits.

Food stamp benefits are issued either as coupons or via electronic benefit transfer systems. For coupons, issuance procedures require that the client presents various items of identification, such as Food Stamp Program cards bearing the client's signatures, in order to pick up food stamps from a service center or other outlet. A small number of clients receive their coupons through the mail. Under electronic benefit transfer systems, the state agency issues access cards (similar to credit 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 that only eligible participants receive benefits depends on how rigorously the procedures are implemented by the responsible staff.

Lack of Verification Allows Prisoner Participation to Go Undetected

Prisoners are able to participate in the Food Stamp Program because local welfare agencies seldom verify the composition of a household. Instead, most agencies rely on food stamp applicants to provide accurate household information and to report subsequent changes, such as the incarceration of a household member. Most agencies do not, for example, routinely compare lists of prison or jail inmates with lists of household members.

In general, the Food Stamp Program has to balance the issues of client convenience, administrative simplicity, and payment accuracy; consequently, controls over such eligibility factors as household composition are not rigorous. A household that wishes to receive benefits must present an application listing members and provide information about their income and other eligibility factors. Caseworkers review this information, interview a household representative, and certify eligibility.⁵ 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.⁶

⁴All food stamp clients have the right when they apply to specify an authorized representative to act on their behalf, including receiving their stamps.

⁵Sometimes the caseworker fills out the application on the basis of the interview.

⁶Almost all households in California must submit monthly change reports. 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 State must report changes quarterly; all others must report within 10 days of a change.

According to FCS' 1995 quality control review, which identified error rates for each state by reviewing a random sample of cases, client errors or misrepresentations contributed significantly to incorrect benefits, particularly when an overpayment occurred. FCS reported that overpayments occurred in about 15 percent of the cases reviewed nationwide and that 62 percent of the dollar value of overpayments was attributable to inaccuracies in client-provided information.

Nevertheless, FCS' regulations do not require verification of client-provided information on household composition, unless the caseworker deems 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 information that was in the case record or otherwise available to the caseworker.

When the caseworkers in the states we visited suspected fraudulent information, they could refer the application to investigators before granting aid. Investigators in each state told us that they attempted 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 were hit-or-miss, time-consuming, and costly undertakings, and provided information that was only as reliable as its source. Furthermore, investigative resources were generally very limited; for example, the Miami area, which contains about 26 percent of Florida's food stamp recipients, had just one field investigator to conduct household visits.

Some agencies have employed computer matching as a means of identifying ineligible recipients, such as prisoners, but the practice does not appear to be widespread. According to FCS, four states (Florida, Massachusetts, Missouri, and New York) currently perform a monthly computer match between state prisons' inmate records and food stamp rolls; two states were in the process of developing such a match; and one state performed an annual match. FCS' regional offices identified only one local agency that compared food stamp recipients with county jail inmates. However, our discussions with officials in the states we visited indicated that the actual number of local agencies conducting such matches was larger. For example, in California, the state agency reported that 14 of the state's 58 county agencies collected and reviewed data on local jails' inmates at least once a week.

Of the states we visited, Florida and New York operated matching programs, Texas was in the process of establishing a program, and California had plans to implement a program at some future date. While Florida and New York conduct routine matching programs, we identified prisoner participation in the Food Stamp Program in these states because (1) our matches covered a time period not covered by the states' matches and (2) we used prisoners' social security numbers, which were verified by the Social Security Administration, a step the states had not taken.

Computer Matching Represents a Potentially Effective Tool for Detecting Prisoner Participation

Although computer matching of inmate data is not used often, our test in four states demonstrates that it can be a useful technique for identifying households that improperly include prisoners as members. A study by an FCS contractor of other computerized information verification processes in place at state agencies demonstrated that such matches are cost-effective, particularly when properly targeted.⁷ Ongoing and developing state matching programs could benefit from use of targeted matching and from sharing experiences.

Officials in the four states we visited viewed the matching of prisoner data with food stamp data as a fairly straightforward, effective process. These officials said that they did not encounter or foresee any privacy issues that precluded such matching. Furthermore, while they were unable to provide detailed cost or savings information regarding their prison match programs, the two states we visited that had implemented such programs believed that they were beneficial. New York State did not track implementation costs but calculated savings in the Food Stamp Program of over \$900,000 from August 1995 to April 1996. Because Florida was legislatively mandated to implement computer prison matches, the cost of implementation was not a major concern and therefore was not tracked. Florida has yet to calculate savings in the Food Stamp Program.

Although detailed data supporting the cost-effectiveness of a computer prison match is not available from the states we visited, strong evidence exists that such a match, particularly when properly targeted, is cost-effective. The Income and Eligibility Verification System (IEVS) compares wage, benefit, and other payment information reported by food stamp clients with records in six databases, including those maintained by the Social Security Administration, the Internal Revenue Service, and state unemployment insurance agencies. After this matching program was

⁷The Income and Eligibility Verification System (IEVS) Targeting Demonstration, Findings and Guidelines for State Food Stamp IEVS Programs, Final Report, USDA, Food and Consumer Service, Office of Analysis and Evaluation, Apr. 1, 1995.

implemented, some caseworkers charged that much of the information provided in the IEVS matches did not lead to savings in the Food Stamp Program. The problems most often cited were (1) out-of-date information, (2) lack of agreement in the time periods covered by data sources, and (3) duplicate data.

In response, in 1991, FCS engaged a contractor to evaluate the cost-effectiveness of the IEVS system in two sample states, Arizona and Michigan. Various targeting criteria, such as beneficiaries over a specific age or matches when specific dollar thresholds were exceeded, were used to select cases for follow-up. All of the targeted IEVS matching programs reviewed in the study were found to be cost-effective. The study determined that the largest cost of the IEVS matching program is the time spent by caseworkers on follow-ups, approximately \$5 to \$7 per follow-up. Data-processing costs averaged 2 cents per case, and Arizona spent approximately \$104,000 to develop its software. Every match had a cost-effectiveness ratio (program savings compared with the costs of the match, targeting, 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. In addition, each match was found to have positive net savings for the program, with the more narrowly targeted matches yielding the largest net savings, since they focused follow-up actions on the more egregious situations.

The states we visited were implementing their prison matches in a manner that was very similar to that reported in the study. Matches were sent to local offices, where caseworkers, specialists, clerical staff, and fraud investigators could participate in the process. The case file information was reviewed, the client was contacted, and the discrepancy was verified or refuted. If the discrepancy was verified, the client's eligibility and benefits were redetermined and, as appropriate, overpayments could be recovered and fraud investigations conducted.

Our test showed that developing the computer programs to identify prisoner participation did not require a large investment of a programmer's time. Our programmer required an average of about 20 days to develop a series of substantially different programs for each state. The 20 days included time to become familiar with the data as well as to write, test, and execute the programs. State programmers may require less time because they are already familiar with the food stamp data.

As in the IEVS study, we used some targeting criteria to enhance the effectiveness of the matching process. Before using the inmate data, we sent the information to the Social Security Administration for verification of the prisoners' social security numbers (the identifier common to all major federal databases on individuals) to ensure that our cases did not include incorrect numbers that would render the match invalid. None of the states we visited with computer matching programs submitted inmate social security numbers to the Social Security Administration for verification. (The agency performs this service for government customers at no charge.) We matched only those social security numbers that had been verified by the Social Security Administration. (See app. III.) The majority of the inmate participants we identified in our match occurred as a result of the verification process. (See table 2.)

Table 2: Total Prisoner Participation and Participants Identified From Corrected Social Security Numbers Provided by the Social Security Administration

State prison system	Total inmate participants	Participants identified from corrected numbers	Percentage of participants identified from corrected numbers
California ^a	913	348	38.1
Florida	1,167	283	24.3
New York	1,670	746	44.7
Texas	5,690	4,473	78.6
Total	9,440	5,850	62.0

^aIncludes only the Los Angeles County food stamp recipients who were on the rolls as of Aug. 1995.

Sources: For California, California Department of Corrections and Los Angeles County Department of Public Social Services; for Florida, Florida Department of Corrections and Florida Department of Health and Rehabilitative Services; for New York State, New York State Department of Correctional Services and New York State Department of Social Services; and for Texas, Texas Department of Criminal Justice and Texas Department of Health Services.

By selecting only prisoners (1) whose dates of incarceration matched the dates that food stamp benefits were issued to their household and (2) who had been incarcerated at least a full month, we avoided some of the pitfalls that have been or could be encountered by states implementing matching programs. For example, case analysts in Florida told us that they could not take any action on many of their matches because the prisoners had been incarcerated for only a few days or benefits had not actually been issued to the household during the period the prisoner was incarcerated. In other cases, an unverified social security number in the prison records resulted in a match with an eligible food stamp recipient. Our analysis of results reported from Florida's match of June 1996 for Dade County indicates that

of 674 matches, 423 resulted in no action taken by the caseworker; for 41 matches, the record did not indicate any review. On the positive side, 210 matches resulted in a case closure (household dropped from Food Stamp Program), removal of the participant from a case (individual dropped from household membership and benefits recalculated), a referral for fraud, or some combination of those actions. Florida officials acknowledged weaknesses in their matching process and stated that they intend to review and improve the process to better identify cases for which caseworkers could take action.

The states we visited that had or were developing matches were acting with little or no knowledge of the matching efforts of other states. As a result, each state started without any information, rather than building on the experiences of others. Thus, any cost or time savings that could have arisen from the sharing of information were not realized.

Conclusions

The participation of ineligible individuals undermines the credibility of the Food Stamp Program and results in overpayments. Conventional methods state agencies have used to verify the membership of food stamp households have not prevented households from including ineligible individuals, such as inmates in local jails and state prisons. Prisoners' participation in the Food Stamp Program resulted in overpayments of \$3.5 million for the locations where we conducted matches. A computer match of data on states' food stamp participants and verified inmates could be a cost-effective method for identifying a prisoner's participation in a food stamp household and thus provide the evidence needed to remove the prisoner from the calculation of a household's eligibility and benefits. Some states have recognized that matching is a cost-effective way to reduce overpayments. Sharing of information on effective matching practices, such as methods of targeting the most productive cases, would benefit states.

Recommendations

To identify state and county prisoners who are included as members of households receiving food stamps, we recommend that the Secretary of Agriculture actively encourage states to implement periodic computer matches of data on state and local prison inmates with data on participants in the Food Stamp Program. To facilitate this effort, we recommend that the Secretary of Agriculture direct FCS to (1) collect from the states that conduct matches information on the policies and procedures used to implement their matches and (2) evaluate, summarize,

and disseminate to the states the policies and procedures that represent best practices, such as the verification of prisoners' social security numbers with the Social Security Administration.

Agency Comments

We provided copies of a draft of this report to FCS for review and comment. In commenting on the draft report, FCS agreed with the report's findings, conclusions, and recommendations. These comments, which appear as appendix IV, contained suggestions regarding the phrasing used in the report that we incorporated as appropriate.

We conducted our work from March 1996 through February 1997 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.

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



Robert A. Robinson
Director, Food and
Agriculture Issues

List of Addressees

The Honorable Richard G. Lugar
Chairman

The Honorable Tom Harkin
Ranking Minority Member
Committee on Agriculture, Nutrition,
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The Honorable Thad Cochran
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The Honorable Dale Bumpers
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Subcommittee on Agriculture, Rural Development,
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Committee on Appropriations
United States Senate

The Honorable Robert F. (Bob) Smith
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The Honorable Charles W. Stenholm
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Committee on Agriculture
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The Honorable Joe Skeen
Chairman

The Honorable Marcy Kaptur
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Subcommittee on Agriculture, Rural Development,
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Abbreviations

EVS	Enumeration Verification System
FCS	Food and Consumer Service
IEVS	Income Eligibility Verification System
SSN	Social Security Number
USDA	U.S. Department of Agriculture

Information on the Cost of Food Stamp Benefits and State Prison Population

Nationwide, California, Florida, New York, and Texas represent almost 36 percent of the cost of Food Stamp Program benefits and approximately 39 percent of the states’ prison population. The prison data in this table are based on the prison population as of June 30, 1995.

Table I.1: 1995 Food Stamp Program Benefit Cost and State Prison Population for Selected Locations

Location	Food stamp benefit cost	State prison population
California	\$2,472,936,680	131,342
Florida	1,307,134,257	61,992
New York	2,065,406,076	68,526
Texas	2,246,359,764	127,092
Total	\$8,091,836,777	388,952
U.S. total	\$22,766,109,338	1,004,608

Sources: U.S. Department of Agriculture's Food and Consumer Service and the Department of Justice.

Objectives, Scope, and Methodology

In response to the Congress' strong interest in reducing the level of fraud, waste, and abuse in the Food Stamp Program, we reviewed food stamp beneficiaries to determine whether prisoners, who are not eligible for food stamps, were inappropriately included as members of households receiving food stamps. Specifically, we determined (1) how many prisoners 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 prisoner participation could take place without detection, and (3) whether computer matching can be an effective method for identifying prisoner participation.

To determine if inmates of correctional facilities 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 and state prison records of the four states with the largest Food Stamp Program benefits and the largest state prison populations. We also matched food stamp records and jail records in four metropolitan areas. Specifically:

- The Florida, New York, and Texas state welfare agencies provided us with computer files containing information on all members of households and the amount of household food stamp benefits issued during 1995. In California, this information is maintained only at the county level, so we obtained information only for Los Angeles County beneficiaries, who account for approximately one-third of the benefits California issues. The data provided personal identifiers, including name, social security number (SSN), 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 SSNs for the data on food stamp beneficiaries through the Social Security Administration's Enumeration Verification System (EVS).
- The state prison system in each state provided us with computer data on all prisoners incarcerated in a state facility for all or any part of 1995. The data provided the same personal identifiers as we obtained for food stamp beneficiaries and listed the admission and release dates for each period of incarceration during the year. To expedite the delivery of data, New York State simply listed each full month that a prisoner was incarcerated rather than providing specific dates. We verified the prisoners' SSNs through the Social Security Administration's verification system.
- Four large metropolitan county or local jail systems gave us permission to use data they had previously provided on our review of erroneous

Supplemental Security Income payments to prisoners.¹ The systems, including one from each state in our review, were Los Angeles County, California; Dade County, Florida; New York City, New York; and Harris County, Texas. The local jail system data included all prisoners who were incarcerated as of specific dates—these dates were selected by the jail systems and were based on their available resources. The jail systems provided available personal identifiers, as listed above, and the date of incarceration. The jail inmates' SSNs had been verified by the Social Security Administration's verification system during our previous review.

We matched the verified SSNs of prisoners in each state or local prison with the verified SSNs in the states' records of membership in food stamp households. For those prisoners identified as members of households, we determined the periods in which food stamp issuance and incarceration coincided. We estimated the dollar value of food stamps issued to households with participating prisoner members by applying the state's average monthly issuance per individual recipient from 1995 to each period where incarceration and issuance coincided. 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 prisoner participating in a household, unless he or she is the only member of a household. Even then, the amount will vary from individual to individual, depending on factors such as income, assets, and the cost of shelter. Therefore, we relied on the average monthly benefit issuance per person in the locations we reviewed, which ranged from a high of \$78.84 in New York State to a low of \$68.89 in Los Angeles County.

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 incarceration to be an overpayment. Furthermore, if a prisoner was admitted on or after the tenth day of the month, we did not consider issuance in the following month to be an overpayment. We prorated the average monthly issuance to determine the overpayment for days incarcerated in the month of discharge.

Because of the quality control program operated by USDA's Food and Consumer Service (FCS) and the states' ongoing quality assurance efforts, we accepted the computerized food stamp data as reliable. The prison data, such as dates of incarceration and release, would have been very

¹Supplemental Security Income: SSA Efforts Fall Short in Correcting Erroneous Payments to Prisoners (GAO/HEHS-96-152, Aug. 30, 1996).

difficult to verify within the time frames of this audit because these data are sensitive, dispersed within the states, or not available in hard copy. State prison officials attested to the reliability of the admission and release data. They said that because these data are critically important, they are under the constant scrutiny of the courts, law enforcement authorities, and inmates. In our previous study of prisoners receiving supplemental security income, we verified a random sample of jail data and found the data reliable.

To determine why prisoner participation was not detected, we asked FCS to identify state or local agencies that collect prison data and compare that data with data on food stamp recipients to identify prisoner participation. To discuss and review policy and procedures for verifying applicant data and any subsequent changes, we visited state agency officials in Sacramento, California; Tallahassee, Florida; Albany, New York; and Austin, Texas. We discussed fraud detection programs, quality control and assurance efforts, and methods of food stamp issuance with state officials. In addition, we visited social service administrative and service centers in the four large metropolitan areas we selected for review. At each location we observed and discussed the food stamp application, data verification, certification and recertification process. We discussed local fraud detection efforts and observed the food stamp issuance process.

To determine whether computer matching can be an effective method for identifying prisoner participation, we discussed with agency officials in each of the states we visited the cost, quality, savings, and barriers to matching inmate data with state food stamp data. At the social service centers we visited, we discussed the quality of the matches and observed the follow-up process. To identify the effort associated with data matching to identify prisoner participation, we identified the time used by our programmer to develop and implement the match programs and reviewed a cost study performed for FCS regarding similar matching routines.

Social Security Administration’s Verification Process Significantly Increased the Number of Valid SSNs

Verification of prisoners’ SSNs by the Social Security Administration’s EVS significantly increased the number of valid SSNs that we could use in our matches. The state prison systems provided us with available SSNs for all prisoners incarcerated in a state facility for all or any part of 1995. Therefore, this table contains more prisoner data than table I.1, which contains data from one point in time. As shown in table III.1, over 60 percent of 522,525 prisoner SSNs were validated as accurate and usable as submitted. EVS identified an additional 120,525 valid SSNs for prisoners by comparing submitted prison data (SSN if available, date of birth, name, and gender) against information contained in Social Security Administration records. This comparison yielded numbers not contained in the prison records, corrected transposition errors, and substituted correct numbers for invalid numbers. Because of the Social Security Administration’s confidence in, and the historical reliability of the EVS process, we accepted these additional validated SSNs for use in our match process. Similarly, the SSNs for local jail prisoners had been validated through EVS.

Table III.1: Results of the EVS’ Social Security Number Validation, by State

SSN validation status	California	Florida	New York	Texas	Total
Correct as submitted	110,013	60,774	51,287	97,765	319,839
Correct SSN identified	41,496	12,536	20,880	45,613	120,525
Subtotal	151,509	73,310	72,167	143,378	440,364
Not validated	34,828	8,924	20,612	17,797	82,161
Total	186,337	82,234	92,779	161,175	522,525

Sources: California Department of Corrections, Florida Department of Corrections, New York State Department of Correctional Services, Texas Department of Criminal Justice, and the Social Security Administration.

Comments From the U.S. Department of Agriculture



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FEB 18 1997

Mr. Robert A. Robinson
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Dear Mr. Robinson:

This letter provides Agency comments on the Draft Report, Food Stamps: Prisoners Counted As Household Members Results In Millions In Overpayments. We appreciate the opportunity to review the draft and for the full discussion of the audit provided by the exit conference the General Accounting Office (GAO) held with the Agency February 6, 1997. We agree with the audit results and will implement its recommendations.

The Food and Consumer Service (FCS) fully supports the GAO's recommendation that more matching be done between prison rolls and Food Stamp Program (FSP) recipients rolls. As the GAO notes, some States are already checking certification roles against prison rolls, and FCS will promote expansion of these activities to implement the GAO's recommendation "that the Secretary of Agriculture actively encourage States to implement periodic computer matches of data on State and local prison inmates with data on participants in the FSP." Upon release of the audit report, FCS will 1) immediately write States publicizing the GAO findings and recommending adoption of prison roll matching in the FSP and 2) during the next year sponsor working sessions at appropriate conferences of State FSP managers to allow the sharing of best practices so that States may adopt cost-effective methods of prisoner data matching.

The audit was well done and contains excellent recommendations. However, we do request two changes. First, a title highlighting "Millions" will suggest much bigger losses than in fact occurred and is, therefore, misleading. The losses identified in the four States where matching was conducted represented only about .04 percent (.0004) of all benefits issued during the period by those four States. "Millions" tend to suggest a much bigger number than the \$3.5 million the audit actually documented.

A second suggestion aims to correct an impression made in the current draft that the FSP is not sufficiently concerned about integrity issues in the certification process. I do not believe this to be the case. In fact, many certification procedures are adopted specifically to enhance payment accuracy. For example, the names and social security numbers of all household members are obtained and their

Appendix IV
Comments From the U.S. Department of
Agriculture

identities verified. Furthermore, quality control monitors the adequacy of certification controls by using additional methods of verifying household composition.

In light of our commitment to increasing payment accuracy, we appreciate GAO's reference to our The Income and Eligibility Verification System (IEVS) Targeting Demonstration, Findings and Guidelines for State Food Stamp IEVS Programs, Final Report. Both the GAO audit and our own studies help us in our work with States by providing State managers with objective information on the payoff of matching efforts.

In conclusion, we will agree that additional 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,



William E. Ludwig
Administrator

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