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The Effect of Simplified Reporting on Food Stamp Payment Accuracy

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Summary

One of the more widely adopted State options allowed by the 2002 Farm Bill is simplified reporting – taken by more than 40 States. Simplified reporting was expected to improve program access and reduce error rates by limiting the number of interim changes in circumstances reported by clients and acted on by States. Using Food Stamp Quality Control data from fiscal year 2000, this analysis suggests that the simplified reporting policies adopted by States in 2004 could have lowered error rates by 1.2 to 1.5 percentage points. If all States had adopted policies to maximize the impact of simplified reporting, the payment error rate might have been lowered another 0.7 percentage points. Implementation choices and differences in the distribution of errors result in wide variation in the impacts on error rates among States.

Background

The Farm Security and Rural Investment Act of 2002 – more commonly known as the Farm Bill – gave States substantial new flexibility to simplify some of the Food Stamp Program's complicated rules, making it easier to administer and more accessible to those eligible for its benefits. One option – simplified reporting – has been widely adopted by many States (42 as of September 2004). Under simplified reporting, food stamp households are required to report interim changes in their income only when it rises to a level that would make them ineligible for benefits. This option eliminates substantial paperwork requirements for participants and State workers – improving program access and reducing administrative costs – while reducing States' exposure to payment errors.

Several case studies suggest that many States adopted simplified reporting with these goals in mind (GAO 2004, 2005) and believe the policy had the desired effect (Trippe et al 2004). This analysis draws on Food Stamp Quality Control data to estimate the size of the effect of simplified reporting on food stamp error rates.

Method

There is no direct way to assess the effect of this policy change, since the best measure of payment accuracy – the Food Stamp Quality

Simplified Reporting: A Brief Description

Simplified reporting allows States to reduce the information that food stamp recipients provide to the food stamp office to maintain eligibility and benefits during their certification period. The 2002 Farm Bill allowed States to assign most households to simplified reporting (expanding previous rules that allowed simplified reporting only for households with earnings). States generally may not include households that are exempt from periodic reporting (including pure elderly or disabled households without earnings, homeless individuals, or migrants and seasonal farm workers). States may assign certification periods of 4 months or longer, though most typically choose either a 12-month certification with a required semiannual report or a 6-month certification.

Simplified reporting households are required to report interim changes only if they result in income that exceeds the food stamp eligibility limit (130 percent of the Federal poverty guidelines). Households may report other changes, including those that would result in an increase in food stamp benefits, but they are not required to report until the next recertification or semiannual report.

States must act on all reported changes that result in income that exceeds the food stamp eligibility limit. States must act on other reported changes only if it would result in an increase in food stamp benefits, a household requests case closure, action is also taken on a TANF or GA grant, or the change is considered verified upon receipt. Many States have applied for and received a waiver to act on all reported changes, not just those that result in a larger benefit.

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Control system – no longer includes errors eliminated by simplified reporting. To overcome this challenge, this analysis looks back to fiscal year 2000, a time before widespread implementation of simplified reporting. We identified and removed errors that would likely be excluded under simplified reporting. These include, for example, overpayments to eligible households that occur between certification actions and are caused by a client's failure to report a change in income, or a State's failure to act on a reported change in areas without a waiver to act on all changes.[1] We then recalculated the 2000 payment error rate, comparing the adjusted rate to the unadjusted rate to estimate the effect of simplified reporting.[2]

Findings

- **The simplified reporting policies and practices in place in September 2004 reduced the food stamp payment error rate by 1.2 to 1.5 percentage points**. After excluding errors that were counted in 2000 but likely would not be counted with simplified reporting in place, the combined payment error rate (the sum of over- and underpayments) falls from 8.5 percent to between 7.0 and 7.3 percent (Table 1).[3]

- **If all States adopted policies to maximize the impact of simplified reporting, the reduction could have been larger, dropping by as much as 2.2 percentage points**. As of September 2004, 11 States had not implemented simplified reporting, 7 covered only households with earnings, and 22 had a waiver to act on all reported changes during the certification period. If all States adopted simplified reporting, applied it to all households (except those explicitly excluded by law), and acted only on changes that would increase a household's benefit, the combined payment error rate could have fallen from 8.5 percent to 6.3 percent in fiscal year 2000.

- **The effect of simplified reporting varies widely across States, ranging from less than 0.5 percentage points to over 4 percentage points**. Although no single factor appears to explain the variation in State effects, much of it is likely due to differences in the percentage of households covered by simplified reporting and in the types of errors that occur within the State. In general, the effects are larger in States with simplified reporting policies that cover a large percentage of the caseload, with a larger percentage of interim errors (particularly those caused by a client's failure to report), and without the waiver to act on all reported changes. (See box for more information.)

Caveats

Although this approach offers a reasonable way to assess the effects of simplified reporting on payment error rates, it is useful to keep certain limitations in mind.

- The quality control data provide rich information on the source and timing of errors, but do not always offer sufficient information to identify precisely all errors that would be excluded under simplified reporting. The decision rules used in this analysis provide our best approximation based on the available data.

- The analysis assumes that simplified reporting applies to all households (except those excluded by law from periodic reporting requirements) in States that have expanded the policy beyond households with earnings. Some States may have additional categorical exclusions, or allow

[1] See Trippe (2005) for details of the decision rules used to identify and eliminate errors affected by simplified reporting.

[2] Note that the error rates used throughout this analysis are State-reported and so will differ from the official measure of payment errors that includes the results of a Federal review of State-reported results.

[3] The lower end of this range reflects a slightly broader definition of interim errors. See Trippe (2005) for details.

caseworkers to make a case-by-case determination, not reflected in the data on which this analysis is based.

- The analysis measures the impact of simplified reporting given the errors that existed in fiscal year 2000. Other policy changes since then, or other responses to simplified reporting policies, could alter estimated effects.

- The number of sample cases with potentially excluded errors is small in all States, and very small in some (ranging from 1 in Wyoming to 81 in Michigan). The confidence intervals around the State estimates are relatively large as a result.

Acknowledgements

This summary was prepared by Kate Fink and Steven Carlson, Office of Analysis, Nutrition and Evaluation, based on an analysis prepared by Carole Trippe, Mathematica Policy Research.

References

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References can be found at www.fns.usda.gov, www.ers.usda.gov, and www.gao.gov.

Understanding State Variations

Ranking States by the estimated change in error rates under the simplified reporting policies sheds some light on the reasons for the wide range of State effects (Table 2). For example:

- All of the States with the 10 largest reductions expanded the population covered by simplified reporting to include households with and without earnings; 4 of the 7 States that covered only households with earnings were among the 10 with the smallest reductions (excluding those that did not adopt simplified reporting at all).

- Most (11 of 15) of the States with the largest reductions did not have the waiver to act on all reported changes; most (11 of 15) with the smallest reductions did.

- Almost all (6 of 7) States with the largest reductions have a higher-than-average percentage of households with errors that occur between certification actions and a higher-than-average percentage of households with errors caused by client failure to report. Almost all (6 of 7) States with the smallest reductions had lower-than-average percentages of interim or client-caused reporting errors. States that had a larger share of such errors – that are no longer counted under simplified reporting – stand to gain more than States with a smaller share.

Table 1: Impact of Simplified Reporting on State-Reported Food Stamp Payment Error Rates

State	FY 2000 Payment Error Rates (Percent)				Drop in Error Rates (Percentage Points)		
	Baseline	Lower Bound	Upper Bound	Maximum Impact	Lower Bound	Upper Bound	Maximum Impact
Alabama	11.2	8.0	7.9	7.9	3.2	3.3	3.3
Alaska	6.6	4.3	4.0	4.0	2.3	2.6	2.6
Arizona	4.7	3.4	3.3	3.2	1.3	1.4	1.5
Arkansas	3.8	2.5	2.2	2.2	1.3	1.6	1.7
California	12.8	12.8	12.8	10.3	0.0	0.0	2.6
Colorado	6.8	4.9	4.5	4.5	1.9	2.3	2.3
Connecticut	8.9	7.2	7.2	6.9	1.7	1.7	2.0
Delaware	12.4	11.0	11.0	10.1	1.4	1.4	2.3
District of Columbia	10.2	7.1	7.1	6.9	3.1	3.1	3.2
Florida	9.2	7.4	7.4	7.0	1.8	1.8	2.1
Georgia	8.3	7.4	7.0	6.0	0.9	1.3	2.3
Guam	9.7	9.7	9.7	8.8	0.0	0.0	0.9
Hawaii	6.4	6.4	6.4	5.0	0.0	0.0	1.4
Idaho	10.2	8.1	7.6	7.6	2.1	2.6	2.7
Illinois	8.9	7.5	6.8	5.7	1.4	2.1	3.1
Indiana	6.5	4.6	4.2	4.2	1.9	2.3	2.3
Iowa	6.8	6.3	5.8	4.7	0.5	1.0	2.1
Kansas	9.3	8.6	7.6	6.0	0.7	1.7	3.2
Kentucky	5.6	4.2	4.0	3.5	1.4	1.6	2.1
Louisiana	5.6	4.3	3.8	3.6	1.3	1.8	2.0
Maine	9.3	7.6	6.9	6.9	1.7	2.4	2.3
Maryland	10.4	7.9	7.8	7.6	2.5	2.6	2.7
Massachusetts	8.4	7.2	7.2	7.0	1.2	1.2	1.3
Michigan	12.1	10.6	10.4	7.8	1.5	1.7	4.3
Minnesota	3.4	3.4	3.4	2.0	0.0	0.0	1.5
Mississippi	4.6	4.6	4.6	2.4	0.0	0.0	2.2
Missouri	8.0	5.7	5.4	5.4	2.3	2.6	2.6
Montana	8.7	6.1	5.0	5.0	2.6	3.7	3.7
Nebraska	10.0	9.2	8.5	7.7	0.8	1.5	2.4
Nevada	5.2	4.7	4.4	3.8	0.5	0.8	1.4
New Hampshire	9.5	8.4	7.9	7.5	1.1	1.6	2.0
New Jersey	12.8	8.3	8.2	8.2	4.5	4.6	4.6
New Mexico	7.9	7.5	7.5	6.6	0.4	0.4	1.3
New York	12.1	10.7	10.6	10.6	1.4	1.5	1.4
North Carolina	7.0	5.6	5.5	5.5	1.4	1.5	1.5
North Dakota	7.0	7.0	7.0	5.6	0.0	0.0	1.3
Ohio	7.2	7.0	6.7	4.6	0.2	0.5	2.6
Oklahoma	7.0	6.0	5.8	5.3	1.0	1.2	1.8
Oregon	9.7	7.4	5.9	5.9	2.3	3.8	3.8
Pennsylvania	8.1	5.6	5.2	5.2	2.5	2.9	2.9
Rhode Island	8.0	8.0	8.0	4.7	0.0	0.0	3.3
South Carolina	4.2	3.8	3.7	3.2	0.4	0.5	1.0
South Dakota	1.2	1.2	1.2	0.7	0.0	0.0	0.5
Tennessee	5.5	4.8	4.8	4.6	0.7	0.7	0.9
Texas	4.1	3.1	2.8	2.8	1.0	1.3	1.3
Utah	14.4	14.4	14.4	13.1	0.0	0.0	1.3
Vermont	9.9	7.9	7.2	6.9	2.0	2.7	3.0
Virginia	9.0	7.4	7.1	6.1	1.6	1.9	2.8
Virgin Islands	5.5	3.3	3.3	3.3	2.2	2.2	2.2
Washington	7.3	7.3	7.3	6.3	0.0	0.0	1.0
West Virginia	4.8	4.2	4.2	3.1	0.6	0.6	1.8
Wisconsin	12.0	10.0	8.9	8.9	2.0	3.1	3.1
Wyoming	4.0	4.0	4.0	3.9	0.0	0.0	0.1
Total	8.5	7.3	7.0	6.3	1.2	1.5	2.2

Note: The drop in error rates is calculated as the difference between the baseline error rates and the simplified reporting error rates for the lower bound, upper bound, and maximum impact estimates.

Table 2: Drop in Error Rates Under Simplified Reporting Compared with Percentage of Households Affected
(States Rank Ordered by Lower Bound Drop in Error Rate)

State	Baseline Error Rate (Percent) (FY 2000)	Drop in Error Rate (Percentage Points) Lower Bound	Upper Bound	Max Impact	Population Covered By SR	Percent of Households with Interim Errors	State Has Waiver?	Percent of Households with Client Unreported Interim Errors	Percent of Households with Reported Overissuance Interim Errors	Percent of Households Made Ineligible by Composition or Resource Interim Errors	Total Percent of Households with Excludable Interim Errors[a]
New Jersey	12.8	4.5	4.6	4.6	Most	7.3	Yes	5.6	0.0	0.2	5.7
Alabama	11.2	3.2	3.3	3.3	Most	8.2	No	2.5	2.1	0.8	5.4
DC	10.2	3.1	3.1	3.2	Most	8.4	Yes	5.2	0.5	0.3	6.0
Montana	8.7	2.6	3.7	3.7	Most	9.1	No	3.7	2.1	0.4	6.2
Maryland	10.4	2.5	2.6	2.7	Most	5.5	Yes	3.6	0.3	0.1	4.0
Pennsylvania	8.1	2.5	2.9	2.9	Most	7.1	No	1.5	2.3	0.2	4.0
Alaska	6.6	2.3	2.6	2.6	Most	10.0	No	2.5	1.7	0.7	5.0
Missouri	8.0	2.3	2.6	2.6	Most	5.6	No	2.7	0.7	0.2	3.6
Oregon	9.7	2.3	3.8	3.8	Most	5.6	No	1.9	0.9	0.5	3.3
Virgin Islands	5.5	2.2	2.2	2.2	Most	7.3	No	5.2	0.0	0.4	5.6
Idaho	10.2	2.1	2.6	2.7	Most	5.8	No	1.5	1.2	0.4	3.1
Vermont	9.9	2.0	2.7	3.0	Most	5.6	Yes	2.0	0.6	0.5	3.1
Wisconsin	12.0	2.0	3.1	3.1	Most	5.6	No	2.2	0.6	0.2	3.0
Colorado	6.8	1.9	2.3	2.3	Most	5.2	No	2.1	1.3	0.2	3.6
Indiana	6.5	1.9	2.3	2.3	Most	6.9	No	1.9	1.6	0.5	4.0
Florida	9.2	1.8	1.8	2.1	Most	5.0	Yes	2.3	0.4	0.2	2.9
Connecticut	8.9	1.7	1.7	2.0	Most	5.4	Yes	2.8	0.5	0.1	3.4
Maine	9.3	1.7	2.4	2.3	Most	3.5	No	1.0	1.2	0.3	2.5
Virginia	9.0	1.6	1.9	2.8	Most	5.5	Yes	3.0	1.0	0.3	4.4
Michigan	12.1	1.5	1.7	4.3	Earners	9.4	Yes	3.1	2.1	0.1	5.4
Delaware	12.4	1.4	1.4	2.3	Most	9.3	Yes	3.3	1.5	0.0	4.8
Illinois	8.9	1.4	2.1	3.1	Earners	6.0	No	1.8	1.6	0.2	3.7
Kentucky	5.6	1.4	1.6	2.1	Most	3.2	Yes	1.7	0.4	0.3	2.5
New York	12.1	1.4	1.5	1.4	Most	4.4	No	2.0	0.3	0.0	2.4
North Carolina	7.0	1.4	1.5	1.5	Most	4.4	No	1.9	0.7	0.1	2.7
Arizona	4.7	1.3	1.4	1.5	Most	3.5	Yes	2.2	0.4	0.2	2.8
Arkansas	3.8	1.3	1.6	1.7	Most	2.7	No	0.6	0.9	0.2	1.7
Louisiana	5.6	1.3	1.8	2.0	Most	4.2	Yes	3.0	0.4	0.0	3.4
Massachusetts	8.4	1.2	1.2	1.3	Most	4.5	Yes	2.1	0.2	0.2	2.5
New Hampshire	9.5	1.1	1.6	2.0	Most	4.2	Yes	1.8	0.9	0.0	2.7
Oklahoma	7.0	1.0	1.2	1.8	Earners	4.6	No	2.4	0.7	0.1	3.1
Texas	4.1	1.0	1.3	1.3	Most	3.2	No	2.1	0.1	0.1	2.2
Georgia	8.3	0.9	1.3	2.3	Most	5.8	Yes	2.2	1.4	0.1	3.6
Nebraska	10.0	0.8	1.5	2.4	Most	3.8	Yes	0.8	0.5	0.4	1.6
Kansas	9.3	0.7	1.7	3.2	Most	6.7	Yes	1.2	1.5	0.2	2.9
Tennessee	5.5	0.7	0.7	0.9	Most	2.6	Yes	1.3	0.6	0.2	2.1
West Virginia	4.8	0.6	0.6	1.8	Earners	4.0	Yes	1.6	1.1	0.3	3.0
Iowa	6.8	0.5	1.0	2.1	Most	5.5	Yes	0.8	1.6	0.2	2.6
Nevada	5.2	0.5	0.8	1.4	Most	4.6	Yes	1.2	1.8	0.0	3.0
New Mexico	7.9	0.4	0.4	1.3	Earners	3.6	No	1.4	0.3	0.2	2.0
South Carolina	4.2	0.4	0.5	1.0	Earners	2.6	No	1.5	0.2	0.2	1.9
Ohio	7.2	0.2	0.5	2.6	Earners	6.4	Yes	1.8	0.9	0.2	2.9
California	12.8	0.0	0.0	2.6	None	17.3	N/A	3.1	1.6	0.4	5.2
Guam	9.7	0.0	0.0	0.9	None	5.2	N/A	1.5	0.4	0.3	2.2
Hawaii	6.4	0.0	0.0	1.4	None	6.9	N/A	1.1	0.7	0.1	1.9
Minnesota	3.4	0.0	0.0	1.5	None	2.6	N/A	0.1	1.1	0.1	1.3
Mississippi	4.6	0.0	0.0	2.2	None	2.8	N/A	0.8	1.3	0.0	2.1
North Dakota	7.0	0.0	0.0	1.3	None	5.1	N/A	0.2	0.8	0.6	1.6
Rhode Island	8.0	0.0	0.0	3.3	None	7.6	N/A	5.0	0.4	0.2	5.5
South Dakota	1.2	0.0	0.0	0.5	None	2.1	N/A	0.9	0.6	0.0	1.5
Utah	14.4	0.0	0.0	1.3	None	4.6	N/A	0.8	1.0	0.0	1.8
Washington	7.3	0.0	0.0	1.0	None	2.7	N/A	0.5	0.3	0.2	0.9
Wyoming	4.0	0.0	0.0	0.1	None	0.3	N/A	0.3	0.0	0.0	0.3
Total	8.5	1.2	1.5	2.2	42 total	6.1	22 total	2.2	0.9	0.2	3.3
Unweighted Sample Size	48,270	48,270	48,270	48,270	N/A	46,023	N/A	46,023	46,023	46,023	46,023
Weighted Sample Size	7,320,483	7,320,483	7,320,483	7,320,483	N/A	6,881,715	N/A	6,881,715	6,881,715	6,881,715	6,881,715
Unweighted Count With Characteristic	N/A	N/A	N/A	N/A	N/A	2,460	N/A	940	413	98	1,451

[a]Total percent of households with excludable errors is the sum of the percent of households in the previous three columns. Sample universe: There are 48,270 households on the FY 2000 file. After excluding households with no earnings and all adults that are elderly or disabled, and households with migrant laborers or that receive the homeless deduction, there are 46,023 households.

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