

August 1990

# FOOD STAMP PROGRAM

## Alternative Definitions of a Household for Food Stamp Eligibility



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

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The Honorable Patrick J. Leahy, Chairman  
The Honorable Richard Lugar, Ranking Minority Member  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable Tom Harkin, Chairman  
Subcommittee on Nutrition and Investigations  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable Charles Hatcher, Chairman  
Committee on Domestic Marketing, Consumer Relations  
and Nutrition  
Committee on Agriculture  
House of Representatives

In response to your requests, this report (1) describes how the household definition evolved into its current complex form, (2) discusses whether the current household definition contributes to homelessness in America, and (3) provides a range of alternative definitions and discusses their potential effects on participation and benefit payments, homelessness, and program simplicity.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after the date of this letter. At that time, we will send copies of this report to the appropriate House and Senate committees and subcommittees; interested members of the Congress, the Secretary of Agriculture; the Director, Office of Management and Budget; and other interested parties.

If you have any questions regarding this report, please contact me at (202) 275-5138. Major contributors to this report are listed in appendix IV.

John W. Harman  
Director, Food and  
Agriculture Issues

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# Executive Summary

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## Purpose

The Food Stamp Program is the nation's largest food assistance program, costing the federal government about \$13 billion and serving 7.2 million households (an average of 18.8 million people per month) in fiscal year 1989. Food stamp benefits are provided to households rather than to individuals; thus, a key factor in determining applicants' eligibility and benefits is how the household is defined.

At the request of the Chairmen of a congressional committee and two subcommittees and a Ranking Minority Member of a committee, this report (1) describes how the definition of "household" evolved into its current complex form; (2) discusses whether the current definition contributes to homelessness in America; and (3) provides a range of alternative definitions and discusses their potential effects on participation and benefit payments, homelessness, and program simplicity.

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## Background

The Food Stamp Program's benefits are allocated according to the size and economic resources of a household. According to the Food Stamp Act, a household is defined generally as persons living together who customarily purchase and prepare their food together. However, spouses, parents and their children, and siblings who live together are considered to be a household whether they purchase and prepare their food together or not. The household definition is complicated by exceptions to this general definition that allow groups such as the elderly, disabled, and adults and their minor children who live with parents or siblings to form separate households.

Identifying the composition of a household is important because it establishes whose income and assets are counted when determining the household's eligibility and benefits. It is usually advantageous for persons to apply separately for food stamps because the household income and asset limits and benefit levels favor single-person households over group households.

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## Results in Brief

Since 1964, the Food Stamp Program's definition of a household has been changed many times by the courts and the Congress. These changes have resulted in a definition that is complex. Although the current definition of a household could provide a disincentive to share housing by requiring certain individuals to apply for food stamps together, experts on homelessness told GAO that they were unaware of any cases in which the current definition caused homelessness.

GAO developed a range of alternative definitions by adding, deleting, or replacing a limited number of provisions from the current definition. Used in various combinations, these provisions would either restrict or expand participation in the Food Stamp Program. Although some alternatives appear to simplify the definition, they could complicate benefit calculations or application procedures and/or increase costs. Other alternatives increase eligibility for some groups while reducing it for others and/or remove disincentives for siblings or adult children and their parents to share housing. Removing these disincentives by allowing individuals to form separate food stamp households would reduce the possibility that the definition of a household contributes to homelessness. However, none of our alternatives simplify program administration without reducing participation or increasing benefit costs. Two alternatives simplify program administration and only slightly increase participation and benefit costs.

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## Principal Findings

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### Evolution of the Household Definition

Since 1964, when the program began, the definition of a household has changed several times and has become more complex. In 1971, the Congress defined the food stamp household on the basis of the household members' sharing their resources and living together. Between 1971 and 1977, the definition was changed largely due to court suits.

The Food Stamp Act of 1977 changed the focus of the household from one based on members' sharing resources to that of individuals who purchased food and prepared meals together. Changes to the household definition enacted in 1981 and 1982 as cost-saving measures prevented some people from participating in the program. To help combat the problem of homelessness, the definition was broadened in 1987 to permit, for example, adults who have minor children and live with their parents to form separate households if they purchase food and prepare meals separately. These changes have resulted in a definition that is increasingly complex. (See ch. 2.)

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### Impact of the Current Definition on Homelessness

The current definition of a food stamp household contains a disincentive for siblings to live together or adult children to live with their parents because it requires them to form one household, regardless of their food purchasing and preparation habits. Although homelessness experts

interviewed by GAO were unaware of any cases in which this occurred, they said the requirement could discourage people from sharing housing because the resulting household might become ineligible or receive reduced benefits. While these experts indicated that they were unaware of the definition's directly causing homelessness, some argue that any economic disincentive for people to share housing, however small, contributes to homelessness. (See ch. 3.)

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## Alternatives to the Current Definition

After reviewing the historical evolution of the current household definition and talking with researchers, homelessness advocates, and program officials, GAO developed 11 alternatives to the current household definition. While GAO did not formulate dollar estimates and the number of participants affected for each alternative, GAO did determine the relative effect of these alternatives on participation and benefit costs.

Six alternatives group people together on the basis of familial relationships and five on the economic relationships that may exist among people who live together. Although all of the alternatives would simplify the household definition, some would complicate the eligibility determination process. On the other hand, most of the alternatives that are simpler and do not complicate program administration would expand eligibility and increase benefit payments. Two alternatives simplify the definition and program administration and marginally increase program participation while slightly increasing benefit costs. (See table 4.1.)

Generally, the alternatives that group more people together restrict eligibility and reduce benefits while those allowing more separate households expand eligibility and increase benefit payments. Those that require people who live together to be part of the same household assume an economic relationship and cooperation that may not exist. On the other hand, allowing people to form separate households on the basis of their declaration that they purchase food and prepare meals separately could cause people to misrepresent their living arrangements in order to maximize their benefits and places the administrative burden of verifying such arrangements on the government. (See ch. 4 and app. I.)

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## Recommendations

GAO is making no recommendations.

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## Agency Comments

The U.S. Department of Agriculture's Food and Nutrition Service stated that it has no major problems with the report. It suggested several technical changes to the report. These have been incorporated where appropriate. It has also cautioned that any change to the definition be made only after very careful consideration of the potential for introducing error into an area that it believes to be generally understood. (See app. III for the Service's comments.)

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**Abbreviations**

AFDC	Aid to Families With Dependent Children
CBO	Congressional Budget Office
GAO	General Accounting Office
RCED	Resources, Community, and Economic Development Division

# Introduction

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The Food Stamp Program is the largest food assistance program in the United States. In fiscal year 1989, the U.S. Department of Agriculture's Food and Nutrition Service provided about \$1 billion for administrative costs and about \$12 billion in benefits to a monthly average of 18.8 million people in 7.2 million households. How a household is defined is a key factor in determining program eligibility and benefits because Food Stamp benefits are based on the size, income, and assets of the household. For Food Stamp purposes, a household is composed of individuals who live, purchase food, and prepare meals together. Since siblings living together and parents living with their children are considered to purchase food and prepare meals together, they are automatically considered to be a household. Exceptions to this rule allow certain groups to form separate households.

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## Food Stamp Program Administration

The Food Stamp Act authorizes the Secretary of Agriculture to establish uniform national eligibility standards for participation in the Food Stamp Program. Applicants meeting all eligibility standards are entitled to specified benefits on the basis of their economic circumstances. These benefits are delivered as food coupons, which participants can redeem for food at authorized stores.

The Department's Food and Nutrition Service administers the Food Stamp Program by establishing national policies and overseeing state management of the program. States (1) delegate some management authority to counties and cities and (2) provide service to applicants and participants in local offices. These local offices are responsible for determining applicant eligibility and benefit amounts.

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## How Eligibility Is Determined

Food stamp eligibility is determined by a household's size, income, and assets. The household's composition governs whose income and assets are counted in making eligibility and benefit determinations. Generally, a household's gross and net income cannot exceed 130 percent and 100 percent, respectively, of the poverty level and its assets cannot exceed \$2,000.<sup>1</sup> Food Stamp caseworkers apply the net income test after deducting certain expenses—including shelter and dependent care—from gross income.

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<sup>1</sup>The poverty level for a family of four in 1989 was \$12,100. Assets as defined for this calculation exclude possessions such as a person's home or the first \$4,500 of an automobile's value.

Some households are subject to more generous income and asset eligibility standards. For example, households that include a member who is 60 or older or a member who is disabled are exempt from the gross income test. Individuals who are both elderly and disabled and unable to prepare meals are allowed to form separate households, although the gross income of those with whom they live cannot exceed 165 percent of the poverty level. Households with an elderly member are also allowed \$3,000 in assets.

A household's food stamp benefit is based on its size, income, and nutritional needs as determined by the Thrifty Food Plan.<sup>2</sup> The plan considers households with more than one member to be able to take advantage of the economies of scale by purchasing food in larger quantities than a household with only one individual. According to the plan, an individual forming a separate household must spend more for food each month, on a per capita basis, than a member of a group household. Thus, the household receives greater benefits for the first member than the second and each successive member, and the average per capita food stamp benefit for a one-person household is larger than the average per capita benefit for a household of two or more people.

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## Advantages of Forming Separate Households

The income and asset limits, the standard household deduction,<sup>3</sup> and the economies of scale in the Thrifty Food Plan give food stamp applicants incentives to form separate households. Gross and net income rules and the standard deduction favor single-person households over large households because income limits allow higher per-person income for single-person households than for multi-person households. Thus, two separate one-person households may be eligible for benefits despite having greater combined income than an ineligible two-person household.

Individuals living together, except for spouses, siblings, and children living with their parents, can form separate food stamp households and exclude people with significant income or assets from their household if they purchase food and prepare meals separately. Forming such separate food stamp households also allows people to have greater assets than they could as a single household. Since each household is allowed

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<sup>2</sup>The Thrifty Food Plan, the basis for food stamp benefits, was designed by the Human Nutrition Information Service to reflect the typical food choices of low-income households and to provide most or all of the National Academy of Science's Recommended Dietary Allowance for energy, proteins, several vitamins, and minerals.

<sup>3</sup>All households are entitled to an inflation-indexed standard deduction, set at \$112 per month, effective October 1, 1989.

maximum assets of \$2,000, two individuals forming separate households, under one roof, can hold assets of up to \$4,000, rather than \$2,000, if they apply together.

The principle behind the Thrifty Food Plan also favors individuals forming separate households because they can receive higher combined food stamp benefits than two people living together as one household. The Thrifty Food Plan considers economies of scale in purchasing food; therefore, additional household members receive a decreasing additional benefit. For example, two people living together as separate households and receiving the maximum monthly benefit of \$90 each would receive a total benefit of \$180. However, the maximum monthly benefit for a two-person household is \$165.

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## Current Definition of a Household

Under current Food Stamp Program rules, a household consists of persons living together who customarily purchase food and prepare meals together. The program requires some people to be household members, allows some to choose to be household members, and excludes others from household membership. According to the Food Stamp Act, parents and their children and siblings who live together are considered to be a household whether they purchase food and prepare their meals together or not. A household also can consist of an individual living alone, a group of unrelated individuals, or an individual living with others but purchasing food and preparing meals separately.

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## Exceptions

The household definition is complicated by several exceptions to the general rules that allow individuals to form households separate from those of their relatives. Under the Food Stamp Act, elderly and permanently disabled persons can be considered as separate households if they purchase food and prepare their meals separately from those with whom they live. Similarly, the McKinney Act, enacted in 1987 to help relieve the plight of the homeless, allows adults who have minor children and live with parents or siblings to form a separate household if they do not purchase food and prepare their meals with these relatives.

In addition, individuals living with but not related to others in their home, such as boarders, roomers, and live-in attendants, are considered nonhousehold members unless they elect to become part of another food stamp household. However, neither the income nor the assets of these nonhousehold members are counted toward determining the household's eligibility. If they are considered nonhousehold members, the money

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that boarders and roomers pay to the household is included as part of the household's income. According to Service rules, boarders—those whose shelter payment includes money for meals—wishing to apply for food stamps must do so as part of the household supplying the meals. However, roomers—those who pay for a room only and provide their own meals—and live-in attendants may be considered as separate households from those with whom they live if they purchase and prepare food separately.

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## Exclusions

Some people are not allowed to participate in the Food Stamp Program. For example, ineligible aliens (illegal aliens and aliens who are temporary residents), intentional program violators, and those persons not complying with employment or training requirements are barred from participation. However, their income and assets may be counted, in whole or in part, toward the household's eligibility. Supplemental Security Income recipients who receive cash assistance for food and some students over the age of 18 are also barred from participating in the program. However, their income is not used in determining eligibility.

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## Objectives, Scope, and Methodology

Concerned that the current definition of a household in the Food Stamp Program has become too complex and a source of caseworker errors, the Chairman and the Ranking Minority Member, Senate Committee on Agriculture, Nutrition, and Forestry, in an October 27, 1988, letter, as modified through subsequent discussions with their offices, asked us to review the evolution of the current definition of a household and to develop several alternatives to the current definition. Also, we were asked to compare each alternative with the others and with the current definition in terms of relative potential cost of participant benefits and in terms of program simplicity when possible. In addition, in a December 6, 1988, letter, the Chairmen of the Subcommittee on Nutrition and Investigations, Senate Committee on Agriculture, Nutrition and Forestry and the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, House Committee on Agriculture asked that we determine whether the current household definition causes household members to refuse to share housing with their relatives because this might lower their food stamp benefits, thereby contributing to the homelessness problem.

To determine how the household definition evolved into its current form, we reviewed the legislative changes to the Food Stamp Program

that affected the household definition since 1964 and the published reasons for those changes. We reviewed the Food Stamp Acts of 1964 and 1977 as well as the subsequent amendments to those acts. To determine the reasons for the changes in the definition, we reviewed House and Senate conference reports issued in conjunction with the relevant laws. We also researched decisions in court cases that may have helped shape the definition of a household for the Food Stamp Program.

In determining the current household definition's impact on the homeless, we reviewed the definition and literature on homelessness issues. We also asked homeless shelter administrators, homeless people, academic researchers, welfare rights advocates, caseworkers, state public assistance officials, and Service officials for their opinions on how much the definition contributed to the homelessness problem. The discussions were conducted in Sacramento, San Diego, and San Francisco, California; Minneapolis and Saint Paul, Minnesota; Waterbury, Vermont; Madison, Wisconsin; and Washington, D.C. These discussions provide the basis for our chapter on homelessness. (See ch. 3.)

In chapter 4, we present the results of our analysis of the potential impact of 11 alternatives to the current household definition on program participation, benefit payments, and their ability to simplify the definition. In formulating these alternative household definitions, we researched the legislative history of the Food Stamp Program's household definition, obtained information on the court cases affecting the definition from the Food and Nutrition Service, and solicited views of experts on food assistance at the Congressional Research Service and the Congressional Budget Office (CBO) in Washington, D.C.; the Food and Nutrition Service headquarters in Alexandria, Virginia; and people familiar with food assistance programs, poverty issues, food stamp program administration (including caseworkers at the state and local levels), and homelessness, who identified complex or inequitable aspects of the household definition and suggested how these might be improved. State agencies also suggested some specific alternative definitions, and we based two alternatives on household concepts used by other federal agencies. Using the information we gathered, we developed the 11 alternatives to the current household definition but retained the existing administrative procedures, e.g., income and asset tests for determining eligibility as well as existing criteria or punitive measures used to enforce compliance with program regulations. For example, we retained, as part of each alternative, the treatment of ineligible aliens and intentional program violators as outlined in the current program. (See app. II for a list of agencies and associations that we contacted.)

After identifying the alternatives, we evaluated each alternative's relative simplicity and cost compared with the current definition and discussed our results with state agency and Service officials.<sup>4</sup> To determine the relative benefit costs of the alternatives, we analyzed the effect that changes from the current definition would have on various participating groups. We compared each alternative with the current definition, program regulations regarding income and deductions, and special eligibility rules for various groups. On the basis of this comparison, we determined whether each alternative would increase, decrease, or have no effect on eligibility or benefits for each group. We then ranked the alternatives according to the cumulative effects that each alternative would have on the eligibility and benefits of the various participating groups.

Our evaluation was based on several assumptions.

- The participation rate (the percentage of eligible people who participate in the program) by potentially eligible members of specific groups would be the same under each alternative.
- All provisions of the current Food Stamp Program would remain in effect unless specifically changed by an alternative.
- Those eligible to form separate households and maximize their benefits would choose to do so to the same extent under each alternative.
- People would not misrepresent their food purchasing and preparation habits under one alternative any more or less than they do under the current definition.
- People would not change their place of residence to form separate households to either become eligible or increase their benefits.

Data were not available or were inadequate for us to formulate reliable dollar estimates of the impact of each alternative. We also did not determine the extent to which the alternatives would affect program administrative costs because, according to CBO and Food and Nutrition Service staff, most of the alternatives would not cause a measurable increase or decrease in administrative costs, by increasing or decreasing the number of caseworkers needed, for example. However, according to a Service official, the individualized benefit alternative would drastically increase the administrative burden and costs. Appendix I describes each alternative in detail.

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<sup>4</sup>Simplicity refers to the effect that the alternatives would have on the administration of the Food Stamp Program in terms of impact on the caseworker's tasks.

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**Chapter 1**  
**Introduction**

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We conducted our review between January 1989 and February 1990 in accordance with generally accepted government auditing standards.

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# Evolution of the Household Definition

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Since 1964, the Food Stamp Program's definition of a household has undergone many changes. Court challenges and amendments to the 1964 Food Stamp Act resulted in the definition's being modified in a piecemeal way until the Congress passed the 1977 Food Stamp Act, which completely redefined the household. In 1981 and 1982, the Omnibus Budget Reconciliation Acts changed the household definition to obtain budgetary savings. More changes have been made since then, many of which were aimed at restoring benefits to groups that became ineligible as a result of the 1981 and 1982 legislation.

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## The Congress' Standardized Criteria for Household Eligibility

When the Food Stamp Act of 1964 was first implemented, each state participating in the Food Stamp Program was required to establish eligibility standards for households whose income was a limiting factor to obtaining a nutritionally adequate diet. As originally defined by the act, a household was an economic unit consisting of a group of related or nonrelated individuals who lived together, shared common cooking facilities, and customarily purchased food together. An individual who had access to cooking facilities and purchased and prepared food for home consumption was also considered a household. Thus, in order to establish a food stamp household, applicants had to have access to a cooking facility and purchase and prepare food individually or as a group.

In 1971, the Congress amended the Food Stamp Act to ensure that food stamps went to truly needy households. The amendments made the Secretary of Agriculture responsible for establishing uniform national eligibility standards for participation by households in the program. Eligible households were to receive enough assistance to provide a nutritionally adequate diet rather than merely supplementing the food budget of needy people. Households receiving public assistance, such as Aid to Families with Dependent Children, were made categorically eligible, while others had to meet specific eligibility criteria. Benefits were also provided to the working poor, but households containing adult family members who were unemployed and did not register for and accept employment were made ineligible.

The Congress also acted to deny benefits to communal groups. It precluded groups of unrelated people who lived together from receiving benefits<sup>1</sup> by defining the household as a group of related individuals

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<sup>1</sup>The Congress made an exception for groups of unrelated people aged 60 and over. These people continued to receive benefits regardless of the relatedness provision.

who live together as one economic unit, sharing common cooking facilities, and customarily purchasing food together. Finally, dependents over the age of 18 were declared ineligible for separate program benefits until a year after they had last been claimed as dependents for federal income tax purposes.

Between 1972 and 1974, the Congress further modified the household definition to provide benefits for residents of some institutions and to prevent duplication of assistance provided under the Supplemental Security Income Program. Residents of federally subsidized housing for the elderly and approved narcotics or alcohol treatment facilities became qualified for food stamps by these changes. On the other hand, recipients of Supplemental Security Income Program benefits were, and still are, ineligible to receive food stamps if their benefits have been specifically increased to include the value of their food stamp allotment.

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## District and Supreme Court Cases Resulted in Further Changes

The results of several court cases caused further changes in the household definition in 1973. These cases successfully challenged both the Food and Nutrition Service's interpretation of the Food Stamp Act and some of the amendments made to the act in 1971. As a result, the Service changed its regulations, and the law was amended to comply with the court rulings.

In May 1973, the Federal District Court for the Northern District of California ruled in Knowles vs. Butz that the Food and Nutrition Service regulation requiring everyone living together to be an economic unit, and thus a household, violated the 1964 Food Stamp statute. The Court stated that the Food Stamp Act defined a household as a group of individuals who functioned as an economic unit and not necessarily as everyone sharing living quarters. It said that interpreting the economic unit as everyone living under one roof could result in denial of food stamp benefits when one resident's ineligibility disqualified the entire household from the program, even though this individual's resources were not shared with other members of the household. In response, the Service rewrote its regulations to recognize eligible separate households in which people living together purchased and stored their food separately, or in which common living costs were not met from income available to all members.

In June 1973, Supreme Court decisions—in the Moreno and Murry cases—further changed the household definition. In USDA vs. Moreno, the Court ruled that the 1971 Food Stamp Act provision that excluded

any household containing unrelated individuals from participating in the program violated the equal protection component of the clause of the fifth amendment pertaining to due process. In *USDA vs. Murry*, it struck down the provision that made a household ineligible for food stamps because it contained a person 18 or older who had been claimed as a dependent for federal income tax purposes by a taxpayer who is not a member of an eligible household. The Court declared that the rule violated the clause of the Constitution pertaining to due process because the deduction taken for the benefit of the parent in a prior year is not a rational measure of the need of another household in which the child of the tax-deducting parent lives.

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## **The Food Stamp Act of 1977 as Amended Reflected Greater Congressional Control and Allowed More People to Participate**

The Congress passed the Food Stamp Act of 1977 to simplify the program, make eligibility requirements more precise, and reduce the number of judicial challenges to the Service's Food Stamp Program regulations. As part of the new legislation, the Congress replaced the economic unit with a new household definition based on those who shared their income and assets to acquire food. Thus, the new definition described the household as persons living together who purchased food and prepared meals together.

According to the legislative history of the act, by setting specific standards and definitions, the Congress wanted to clarify the goals and procedures of the Food Stamp Program. The clarification was intended to (1) prevent continuing judicial invalidation of the Service's regulations arising from concerns about the program's vague goals and (2) address the judicial perception that the program's goals and the Service's regulations were inconsistent. In accomplishing these objectives, the act preempted some of the Secretary of Agriculture's discretion in establishing specific food stamp eligibility procedures.

The 1977 act defined a household as an individual living alone or with others who purchased food and prepared meals separately, or a group of individuals who purchased food and prepared meals together. The manner in which living expenses and cooking facilities were shared was not a factor in determining the members of a household.

In addition to the conceptual changes, the Congress revised many specific aspects of the household definition. For example, the Congress modified the work requirements and eligibility of those who voluntarily quit a job and made illegal and temporary aliens ineligible for food stamps. The Congress also added provisions to the act that further

restricted participation by college students. For example, it required that students participate in a work study program or work at least 20 hours per week in order to be eligible for food stamps.

In 1979 and 1980, the Congress amended the 1977 act's household definition by allowing the following individuals and groups to qualify as households:

- the disabled and blind living in certain group living arrangements;
- households containing individuals involved in labor disputes (subject to specific income, asset, and work registration requirements);<sup>2</sup>
- residents in shelters for battered women and children; and
- students enrolled in a work incentive plan under Title IV of the Social Security Act.

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## The Omnibus Budget Reconciliation Acts and Other Changes Restricted Participation and Targeted Specific Groups

The 1977 act's efforts to expand participation were followed by efforts to reduce federal spending. The Congress amended the household definition as part of the cost-cutting initiatives in the Omnibus Budget Reconciliation Acts of 1981 and 1982. Whereas the 1977 Food Stamp Act had increased program eligibility and benefit payments, the 1981 and 1982 acts restricted eligibility, thereby reducing benefit payments. However, the Congress also made exceptions to its new restrictions. These exceptions protected the existing benefits of specific groups.

The 1981 Omnibus Budget Reconciliation Act restricted parents living with adult children, and boarders from qualifying as separate households. Under the act, parents and their children who live together were considered as one household regardless of whether they purchased and prepared their meals together. (Under the 1977 household definition, parents and their children could apply as separate households if they purchased food and prepared meals separately.) The 1981 act intended to prevent families claiming to purchase and prepare food separately from forming separate households to attain larger food stamp benefits. The 1981 act also sought to reduce program abuse by prohibiting individuals who lived with others and paid for their meals (boarders) from being considered separate households.

In another budget-cutting initiative, the Omnibus Budget Reconciliation Act of 1982 restricted the eligibility of siblings living together and of

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<sup>2</sup>Households containing strikers were later disqualified from participation unless they were eligible for food stamp benefits before the strike.

students. Siblings living together were required to form one household regardless of whether they purchased and prepared their meals together.<sup>3</sup> As in the case of the 1981 provision affecting parents and children, this change attempted to curtail program abuse; it prevented siblings from creating artificial households by claiming to purchase and prepare meals separately. The Congress also wanted to remove from the Food Stamp Program college and postsecondary students who voluntarily placed themselves in need by foregoing regular employment and going to school. To that end, the Congress restricted student eligibility by prohibiting participation of those students who did not (1) receive Aid to Families with Dependent Children, (2) have parental responsibility either for a dependent under the age of 5, or (3) have a dependent under the age of 12 for whom adequate child care was not available.

When the Congress instituted these changes in the definition of household, it did not want to harm the elderly or the disabled. Thus, the 1981 act provided that elderly parents could form a separate household from their children if they purchased food and prepared meals separately and if one parent was 60 years of age or older. Similarly, the Agriculture and Food Act of 1981 targeted the disabled by allowing disabled parents to form separate households from their children if they purchased food and prepared meals separately. An exception to the requirement that those who purchase and prepare meals together be considered a household allowed separate household status for those individuals aged 60 and over, and their spouses, who lived with others and were unable to purchase and prepare their own meals due to a certified permanent disability. These people were allowed to apply for benefits as separate households if the income of those with whom they lived did not exceed 165 percent of the poverty line.

Finally, the Congress changed the household definition to help combat the problems of the homeless. In 1987, the Congress passed the Stewart B. McKinney Homeless Assistance Act, which amended the food stamp household definition to permit parents with minor children living with another sibling or parent to apply as a separate household if they purchased food and prepared their meals separately.

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<sup>3</sup>An exception to this general rule allowed siblings to form separate households if at least one was elderly or disabled.

# Current Household Definition's Effect on Homelessness

As we have previously reported, experts have stated that a major cause of homelessness is the decline in availability of low-cost housing. Food Stamp Program and homelessness experts that we interviewed stated that they were aware of no instances in which the current food stamp household definition caused someone to become or remain homeless.<sup>1</sup> However, the definition may, under some circumstances, contribute to the problem of homelessness because it contains provisions which could discourage parents and their adult children or siblings from living together. They said, therefore, that changing the current definitions to give parents and their adult children or siblings who live together the opportunity of applying for food stamps separately would remove these potential disincentives to sharing housing.

## Causes of Homelessness

People become homeless for a variety of reasons. As we have previously reported, experts have stated that the primary causes of homelessness include: the decline in low-income housing supply, release of mentally ill people from mental institutions, unemployment, alcohol/drug abuse problems, personal crises, and cuts in public assistance programs.<sup>2</sup> Among these factors, the shortage of affordable housing has a large impact on homelessness.

Caseworkers, welfare rights advocates, and homeless shelter administrators that we talked to in four states and the District of Columbia told us that as far as they knew, the current definition did not cause homelessness. None of the people we interviewed were able to give us an actual instance in which the household definition caused someone to become or remain homeless. Shelter administrators told us that the homeless themselves do not identify the eligibility requirements of the Food Stamp Program as a reason for their homelessness.

<sup>1</sup>According to Food Stamp Program regulations, the homeless are generally those who have no fixed dwelling other than temporary shelters.

<sup>2</sup>Homelessness: Implementation of Food and Shelter Programs Under the McKinney Act (GAO/RCED-88-63, Dec. 8, 1987).

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## Experts State That Food Stamp Household Definition Provisions May Discourage Shared Housing

The household definition assumes that close relatives who live together also purchase food and prepare meals together. Caseworkers, food stamp administrators, and advocates told us that this assumption could make some needy individuals ineligible for food stamps benefits. For example, parents and children who live together generally must apply for food stamps together (as a household), and siblings who live together must also apply for benefits together.<sup>3</sup> Caseworkers and income rights advocates pointed out that the household definition assumes a financial relationship between related people who live together that may not exist. For example, parents and adult children or siblings may share a dwelling to save on rent but may not share food or other resources. Because of the economies of scale which are built into food stamp benefit tables, smaller households receive larger per capita benefits than larger households. Since caseworkers must count the income and assets of all members of the household to determine food stamp eligibility and benefits, requiring people to apply for food stamps together (if they do not share their resources) may make them ineligible to receive food stamps because their combined resources may exceed the maximum resources allowed. This may make a shared housing arrangement more difficult to maintain. Additionally, if any member refuses to supply information needed to process the food stamp application, the claim will be denied and needy members of the household will be ineligible for food stamp benefits.

According to caseworkers, advocates, and state officials that we interviewed, provisions requiring adult children to apply for food stamps together with their parents and siblings with whom they live could discourage these people from sharing housing in several ways:

- Relatives may refuse to take in a homeless or near-homeless<sup>4</sup> individual because that person's income may decrease their food stamp allotment.
- The homeless or near-homeless who are currently eligible for food stamps may not want to live with their relatives because their relatives' income would make them ineligible.
- The homeless or near-homeless may not want to live with their relatives because they would lose control of their food stamp allotment since all

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<sup>3</sup>Exceptions to these general rules exist for the elderly, permanently disabled persons, and adults with minor children who live with their parents or siblings. These exceptions are discussed in detail in chap. 1.

<sup>4</sup>The near-homeless are those individuals who could be evicted for nonpayment of rent or utilities, face foreclosure, pay an excessive portion of their income on housing, or are doubled up with others because of their financial situation.

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**Chapter 3**  
**Current Household Definition's Effect**  
**on Homelessness**

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food stamp benefits are delivered to the head of the food stamp household.

- Individuals may leave their relatives' homes in order to qualify for food stamps if others in the household have income that makes the household ineligible or if a household member refuses to supply information for the food stamp application.

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# Alternative Household Definitions

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By changing existing provisions of the current household definition, we developed 11 alternative definitions. The alternatives differ in terms of program simplification, the extent to which they affect the eligibility of different groups—such as the elderly or the near-homeless—and their impacts on overall program participation (and benefit costs). The alternatives, which are summarized in this chapter, are discussed in detail in appendix 1.

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## Changing Provisions of the Household Definition

We changed 6 provisions of the current definition to develop the 11 alternative definitions of a household for the Food Stamp Program. People knowledgeable of and/or involved in the Food Stamp Program said that changing these provisions could make the definition simpler to administer while ensuring its fairness to food stamp recipients. Changing any of these provisions would affect participation and benefit costs.

The alternatives were constructed by changing one or more of the provisions in the following manner:

- Eliminating the “purchase and prepare” provision without replacing it with another method of grouping people together could, depending on other changes, allow individuals to choose whether to form separate households regardless of their food purchasing and preparation habits.
- Dropping the requirement that adult children living with their parents and siblings living together must form a single food stamp household would allow them to form separate households if they purchase food and prepare meals separately.
- Reversing the McKinney Act provisions would require adults who have minor children and live with their parents or siblings to form single households regardless of whether they purchase food and prepare meals separately.
- Disallowing separate household status for the elderly or disabled living with their adult children or siblings would require them to form a single household regardless of whether they purchase food and prepare meals separately.
- Preventing unrelated individuals who live together from establishing separate households when they purchase food and prepare meals separately would require them to form one household for food stamp purposes.
- Removing special income and asset rules for households containing elderly or disabled members would result in some of these households becoming ineligible to receive food stamps.

## Alternative Definitions of a Household

The following list provides a brief description of the 11 alternatives that we developed by manipulating the above provisions. Some alternative definitions provide extreme changes from the current definition, e.g., one alternative combines all individuals who live together into one food stamp household and another alternative allows each individual who meets eligibility standards to form a separate household. Other alternatives only slightly change the current definition. The names of the alternatives were selected to describe the salient features and to help differentiate between definitions that, in some cases, are very similar. (Detailed descriptions of each alternative and analyses of the effect each would have on participation, benefit costs, homelessness, and program simplicity are included in app. I.)

Single Dwelling: This definition requires all individuals living in one dwelling to form a single food stamp household.

Modified Economic Unit: This definition requires individuals living together to form a household if they share resources to purchase food and share common cooking facilities. Individuals could form separate households only if they purchase food separately and have separate cooking facilities.

Modified Single Dwelling: This definition requires all individuals living in one dwelling to form one food stamp household but allows exclusions from income and deductions for households with elderly or disabled members.

Extended Family: This definition requires individuals living together who are related by blood or marriage to form one household, regardless of age or disability. Unrelated individuals could form separate households only if they purchased food and prepared meals separately.

Financial Dependency: This definition requires individuals living together to form one food stamp household unless they document that they provide more than 50 percent of their own financial support.

Standard: This definition requires spouses, parents and their minor children, and unrelated individuals who live together and purchase food and prepare meals together to form a single household. The elderly could form separate households only if they are disabled and unable to prepare their own food and the gross income of the family they are living with is, or is less than, 130 percent of the poverty level.

Nuclear Family: This definition requires spouses, siblings, and parents or guardians with children who live together to form a household. The elderly, the disabled, adults living with their parents with minor children of their own, and all others could form households together or separately because they would no longer be subject to the purchase and prepare requirement.

Modified 1977 Food Stamp Act: This definition requires spouses and parents with their minor children who live together to form a food stamp household. Others could form separate households only if they purchase food and prepare meals separately.

Legal Responsibility: This definition requires those who live together and are legally responsible for each other (such as spouses or parents and their minor children) to form a food stamp household. Almost all others could form households either separately or together.

Aid to Families With Dependent Children (AFDC): For those receiving AFDC assistance, the food stamp household would be the same as the AFDC assistance unit<sup>1</sup> (household). For AFDC recipients living with non-AFDC recipients and those not receiving AFDC, the household would be defined under the Legal Responsibility alternative.

Individualized Benefits: Each eligible person would receive food stamp benefits on the basis of income, assets, and expenses. For parents living with their minor children, income and expenses would be prorated equally among parents and their children to determine eligibility and benefits for each family member.

Table 4.1 summarizes the impacts of the 11 alternative household definitions on participation, the near-homeless, benefit costs, and program simplicity.

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<sup>1</sup> An AFDC assistance unit consists of parents and their natural, adopted, or step children under the age of 18 or a group of individuals consisting of children and their guardian or another responsible adult.

**Table 4.1: Impact of Alternatives on Participation, the Near-Homeless, Benefit Costs, and Program Simplicity Ranked by Relative Benefit Costs**

Alternatives <sup>a</sup>	Eligibility & participation <sup>b</sup>	Near- homeless <sup>c</sup>	Benefit costs <sup>a</sup>	Program simplicity <sup>d</sup>
Single Dwelling	Decrease	Decrease	Decrease	Simpler
Modified Economic Unit	Decrease	Not determined	Decrease <sup>e</sup>	More complex
Modified Single Dwelling	Decrease	Decrease	Decrease <sup>e</sup>	Simpler
Extended Family	Decrease	Decrease	Decrease	More complex
Financial Dependency	Not determined	Not determined	Not determined	More complex
Standard	Not determined	Increase	Not determined	Simpler
Nuclear Family	Increase	Increase	Increase <sup>f</sup>	Simpler
Modified 1977 Act	Increase	Increase	Increase <sup>f</sup>	Simpler
Legal Responsibility	Increase	Increase	Increase <sup>g</sup>	Simpler
AFDC	Increase	Increase	Increase <sup>g</sup>	Simpler
Individualized Benefits	Increase	Increase	Increase	More complex

<sup>a</sup>The alternatives are listed according to their relative benefit costs (compared to those under the current system), from the least to the most costly. This ranking was derived by comparing the effects of each alternative on the benefits of the groups listed in table 4.2.

<sup>b</sup>Alternatives' impact on eligibility and participation was derived from the impact on groups noted in table 4.2.

<sup>c</sup>This column shows the accumulated effect on participation of near-homeless groups, including parents with minor children, adult children living with parents, siblings living together, and unrelated individuals.

<sup>d</sup>Program simplicity refers to the effect that the alternatives would have on Food Stamp Program administration in terms of the caseworker's tasks.

<sup>e</sup>Our analysis did not make a distinction between the relative potential costs of the Modified Economic Unit and the Modified Single Dwelling alternatives.

<sup>f</sup>Our analysis did not make a distinction between the relative potential costs of the Nuclear Family and the Modified 1977 Act alternatives.

<sup>g</sup>Our analysis did not make a distinction between the relative potential costs of the Legal Responsibility and AFDC alternatives.

## Impact of Alternatives on Participation

The effects of these 11 alternatives on specific segments of the population would vary according to the combination of elements used to construct the alternatives.

Five alternatives would increase Food Stamp Program participation by removing provisions of the current definition that prevent people from forming more separate households. The Legal Responsibility, AFDC, and Individualized Benefits alternatives would allow almost all categories of participants to form separate households. The Modified 1977 Act alternative would increase participation only among adult children living with their parents and siblings living together. The Nuclear Family

alternative, by removing the requirement that people form a household if they purchase and prepare their food together, would increase participation somewhat among all categories except adult children living with their parents and siblings living together.

Four alternatives would reduce participation by preventing people from forming separate households, and two others would have varying effects on different categories of participants. The Single Dwelling, Modified Single Dwelling, Modified Economic Unit, and Extended Family alternatives would prevent some people from forming separate households for food stamp purposes. Thus, some of these people would become ineligible as their income and assets are combined with others in their home. We did not determine whether the Financial Dependency and Standard alternatives would increase or decrease overall participation because the data available on the various categories of participants were insufficient for us to determine whether an increase in one category would offset a decrease in another.

Table 4.2 shows the effect that each alternative would have on eligibility and benefits for different program participants.

Chapter 4  
Alternative Household Definitions

**Table 4.2: Potential Effect of Alternatives on Eligibility and/or Benefit Levels for Categories of Participants<sup>a</sup>**

Alternatives	Elderly	Disabled	Elderly & disabled	Parents with minor children	Adult children with parents	Siblings who live together	Unrelated individuals
Single Dwelling	Decrease	Decrease	Decrease	Decrease	No effect	No effect	Decrease
Modified Economic Unit	Decrease	Decrease	Decrease	Decrease	Increase	Increase	Decrease
Modified Single Dwelling <sup>b</sup>	Decrease	Decrease	Decrease	Decrease	No effect	No effect	Decrease
Extended Family	Decrease	Decrease	Decrease	Decrease	No effect	No effect	No effect
Financial Dependency	Decrease	Decrease	Decrease	Decrease	Increase	Increase	Not determined <sup>c</sup>
Standard	Decrease	Decrease	Decrease	No effect	Increase	Increase	No effect
Nuclear Family	Increase	Increase	No effect	Increase	No effect	No effect	Increase
Modified 1977 Act	No effect	No effect	No effect	No effect	Increase	Increase	No effect
Legal Responsibility	Increase	Increase	No effect	Increase	Increase	Increase	Increase
AFDC	Increase	Increase	No effect	Increase	Increase	Increase	Increase
Individualized Benefits	Increase	Increase	Increase	Increase	Increase	Increase	Increase

<sup>a</sup>We performed this analysis by comparing each alternative with the current household definition, program regulations regarding income and deductions, and special eligibility rules for various groups. On the basis of this comparison, we projected whether each alternative would increase, decrease, or have no effect on eligibility and benefits for each group. An increase means that the alternative would make it more likely that persons in that group would become eligible, receive more food stamps, or both. A decrease means that the alternative makes it more likely that persons in that group would be ineligible or receive fewer food stamps than they would under the current definition. This analysis uses the current food stamp benefit structure, based upon the Thrifty Food Plan. Some alternatives would require changing that structure.

<sup>b</sup>The Modified Single Dwelling alternative excludes some income counted toward the gross income limit and special deductions for the elderly or disabled. Thus, more people in these groups would be eligible than under the Single Dwelling alternative.

<sup>c</sup>We could not determine effects in these areas because adequate data were not available.

## Impact of Alternatives on Special Groups

Our alternatives could affect the homeless and near-homeless and other special groups, namely, migrant farm workers, Native Americans, and refugees. The more restrictive alternatives could prevent participation—allowed under the current definition—by some people whose economic circumstances or cultural traditions require them to share their dwellings. These people could receive reduced benefits or be found ineligible under the alternatives that are based upon shared living space or cooking facilities because these alternatives prevent people from applying for food stamps separately. The current definition allows

The Homeless and Near-Homeless

applicants to form separate households from unrelated people and distant relatives if they purchase and prepare their food separately.

None of the alternatives would harm the homeless because none would change the provisions of the current definition that allow the homeless to qualify for food stamps. In fact, some of the alternatives would remove some of the barriers that could prevent the homeless from entering into shared housing arrangements. However, all of our alternatives could affect the near-homeless either negatively or positively, by decreasing or increasing their participation in the Food Stamp Program.

Six alternatives would increase participation of the near-homeless and prevent the homeless from losing benefits if they shared housing with parents or siblings because the alternatives remove either some or all of the provisions of the current definition that prevent people from forming separate households. The Legal Responsibility, AFDC, and Individualized Benefits alternatives eliminate almost all restrictions to people forming separate households from those with whom they live. The Modified 1977 Act and the Standard alternatives would allow adults living with their parents and siblings living together to form separate households if they purchased and prepared their food separately. The Nuclear Family alternative would allow more adults with minor children living with their parents and unrelated individuals to form separate households because it drops the requirement that they purchase and prepare their food together. However, the Nuclear Family alternative would not allow adult children living with their parents or siblings living together to form separate households.

Three alternatives would harm the near-homeless by requiring them to form a household with those they live with. Currently, parents with minor children living with close relatives and unrelated individuals living together can form households that are separate from those with whom they live if they purchase and prepare their food separately. The Single Dwelling and Modified Single Dwelling alternatives would require these people to form a food stamp household with others in their home. Thus, people who must share housing with others would either become ineligible or receive reduced benefits when their income and assets were combined with those of the other household members. The Extended Family alternative would also hurt parents with minor children who must live with their parents or siblings because they could no longer establish separate households.

Two alternatives would hurt some near-homeless people and increase participation of others. Currently, unrelated people and adults with minor children who live with their parents or siblings may form separate households if they purchase and prepare their meals separately but adults (with no minor children) living with their parents and siblings living together may not. The Modified Economic Unit could cause parents with minor children and unrelated individuals who must share housing to become ineligible because they could no longer form separate food stamp households. However, some adults living with their parents and siblings living together could become eligible for benefits because they could form separate food stamp households under the Modified Economic Unit alternative if they had their own cooking facilities. The Financial Dependency alternative would decrease participation by some parents with minor children who would be unable to prove that they are not dependent upon support from others in their home. However, participation would increase for some adults living with their parents and siblings living together who could prove their independence of support from others in their home.

### Other Special Groups

Some alternatives may affect participation by groups that must share housing with unrelated people or distant relatives. The alternatives that require everyone living together to form a single household would decrease participation, while the alternatives that allow more separate households by dropping the purchase and prepare requirement would increase participation. Migrant farm workers and refugees may share their living space with others but may not necessarily share their resources to purchase and prepare their food together. Native Americans we interviewed told us that their traditions often require them to share their homes with their relatives.

Migrant Farm Workers: The alternatives that require everyone living in one dwelling or using common cooking facilities such as the Single Dwelling or the Modified Economic Unit alternatives could decrease participation by migrant farm workers. According to a state program official, migrant farm workers could lose eligibility if they are required to apply for food stamps with people who live with them. A state official said migrant farm workers traveling with their families must often share dwellings with one or more other families. This threat to eligibility is not a current problem because unrelated families who do not purchase food and prepare meals together may apply separately. However, the official warned that requiring everyone living together to be one food stamp household would cause many migrant farm workers to become ineligible. On the other hand, alternatives that drop the purchase and

prepare requirement, such as the Legal Responsibility alternative, could increase migrant farm workers' participation by allowing them to form more separate households.

Native Americans: Native Americans would probably not lose benefits under the alternatives that require everyone living in one dwelling to form a single food stamp household. According to Native Americans we interviewed, members of the same family may share a dwelling for periods varying from 1 week to several months. During that time, the family members would customarily expect to share their food as well as their shelter. Therefore, Native Americans would not be adversely affected by a definition such as the Single Dwelling alternative because they cannot form separate households under the current definition. However, Native Americans also said that because they purchase and prepare meals together, they receive lower benefits than other food stamp recipients. Under an alternative that dropped the purchase and prepare requirement, such as the AFDC or Legal Responsibility alternatives, Native Americans could form separate households and receive greater benefits.

Refugees: The alternatives requiring everyone living together to form one food stamp household would not cause most refugees to become ineligible or receive fewer benefits than they receive under the current definition. For example, refugee assistance groups we contacted such as the Indo-Chinese Mutual Assistance Association told us that most refugees from Southeast Asia maintain group-living arrangements with relatives. They said refugee families typically purchase food and prepare meals together and would, therefore, be a household under the current definition. Thus, adopting a more restrictive definition of a household, such as the Single Dwelling alternative, would not adversely affect refugees from Southeast Asia because when they share housing they usually share their food as well. However, one group said that requiring certain family members, such as adults and their parents, to apply together is unfair. Alternatives such as the Legal Responsibility or AFDC alternatives would increase participation as more refugees became eligible by forming households that are separate from those with whom they live.

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## Impact of Alternatives on Program Benefit Costs

We determined that four alternatives would decrease and five alternatives would increase the Food Stamp Program's benefit costs. The Single Dwelling, Modified Economic Unit, Modified Single Dwelling, and Extended Family alternatives would create fewer and larger households, provide fewer benefits, and therefore cost less than the Food Stamp Program does under the current definition. The Nuclear Family, Modified 1977 Act, Legal Responsibility, AFDC, and Individualized Benefits alternatives would create more separate households, provide higher benefits, and cost more than the Food Stamp Program does under the current definition. We could not determine whether the Standard and Financial Dependency alternatives would increase or decrease benefit costs overall because these alternatives would cause benefits to increase for some categories of food stamp participants and to decrease for others.

Table 4.1, shown above, summarizes the potential relative benefit costs of the 11 alternatives. Because no data that would permit precise calculation of the costs of each alternative was available, the alternatives' benefit costs are based on estimates of the impact of each alternative on program participation by household and represents an arrangement of the alternatives from least to most costly.

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## Impact of Simplifying the Definition

The complexities of the current definition stem from the numerous exceptions made to the basic rule that people who purchase food and prepare meals together constitute a food stamp household. This complexity, according to a program official in one state, may be the cause of many caseworker errors.<sup>2</sup> Some Service and state officials agreed that the current definition is too complex.

Identifying household members is only part of a complex eligibility process. Regardless of changes, caseworkers said it will always be difficult to determine the permanent household members because some food stamp recipients tend to be transient. Determining how expenses are to be prorated between household members and nonhousehold members is responsible for part of the complexity encountered by caseworkers. Currently, expenses are based on the actual contributions made by each person residing in the house, but there are special provisions for some nonhousehold members, such as those barred from participation due to

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<sup>2</sup>We concluded that the current household definition does not significantly contribute to caseworker errors in Food Stamp Program: *The Household Definition Is Not a Major Source of Caseworker Errors*. (GAO/RCED-90-183, July 26, 1990).

intentional program violations. None of our alternatives would affect these special provisions.

The impact of our alternatives on program simplicity are summarized in table 4.1. We determined that 7 of our 11 alternatives are simpler than the current definition. The Single Dwelling and Modified Single Dwelling alternatives would be simpler because they make household members easier to identify and limit the extent of proration necessary as caseworkers determine eligibility and benefits. The Modified 1977 Act alternative would be simpler because it does not require caseworkers to determine the relationship of applicants to others in their homes, i.e., adults living with their parents and siblings living together. The Nuclear Family, Legal Responsibility, and AFDC alternatives would simplify the definition because they remove the purchase and prepare provision, which, according to caseworkers, is difficult to verify. In addition, the Legal Responsibility, AFDC, and Standard alternatives remove some of the special exceptions that make the current definition complex. Also, according to Service and state program officials and caseworkers, since the Modified 1977 Act, Legal Responsibility, and AFDC alternatives move the household definition closer to the definition used in the AFDC program, they make the caseworker's job less complex.

Some alternatives that seem simpler than the current definition could become more complex when they are implemented. For example, using the Modified Economic Unit as a definition of a food stamp household would be simple because neither caseworkers nor applicants would have to make any judgmental decisions regarding the relationships of household members. However, program officials in one state told us that caseworkers would have to make home visits, which are not required by the current Food Stamp Program, to verify that separate cooking facilities were available before approving an application for separate household status.

On the one hand, the Individualized Benefit alternative, which requires every person living together to be a separate household for food stamp purposes, would seemingly make caseworkers' jobs easier because the household concept would be eliminated. However, it would make the eligibility determination process more complex because household expenses would have to be divided among a group of individuals living together. For parents with minor children, income and expenses would have to be prorated among family members to determine the eligibility and benefits of individuals. Thus, for a family of four, a caseworker would be required to perform four separate eligibility determinations

instead of the single determination required by the current household definition.

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## Conclusions

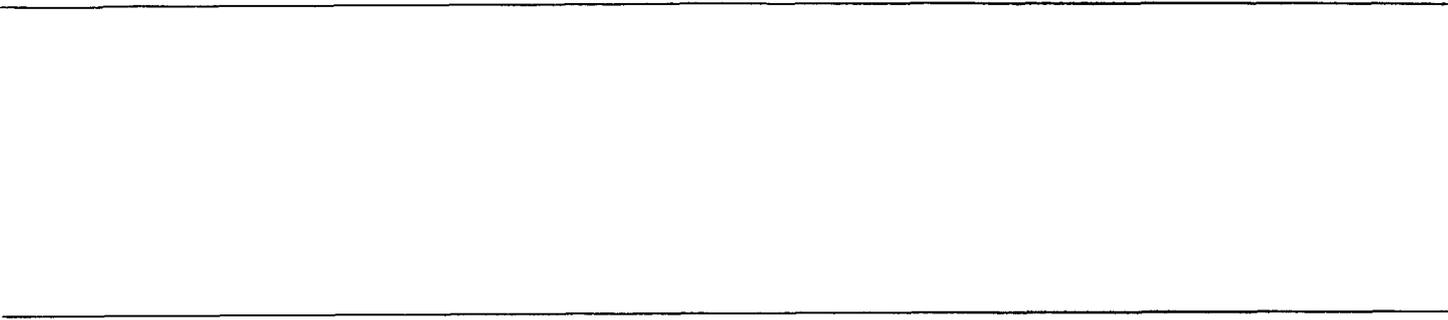
In summary, we developed 11 alternative household definitions that differ in their levels of program simplification, in the extent to which they affect the eligibility of different groups, and in their impact on benefit costs and overall participation, including that of the near-homeless. Although none of the alternative definitions would meet the objectives of simplifying program administration without reducing participation or increasing current benefit costs, two of the alternatives—Nuclear Family and Modified 1977 Act—would come close to meeting these objectives. Both would simplify program administration while only slightly increasing participation and benefit costs. In addition, the Modified 1977 Act alternative would allow adults living with their parents and siblings living together to form a separate food stamp household if they purchase and prepare meals separately. This provision would remove a disincentive to sharing housing, which could help some near-homeless obtain food stamp benefits.

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## Agency Comments

The Food and Nutrition Service stated that it has no major problems with the report. It suggested several technical changes to the report, which have been incorporated where appropriate.

The Service pointed out that the definition of a household is a key component of the Food Stamp Program and has been shaped by the Congress to assist America's poor and avoid program abuse. It mentioned that our companion report (GAO/RCED-90-183, July 26, 1990) pointed out that the current definition is not as problematic for caseworkers as had been suspected when the Congress asked for the study. Therefore, it cautioned that any change to the definition be made only after very careful consideration of the potential for introducing error into an area which it believes to be generally understood.



# Alternative Household Definitions With Analysis

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The following is a discussion of 11 alternatives to the current definition of a food stamp household. We derived these alternatives by manipulating the existing provisions of the current definition. Each alternative is discussed in terms of its impacts on program participation and direct benefit costs, homelessness, and program simplicity.

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## Single-Dwelling Alternative

A household is composed of

- a group sharing living quarters or
- an individual living alone.

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## How the Alternative Changes the Current Rules

This alternative

- discards the “customarily purchase and prepare meals together” concept by grouping all individuals who live together into one food stamp household,
- reverses the McKinney Act provisions that allow parents of minor children who share a dwelling with relatives to form a separate household,
- prevents elderly or disabled individuals from forming separate food stamp households,
- applies the gross income test to households containing elderly or disabled members and limits all households to \$2,000 in assets,
- eliminates the gross income limit test (165 percent of poverty level) for determining whether a household with a disabled elderly member who is unable to prepare his or her own meals can claim separate household status, and
- prevents individuals who are not related to others in their living quarters and who purchase and prepare meals separately from forming separate households.

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## Impact on Participation and Direct Benefit Costs

According to state and Service program officials, some current food stamp recipients may lose eligibility under this alternative. Food stamp applicants would no longer be able to state that individuals with significant income living at the same address purchase and prepare meals separately; thus these individuals would be excluded from their applications. Individuals living with other, unrelated individuals could receive reduced food stamp allotments as they are combined with other food stamp households. In addition, some elderly or disabled recipients who qualified under the current income rules would no longer qualify for food stamps.

By grouping more recipients in a dwelling together, this alternative would reduce benefit costs by lowering per-person benefits because of assumed economies of scale and by causing more persons to be ineligible for the program.

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### Impact on Homelessness

This alternative has no effect on the eligibility or benefits of those who are already homeless. However, it could hurt some of the near-homeless because it removes the McKinney Act provisions, which were meant to prevent homelessness. For example, parents with minor children who formed households separate from those of their relatives under the McKinney Act—households that, therefore, excluded a relative with significant income—may no longer be eligible for food stamps or may receive reduced benefits. Officials in one state said this alternative could discourage low-income people from sharing housing.

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### Impact on Program Simplicity

Service and program officials in one state agreed that this alternative would greatly simplify the caseworker's job because it allows fewer persons to form separate households. Thus, with only one food assistance unit per address, caseworkers would no longer be required to determine (1) relationships within the home, (2) who purchases and prepares meals together, or (3) how to prorate household expenses between household members and nonmembers.

According to some state officials, this alternative may not simplify the caseworkers' tasks in cases where it is difficult to define a dwelling. This alternative would require that a precise definition of "living quarters" be developed so that caseworkers could decide which individuals in the applicant's dwelling should be included in the household.

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### Modified Economic Unit Alternative

A food stamp household is composed of

- spouses living together;
  - parent(s) living with their natural, adopted, or step children under the age of 18;
  - a group of individuals living together who customarily share their resources to purchase food and who share common cooking facilities;
  - an individual living with others who does not customarily share resources to obtain food supplies and share common cooking facilities;
  - or
  - an individual living alone.
-

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### How the Alternative Changes the Current Rules

This alternative changes the current rules in the following ways:

- It removes provisions that require siblings living together or adults living with their parents to be one food stamp household. Individuals in these living arrangements could apply separately if they do not share resources to obtain food and share common cooking facilities.
- It modifies the McKinney Act provisions that allow parents of minor children to form food stamp households separate from those of their relatives by allowing them to apply separately if they purchase food separately and do not share common cooking facilities.
- It replaces the purchase and prepare concept with a household concept based on whether individuals “customarily share their resources together to purchase food and share common cooking facilities.”

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### Impact on Participation and Direct Benefit Costs

According to state program officials, this alternative would restrict food stamp eligibility. Although adults living with their parents and siblings living together would be allowed to form separate households if they purchase food separately and do not share cooking facilities with others in the dwelling, most low-income housing units do not have more than one cooking facility. Thus, elderly or disabled individuals or parents of minor children who formed separate households under the current definition would not be able to do so under this alternative if they did not have separate cooking facilities.

Food stamp benefit costs would decrease under this definition. State officials said overall eligibility would be restricted, and individuals who previously formed separate households could become part of larger group households because they do not have separate cooking facilities.

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### Impact on Homelessness

This alternative has no effect on the eligibility or benefits of those who are already homeless. However, it could have a negative impact on some of the near-homeless because disincentives remain that could discourage some low-income people from sharing housing. It also creates a new barrier to establishing a separate food stamp household under one roof. For example, people who wish to form separate households would find it easier to purchase and prepare meals separately than to obtain access to separate cooking facilities. By defining a household as being composed of those who share resources to buy food and who share cooking facilities, the definition gives low-income people and families incentives to live apart from each other in order to increase their food stamp benefits.

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**Impact on Program  
Simplicity**

According to state program officials, this definition does not simplify program administration. In addition, caseworkers must also establish those in the household who share income or assets to obtain food and those who share cooking facilities.

State officials said this alternative may also require developing additional regulations to define “customarily sharing income or assets to purchase food and sharing cooking facilities” because this is different from the current purchase and prepare concept. They also said that caseworkers would have to visit applicants’ homes to verify that clients had separate cooking facilities in their home.

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**Modified Single-  
Dwelling Alternative**

A food stamp household is composed of

- a group of individuals sharing living quarters or
- an individual living alone.

This alternative is the same as the Single Dwelling Alternative except that rather than allowing elderly or disabled and disabled elderly individuals to form separate food stamp households, it allows them to exclude some of their income counted toward income limits and have additional income deductions in determining eligibility and coupon allotment.

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**How the Alternative  
Changes the Current Rules**

This alternative

- eliminates the “customarily purchase and prepare meals together” requirement,
- prevents elderly or disabled individuals from forming separate food stamp households,
- applies the gross income test to households containing elderly or disabled members and limits all households to \$2,000 in assets,
- lowers the gross income limit test from 165 percent to 130 percent of the poverty level for determining eligibility of a household with a disabled elderly member who is unable to prepare his or her own meals,
- reverses the McKinney Act provisions that allow parents of minor children who share a dwelling with relatives to form a separate household,
- prevents individuals who are not related to others in their dwelling and who purchase and prepare meals separately from forming separate households, and

- allows additional income deductions for households with elderly or disabled members.

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## Impact on Participation and Direct Benefit Costs

According to Service and some state program officials, some current food stamp recipients would no longer be able to state that individuals with significant income living at the same address purchase and prepare meals separately; thus such individuals would be excluded from their household.

In addition, they said that some elderly or disabled recipients who qualified under the current income rules would no longer qualify for food stamps under this alternative. Currently, households with elderly or disabled members are not subject to the gross income test. However, this alternative would require that households containing elderly or disabled individuals, or disabled elderly individuals, meet the gross income eligibility standards. Although persons who are elderly or disabled or both elderly and disabled would not be allowed to form households separate from those of the others in their dwelling, they would be allowed additional income deductions. Service officials said that such individuals could be disqualified if the income deduction is too small to offset the gross income test.

Service and state program officials said that some parents with minor children who formed households separate from those of their relatives under the McKinney Act—households that, therefore, excluded a relative with significant income from the eligibility or benefit calculation—would become ineligible for food stamps because this alternative reverses McKinney Act provisions. Individuals living with other, unrelated individuals who were formerly considered separate households would see their food stamp allotments reduced as they are combined with other food stamp households.

According to Service and state program officials, direct benefit costs would decrease if this alternative were implemented because caseload and the number of participants would likely decrease. This alternative would probably produce fewer single person households because individuals and groups who purchase and prepare meals separately from others in their living quarters would not be allowed to form separate households. Because individuals in single-person households generally receive higher food stamp benefits than members of group households, this definition would also result in lower average per-person benefit costs.

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## Impact on Homelessness

This alternative has no effect on the eligibility and benefits of those people who are already homeless. However, it could harm some of the near-homeless because it removes McKinney Act provisions which were meant to prevent homelessness. Some low-income parents and their minor children could lose food stamp benefits under this alternative, according to Service officials. They said that if the income of others living in the home exceeded eligibility rules, or if they failed to comply with income and assets disclosure requirements, the entire household would not qualify for food stamps. Service officials also said that some parents and their minor children may choose to live apart from others in order to qualify for or increase their food stamp benefits. Thus, this alternative may provide a disincentive for people to share housing.

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## Impact on Program Simplicity

Some state officials said this alternative could greatly simplify the caseworker's job because it allows fewer people to form separate households. Thus, officials in one state explained, with only one food assistance unit per address, caseworkers would no longer have to prorate household expenses between household members and nonmembers as they do currently, except in cases in which an individual living with an applicant is automatically not eligible for food stamps. On the other hand, Service officials said this alternative may create other complexities because, although it simplifies the household definition, it would create a complex eligibility determination process.

In contrast with the current definition, this alternative would not require caseworkers to define a household by determining relationships in the home such as familial relationships or those in the dwelling who purchase and prepare meals together. Rather, a household would simply be defined as everyone who shares a dwelling. On the other hand, Service officials thought that a complex system of deductions from income would be just as bad or worse to administer than is the current household definition.

Other state officials said this alternative may not simplify the caseworker's tasks in cases in which the living arrangement is difficult to determine. Caseworkers and supervisors said this alternative would require precise regulatory definitions of "dwelling" if it were to be successfully implemented.

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## Extended Family Alternative

A food stamp household is composed of

- a group of individuals sharing living quarters who are related to one another by blood or marriage (in other words, parents and their children, spouses, siblings, grandchildren, nieces and nephews);
- a group of individuals sharing living quarters who are not related to each other but who customarily purchase and prepare meals together;
- an individual living alone; or
- an individual sharing living quarters with others to whom he or she is not related and who customarily purchases and prepares meals separately from the others.

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## How the Alternative Changes the Current Rules

This alternative

- reverses the McKinney Act provisions that allow parents of minor children sharing a dwelling with relatives to form a separate household;
- prevents elderly or disabled individuals from forming food stamp households separate from those of their relatives, even if they purchase and prepare meals separately;
- prevents disabled elderly individuals who are unable to prepare their own meals from claiming separate household status even if their relatives have a gross income of less than 165 percent of the poverty level; and
- applies the gross income test to households containing elderly or disabled members and limits all households to \$2,000 in assets.

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## Impact on Participation and Direct Benefit Costs

Some currently eligible food stamp recipients could lose eligibility for food stamps under this alternative. Some elderly or disabled recipients who qualified under the current income rules may no longer qualify for food stamps because they could not form separate households and their maximum allowable income would be restricted. Disabled elderly recipients who are unable to prepare their own meals would also be held to the income standard (130 percent of poverty level) that currently applies to other households.

Direct benefit costs would decrease somewhat if this alternative were implemented because it restricts the number of eligible participants. This definition could produce fewer single-person households because elderly or disabled individuals would not be allowed to form separate households from relatives with whom they live. Because individuals

living in group households generally receive lower benefits than individuals living alone, this definition would, most likely, result in lower average per-person costs and lower total benefit costs.

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### **Impact on Homelessness**

This alternative has no effect on the eligibility or benefits of those who are already homeless. However, it could harm some of the near-homeless because it removes the McKinney Act provisions meant to prevent homelessness. According to food stamp officials in one state, this alternative would discourage people from sharing housing with their relatives and encourage them to live alone or with persons whom they have no obligation to financially support. Further, this alternative retains the current provisions that require adults living with their parents and siblings living together to be part of the same food stamp household. This provision could provide a disincentive for sharing housing, according to welfare advocates.

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### **Impact on Program Simplicity**

Although this alternative applies the same income criteria to all cases, it actually makes program administration more complex. Service and state program officials agreed that this alternative requires more extensive verification than the current definition. Food stamp applicants must currently verify the identity of everyone in the food stamp household by providing birth certificates and other documents. Under this alternative, applicants could be required to verify the identity of all individuals in their residence to prove how they are or are not related to each other. For example, in some cases, applicants might be required to provide their parents' birth certificates to prove or disprove a sibling or aunt/nephew relationship. State and Service officials said that this would make household composition difficult to determine and would also be burdensome to applicants.

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### **Financial Dependency Alternative**

A food stamp household is composed of

- an individual living alone;
- spouses sharing living quarters;
- parent(s) and their natural, step, or adopted children under 18 years of age who share living quarters;
- individuals living together in a group consisting of a head of household (the applicant) and his/her dependents; or
- individuals living with others who do not receive 50 percent or more of their financial support from another person in the dwelling.

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**Appendix I  
Alternative Household Definitions  
With Analysis**

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The head of the household living with others must claim a person as a dependent if he or she provides over 50 percent of the person's total support. This support would include in-kind support such as rent-free shelter in the provider's home, food, and clothing. Dependents can be any of the following:

- descendants (children and grandchildren),
- ancestors (parents, step-parents, and grandparents),
- siblings and step-siblings,
- nieces and nephews,
- aunts and uncles,
- any of the above in an in-law relationship with the head of the household, or
- others who have their principal place of abode in the home of the head of household.

Individuals who demonstrate that they provide more than 50 percent of their own support can apply as separate food stamp households.

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**How the Alternative  
Changes the Current Rules**

The financial dependency alternative changes the current rules in the following ways:

- It discards the concept of whether individuals who live together customarily purchase and prepare their meals together in favor of a household based on financial support.
- It prevents elderly or disabled individuals from forming separate food stamp households unless they can document that they provide more than 50 percent of their total support.
- It reverses the McKinney Act provisions that allow parents of minor children who share a dwelling with others to establish separate household status, unless they can document that they provide more than 50 percent of their total support.
- It applies the gross income test to households containing elderly or disabled individuals and limits all households to \$2,000 in assets.
- It allows adults living with their parents and siblings living together to apply separately for food stamps if they meet the financial independence test.

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**Impact on Participation  
and Direct Benefit Costs**

Service and state program officials said that participation would probably be restricted under this alternative because it would be difficult for participants to document their financial independence. Siblings living

together and adults living with parents could apply separately for food stamps if they could demonstrate their financial independence. However, low-income people living with others who provide their shelter could become ineligible to form separate households because the value of the in-kind shelter cost could exceed their total support.

According to Service officials, benefit costs which depend on overall caseload and the number of individuals forming single-person households could increase or decrease under this alternative. If a significant number of recipients qualified as single-person households, benefit costs would increase because individuals forming separate households usually receive higher benefits than they would receive as members of a group household. On the other hand, they said benefit costs could also decrease because some people would be forced to apply for benefits as one household.

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### **Impact on Homelessness**

This alternative has no effect on the eligibility or benefits of those who are already homeless. Although it does not require adults, their parents, and siblings who live together to apply for food stamps together, it could create disincentives to low-income people sharing housing. For example, some individuals could become ineligible for food stamps if they share housing with another who pays most or all of the housing costs. This alternative would, in some cases, reverse the McKinney Act provisions which allow parents of minor children to become a food stamp household separate from their parents or siblings with whom they share housing.

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### **Impact on Program Simplicity**

According to Service and state program officials, this alternative would complicate the application process for potential participants and slow caseworkers' eligibility determinations. They said it would require the caseworker to obtain considerably more documentation from applicants than the current definition requires. For example, state program officials said caseworkers would have to obtain documentation of the income and support provided by each household member in order to verify financial independence. They also said that food stamp applicants could be found ineligible merely because a nonparticipating member would not cooperate with the applicant.

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## Standard Alternative

A household is composed of:

- spouses living together;
- parent(s) living with their natural, step, or adopted children under the age of 18;
- a group of individuals living together who customarily purchase and prepare meals together;
- an individual living with others who purchases and prepares meals separately;
- an individual living alone; or
- a disabled, elderly individual who lives with others and is unable to purchase and prepare meals separately.

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## How the Alternative Changes the Current Rules

This alternative

- drops the requirement that parents and adult children and siblings living together form a single food stamp household;
- lowers the gross income limit test from 165 percent to 130 percent of the poverty level for determining whether a household with a disabled elderly member, who is unable to prepare his or her own meals, can claim separate household status; and
- applies the gross income test to households containing elderly or disabled members and limits all households to \$2,000 in assets.

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## Impact on Participation and Direct Benefit Costs

This alternative expands eligibility for some food stamp participants and restricts it for others. Adult children living with their parents and siblings living together could apply as separate households if they purchased and prepared food separately. The elderly or disabled could still apply as separate households, but they would be subject to the same gross income test as other households. However, those elderly who are disabled and unable to prepare their own meals could still form a separate household, but the household with whom they lived would be subject to the gross income test.

Benefit costs for this alternative definition are difficult to estimate because participation could either increase or decrease slightly. Some elderly and disabled participants would no longer be eligible because they would not pass the gross income test. This decrease in participation would be offset by the increase in households formed by adults living with their parents and siblings forming separate households.

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**Impact on Homelessness**

This alternative has no effect on the eligibility or benefits of those who are already homeless. However, according to state program and Service officials, this alternative would remove any disincentives for low-income—homeless or near-homeless—people to share housing because it allows adults living with parents and siblings living together to form separate households if they purchase and prepare food separately.

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**Impact on Program Simplicity**

State program and Service officials said this alternative has fewer exceptions and special cases than the current definition and, therefore, is somewhat simpler. However, many of the current exceptions to the basic household rules remain because the alternative allows for many variations of a household that depend upon who purchases and prepares meals together. For example, elderly and/or disabled parents with minor children, adult children, and siblings could all establish separate households if they purchase and prepare their food separately. Because this alternative would allow more than one food stamp household in a dwelling, state officials said that caseworkers would have to prorate expenses between household members and nonmembers in some cases.

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**Nuclear Family Alternative**

A food stamp household is composed of

- an individual living alone,
- spouses who live together,
- parents and their natural, adopted, or step children who live together unless (1) at least one parent is elderly or disabled or (2) an adult child is the parent of minor children,
- adults living with children under the age of 18 under their parental control,
- siblings who live together unless (1) one sibling is elderly or disabled or (2) one sibling is the parent of minor children,
- an elderly or disabled person and spouse, or
- a group of individuals who live together and wish to apply for food stamps as a single household.

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**How the Alternative Changes the Current Rules**

This alternative changes the current rules in the following ways:

- It discards the purchase and prepare concept. Certain relatives are required to apply for food stamps together, and others may apply together if they choose.

- It separates the food stamp program from the Thrifty Food Plan. By allowing all unrelated or not closely related individuals to apply separately for food stamps, this definition disregards whether individuals are able to take advantage of economies by preparing food together.

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### Impact on Participation and Direct Benefit Costs

According to Service and state program officials, food stamp participation would increase somewhat under this alternative because it slightly liberalizes the household concept. Those related individuals required to apply together under the current definition would also be required to apply together under this alternative. However, the current definition requires that individuals living with others state that they purchase and prepare meals separately in order to qualify as a separate household. According to state officials and county caseworkers, applicants generally say that they purchase and prepare meals separately even if this is not the case if separate household status is to their advantage. This alternative allows individuals to choose to apply separately or together without raising the purchase and prepare issue. Service officials said they would expect some unrelated individuals to apply separately if they would receive a higher food stamp allotment as a separate household.

According to Service and state program officials, the direct benefit cost would increase somewhat as unrelated individuals form separate households.

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### Impact on Homelessness

This alternative has no effect on the eligibility or benefits of those who are already homeless. However, by allowing parents of minor children to become food stamp households separate from their parents and siblings with whom they share housing, this alternative retains the McKinney Act provisions meant to prevent homelessness. Also, adults would still be required to apply with their parents, and siblings would be required to apply together. Welfare advocates said that this provision provides a disincentive to share housing and, therefore, may hurt both the homeless and the near-homeless.

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### Impact on Program Simplicity

According to state program officials and caseworkers, this alternative is simpler than the current definition because it does not require them to determine those in the home who purchase and prepares meals together. Because this alternative discards the purchase and prepare criteria, recipients would no longer have an incentive to misrepresent their

eating customs in order to receive higher food stamp benefits. Caseworkers said that the current definition penalizes participants who are honest about their eating arrangements because they get fewer food stamps as part of a group household if they purchase and prepare meals together.

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## **Modified 1977 Food Stamp Act Alternative**

A food stamp household is composed of

- spouses living together;
- parent(s) living with natural, adopted, or step children under the age of 18;
- a group of individuals living together who customarily purchase and prepare meals together;
- an individual living with others who customarily purchases and prepares meals separately; or
- an individual living alone.

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## **How the Alternative Changes the Current Rules**

The Modified 1977 Act alternative removes provisions requiring that siblings living together or adults living with their parents form one food stamp household. Individuals in these living arrangements could apply separately if they purchase and prepare meals separately.

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## **Impact on Participation and Direct Benefit Costs**

According to Service and state program officials, this alternative liberalizes the food stamp household definition by making some individuals eligible who are currently ineligible for food stamps as a separate household. Adults living with their parents and siblings living together but purchasing and preparing meals separately would be allowed to form separate households, regardless of whether they are parents themselves. Because these individuals are allowed to form separate households, they could exclude from the eligibility calculation their parents' or siblings' income and assets, which could have made them ineligible under the current definition. This alternative would not change eligibility for elderly or disabled individuals. And parents of minor children who were allowed to form separate households under the McKinney Act would also be allowed to do so under this alternative if they purchased and prepared meals separately.

According to Service and state program officials, food stamp benefit costs would increase slightly under this alternative because adults living with their parents and siblings would form separate households and

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receive a larger benefit than they received as part of a group household. Service officials said they did not expect costs to increase very much under this alternative because they do not think that a very large population would be affected.

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### Impact on Homelessness

This alternative has no effect on the eligibility or benefits of those who are already homeless. It retains the McKinney Act changes, which allow parents of minor children to form food stamp households separate from parents or siblings with whom they share housing. Adults living with their parents and siblings living together could form separate food stamp households if they purchased and prepared meals separately. Thus, this alternative removes sections of the current household definition that welfare advocates said are a disincentive to sharing housing. Service officials said this alternative might make adults living with their parents and siblings more likely to share housing.

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### Impact on Program Simplicity

According to Service and state program officials, this alternative would simplify the Food Stamp Program. Officials in one state said caseworkers would still be required to establish those who purchase and prepare meals together, and officials in another state pointed out that caseworkers must prorate expenses between household members and nonmembers. However, Service officials said this alternative is closer to the AFDC assistance unit definition and could remove a source of confusion and caseworker errors.

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### Legal Responsibility Alternative

A household is composed of

- spouses living together;
- parent(s) living with their natural, adopted, or step children under the age of 18;
- adults living with children under the age of 18 under their parental control;
- an individual living alone or with others; or
- a group of individuals living together who have no legal responsibility to financially support each other but choose to form a food assistance unit together.

Legal responsibility would be defined in the Food Stamp Act rather than by state law.

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### **How the Alternative Changes the Current Rules**

This alternative changes the current rules in the following ways:

- It eliminates the purchase and prepare concept. All individuals who are legally responsible for each other would constitute a food stamp household, regardless of whether they purchase and prepare meals together. Individuals living together but not legally responsible for each other each would be allowed to form a separate household.
- It separates the food stamp program from the Thrifty Food Plan. By allowing all individuals who are not members of legal units to apply separately for food stamps, this definition disregards whether individuals are able to take advantage of economies of scale by preparing food together.
- It removes provisions that siblings living together and adult children living with parents must form a single food stamp household.

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### **Impact on Participation and Direct Benefit Costs**

According to Service and state program officials, this alternative could allow more individuals to qualify for food stamps as separate households. Adults living with their parents, siblings living together, and individuals would apply separately even if they do not purchase and prepare their meals separately. This would allow some individuals, currently ineligible, to exclude the income of others with whom they live from the eligibility determination process and, consequently, become eligible.

This alternative would allow more people to establish separate households, and therefore increase benefit costs, according to Service and state officials. Benefit costs would increase because an individual's benefits are greater than his or her share of the benefits of a group household. Current benefit levels are based on the Thrifty Food Plan, which estimates necessary monthly food expenditures for households of various sizes. The Thrifty Food Plan assumes that households can take advantage of economies of scale: a household composed of a single individual receives a larger food stamp benefit than the amount that is added to the benefit when an additional individual joins a group food stamp household.

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### **Impact on Homelessness**

This alternative has no effect on the eligibility or benefits of those who are already homeless. However, it would remove all the provisions that require persons not financially responsible for one another to apply together for food stamps and, therefore, eliminate the disincentives for low-income people to share housing. By allowing adults living with their

parents and siblings living together to form separate households, this alternative eliminates the provisions that welfare rights advocates and caseworkers identified as providing a disincentive for relatives to share housing. It also retains the McKinney Act changes, which allow parents of minor children to apply for food stamps separately from their parents or siblings with whom they share housing.

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### Impact on Program Simplicity

According to Service and state program officials, this alternative could simplify program administration if legal responsibility were defined nationwide. They said that if it were left to state discretion, the definition could vary from state to state and be subject to judicial interpretation. Service officials said that caseworkers would no longer have to discover who purchased and prepared meals together. However, state officials said they might have to recalculate eligibility and benefits by prorating shelter expenses among people living together to determine if it is to the recipient's advantage to apply separately. Caseworkers and county caseworkers in one state also said this alternative could simplify their work because it is similar to the AFDC definition.

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### AFDC Alternative

A food stamp household is composed of

- an AFDC assistance unit consisting of parents and their natural, adopted, or step children under the age of 18 or
- an AFDC assistance unit consisting of children and their guardian or another responsible adult receiving AFDC benefits.

For groups living together with at least one member not receiving AFDC, this alternative adopts the provisions of the legal responsibility alternative previously discussed.

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### How the Alternative Changes the Current Rules

The AFDC alternative changes the current rules in the following ways:

- It eliminates the purchase and prepare concept.
- It separates the food stamp program from the Thrifty Food Plan. By allowing all individuals who are not members of AFDC or legal units to apply separately for food stamps, this definition disregards whether individuals are able to take advantage of economies of scale by preparing food together.

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- It links the food stamp benefit with AFDC income. Because food stamp benefits would be determined by net AFDC income, the need for a separate food stamp calculation would be eliminated.

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### Impact on Participation and Direct Benefit Costs

This alternative would increase benefit costs because in addition to defining an AFDC unit as a food stamp household, this alternative features the provisions of the legal responsibility definition, which increases benefit costs. Benefits to AFDC households could increase because adults living with their parents and siblings are allowed to apply separately. While this alternative states that AFDC units are food stamp households, it applies the provisions of the legal responsibility alternative to mixed or non-AFDC households. Because the provisions that apply to AFDC, mixed, and non-AFDC households all define a household as being composed of adults and children under 18, the definition is consistent for those food stamp recipients who receive AFDC and those who do not.

Also, unrelated individuals who currently purchase and prepare meals together could form separate households and receive greater benefits. Current benefit levels are based on the Thrifty Food Plan, which estimates necessary monthly food expenditure for households of various sizes. The Thrifty Food Plan assumes that households can take advantage of economies of scale: a household composed of a single individual receives a larger food stamp benefit than the amount that is added to the benefit when an additional individual joins a group food stamp household.

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### Impact on Homelessness

Welfare advocates and caseworkers said provisions of this alternative remove some of the remaining disincentives to low-income people sharing housing because they allow adults living with parents and siblings living together to form separate households. This alternative retains the McKinney Act changes designed to help the homeless by allowing parents of minor children to form separate households from their parents or siblings with whom they live.

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### Impact on Program Simplicity

Because AFDC households constitute 38 percent of the food stamp households in the United States, this alternative could greatly simplify the caseworker's tasks in determining food stamp eligibility and benefit levels for households receiving AFDC, according to program officials in one state. The caseworker could eliminate the food stamp eligibility

determination process and grant stamps on the basis of the information and calculation used to determine AFDC eligibility.

Differing state AFDC regulations might make this definition more complex than it appears. For example, some states include unemployed parents in the AFDC grant, and each state provides a different level of AFDC grant. State program officials said that using the AFDC income figure as a basis for food stamp allotments would remove most of these inconsistencies.

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## Individualized Benefits Alternative

A food stamp household is composed of an individual who meets eligibility standards.

For those individuals living with others whom they are legally responsible to financially support (such as parents with minor children), the income, assets, and expenses of the legal unit shall be divided among its individual members in determining eligibility.

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## How the Alternative Changes the Current Rules

This alternative changes the current rules in two ways:

- By eliminating the purchase and prepare concept and awarding benefits to individuals rather than groups, it, in effect, drops the entire household concept.
- It separates the food stamp program from the Thrifty Food Plan by supplying individuals with food stamps. The Thrifty Food Plan assumes that individuals form group households, prepare meals together, and take advantage of economies of scale in purchasing food.

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## Impact on Participation and Direct Benefit Costs

More individuals would be eligible for food stamps under this alternative because it eliminates any remaining provisions that require certain persons to apply together for food stamps.

Service and state program officials agreed that food stamp benefits would increase significantly under this alternative because benefits provided to an individual constituting a household are higher than the benefits provided to an individual who is a member of a group household. Current benefit levels are based on the Thrifty Food Plan, which estimates necessary monthly food expenditure for households of various sizes: on a per-person basis, a single-individual household receives a

larger food stamp benefit than a group food stamp household. If program costs are to be kept down, benefits provided to individuals may have to be decreased, officials said.

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**Impact on Homelessness**

This definition removes all disincentives to allowing low-income people to share housing because it allows adults living with parents and siblings living together to form separate households. Welfare rights advocates and caseworkers said that provisions of the current definition that require parents and adult siblings to apply for food stamps together could provide an incentive for relatives to live apart rather than together. This alternative removes these provisions.

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**Impact on Program  
Simplicity**

State program and Service officials said that prorating household expenses across a larger number of food assistance units within one home would increase administrative complexity if benefit calculations remained the same as the current process. Caseworkers would still have to identify persons legally responsible for each other to enable them to prorate income and expenses appropriately. Although this alternative makes eligibility and benefits calculations much more complex, Service officials said this alternative could simplify the caseworker's task of determining relationships within the home. In a sense, caseworkers would not have to determine any sort of "household" because benefits would be granted to individuals.

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# Organizations Contacted During This Review

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Advocacy for Battered Women, Madison, Wis.

American Public Welfare Association, Washington, D.C.

Bar Association of San Francisco, Calif.

Bureau of Indian Affairs, Minneapolis, Minn.

California Rural Legal Assistance Foundation, Sacramento

Center for Demography and Ecology, University of Wisconsin, Madison

Chicano Federation, San Diego, Calif.

Coalition of California Welfare Rights Organizations, Sacramento

Congressional Budget Office, Washington, D.C.

Department of Economic Assistance, Hennepin County, Minneapolis, Minn.

Department of Health and Human Services, Dane County, Madison, Wis.

Department of Human Services, St. Paul, Minn.

Department of Social Services, Alameda and San Diego Counties and Sacramento, Calif.

Food and Nutrition Service, U.S. Department of Agriculture, San Francisco and Sacramento, Calif. and Alexandria, Va.

Food Research Action Committee, Washington, D.C.

General Assistance Application Office, San Francisco County, Calif.

Hamilton Family Center, San Francisco, Calif.

Indian Health Center, Minneapolis, Minn.

Indo-Chinese Mutual Assistance Association, San Diego, Calif.

Institute for Research on Poverty, University of Wisconsin, Madison

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**Appendix II**  
**Organizations Contacted During This Review**

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National Coalition for the Homeless, Washington, D.C.

Salvation Army Human Services, Madison, Wis.

San Diego Legal Aid, Calif.

State of California Refugee and Immigrants Program Branch, Sacramento

Tellurian UCan Inc., Madison, Wis.

Transitional Housing Inc., Grace Episcopal Church, Madison, Wis.

Vermont Department of Social Welfare, Waterbury

Wisconsin Department of Health and Social Services, Madison

Wisconsin Office of Management and Budget, Madison

Wisconsin Resettlement Assistance Group, Madison

Young Women's Christian Association, Madison, Wis.

# Comments From the U.S. Department of Agriculture's Food and Nutrition Service



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park Center Drive  
Alexandria, VA 22302

JUL 05 1993

John W. Harman, Director  
Food and Agriculture Issues  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Harman:

This letter provides comments on your draft report entitled, Food Stamp Program: Alternative Definitions of Household for Food Stamp Eligibility, RCED-90-137.

We have reviewed this report in conjunction with the draft report entitled: Food Stamp Program: The Household Definition Is Not a Major Source of Caseworker Errors. On the whole, we have no major problems with this report. We believe it is important to point out, however, that the definition of the household is a key component of the Food Stamp Program. Congress has shaped this definition to assist America's poor, and simultaneously avoid abuse of this assistance. The companion report on this subject found the definition is not as problematic as had been suspected when Congress asked for information on this subject. Therefore, we would caution that any change to the definition be made only after very careful consideration of the potential for introducing error into an area which appears to be generally understood.

My staff has informally provided technical comments to yours. We appreciate your work in this area, and the opportunity to review your draft report.

Sincerely,

  
Betty Jo Nelsen  
Administrator

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# Major Contributors to This Report

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