

GAO

Report to the Chairman, Committee on
Agriculture, Nutrition, and Forestry, U.S.
Senate

August 1998

FOOD STAMP OVERPAYMENTS

Households in Different States Collect Benefits for the Same Individuals





B-280311

August 6, 1998

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

Dear Mr. Chairman:

During the last 2 years, we have responded to the Committee's interest in identifying ineligible individuals who are improperly participating in the Food Stamp Program administered by the U.S. Department of Agriculture (USDA). In 1997 and 1998, we reported that millions of dollars in food stamp overpayments in four states were caused by counting thousands of inmates of correctional institutions and thousands of deceased individuals as household members.¹ In these reports, we recommended several actions, including the use of automated systems, to identify such ineligible participants. In response to your request, this report focuses on individuals who were included as members of recipient households in more than one state during the same period, a problem referred to as "duplicate participation." Because many states already compare information with neighboring states to identify duplicate participation, we focused on duplicate participation in widely separated states.

Specifically, we (1) determined how many individuals were included as members of food stamp households in more than one state during 1996 and the estimated value of the benefits that were improperly issued to those households, (2) determined how these individuals could be improperly included without being detected, and (3) identified an option for detecting or preventing future food stamp overpayments caused by such duplicate participation.

To identify individuals concurrently counted as members of households receiving food stamps in more than one state, we conducted a computer match comparing calendar year 1996 food stamp rolls of four states (California, Florida, New York, and Texas) against one another.² These

¹Food Stamps: Substantial Overpayments Result From Prisoners Counted as Household Members (GAO/RCED-97-54, Mar. 10, 1997) and Food Stamp Overpayments: Thousands of Deceased Individuals Are Being Counted as Household Members (GAO/RCED-98-53, Feb. 13, 1998).

²We used the 1996 participation information obtained in our earlier review of food stamp participation by deceased household members because it was readily available and the time required to obtain more current data could have delayed our review significantly. Because California does not maintain statewide participation information, we used state eligibility information in our match. For California, we determined that eligibility for the program is representative of actual participation (see app. III).

four states account for 35 percent of the nation's participants in the Food Stamp Program. (See app. I.) To provide the highest level of confidence that our analyses resulted in valid matches, we used only those matches that (1) met the most stringent criteria used by the Social Security Administration (SSA) to verify Social Security numbers and (2) showed that food stamp benefits were issued to the households on behalf of the same person during the same month or months.

Results in Brief

Among the four widely separated states we reviewed, we identified over 20,000 individuals who were potentially improperly included in food stamp households in at least two of those four states at the same time during calendar year 1996.³ While we cannot estimate the potential amount of overpayments nationwide due to this duplicate participation, the households in those four states improperly collected an estimated \$3.9 million in food stamp benefits. Additional evidence of the scope of this problem is indicated by a September 1997 Department of Health and Human Services computer match of 15 states and the District of Columbia, which found 18,000 potential cases of duplicate participation in the public assistance programs, including food stamps.

Interstate duplicate participation goes undetected because there is no national system to identify food stamp participation in more than one state. Welfare reform legislation of 1996 contains work requirements for the Food Stamp Program and time limits for Temporary Assistance for Needy Families that can be fully enforced only by interstate tracking of participation in public assistance programs. However, the law does not require a national tracking system to be established, and no federal agency is responsible for creating a national system to facilitate such tracking.⁴ Although the states have been working individually to modify their systems to meet welfare reform requirements, few states have made progress in developing automated systems to track participation outside their borders. While states may currently learn of some duplicate participation from the Social Security Administration or through their own matching efforts with neighboring states, they rely primarily on applicants and clients to truthfully identify who resides in their households.

³We did not conduct a field investigation to determine the specific circumstances of each match and therefore cannot say with 100 percent certainty that duplicate participation occurred. However, for each duplicate participant, the Social Security number, name, and date of birth matched between states in their computerized benefit issuance records for the same month(s).

⁴Report to Congress on Data Processing and Case Tracking in the Temporary Assistance for Needy Families Program, Department of Health and Human Services, Dec. 1997.

In the absence of a comprehensive national database or information system to track participants receiving public assistance, creating a USDA-managed system to collect and disseminate information on national participation in the Food Stamp Program could provide an efficient and effective means to identify duplicate participation and help prevent food stamp overpayments. Rather than relying on states to individually develop programs to identify and prevent duplicate participation, it would be more efficient for USDA to develop a single nationwide system. Once established, such a system could be expanded to track additional information that would help states enforce welfare reform provisions relating to food stamps, such as recipients' work history and their length of time in the 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 nutritional levels of low-income families. Recipients use their food stamp benefits to purchase allowable food products from authorized retail food merchants. USDA's Food and Nutrition Service (FNS) manages the Food Stamp Program through agreements with state agencies. FNS approves the states' plans to operate the program and ensures that states administer the program in accordance with regulations. The federal government pays all of the costs for benefits and one-half of the administrative costs for each state. In fiscal year 1997, USDA provided over \$21 billion in benefits to about 23 million participants and paid the states, U.S. territories, and the District of Columbia about \$1.8 billion to administer the program.

Food stamps are issued to households, which can be an individual, a family, or another group that lives together and customarily purchases and prepares food in common. Households applying for benefits must provide a Social Security number for each 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 shelter and utilities. Therefore, a household's monthly food stamp allotment increases with each additional member, provided income limits are not exceeded. The average monthly benefit per household member in 1996, which varied by state, was about \$73 nationally, but the benefit could have been as much as \$122 for a single-person household.

Eligibility workers in service centers work directly with applicants or their representatives to certify household eligibility and determine the amount

of benefits at the time of the application and at least annually thereafter. Households that receive food stamps are required to report changes in household membership, such as the loss or the addition of a member, to the administering state or local agency.

Generally, the service centers maintain the clients' detailed case records while the computerized eligibility and benefit issuance data are maintained at the state or the local level. State agencies in Florida, Texas, and New York maintain both types of data, while California's state agency maintains the information on eligibility and its counties maintain the information on benefit issuance.

Each state is required to establish a performance reporting system to monitor its food stamp program, including a quality control review process to help ensure that benefits are issued only to qualifying households and that the amounts of these benefits are correct. Federal regulations (7 C.F.R. Ch. II, part 273.3) specify that no individual may participate as a member in more than one food stamp household or in more than one area in any month.⁵ This regulation also applies to participation in more than one state. State agencies are responsible for imposing penalties for violations of program requirements, such as the receipt of multiple food stamp benefits, and for recovering food stamp overpayments.⁶

Duplicate Participation May Cost Millions in Overpayments

In the four states we examined, about \$3.9 million in food stamp benefits were provided during calendar year 1996 to households in different states that may have simultaneously included the same individuals as members. Table 1 summarizes the number of potential duplicate participants we identified in the six possible pairings of the four states we reviewed. The California and Texas pairing produced the largest number of duplicate participants, while the New York and Texas pairing produced the fewest. In total, we identified about 20,000 duplicate participants.

⁵The only exception is an individual who is a resident of a shelter for battered women and children and was a member of a household containing the person who had abused him or her. While some of the duplicate participants we identified may have been in these circumstances, no such cases were identified in our review of sample files in each state.

⁶The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, 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. Furthermore, individuals that fraudulently misrepresent their identity or residence to receive multiple food stamp benefits are disqualified for 10 years.

Table 1: Extent of Potential Duplicate Participation, Calendar Year 1996

States matched	Number of duplicate participants	Total months of duplicate participation	Estimated overpayments (in thousands)
California and Texas	7,744	16,022	\$1,145
Florida and New York	6,065	20,991	1,682
California and Florida	2,521	4,965	364
Florida and Texas	2,016	4,026	316
California and New York	885	3,248	242
New York and Texas	813	2,371	186
Total	20,044	51,623	\$3,935

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

The individuals we identified in our match were members of households of varying sizes, some with multiple members and some with a single member—the individual was the household. Households with multiple members may have (1) fraudulently listed an individual as a member when applying or (2) neglected to report that the individual was no longer in the household, resulting in the continued issuance of benefits on the presumption that the individual was still present in the home. For single-member households, the individual or the individual’s authorized representative (or someone posing as the individual or representative),⁷ may have applied for and obtained food stamp benefits in one or more states. For our match, we did not determine whether the duplicate participation was the result of inadvertent or intentional actions by the household, nor did we determine which state each individual actually resided in during the months of duplicate participation.

We found that duplicate participation was generally concentrated in a relatively small number of counties in each state. (See app. II.) Such information may help states determine where to focus their efforts, such as intensifying the screening of applicants, to reduce duplicate participation. While counties with the most duplicate participation were generally also those with the greatest number of program participants in each state, we did find some exceptions. For example, New York City, which has about 65 percent of the state’s food stamp participants, had the fifth highest number of duplicate participants, while Monroe County, New

⁷All food stamp applicants have the right when they apply to specify an authorized representative to act on their behalf, including receiving their food stamp benefits.

York, which has only about 4 percent of the state's food stamp participants, had the most duplicate participants.

While we focused our analysis on duplicate participation in the Food Stamp Program, such participation may be indicative of similar problems in other public assistance programs administered by the states. In our review of the sample case files in each of the four states we visited, we found that some duplicate food stamp participants were also participants in other benefit programs in those states, including Aid to Families With Dependent Children (now Temporary Assistance to Needy Families (TANF) and general assistance. Similarly, FNS reported in its 1996 study of the characteristics of households receiving food stamps that 52 percent of the recipients also received family aid and general assistance benefits.⁸

The possibility of duplicate participation in multiple benefit programs is consistent with a September 1997 analysis by the Department of Health and Human Services (HHS). In a one-time interstate computer match of information provided by 15 states and the District of Columbia, HHS identified 18,000 potential cases of duplicate participation in various public assistance programs (the match was based on participation information that was voluntarily provided by state agencies for the single month of August 1997). HHS compared the Social Security numbers, surnames, and dates of birth of the participants in each of the 15 participating states and the District of Columbia against those of the other participating states. All cases in which at least the Social Security numbers matched between states were considered to potentially indicate duplicate participation. HHS referred all such cases to the states for follow-up and for each client listed the programs that provided benefits, such as TANF, food stamps, general assistance, Medicaid, and Supplemental Security Income (SSI), and indicated when the client had participated in each program. Because the states had not reported the results of their follow-up efforts as of May, 1998, HHS could not provide information on the actual extent of duplicate participation identified by that computer match.

⁸Characteristics of Food Stamp Households: Fiscal Year 1996 (Advance Report), USDA, Food and Consumer Service (now known as Food and Nutrition Service), Office of Analysis and Evaluation, Oct. 1997.

Lack of Comprehensive Information Allows Duplicate Participation

Individuals included in food stamp households in more than one state escape detection because there is no comprehensive national system to identify food stamp participation in more than one state. Each state is responsible for establishing a system to ensure that no individual participates in more than one household simultaneously within its borders. The Congress, recognizing that the 1996 welfare reform legislation, which contains work requirements for the Food Stamp Program and time limits for TANF, would necessitate tracking participation across states, asked HHS to study how these requirements would be implemented.⁹ In December 1997, HHS reported to the Congress that most states had not begun planning how to track participation from one state to another. Furthermore, no federal agency has overall responsibility for creating a national database or information system to facilitate such tracking.

In the absence of such a system, states must rely primarily on applicants to truthfully report the individuals who are members of their households, not include individuals physically residing in another state or household, and notify them of any subsequent changes. SSA provides some information to the states under certain circumstances when recipients of SSA's Retirement, Survivor and Disability Insurance (RSDI) or SSI move to a different state; however, few food stamp participants receive RSDI or SSI.¹⁰ In addition, 22 states conduct duplicate participation matches with other states; however, these matches are not comprehensive, generally including food stamp and other public assistance benefit programs of only neighboring states.

No National Database of Food Stamp Participants Exists

There is no national database or information system from which states can obtain comprehensive information on participation in public assistance programs, including the Food Stamp Program. Although certain provisions of the welfare reform legislation of 1996 cannot be fully enforced without interstate tracking of participation in public assistance programs, most states have not begun planning how to track and thus prevent duplicate participation, and no federal agency has overall responsibility for creating a national database or information system to facilitate such tracking.

⁹The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193.

¹⁰RSDI is an insurance program, principally funded out of dedicated employment taxes, that pays monthly benefits to retired and disabled workers, their dependents, and survivors to replace income that is lost to a family through the retirement, the death, or the disability of a worker who has earned protection against these risks. SSI provides a minimum cash income to all aged, blind, or disabled individuals with limited resources.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (hereafter referred to as the Welfare Reform Act), among other things, places a lifetime limit on TANF benefits, whether provided in one or multiple states, that an individual may receive.¹¹ To implement this provision, states must track information on clients receiving these benefits, not only within their own jurisdictions, but across state boundaries as well. Recognizing the potential impact of the legislation on information systems and capabilities within and among the states, the Congress directed HHS to prepare a report that would address (1) the status of automated data-processing systems operated by the states to assist in welfare administration and (2) the requirements to establish a system to track participants in public programs over time and check state records to determine whether individuals are participating in welfare programs in two or more states.

In December 1997, HHS reported to the Congress that significant modifications to the states' automated systems were needed to respond to the requirements of the Welfare Reform Act. Furthermore, a November 1996 HHS survey of all the states; the territories of Guam, Puerto Rico, and the Virgin Islands; and the District of Columbia found that little progress had been made to meet those requirements. Specifically, 78 percent of the survey respondents stated that no progress had been made in developing an automated system to track and help prevent duplicate payments of benefits among the states, 11 percent indicated that they were in the planning stage, and the remainder indicated that they were in a more advanced (developmental or operational) stage. Several respondents also recommended establishing a national database to facilitate interstate tracking.

While HHS' report identified five potential systems that could be developed for interstate tracking, the report did not recommend developing any specific system. Instead, the report offered several approaches that the Congress could consider should it decide to pursue developing such a system. When a system might be implemented is uncertain, because HHS' Director of State System Approvals told us that the Department does not intend to independently implement a national interstate tracking system for public assistance programs without guidance and funding from the Congress. Furthermore, as HHS reported, no other agency, public or private, federal or state, has been designated to pursue this goal.

¹¹In addition to changing the requirements for the Food Stamp Program, the Welfare Reform Act replaced Aid to Families With Dependent Children with TANF, a program of limited-term financial assistance, which is administered by HHS.

States Rely Heavily on Clients to Provide Accurate Information

Most public assistance agencies rely primarily on food stamp applicants to truthfully identify household members, not include individuals that physically reside in another state or household, and report subsequent changes, such as the change of residence of a household member. Controls over determining household composition are not as rigorous as they could be because the Food Stamp Program must balance the issues of the clients' convenience, administrative simplicity, and payment accuracy. A household that wishes to receive benefits must present an application listing all the members of that household and their Social Security numbers and provide information about their income and other eligibility factors. The applications include questions designed to determine whether the applicant is receiving benefits elsewhere, for example, another county or state.¹² Eligibility workers review this information, interview a household representative, obtain identification documents (such as a driver's license from the representative), certify the eligibility of household members, and determine the amount of benefits. In addition, they recertify the household at least annually. At no time are all household members required to appear and present identification; however, clients are responsible for identifying changes in household membership.¹³

According to FNS, which identifies overall error rates for each state by reviewing a random sample of cases, client errors or misrepresentations contribute significantly to incorrectly issued benefits, particularly when an overpayment occurs. In 1996, FNS reported that about 7 percent or \$1.5 billion of the \$22 billion of benefits issued nationwide were overpayments and that 57 percent of overpayments were attributable to intentional or unintentional inaccuracies in client-provided information. (Errors also resulted in underpayments of about \$518 million in fiscal year 1996.)

Nevertheless, FNS' regulations do not require verification of client-provided information on household membership, unless the caseworker deems the information "questionable." The regulations allow each state agency to develop guidance for identifying questionable information. In the four 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

¹²In addition, all but one of the states we visited had implemented fingerprint imaging of certain clients to prevent duplicate public assistance program participation within the state or specific jurisdictions within the state.

¹³Almost 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 them. Households with earned income in New York must report changes quarterly; all others must report changes within 10 days.

eligibility workers. Consistent with its practice of allowing states flexibility in administering the program, FNS does not require the states to match client information such as Social Security numbers with those of clients on the food stamp rolls in other states.

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.

The Social Security System Provides Limited Information on Interstate Movement

Currently, SSA is the only central national source to inform states when an applicant or client may be participating in the Food Stamp Program (or any other public assistance program) in another state. SSA verifies the Social Security numbers of applicants to public assistance programs, including the Food Stamp Program, and notifies the states if applicants are receiving SSA benefits so their incomes can be verified. States submit information about the applicants (specifically, name, date of birth, and Social Security number) and receive from SSA notification of verification (or nonverification) of the Social Security number and the current status of SSA payments associated with that number.

After initial verification, SSA automatically notifies the state of subsequent changes in the status of RSDI and SSI beneficiaries, including a change in state of residence. If an RSDI beneficiary applies for public assistance programs in a new state of residence and that state requests verification from SSA, the system will automatically (1) notify the state that submitted the Social Security number for verification that the number has previously been submitted by another state and (2) notify the state that originally submitted the number that another state has submitted the same number. However, this notification is provided only if the Social Security number belongs to an individual already receiving RSDI payments. According to a report by FNS on the characteristics of fiscal year 1996 food stamp households, only about 13 percent of the members of households receiving food stamps were also receiving RSDI benefits.

When an SSI beneficiary moves from one state to another, SSA automatically notifies the former state of residence and the new state of residence. However, the state that the beneficiary left does not automatically receive the new address nor does the new state of residence automatically receive the previous address. As with RSDI, SSA provides information only on individuals receiving SSI payments. According to FNS' report on the characteristics of households receiving food stamps during fiscal year 1996, only about 19 percent of the members of those households were SSI recipients.

States' Matching Efforts, While Useful, Rely on Limited Data

In the absence of a comprehensive national database or information system, some state agencies have successfully employed their own computer matches to identify applicants or clients who are included in food stamp households in other states; however, the effectiveness of these matches is limited by the data they have access to. According to FNS, 22 states currently perform a routine computer match between their food stamp rolls and the food stamp rolls of at least one other state. All of the states we visited—California, Florida, New York, and Texas—have established a matching program between the state's public assistance rolls (for all assistance programs, not just food stamps) and the public assistance rolls of selected states, usually those on their borders. Of those states, New York conducts the most extensive matching, comparing information with five border states, as well as with Florida, Virginia, and Puerto Rico.

Texas' public assistance duplicate participation match is characteristic of the neighboring-state matches conducted in the states we visited. Texas conducts a quarterly match for all the public assistance programs it administers, including food stamps, using computer tapes provided by the bordering states of Oklahoma, Louisiana, and New Mexico, and is in the process of establishing a match with Arkansas. Texas sends a tape of participants to each of the other states on the same quarterly schedule so that they can conduct their own matches. Texas established the data exchange for each match through a separate memorandum of understanding negotiated with each state. Aside from some initial system compatibility and data reliability problems, Texas officials have found the matches to be simple, low-cost routines to maintain and are satisfied with the results. A Texas state official estimated that computer matches of Texas and Oklahoma public assistance programs for the first two quarters of fiscal year 1998 identified 715 potential duplicate participants.

While computer matching to identify duplicate participants in neighboring states is useful, the effectiveness of such matches is limited to those states that agree to share data. States generally establish cooperative agreements to exchange data only with border states, because (1) they are the most accessible to clients and therefore considered the most likely place for clients to be included in another household and (2) establishing cooperative agreements requires significant administrative effort.¹⁴ While many states are able to establish data exchange agreements with border states, state officials told us of several cases in which states declined to participate in a duplicate participation matching effort because they had higher-priority issues to work on.

Furthermore, our findings of duplicate participation and HHS' similar findings involving remote states show that matching between neighboring states goes only part of the way towards identifying improper payments. For example, HHS' analysis identified more than 7,000 potential cases of participants in public assistance programs in California who also participated in public assistance programs in at least 1 of the 14 other states examined and the District of Columbia. None of the other states shares a border with California.

A National Database of Food Stamp Program Participants Would More Effectively Prevent Duplicate Participation

Instead of establishing 50 state-matching programs, it would be more efficient and practical to establish one comprehensive national database of information on food stamp participation that could help states determine if an applicant or recipient is already receiving benefits in another state. Until a national system to track all participation in public assistance programs is established to assist states in enforcing welfare reform provisions, a national database of food stamp participation information could be used to detect and prevent duplicate participation at the time of application, thereby obviating the process of recouping overpayments.

FNS already maintains a national database of disqualified food stamp recipients to help states keep individuals who have previously violated program restrictions from reenrolling. Experience with using this system could provide FNS with information to use in developing a system that covers all food stamp recipients.

¹⁴To protect the confidentiality of information obtained from food stamp applicants or recipient households, FNS' regulations (7 C.F.R. 272.8 (a)(4)) require state agencies to enter into data exchange agreements before exchanging food stamp data. These agreements limit the disclosure of such information to persons directly connected with the administration or the enforcement of the Food Stamp Program and other federal assistance programs (7 C.F.R. 272.1 (c)(ii)).

National Information on Participation Could Help Prevent Overpayments

Recent statements of the FNS Administrator emphasize the agency's support for activities that improve the integrity of the Food Stamp Program and that help preclude making overpayments. In April 1998 testimony, the Administrator stated that FNS' focus is on prevention—barring recipients who would abuse the program from getting an opportunity to do so.¹⁵ The Administrator also stated that critical to the success of FNS' activities to combat fraud is its interaction and exchange of information with states. The Administrator also noted that GAO's reports, most recently focusing on using computer matching to identify imprisoned and deceased individuals improperly included in Food Stamp Program households, have identified cost-effective ways for states to use information systems to improve the program's integrity.

Consistent with the Administrator's comments, the Office of Management and Budget's (OMB) report in January 1997 pointed out the savings government benefit programs could achieve through improved access to information.¹⁶ According to the report, timely and intelligent data sharing could significantly improve the ability of federal and state agencies to make more accurate and faster initial and ongoing eligibility determinations. The report also found the following:

- Improved mechanisms to provide accurate information to eligibility workers would help prevent overpayments and improve service to clients.
- Data sharing at the time of application could change enforcement efforts from a "pay-and-chase" mode to one that would be more proactive and efficient.
- Such a proactive system could increase public confidence in the administration of benefit programs.

However, without a national database of food stamp participants, preventing duplicate participation is difficult. Usually, eligibility has been certified and benefits have been issued before a state discovers duplicate participation. As a result, the state is forced into the "pay-and-chase" mode to try to recoup overpayments.

¹⁵Testimony of Yvette S. Jackson, Administrator, FNS, USDA, Before the Senate Committee on Agriculture, Nutrition, and Forestry, Apr. 23, 1998.

¹⁶Strategies for Efficiency: Improving the Coordination of Government Information Resources was issued by the Benefit Systems Review Team, an interagency effort to find ways to enhance the integrity of federal and state benefit programs and reduce fraud and administrative costs through better coordination and use of information systems.

FNS Has Experience Managing a National Database of Disqualified Food Stamp Recipients

While FNS does not currently collect participation information nationwide, it does make the records from USDA's Disqualified Recipient Subsystem—a database that compiles the records of individuals disqualified from participation for intentionally violating the rules of the Food Stamp Program—available to help states identify these individuals across state borders. To determine the correct penalty to assign violators, states must check this database for their history. The lessons learned in the development and operation of this information system could be useful to FNS in developing a system that covers all food stamp recipients.

Creating a system to identify duplicate participation is most appropriately within FNS' realm of responsibility, and, given the potential scope of this problem that we and others have identified, would go far to help ensure the integrity of its Food Stamp Program. Developing such a system would require FNS to develop the systems software and to coordinate the flow of information to and from the states, as well as to provide oversight to help ensure that the states take the appropriate actions.¹⁷ With regard to state follow-up costs, a 1995 FNS study of the cost of states' computer matching with government agency databases concluded that data-processing costs for the comparison 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 they were overpayments.

While initially serving to identify duplicate participation, a national database or information system on food stamp participation could be expanded to also help the states track the requirements for food stamp eligibility under the Welfare Reform Act (e.g., the limitation on benefits to 3 months in a 36-month period for able-bodied adults who do not work). Furthermore, by connecting it to other databases, such as those containing records on prisoners or deceased persons, this national information system could evolve into a comprehensive database to help state agencies verify eligibility for food stamps.

According to FNS officials, other than an ongoing USDA Office of Inspector General review of six states,¹⁸ the Department has not conducted any reviews to determine if interstate duplicate participation has occurred. In the absence of evidence of the need for a national database of food stamp participation information, USDA has not considered creating such a system.

¹⁷Such a system would also have to protect the confidentiality of information obtained from food stamp applicant and recipient households.

¹⁸USDA's Office of Inspector General is currently reviewing duplicate participation among six neighboring midwestern states; the results of this review are not yet available.

In our discussions with FNS regarding how it would help prevent interstate duplicate participation by food stamp beneficiaries, FNS was reluctant to discuss any possible solutions, including the potential benefits or drawbacks of creating a national database, until FNS has conducted a detailed analysis of the issue.

Conclusions

The duplicate participation by members of food stamp households in more than one state undermines the credibility of the Food Stamp Program and results in millions of dollars of overpayments. Conventional methods that have been used by state agencies to detect such individuals have primarily focused on neighboring states and thus have not been fully effective. While the need for a national information system to track recipients in all public assistance programs, including food stamp recipients, among the states has been recognized, the timing for implementing such a system is unknown.

Given our findings of potential duplicate participation in four widely separated states, as well as similar findings by HHS, we believe that creating a national system to collect, analyze, and disseminate information on participation in the Food Stamp Program would be an effective way to provide the states with the information they need to help prevent duplicate participation. Such a system should allow the states to identify duplicate participation in their current rolls and provide a means for them to check on the participation status of applicants, thereby preventing future duplicate participation and overpayments. Furthermore, this system could also be expanded to help states better enforce the 1996 welfare reform requirements for food stamps as well as identify ineligible participants, such as prisoners and deceased individuals.

Recommendation to the Secretary of Agriculture

In the absence of a comprehensive national information system on participants in all public assistance programs, we recommend that the Secretary of Agriculture direct the Administrator of FNS to consider establishing a central system to help ensure that individuals participating in the Food Stamp Program are not being improperly included as household members in more than one state concurrently. As part of this effort, FNS should conduct a feasibility study to identify options and provide a cost-benefit estimate for each option.

Agency Comments

We provided a copy of a draft of this report to the U.S. Department of Agriculture for review and comment. Its comments and our responses are in appendix IV.

In commenting on the draft report, Department officials stated that our work provided a foundation for further action in preventing duplicate participation in the Food Stamp Program. They noted that despite the low rate of duplicate participation in relation to total participation identified by our analysis, duplicate participation is a violation of law and program regulations that must be detected and prevented. They agreed that exchanging information through computer matching holds great promise, but noted that information systems that will be used for computer matching must be implemented thoughtfully. FNS officials said they intend to conduct a feasibility study that would identify design options and provide a cost-benefit estimate for each option. We agree with this approach and have revised our recommendation to explicitly recognize the need for a feasibility study.

We also provided excerpts from the draft report to California, Florida, New York, and Texas state officials for their review and comment. California officials noted that there were relatively small numbers of duplicate participants in comparison with the total number of participants in the Food Stamp Program. Florida officials commented that our findings demonstrated the need for a national database to provide program participation information to states. Texas officials said that follow-up investigations of the match results would be needed to determine the extent to which they actually represented overpayments. New York state officials questioned the number and the validity of the matches we identified between New York and Florida based on the results of their own matching efforts. Specifically, they identified fewer matches—fewer potential duplicate participants—annually. Furthermore, they determined that many of these initial matches were invalid upon additional investigation. While we did not conduct a detailed evaluation of New York's matching process, we are aware of methodological differences, including our use of more stringent matching criteria, which could account for differences in results. Because of our knowledge of New York's methodology, we continue to believe that our work provides a valid picture of duplicate participation. See appendix III for our methodology.

We conducted our work from February 1998 through July 1998 in accordance with generally accepted government auditing standards. Our detailed methodology is presented in appendix III.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies of this report to appropriate congressional committees, Members of Congress, and other interested parties. We will also make copies available to others on request.

Major contributors to this report are listed in appendix V. If you have any questions about this report, please contact me at (202) 512-9692.

Sincerely yours,

A handwritten signature in black ink, reading "Lawrence J. Dyckman". The signature is fluid and cursive, with the first name "Lawrence" and last name "Dyckman" clearly legible.

Lawrence J. Dyckman
Director, Food and
Agriculture Issues

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Abbreviations

EBT	electronic benefit transfer
FNS	Food and Nutrition Service
HHS	Health and Human Services
OMB	Office of Management and Budget
RSDI	Retirement, Survivor and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
USDA	U.S. Department of Agriculture

Information on the Food Stamp Program’s Costs, Participants, and Benefits in Four States

In fiscal year 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: The Food Stamp Program’s Benefit Costs, Participants, and Average Monthly Benefit Per Participant by State, Fiscal Year 1996

Costs and participants in millions			
State	Costs of food stamps	State participants	Average monthly benefit per participant
California	\$2,555	3.1	\$67.73
Florida	1,296	1.4	78.72
New York	2,054	2.1	81.56
Texas	2,140	2.4	75.18
Total	\$8,045	9.0	
Program total	\$22,441	25.5	\$73.24

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

Information on County of Residence of Duplicate Participants

Identifying patterns of duplicate participation in the Food Stamp Program and other benefit programs could help public assistance agencies better target their resources to prevent fraud and abuse in the programs they administer. For example, we identified the counties in four states—California, Florida, New York, and Texas—where interstate duplicate participation occurred most frequently among them. In these four states, we found that the 10 most frequent counties of residence for duplicate participation accounted for most of such participants in each state —75 percent in California, 61 percent in Florida, 60 percent in New York, and 63 percent in Texas. While counties with the most duplicate participation were generally also those with the greatest number of program participants in their states, we also found some divergence. For example, New York City, which accounted for 65 percent of program participation in the state, was fifth for duplicate participation, while Monroe County, New York, which accounted for 4 percent of program participation was first for duplicate participation.

Table II.1: Most Frequent Counties of Residence for Duplicate Participants in Four States, Ranked From Most to Fewest Duplicate Participants, Calendar Year 1996

California	Florida	New York	Texas
Los Angeles	Dade	Monroe	El Paso
San Diego	Hillsborough	Suffolk	Harris
San Bernardino	Orange	Erie	Dallas
Sacramento	Broward	Westchester	Bexar
Riverside	Pinellas	New York City	Hidalgo
Kern	Polk	Onondaga	Cameron
Orange	Palm Beach	Nassau	Tarrant
Fresno	Duval	Orange	Travis
Alameda	Volusia	Oneida	Bell
Santa Clara	Osceola	Chautauqua	Nueces

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

Objectives, Scope, and Methodology

To determine how many individuals were included as members of more than one household that received food stamp benefits during the same time period and the estimated value of the benefits that were issued to those households, we matched the food stamp records of each of the four states with the largest benefit issuance in the Food Stamp Program against each other. We used the states' data as follows:

- State welfare agencies in Florida, New York, and Texas provided us with computer files containing information on all members of households and the amount of food stamp benefits issued to those households during calendar year 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 while 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. Texas state officials provided electronic benefit transfer (EBT) data for a selected sample of 75 cases.¹
- In California, where issuance data is maintained at the county level, we determined that eligibility was predictive of participation in two counties, so we used the state's eligibility information in lieu of issuance data for our match.²

We matched the verified Social Security numbers of members of food stamp households in each state with those of members of food stamp households in each of the other three states. For each individual identified as a member of households in more than one state, we determined the periods during which food stamps were issued to both (or, in a few cases, as many as three) households for that individual. For double participation, we estimated the dollar value of the improperly issued food stamps by applying the average of the two states' average monthly issuance per individual recipient from fiscal year 1996 to each period in which issuance occurred concurrently in the states. (See table III.1.) Triple participants were treated as double participants in each set of states where we found them. Our findings cannot be used to estimate potential overpayments nationwide, because our methodology was not designed for that purpose.

¹Under EBT systems, 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.

²In 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.

Table III.1: Average Monthly Benefit for State Pairs, Fiscal Year 1996

	California	Florida	New York	Texas
California	\$67.73 ^a	\$73.23	\$74.65	\$71.46
Florida	73.23	78.72 ^a	80.14	76.95
New York	74.65	80.14	81.56 ^a	78.37
Texas	71.46	76.95	78.37	75.18 ^a

^aSingle-state average.

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

Food stamp benefits are calculated for households, not for individuals. As such, it is difficult to determine the exact value of benefits issued to an 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 \$68 in California. We realize that the actual issuance may be higher or lower than our estimates; for example, the maximum issuance to single-member households who are included in our findings was \$119 in fiscal year 1996. Our estimates are intended to show the general magnitude of the problem.

We considered every month of duplicate issuance in more than one state to be an overpayment, in keeping with food stamp regulations (7 C.F.R. Ch. II, part 273.3), which specify that no individual may participate as a member in more than one household or in more than one area in any month. However, our estimates of overpayments were conservative in that we assumed that the individual was actually eligible to participate in one of the states.

Because of the quality control program operated by the Food and Nutrition Service and the states' ongoing quality assurance efforts, we accepted their 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 four large metropolitan areas—Los Angeles County, California; Dade County, Florida; El Paso County, Texas; and New York City. We compared the Social Security number and the date of birth of each individual in the computerized database with information in the relevant case files and found no significant differences. To further verify participation in the

household, we reviewed copies of available documents in the case files, such as birth certificates, drivers licenses, and Social Security cards. We attempted to obtain additional verification of the periods of participation and identify participation in other public assistance programs by reviewing approved applications; however, many case files did not contain complete information. To evaluate the extent to which individuals may be exempt from the prohibition on duplicate participation, we reviewed applications and other relevant documentation to determine if the individuals were residents of shelters for battered women and children.

For a sample of 75 Texas cases, we compared the computerized food stamp months of participation with EBT data showing the months that the benefit accounts were accessed to determine whether program participation had actually occurred, i.e., benefits had in fact been drawn out. The resulting analysis showed that benefits had been drawn from the EBT account within 3 months of being credited in 91 percent of the months for which Texas' computerized food stamp data indicated participation. This analysis attests to the accuracy of Texas' computerized participation data and indicates a high correlation between the availability of benefits and their use.

To determine why the inclusion of an individual in a food stamp household was not detected, we contacted state agency officials in Sacramento, California; Tallahassee, Florida; Albany, New York; and Austin, Texas, to discuss and review policy and procedures for verifying an applicant's data and any subsequent changes, including determining whether an applicant or client is a household member in another state. We discussed fraud detection and computerized data-matching efforts, quality control and assurance efforts, and methods of food stamp issuance with state officials. In the four large metropolitan areas we selected for review, we discussed local fraud detection and computerized data-matching efforts with officials at the state's social service agency.

To identify the options for detecting or preventing future food stamp overpayments caused by duplicate participation, we discussed with agency officials in each of the states we visited their opinions regarding the value of computer matching. We contacted state officials to determine the cost, the quality, the savings, and the barriers to computer matching to identify duplicate participation. 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, OMB, and HHS regarding the costs and the effectiveness of data-sharing and matching.

Comments From the U.S. Department of Agriculture

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



JUL 08 1998

**United States
Department of
Agriculture**

Food and
Consumer
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

Mr. Lawrence J. Dyckman
Director
Food and Agriculture Issues
Resources, Community, and Economic Development Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Dyckman:

Thank you for giving us an opportunity to review and comment on the draft report, entitled "Households in Different States Collect Benefits for the Same Individuals." The review examines whether duplicate participation exists to any measurable degree in non-neighboring States and the incidence of such occurrences. The report provides useful findings to the United States Department of Agriculture and State agencies.

We appreciate the work you have done on this subject; it lays a foundation for next steps towards preventing duplicate participation in the Food Stamp Program (FSP). We estimate, based on the General Accounting Office (GAO) computer match results, that there was a maximum duplicate participation rate of two tenths of one percent among participating individuals in the four States that GAO reviewed in 1996. In spite of this low rate of occurrence, clearly, duplicate participation is a violation of law and program regulations that must be detected and prevented. As we discussed with your staff on July 1, 1998, a decision to develop a national matching system requires; 1) additional information about the amount and nature of duplicate participation that is occurring and; 2) an understanding of the costs and benefits of alternative systems in the light of technology, privacy requirements and other uses by both the FSP and other assistance programs.

The 20,044 raw match hits have not been subject to field review by GAO, nor have they been given to States for their review, investigation, and follow up. A thorough review of the raw hits is necessary to identify the causes of the duplication and enable the focus of resources to appropriate solutions. We believe there to be a variety of situations that can result in duplicate participation including, but not limited to; worker failure to act (timely) on information that clients report to them, client failure to accurately and timely report changes in residence or household composition, client's lack of information about whether a new household member has previously participated in the program (e.g., a relative taking in children of another family member), individuals reporting children as household members when the children do not live with them, and individuals using assumed identities (such as social security numbers, name and date of birth of deceased individuals). Some of these situations may be preventable through better sharing of available information; others may require a different solution. A thorough review of the

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

raw hits would provide the additional information needed for us to identify appropriate operational alternatives to prevent, detect and recover from duplicate participation when it occurs.

See comment 1.

We caution against the GAO view that the existence of the national Disqualified Recipient Subsystem (DRS) will make it easier or less costly for FNS to develop a national data transfer system. We have determined that it would not be technically appropriate to attempt to modify DRS to accept an add-on module for duplicate participation monitoring. Our DRS experience tells us how difficult and costly the development, implementation and maintenance of national data transfer systems can be. Without current staff or resources to develop such a system, we will necessarily proceed cautiously.

See comment 2.

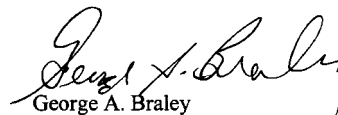
FNS is committed to increasing payment accuracy through the appropriate use of information technology. Systems developed to facilitate the exchange of information through computer matching hold great promise, but must be implemented thoughtfully. The development of any large scale database (an average of 22.8 million individuals participated in the FSP in each month during FY 1997), must involve a thoughtful process that includes an examination of all potential ways that the system might be developed and used. In addition, a decision to pursue a national database must take into account the results of the Department of Health and Human Services plans for the tracking of individual participation across State lines.¹

See comment 3.

We intend to fully explore the feasibility of a national data system. As a first step we will seek appropriate funding to undertake a feasibility study which would identify design options and provide a cost benefit estimate for each option. In the meantime, we request that GAO make available to the four reviewed States, information on each individual match hit so that action can be taken to determine if and why duplicate participation occurred, and to pursue any fraudulent activity and seek recovery of overpayments as appropriate.

Again, thank you for providing us with this very useful information. I hope our comments will be helpful as you prepare the final report. Please let me know if we can be of any further assistance.

Sincerely


George A. Braley
Acting Administrator

¹ HHS thinking on this matter is reflected in the 1997 report to Congress entitled " Temporary Assistance for Needy Families Report on Data Processing," August 1997

The following are GAO's comments on the U.S. Department of Agriculture's letter dated July 8, 1998.

GAO Comments

1. We have revised our report to delete any implication that the Department's Disqualified Recipient Subsystem might be modified to encompass a system for identifying duplicate participation. But we continue to believe that the lessons learned by the Department in developing and implementing the Disqualified Recipient Subsystem will be useful in creating such a system.
2. We agree that the knowledge and views of the Department of Health and Human Services regarding the development of a national database to track participation in assistance programs across state lines would be helpful to the Department in creating such a system for the Food Stamp Program. However, the Department should not delay its efforts in anticipation of action by another agency. A Department of Health and Human Services official told GAO that it does not plan to create a national system, nor is it responsible for doing so.
3. Because of privacy concerns, GAO does not usually release data on individuals resulting from computer matches. Most of GAO's computer matches have involved federal or federal and state databases. Under the Computer Matching and Privacy Protection Act, executive branch agencies must adhere to data integrity and privacy requirements before such computer matches can take place. Although not subject to the act, GAO has denied requests for GAO computer matches because providing the information would enable agencies to obtain data without adhering to the kinds of requirements contained in the act. However, in the present case, under the federal food stamp regulations, states can match food stamp recipient databases if there is an agreement in effect between the states which, for privacy concerns, limits their use of such information. If any of the states have matching agreements to share food stamp recipient information, we would, in this instance, consider providing the computer matches with a written undertaking that they would be subject to such agreements. This would ensure that confidentiality of such data would be maintained.

Major Contributors to This Report

Keith Oleson, Assistant Director
David A. Moreno, Project Leader
Leo N. Acosta
Brad L. Dobbins
Donald Ficklin
J. D. Hall
Jonathan Silverman

**Office of General
Counsel**

Alan R. Kasdan
Oliver Easterwood

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