

GAO

Report to the Chairman, Subcommittee on
Domestic Marketing, Consumer Relations,
and Nutrition, Committee on Agriculture,
House of Representatives

July 1988

FOOD STAMP PROGRAM

Reporting of Application Activities Could Be Improved



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United States
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**Resources, Community, and
Economic Development Division**

B-217883

July 14, 1988

The Honorable Leon E. Panetta
Chairman, Subcommittee on Domestic
Marketing, Consumer Relations,
and Nutrition
Committee on Agriculture
House of Representatives

Dear Mr. Chairman:

In response to your May 6, 1987, request, we have reviewed the Food Stamp Program's application activity information that states report to the U.S. Department of Agriculture. The report discusses the (1) instructions provided and the procedures used for reporting the application activities and (2) oversight and use of the information.

This report contains recommendations to the Department for providing the guidance necessary to ensure that the application information is accurately reported and developing plans for monitoring the information.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 2 days after the date of this letter. At that time, we will send copies of this report to the appropriate House and Senate committees; interested members of Congress; the Secretary of Agriculture; the Director, Office of Management and Budget; and other interested parties.

This report was prepared under the direction of Brian P. Crowley, Senior Associate Director. Major contributors to the report are listed in appendix I.

Sincerely yours,

J. Dexter Peach
Assistant Comptroller General

Executive Summary

Purpose

Food stamp benefits totaled about \$10.5 billion in fiscal year 1987. In administering the Food Stamp Program, the Department of Agriculture's (USDA) Food and Nutrition Service requires states to determine whether applicants are eligible for the program and, if so, issue them the appropriate amount of benefits. Applicants found ineligible are denied food stamps. The states are required to annually report application information to the Service. Concerned about the information's reliability, the Chairman, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture, asked GAO to evaluate it. GAO did this by reviewing (1) the instructions USDA has given the states for reporting the information, (2) the definitions and procedures six states used to aggregate, record, and report the information, (3) the states' and USDA's oversight of state recordkeeping and reporting practices, and (4) how the states and USDA use the information.

Background

Each state desiring to participate in the Food Stamp Program must submit an annual plan of operation specifying the manner in which its program will be conducted. In this plan, the Service requires states to report the food stamp application information—the total number of approved, denied, and pending applications—in a report called the Program Activity Statement. The Statement is designed to assist the Service and states in analyzing current budgets and in planning future operations for the Program.

GAO evaluated the application information for fiscal years 1985 and 1986, the most current available at the time of its review. GAO conducted its review in the District of Columbia and the states of Colorado, Illinois, Massachusetts, Michigan, and Wisconsin; at the four USDA regional offices that oversee these states; and at Service headquarters.

Results in Brief

Federal regulations and Service instructions that states used for fiscal years 1981-86 did not clearly define the application information states were required to report. As a result, the six states GAO reviewed were using different definitions to aggregate and report the information, thus providing the Service with information that was inconsistent from state to state. Also, the Service had not monitored the accuracy of the information and thus had not known or assessed the effect of states using different definitions to report application information. In addition, even though regulations state that the information is designed to assist with program planning and budgeting, the Service had not used the information for such purposes.

All six states were monitoring the application information to verify whether it was recorded and reported according to their definitions. Furthermore, the states were using the application information, primarily at the local level, to evaluate their workload and staff needs.

In May 1987, the Service distributed a revised format for reporting application information and requested that states use this format beginning with fiscal year 1987 information. The Service plans to use the information to monitor state application activity and evaluate state performance. Some states requested clarification regarding the new reporting format, which the Service provided in April 1988. While these additional instructions responded to some states' particular concerns, GAO found other reporting differences that will also need to be addressed.

Principal Findings

Federal and State Reporting Instructions and Procedures

Service instructions have not provided specific definitions on how to report application information. To illustrate, the instructions in use through fiscal year 1986 stated that "initial and subsequent actions within a reporting period would be reflected as two applications," but did not define initial and subsequent actions.

The six states reviewed used different definitions to report the application information for fiscal years 1985 and 1986. For example, Colorado, the District of Columbia, Illinois, and Michigan included recertifications—requests from households currently certified for and receiving food stamps who must reapply to verify their eligibility to continue in the program—in the information reported to the Service, while Massachusetts and Wisconsin did not.

In May 1987, the Service distributed a revised format for reporting the application information. Although the new format requested additional details on the types of application, denial, approval, and pending case actions for food stamp benefits, it did not provide specific reporting instructions to solve the basic problem of inconsistent state definitions. Some state officials requested clarification regarding the instructions and expressed concerns about whether their current reporting systems could provide the information.

To illustrate, the new format requires that applications for expedited services—food stamps provided immediately on a temporary basis to persons without any source of income or asset—be reported as a separate type of application. While the six states were recording and reporting these as initial applications at the time of GAO's review, only Michigan and Colorado aggregated such applications as a separate item on their state reporting systems and thus would be able to report them as a separate application category. In addition, Illinois officials inquired as to how expedited service applications should be counted since the state uses the same application for the first month's expedited service food stamps and the regular food stamp issuances for the subsequent month(s). Even though the Service issued additional instructions in April 1988 in response to some states' questions regarding reporting requirements, other state reporting differences GAO found—such as how to report withdrawn applications—will also need to be addressed to ensure consistent, accurate information. (See ch. 2.)

State and Federal Oversight and Use of Application Information

States had procedures designed to ensure that the information was accurately recorded according to each state's definitions. For example, the states assessed the information's accuracy by comparing manual and automated reports with a sample of the applications that were used to provide the report information. In four of the states, GAO reconciled automated application information reported to the Service with the states' available supporting sources and found that the information was generally accurate. The other two states—Colorado and Massachusetts—used manual reporting systems and GAO, therefore, focused on the procedures used to compile the application information. While the design of these two states' procedures seemed to ensure that the local offices are recording and reporting the information, GAO did not assess the accuracy of the information because the supporting documentation was not readily available.

The states were using the information primarily to monitor local office food stamp application workloads and ensure that applications were processed promptly. For example, Michigan generated reports to assess each caseworker's schedule and status of applications.

The Service had not assessed the accuracy of the application information for fiscal years 1985-86 or used the information as part of its budgeting and program planning process but had informally used some of the information to develop food stamp policy. According to Service

officials, the information had not been automated and thus was not readily available for evaluation and analysis.

The Service automated and included the application information in its annual report on food stamp activity, beginning with the fiscal year 1987 information. Even though the Service has not yet developed plans for monitoring and using the information to assess state performance, the information is available in the annual report for review and comparison. Service officials acknowledged the importance of valid Program Activity Statement information and told GAO that the Service has identified the Statement, which contains the application information, as an area for its management evaluation reviews for fiscal year 1988. In addition, Service officials told GAO that they plan to review year-to-year application activity and compare the information to program participation and administrative expenditures. Because the Service plans to use the information to evaluate state performance, the Service needs to provide a clear understanding of how the evaluation will take place and convey the importance of the states' accurately and consistently reporting the information. (See ch. 3.)

Recommendations

To ensure that states are accurately reporting the application information and to enable the Service to use the information to evaluate state performance, GAO recommends that the Secretary of Agriculture require the Administrator, Food and Nutrition Service, as part of the Service's plans to monitor state application activities, to (1) provide the guidance necessary for accurately and consistently reporting the information and (2) develop specific plans and written procedures for monitoring the states' information. (See chs. 2 and 3.)

Agency Comments

In providing comments on a draft of this report, officials from the Food and Nutrition Service and the states said that the report generally presented an objective description of the subject material and that the information in GAO's report was factually correct. They agreed that clear and understandable definitions were needed to ensure that states accurately and consistently report the application information. Accordingly, Service officials said that they would continue to provide guidance and recognized the need for monitoring the reported information. In addition, the officials suggested several technical and minor changes that were incorporated in the final report.

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Abbreviations

AFDC	Aid to Families with Dependent Children
GAO	General Accounting Office
USDA	Department of Agriculture

Introduction

The Food Stamp Program provides food assistance benefits to households that meet program eligibility requirements. Income, household size, and liquid assets, such as bank accounts, are the principal factors for determining household eligibility. Benefits are issued in the form of food coupons that eligible households can use to purchase food and obtain a more nutritious diet. The Department of Agriculture's (USDA) Food and Nutrition Service requires states to determine whether applicants are eligible for the program and, if so, issue them the appropriate amount of benefits; applicants found ineligible are denied food stamps. The states are required to annually report this application information to the Service and, according to the program regulations, the Service and the states are to use this information as part of their Food Stamp Program planning and budgeting activities.

The program is administered nationally by the Food and Nutrition Service, with 100-percent federal financing of the food stamp benefits—about \$10.5 billion in fiscal year 1987. States are responsible for local administration and day-to-day operation of the program.¹ The federal government finances part (usually 50 percent) of the states' administrative expenses; its share of such expenses was about \$1.0 billion in fiscal year 1987.

The administrative structures of the states operating the Food Stamp Program are usually designated as state-supervised or state-administered, depending on who runs the local food stamp offices that certify eligibility and disburse food coupons. Under a state-supervised program, which exists in 12 states, the local offices are run by county governments or other local entities, with the state setting statewide policy and providing management guidance and assistance to local offices in much the same manner that the Service carries out these functions with respect to state operations. In state-administered programs, which are used in 41 states, state employees operate the local offices and carry out the food stamp operations.

Food Stamp Application and Disposition Categories

To participate in the program, persons must complete applications and provide documentation so the state can determine whether the person is eligible for food stamps. There are different food stamp application categories—initial, recertification, and expedited services—depending on the applicant's needs. In addition, states classify the disposition of the

¹For the Food Stamp Program the term "states" includes the 50 U.S. states plus the District of Columbia, Guam, and the U.S. Virgin Islands.

applications as approved, denied, pending, reopened, or withdrawn; each decision determined according to whether an applicant is eligible and can provide documentation establishing eligibility. The states must record this application information and include it as part of an annual report—the Program Activity Statement—which is submitted to the Service.

The Statement also provides other indicators of food stamp activity, such as information on fair hearings—hearings held by the state with food stamp applicants and/or participants to review their cases disputing decisions regarding benefits. Another indicator of activity level is the Statement's section on fraud investigations—food stamp cases referred to the state for investigation of possible fraudulent actions involved in obtaining benefits.

Initial applications are submitted by persons not currently certified for program participation, and thus not receiving benefits. Recertifications represent households that are currently certified and receiving benefits who reapply at the end of the period for which they were approved to re-establish eligibility and continue in the program. Households are certified to participate in the program generally for up to a 12-month period and then must reapply so the state can verify the households' eligibility for benefits. Expedited services provide immediate food stamp benefits—within 5 calendar days—to new applicants with less than \$150 in monthly gross income and \$100 in liquid assets.² These expedited services benefits are provided on a temporary basis (generally for 1 month), and the state verifies a limited amount of information to expedite the process, and then requires the applicants to complete the initial application and certification process if they wish to continue program participation.

The applications are either approved, denied, placed in pending status, reopened, or withdrawn, according to state procedures. Pending applications are those filed but not yet approved or denied because applicants need to provide documentation necessary for establishing food stamp eligibility. Applicants are initially allowed 30 days from the application filing date (for initial or recertification applications) to provide the documentation, but states have the option of granting applicants a 30-day extension. States can deny the pending applications if the required documentation is not provided within the initial, prescribed 30 days, but may

²Certain homeless households and households with shelter expenses in excess of income qualify for expedited services without meeting the \$150 income and \$100 liquid asset thresholds.

then retain the application for another 30 days. The state can then “reopen” and approve these pending applications within this 30-day time extension if the applicant provides the documentation necessary to establish eligibility. Thus, some states may record a household’s application as pending and denied, and then subsequently count the application as reopened and approved as part of the application information.

Also, some applications are classified by the states as withdrawn—those that are withdrawn from consideration by the applicants or were submitted by persons who had subsequently died, moved out of state, or could not be located. These applications are technically denied by the state to remove them from further processing, but they are not denials based on eligibility determinations. These actions may also be counted as part of the application information.

The expedited services applications can also be approved, denied, pending, or withdrawn, but the disposition decision must be made and the benefits provided within 5 calendar days from the application’s filing date, as required by law. In order to expedite the certification process, the state verifies a limited amount of information—such as the applicant’s identity, income, and assets—through readily available documentary evidence. However, benefits are not to be delayed beyond the 5-day requirement if the eligibility factors have not been verified. If persons determined as eligible for these temporary, expedited services want to continue receiving food stamp benefits, they must complete the initial application process and provide the necessary documentation to be certified for an extended period of time.

Finally, applications can be identified as requests for food stamp benefits provided by either public assistance or nonassistance programs. Public assistance means any of the following programs authorized by the Social Security Act of 1935, as amended: Old age assistance; Aid to Families with Dependent Children (AFDC), including AFDC for children of unemployed fathers; aid to the blind; aid to the permanently and totally disabled; and aid to the aged, blind, or disabled. Nonassistance applications include at least one household member whose income is from a source other than public assistance.

Application Information: Relevance and Use

According to program regulations, the Program Activity Statement information is designed to assist the Service and states in analyzing current budgets and in planning future operations and objectives for the Food Stamp Program. The regulations also state that such analyses may be used to identify issues for further examination in the Service's management evaluation review, to ensure that the program is run as efficiently and effectively as possible.

The instructions accompanying the Statement define it as an annual report reflecting data on several indicators of program activity levels for the preceding 12 months. The instructions also state that the indicators, one of which is the application information, are to be used as planning devices in conjunction with future expenditure estimates.

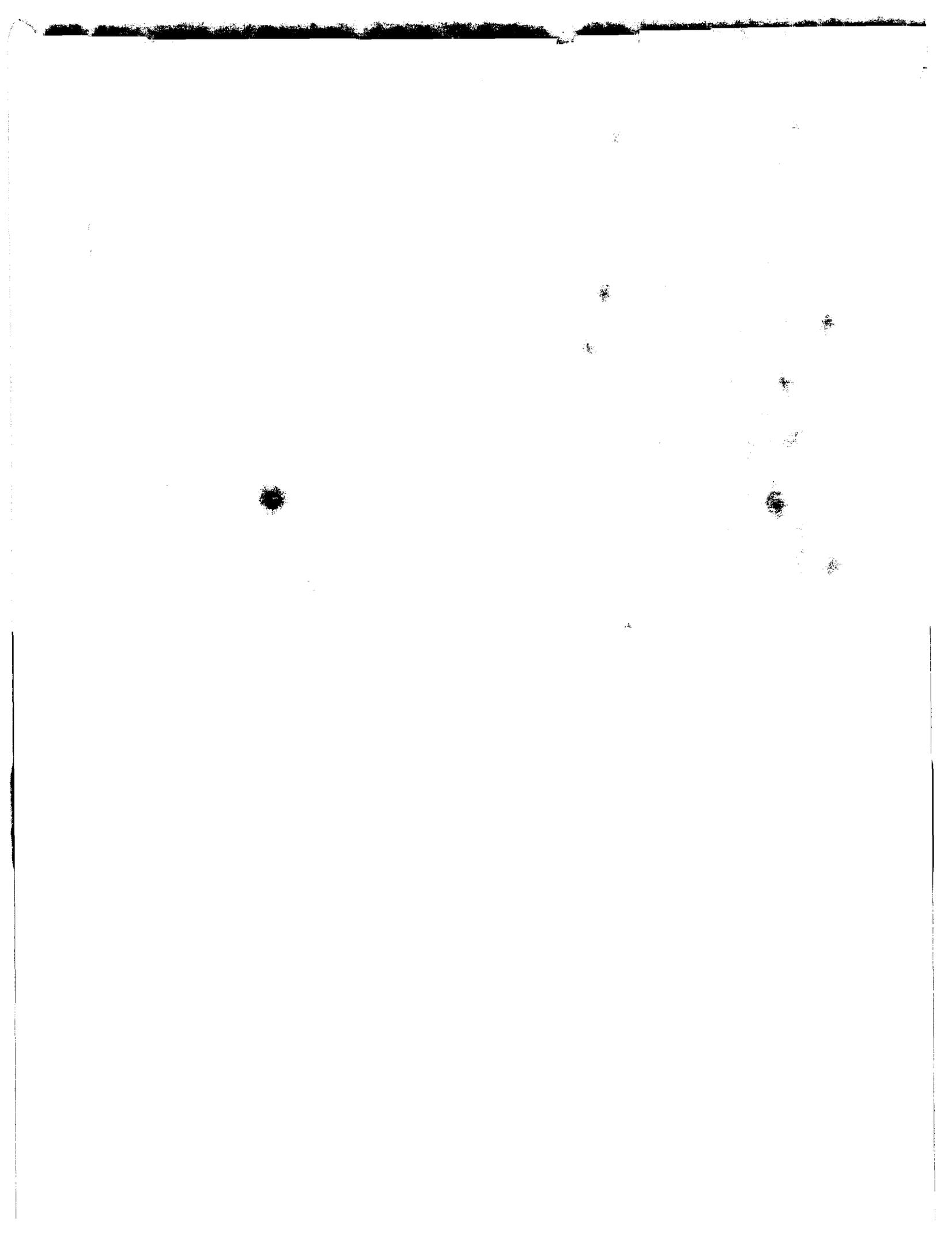
Objectives, Scope, and Methodology

The overall objective of our review, which was done at the request of the Chairman, House Committee on Agriculture, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, was to examine the reliability of the Food and Nutrition Service's statistics on households applying for, approved for, and denied food stamp benefits.³ Our specific objectives were to evaluate

- the instructions and reporting requirements USDA has given the states for reporting the information on the total number of food stamp applications approved, denied, and still pending;
- the definitions and procedures states used to aggregate, record, and report the application information;
- states' and USDA's oversight of state recordkeeping and reporting practices; and
- how the states and USDA use the application information.

We conducted our detailed audit work at Service headquarters in Alexandria, Virginia; at four of its seven regional offices; and in six states. The regional offices—the Mid-Atlantic in Robbinsville, New Jersey; the Midwest in Chicago, Illinois; the Mountain Plains in Denver, Colorado; and the Northeast in Boston, Massachusetts—oversee operations in the states we reviewed—Colorado, the District of Columbia, Illinois, Massachusetts, Michigan, and Wisconsin. The District of Columbia, Illinois, Massachusetts, and Michigan carried out their Food Stamp Programs

³In April 1987, we also issued a report entitled *Food Stamp Program: Trends in Program Applications, Participation, and Denials* (GAO/RCED-87-80BR, Apr. 2, 1987) which included information on the trends in the number of households applying for and subsequently approved for or denied food stamp benefits.



Definitions and Reporting Procedures for Food Stamp Application Information Are Not Consistent

Although the application information the states reported in their Program Activity Statements was generally recorded according to the states' definitions, each state used different definitions to record and aggregate the information. These definitions differed because the Service had not provided detailed instructions and guidance to the states for reporting the application information. Given that the states' definitions varied, the information is not necessarily consistent from state to state and precludes any comparisons of the information over time and among states.

At the time of our review, the Service had revised and expanded the reporting format. This effort, however, does not solve the basic problem of inconsistent state definitions and a need for more specific instructions, as reflected in questions and concerns raised by state officials during our review and also in a written request submitted to the Service in September 1987. In this regard, Service officials told us at the time of our review that they planned to provide additional guidance to address these questions or concerns being raised by the states about reporting the application information. In commenting on a draft of this report in early May 1988, Service officials also provided us a copy of the written response they had prepared to clarify the reporting instructions. The response was issued in April 1988 to the Service's regional offices who were, in turn, expected to provide the additional guidance to the states. Also, although the Service had not monitored or used the application information (as discussed in ch. 3), Service officials told us that as soon as they can ensure that states correctly interpret and consistently report the information, they plan to evaluate state performance based on the reported information.

Federal Definitions and Procedures Are Unclear

The Service's instructions—in effect for fiscal years 1981 through 1986—did not specifically define the types of food stamp applications and the resulting approval, denial, or pending case actions that should be reported to the Service on the Program Activity Statement. The Service's instructions, used for reporting fiscal years 1985 and 1986 application information, simply stated that the Statement was to be used to identify total applications, approvals, and denials, reported separately for nonassistance and public assistance households applying for food stamp benefits. These instructions stated that initial and subsequent actions for the same household within the reporting period will be reflected as two applications, but did not define what types of applications were initial or subsequent.

The instructions did request that the number of applications in process over 30 days—pending applications—be reported. Pending applications are those lacking necessary information for processing and determining eligibility. However, the instructions did not describe which type of pending applications (initial, recertification, or expedited service) should be reported or whether they were for food stamps under either public assistance or nonassistance programs. The instructions offered states the option of distinguishing between those pending due to the states' inability to complete the application process versus those pending because the household had not furnished required documentation.

However, the Service's instructions did not specify how recertifications or applications defined by states as either withdrawn or reopened should be recorded and reported, nor were they clear about how public assistance and nonassistance applications should be reported. Also, the instructions did not define how expedited service requests should be handled.

The reporting instructions require that the Program Activity Statement be submitted to the Service 45 days after the end of the state's fiscal year, but also acknowledge that state fiscal years do not necessarily coincide with the federal fiscal year (September 30). For example, Colorado, Illinois, Massachusetts, and Wisconsin have fiscal years ending with June 30; the District of Columbia and Michigan end their fiscal years on September 30.

Definitions and Procedures Differ Among the States

Given the above mentioned limited instructions and definitions provided by the Service, we found that for fiscal years 1985 and 1986, each of the six states we reviewed used different definitions to report the total, approved, denied, and pending applications, resulting in information that is not consistent from state to state. In addition, the states in some instances changed the procedures and methods they used to collect, aggregate, and report certain information, resulting in fluctuations in the information from one year to the next.

State Definitions for Reporting Application Information Differed

All of the six states we reviewed had definitions to categorize and record the food stamp application information for reporting the information to the Service on the Program Activity Statements for fiscal years 1985 and 1986. However, they recorded the types of applications (initial, recertification, and expedited services) and the application disposition

decisions (approved, denied, pending, withdrawn, or reopened) according to their individual definitions and procedures. Thus, some states used different definitions to categorize and aggregate the application information categories, and the information they reported to the Service was not consistent from state to state. The following examples illustrate some of these differences.

The Service's reporting instructions did not specify how recertifications or withdrawn applications should be recorded and reported. We found that Colorado, the District of Columbia, Illinois, and Michigan aggregated and included recertifications in the initial application information they reported to the Service.¹ The other states—Massachusetts and Wisconsin—did not. For the withdrawn applications, two of the six states—Massachusetts and Michigan—defined and recorded these applications in their reporting systems while the other states did not. Massachusetts included the withdrawn applications in the number of total applications it reported to the Service but excluded them from the number of reported denials. Michigan records withdrawn applications but does not include them in the number of total applications or denials it reports to the Service.

The Service's instructions also do not address how to record and report reopened applications. Reopened applications, as defined by some states, consist of pending applications that were denied because information required for determining eligibility was not provided within the prescribed 30 days from the application filing date, yet retained by the state for another 30 days. Such applications are reopened and approved (based on the same application) if the necessary information is provided within the subsequent 30 days. The Service provides states the option of allowing up to 60 days from the application filing date for the applicant to provide the information before a new application is required. Thus, one application could be reported once as initial, pending, and denied and then as reopened and approved. Colorado, Illinois, and Wisconsin allow applicants the 60-day time frame; the District of Columbia, Massachusetts, and Michigan do not.

Colorado, Illinois, and Wisconsin included their reopened applications as a part of the application information they reported to the Service. Reopened applications constituted a large percentage—more than 50 percent—of Wisconsin's 1985 and 1986 total applications. Conversely,

¹Illinois included only part of its recertifications for food stamps in its application information, given that the state's instructions allowed each local office the option of reporting recertifications.

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Illinois only identified 100 or less reopened applications each month (or less than 2 percent of the state's total applications). For Colorado, we could not determine the number of reopened applications from available information, and the officials could not estimate their significance on the application information. Even though the Service did not specify how reopened applications should be recorded and reported, these three states recorded the reopened applications within their initial, pending, denied, reopened, and approved categories and reported the information to the Service in the same manner. However, without specific definitions and instructions from the Service, other states may define, record, and report reopened applications differently.

The states that we reviewed also used different definitions to report the application information according to public assistance and nonassistance categories. The Service's reporting instructions for fiscal years 1985 and 1986 did not specify how to report the food stamp applications by these categories but did refer to the regulations for definitions of public assistance and nonassistance programs. The regulations define public assistance programs as old age assistance; AFDC, including AFDC for children of unemployed fathers; aid to the blind and to permanently and totally disabled persons; and aid to the aged, blind or disabled persons, but did not define nonassistance programs. Table 2.1 shows the definitions each state used to record public assistance and nonassistance food stamp application information.

Table 2.1: Types of Food Stamp Applications and Households Reported for Public Assistance and Nonassistance Categories

State	Types of applications	Types of households in each category	
		Public assistance	Nonassistance
Colorado	Initial Recertifications Reopened	All household members receive public assistance.	At least one household member does not receive public assistance.
District of Columbia	Initial Recertifications	All household members receive public assistance.	Some or no household members receive public assistance.
Illinois	Initial Some recertifications Reopened	Head of household receives public assistance.	Head of household hold does not receive public assistance.
Massachusetts	Initial	All household members receive public assistance.	Some or no household members receive public assistance.
Michigan	Initial Recertifications	All household members receive public assistance.	Some or no household members receive public assistance.
Wisconsin	Initial Reopened	At least one household member receives AFDC.	At least one household member receives medical assistance and food stamps or food stamps only.

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These varying definitions used by the states raise serious questions about the reliability of national application information and whether it should be used for making budget and programmatic decisions. As discussed in chapter 3, although the Service has not used this information in managing the Food Stamp Program, it plans to do so in the future.

State Procedures for
Reporting Application
Information Varied

The states each developed and used procedures to record, aggregate, and report the application information, generally for each month, and then summarized the information for each fiscal year. However, changes in their procedures resulted in some sizable fluctuations in certain information reported between 1985 and 1986, as shown in table 2.2. The discussions that follow illustrate some of the inconsistencies in state reporting procedures and the difficulty in evaluating state performance based on the information.

Table 2.2: Food Stamp Application
Information Reported by Selected States
for Fiscal Years 1985 and 1986

Figures in thousands

	Total applications	Approvals	Denials	Pending
Colorado				
1985	285.1	245.0	40.1	•
1986	384.4	314.6	69.8	.3
District of Columbia				
1985	92.7	75.0	17.7	•
1986	70.6	63.9	6.7	•
Illinois				
1985	615.1	467.1	148.0	.1
1986	608.5	447.9	160.6	17.4
Massachusetts				
1985	134.6	94.4	37.5	.6
1986	131.6	92.4	36.0	.4
Michigan				
1985	709.2	621.1	88.1	.8
1986	677.6	587.3	90.3	1.0
Wisconsin				
1985	139.2	132.3	6.9	•
1986	143.1	93.6	49.5	•

Note: Rows will not necessarily add due to state procedures for recording and tabulating the information.

The District of Columbia's computer system was not designed to provide information on the number of denials for food stamps requested under

public assistance. For fiscal year 1985, District officials reported public assistance food stamp denials by using the number of applications denied for all types of public assistance, regardless of whether the applications included requests for food stamps. Thus, this methodology may have overstated the number of food stamp denials. For 1986, District officials used a different method, one that estimated the number of public assistance food stamp denials based on the number of nonassistance food stamp denials. The officials reasoned that since the denials for persons applying for food stamps under the nonassistance program was about 10 percent of the number of persons who were approved for nonassistance food stamp benefits, the same percentage factor could be used to estimate the number of public assistance food stamp denials. However, the officials could not assess whether the reporting methods for 1985 or 1986 accurately represented the number of denials for public assistance food stamps, given that this denial information is not recorded elsewhere for comparison.

Wisconsin reported a sizable increase in denials for 1986, as compared with 1985, by combining the state's food stamp "nonapproval" category with denials. Wisconsin uses an application that combines requests for AFDC, medical, and/or food stamp benefits. If an applicant requests AFDC and/or medical assistance, but not food stamps, the state's computer system codes such applications as nonapprovals for the food stamp portion of the application. By including nonapprovals in the state's denial total, the 1986 denials were overstated and were about six times as great as those reported in 1985. In addition, this denial (and nonapproval) total was subtracted from total applications to calculate approvals; thus, the resulting approval total was correspondingly understated.

Colorado officials could not specifically account for the substantial increase in application activity between 1985 and 1986, but attributed part of the increase to the state's conversion from a manual to an automated recordkeeping system and to an increase in the state's unemployment.

States also did not consistently report the number of applications pending more than 30 days as required by the Program Activity Statement's format and reporting instructions. Illinois, Massachusetts, and Michigan reported pending applications for fiscal years 1985 and 1986, but Colorado only reported them for fiscal year 1986 since the 1985 data were not readily available. In the District of Columbia, pending applications are recorded in its computer system, but the system is not designed to tabulate or summarize the number of pending applications. Thus, this

application information was not available for the District to report to the Service. Conversely, Wisconsin did not enter pending applications into its computer system because the system is designed to only approve or deny applications. Applications that are pending are retained by the local offices until the necessary information is available for an eligibility determination. Given this process and computer system, Wisconsin does not maintain a summary on the number of pending applications.

Revised Federal Reporting Requirements

In May 1987, the Service distributed a revised reporting format for the Program Activity Statement to address new priority areas for which data were needed and eliminate some reporting of data collected elsewhere. For example, the new format requires that additional information on food stamp fair hearings and fraud investigations, and it eliminates the need to report the number of quality control and management evaluation reviews. The revised format also requires that additional and more specific application information be reported, compared with the reporting format used for fiscal years 1981 through 1986.

The fiscal years 1985 and 1986 information was the most current available at the time of our review, and we, therefore, could not assess the effect of the revisions regarding what is reported beginning with 1987. We did review the new format and obtained Service and selected state officials' views on the revisions and found that because the new requirements did not clarify some of the definitional problems discussed earlier, state officials questioned some of the reporting instructions. Furthermore, some state officials expressed concerns about the difficulty of providing the additional information given their current procedures for recording and reporting the information. Therefore, the Service, at the time of our review, told us it planned to prepare a written response to the states to clarify the reporting requirements and define how the different types of food stamp applications and disposition decisions should be reported. At the time they commented on our draft report, Service officials provided us with a copy of the written response that they had issued to the Service's regional offices in April 1988. Service officials told us that the regional offices will distribute the written response, consisting of additional reporting instructions, to the states.

Reporting Revisions Proposed and Incorporated

In October 1985, the Service proposed revisions to the Program Activity Statement format and distributed it to the Service's regional offices and the states for their review and comment. The revisions which related to the application information expanded the report categories for public

assistance and nonassistance food stamp approvals and denials to separate and identify the number of total applications as (1) initial applications, (2) expedited service applications, (3) recertifications, or (4) pending applications for each category. The pending application category was also changed to request only the number of applications pending due to a state-caused delay in processing. Four regional offices and 15 states responded with comments that generally focused on (1) a need for clarifying the instructions and (2) the limitations of their current reporting systems that did not record all of the application information required on the proposed format.

According to Service officials, the comments were considered and incorporated into the final version of the reporting format. The Service distributed the new format to the Service's regional offices and the states in May 1987 and requested that states use the new format to report the fiscal year 1987 application information. The Service officials then automated the reported information to assist them in monitoring state performance from year to year. In using the new format, some states again raised concerns regarding the reporting instructions and the limitations of their reporting systems to provide the level of detail required on the new format—concerns similar to those expressed in response to the reporting revisions proposed in October 1985. The Service's written response, issued in April 1988, addresses these concerns and provides additional reporting instructions.

State Officials' Views on the Revised Reporting Requirements for the Application Information

After the Service revised the reporting requirements for the application information, some of the states in our review expressed concerns about the difficulty of providing the additional information, given their current procedures for recording and reporting the information. They also questioned some of the instructions on the reporting format. Furthermore, the Service's Northeast Region submitted a letter in September 1987 to Service headquarters conveying its states' concerns regarding the limited time frames they were given for implementation, the difficulty of recapturing the data for periods already completed, and the lack of clarity in the instructions on the form itself. The following examples highlight some of the states' concerns and questions.

Illinois officials expressed concern about the new reporting requirements because the Service had not previously (1) issued clear definitions and instructions for accumulating, aggregating, and reporting the information or (2) provided feedback on the information reported for the past 6 years. The officials said that the instructions need to be clarified

to define how applicants entitled to expedited services should be counted since the same application is used for the first month's expedited services food stamps and the following month's regular food stamps. Finally, the officials were concerned about reprogramming their computer systems to collect the information for the revised report format without a clear definition of the purpose of the report and detailed instructions for compiling the data to be reported.

Some states said their current reporting procedures and computer systems would not provide some of the application information as specified by the revised reporting requirements. For example, the revised format and instructions require states to report those pending applications where the state failed to determine food stamp eligibility and provide benefits within the processing guidelines required by the regulations. Applications may also be pending if the applicants have not provided the documentation necessary to determine eligibility. Thus, even though Michigan's current computer system tabulates pending applications, it cannot distinguish whether the state or the applicant caused the delay in processing the application. In addition, some states cannot provide part of the additional application information until their current reporting systems are revised to conform with the new report format. To illustrate, even though all six states currently include and report expedited services requests (as initial applications), the District of Columbia, Colorado, and Massachusetts officials said that they cannot separately report the number of expedited services applications.

States within the Service's Northeast Region had questions regarding how to categorize food stamp applications under either public assistance or nonassistance programs. In addition, they requested clarifications on expedited services definitions and cited their inability to provide all of the required information using their current reporting systems. They also noted that it would be difficult—if not impossible—to provide some of the specific information now required for the months of the current fiscal year that preceded the May 1987 arrival of the new reporting format. Even if they revised their reporting systems to capture all of the specific application information for the upcoming months, this information would not be available for the preceding months since it was not recorded on the reporting system.

In response to these concerns and questions, Service officials told us during our review that they planned to provide written guidance to all states to clarify the reporting requirements and define how the different types of food stamp applications and disposition decisions should be

reported. As discussed earlier, Service officials later provided us a copy of the written response they had prepared and issued to the Service's regional offices in April 1988 that addresses the questions raised by the states in the Service's Northeast Regional Office. The regional offices are expected to provide these instructions to the states, according to Service officials.

Conclusions

The Service had not provided detailed instructions and guidance to the states for reporting the application information. Therefore, the information was reported according to each state's definitions which were not always consistent from state to state and in some cases have changed from year to year, thus preventing any comparisons of the information over time and among states. In short, the information is not reliable for making national decisions on the Food Stamp Program.

The Service has revised and expanded the reporting format and requirements and, at the time of our review, Service officials told us that they planned to provide additional guidance to address the states' questions or concerns. The Service provided a written response to the Service's regional offices in April 1988 to address the questions raised by the states in the Service's Northeast Regional Office. While these additional reporting instructions respond to some states' particular concerns, we found other reporting differences, such as those used by states recording withdrawn applications, that will also need to be addressed. The Service must ensure that all states correctly interpret the reporting instructions and consistently report that information, given that the Service plans to use the application information to evaluate state performance.

Recommendation to the Secretary of Agriculture

We recommend that the Secretary of Agriculture direct the Administrator, Food and Nutrition Service, as part of the Service's oversight, to provide clear and understandable definitions for reporting food stamp application information and guidance; thus, helping ensure that states report the information according to the Service's requirements.

Agency Comments

Officials from the Service and the states agreed that clear and understandable definitions are needed to ensure that the application information is consistently reported according to the Service's requirements. In a draft of this report, we also proposed that the Secretary of Agriculture direct the Administrator, Food and Nutrition Service, establish specific

Chapter 2
Definitions and Reporting Procedures for
Food Stamp Application Information Are
Not Consistent

and expedited timeframes for providing states the definitions and guidance for reporting the application information. In commenting on the draft, Service officials said that their April 1988 response to specific questions from the Service's Northeast Regional Office provided some clarifications. However, as discussed earlier, other state reporting differences we found will also need to be addressed. The Service agreed that it needed to continue to provide guidance to ensure that the information is accurately reported.

States Monitor and Use Application Information but Federal Oversight and Use Has Been Minimal

The local offices in the states we reviewed had procedures to assure that the application information was recorded according to their definitions and also monitored the data entry and resulting reports to assess the information's accuracy. Furthermore, the states used the information to evaluate their food stamp application processing workload and staffing needs. However, according to Service officials, the Service had not assessed the accuracy of the information for fiscal years 1981 through 1986, nor had it used the information as part of its budgeting and program planning process.

State Oversight of Application Information

In our review of records and discussions with state and local officials, we found that each state's procedures for recording the applications and its dispositions generally were designed to provide assurances that the application information was accurately compiled and reported, in accordance with their own established procedures. When readily available—in the District of Columbia, Illinois, Michigan, and Wisconsin—we reconciled the fiscal year 1985 and 1986 automated application data reported to the Service with the states' source documents from which it was derived and found that the automated information was generally accurate and supported by the source documents. Because supporting documentation was not readily available in Colorado and Massachusetts, we focused our review on the states' reporting procedures and found that the procedures were designed to correctly compile the application information. However, we could not assess the accuracy of the information.

Reporting procedures that contain checks and balances between data entry tasks and the resulting reports are designed to provide assurances that the application information was correctly compiled. All 16 local offices we visited used procedures that required (1) application requests and dispositions be recorded and monitored and (2) supervisory reviews of employees' application actions. These procedures provided assurances that applications received are properly entered into the application processing system according to the states' definitions. The 16 local offices used either manual logs or sign-in sheets or computer systems to record and account for application activities. In addition, the local offices in states using automated recordkeeping systems are required to compare the computer-generated information reports (used to report the application information to the Service) back to the initial data entry documents to verify that each application and disposition was correctly recorded. Supervisors in each of the 16 local offices reviewed samples of

reports on their offices' applications and disposition decisions to monitor the accuracy of the information recorded.

For those states that use automated systems to collect and aggregate the application information and were able to provide the supporting documentation (District of Columbia, Illinois, Michigan, and Wisconsin), we reconciled the information from the monthly reports to that reported to the Service for fiscal years 1985 and 1986 and found that it was generally accurate. To illustrate, Michigan's local office automated reports are used to aggregate, on a monthly basis, the application information by county, district, and state levels. The state office tabulates the monthly state level reports to generate the application information for the Program Activity Statement. We reconciled Michigan's fiscal year 1985 and 1986 application information by comparing the monthly summaries of the county, district, and state level reports from which the information was derived with the application information reported to the Service and found that the information was generally supported by the individual reports.

However, in Illinois, we found that part of the supporting documentation differed from the application information reported to the Service on the Program Activity Statements. The state's reporting system showed about 14,800 pending applications for the 1985 fiscal year, but the state reported less than 100 pending applications to the Service. According to a state official, the state's reporting system reports the total number of pending applications (i.e., the 14,800) for the reporting period, versus only those pending more than 30 days. Since the Service requires that only those applications pending more than 30 days be reported, Illinois' officials estimated the number of applications pending more than 30 days. In addition, in both fiscal years 1985 and 1986, we could not reconcile Illinois' total applications processed (defined as approvals plus denials, according to state officials) because of differences between the prior and subsequent years' ending and beginning pending application inventories. According to state officials, the pending inventories are approximations used for internal purposes and are not intended for use in reconciling the state's total application inventory.

In states where supporting documentation was not readily available and either part or all of the information was manually recorded and reported by the local offices (Massachusetts and Colorado), we focused our review on the procedures used to compile the data reported to the Service. The two states' procedures are generally designed to ensure that the local offices were recording and reporting the information, but

we could not assess the accuracy of the information. For example, Massachusetts' local offices are required to manually compile the application information and then submit these reports to the state office. The state office tabulates a statewide summary of the application information by entering each local office's report information on a microcomputer. Thus, the accuracy of the information is dependent upon the accuracy of each local office report and the state office's interpretation and entry of the data on a microcomputer. The state office could not provide the individual local office reports or attest to their accuracy and thus we could not assess the accuracy of the state's application information.

In Colorado, an automated system was being phased in during 1985 for each county, and the state aggregated the information from both manual and computer-generated reports for 1985. However, the 1985 information (manual and automated) was already in storage at the state archives and not readily accessible. While the state officials could not provide the documentation to support whether all the application information had been included for each county, they said that the procedures to compile and report the information should ensure that all of the state's information was reported. For fiscal year 1986, Colorado's automated system was in place statewide and officials used the system's monthly reports for each county to aggregate the application information.¹ However, the state officials could not locate the reports covering 2 months (attributed to their recent office relocation) and thus the officials estimated the information for these 2 months based on the other months' application activity for the fiscal year. In addition, recertification denials were estimated for both fiscal years by using denial and termination actions because recertification denials were not recorded separately.

States Use Application Information to Assess Program Operations

At the local level, states were using the application information to track their day-to-day activity levels and staffing needs. The states generated the information from either centralized statewide or decentralized local office reporting systems and used the reports to monitor caseworker, unit, county, and state food stamp application workloads. In addition, periodic reports on applications approved, denied, and pending were subjected to supervisory reviews at each management level to correct

¹One county is allowed to maintain an individual computer system—versus expending the funds to convert to the statewide system—that records the application information in the same way, according to the state officials.

workload imbalances and assure that applications are processed promptly. As discussed previously, states also use the appropriate monthly food stamp activity reports to generate the annual application information for reporting on the Program Activity Statements. The following examples illustrate how some of the states we reviewed use the application information.

From its centralized automated data base, Michigan generates semi-monthly and/or monthly reports to monitor food stamp application activity. The centralized system provides each caseworker semimonthly reports identifying pending applications requiring disposition and each supervisor a monthly report of each caseworker's total application actions and those pending applications that require approval or denial action. In addition, each district office receives a monthly application activity report which is used to monitor and compare county operations within a district and the state office receives a monthly report on state-wide activity in each application category for management evaluation of program policies and areas for research.

In Massachusetts, local offices maintain records to monitor the accuracy of the monthly information, and supervisory and management reviews of the information serve to monitor application accuracy and processing. The state summarizes the monthly reports on a microcomputer to generate the prescribed application information for the Program Activity Statement.

Some of the local offices we visited in the District of Columbia used weekly and monthly tabulations of application activity to monitor office workloads and evaluate staffing needs and application processing time. They also assessed employee productivity by comparing the number of application actions performed to a caseworker's time available for such actions.

Lack of Federal Oversight and Use of Application Information

Service officials, at headquarters and regional offices, had not monitored or assessed the accuracy of the application information reported by the states for fiscal years 1981 through 1986. In addition, the officials provided little oversight of, or feedback to, the states regarding the information. Furthermore, the Service officials said they had not used the information from the Program Activity Statement as part of their budgeting and program planning process. However, they told us that they plan to use the information to assess state performance regarding application processing.

The states provide the application information as part of the annual Program Activity Statement, which they submit to the appropriate Service regional office. The regional offices then submit the Statements to Service headquarters without verifying the information or providing feedback to the states. According to Service headquarters officials, the states' application information had not been monitored because it was not automated. However, other sections of the Statement, such as the fair hearings and fraud control information, are entered on the Service's computer system. The Service officials then use this information to monitor state performance and determine the administrative cost reimbursement each state is entitled to for these activities. Beginning with fiscal year 1987, the application information has been entered onto the Service's automated system. Service headquarters officials plan to monitor a state's performance from year to year and evaluate any changes or fluctuations in the reported information. Furthermore, in commenting on this report, the officials acknowledged the importance of valid Program Activity Statement information and told us that the Service has identified the Statement, which contains the application information, as an area for its management evaluation reviews for fiscal year 1988.

According to program regulations, the Program Activity Statement is designed to assist the Service and states in analyzing current budgets and in planning future operations and objectives for the Food Stamp Program. In addition, the regulations state that such analyses may be used to identify issues for further examination in the Service's management evaluation reviews, to ensure that the program is run as efficiently and effectively as possible. The instructions accompanying the Statement define it as an annual report reflecting data on several indicators of program activity levels for the preceding 12 months. The indicators, one of which is the application information, are to be used as planning devices in conjunction with future expenditure estimates. However, according to Service officials, the Service has not used the application information from the Program Activity Statement as part of its budgeting and program planning process but has relied on other sources of Food Stamp Program information for this purpose. For example, the number of program participants and the funding for benefits and administrative expenditures had been used in the Service's program evaluation and planning processes.

Nevertheless, Service officials said that the application information had been used informally to fulfill ad hoc needs in developing food stamp policies. For example, they estimated state employee costs incurred for processing applications by comparing the total number of applications

to administrative costs. In addition, the Service officials told us that they automated the application information for fiscal year 1987, included it in its annual report on state Food Stamp Program activities, and plan to monitor states' performance concerning application actions. Specific written procedures or guidelines for using the application information have not been developed, but Service officials said that they plan to (1) review year-to-year activity levels and compare this information to state Food Stamp Program participation, (2) compare administrative expenditures to the number of application actions, and (3) monitor expedited service actions.

Conclusions

Even though the states we reviewed were using different definitions and procedures to record the application information, they monitored the information to ensure that it was recorded in accordance with the states' reporting requirements. Furthermore, at the local and state level, offices were using application approval, denial, and pending case data bases to assess their workload and staff needs.

At the time of our review, the Service had not assessed the accuracy of the reported information, provided feedback to the states, or used the application information as part of its budgeting and program planning process. Therefore, the Service did not know that the states were interpreting the reporting instructions differently and thus reporting the application information using different definitions. The Service revised and expanded the reporting format and requirements and has provided some clarifications on the revised reporting requirements. In addition, the Service told us they will develop plans for monitoring and using the application information to assess state performance.

The reporting revisions and clarifications, as well as the Service's plans to monitor and use the information are steps in the right direction to improve the accuracy of the information. However, it is particularly important that the Service provide the oversight necessary to ensure that states understand and interpret the reporting requirements in the same manner, given that the Service plans to assess state performance based on the reported application information. Furthermore, the Service should develop specific plans and written procedures for using the reported information to provide a clear understanding of how state performance will be evaluated and thus convey the importance of accurately and consistently reporting the information.

Recommendations to the Secretary of Agriculture

To ensure that states are accurately reporting the food stamp application information, we recommend that the Secretary of Agriculture direct the Administrator, Food and Nutrition Service, to develop specific plans and written procedures for

- monitoring the states' application information to ensure that it is reported according to the Service's requirements and
- using the reported information to evaluate state performance.

Agency Comments

In commenting on a draft of this report, officials from the Food and Nutrition Service and the states indicated that the information presented in the report was factually correct. In addition, the Service generally agreed with our recommendations and pointed out that it had already taken steps to assess the validity of the application information through its management evaluation reviews for fiscal year 1988. However, the Service recognized the need for continued monitoring efforts to ensure that the information is accurately reported, and it is developing plans for using the information to evaluate state performance.

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