124028

BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Committee On Agriculture, Nutrition, And Forestry United States Senate

Federal And State Liability For Inaccurate Payments Of Food Stamp, AFDC, And SSI Program Benefits

To reduce benefit errors, systems have been established to hold state and federal organizations financially liable (sanctions) for excessive errors in the day-to-day administration of the Food Stamp, Aid to Families with Dependent Children (AFDC), and the Supplemental Security Income (SSI) Programs. GAO found that:

--Error rate limits above which sanctions can be imposed have varied by year, by program, and from state to state for the same program. These variations will continue but not to the extent that previously existed. For fiscal year 1985 and thereafter, the target rates for the AFDC, SSI, and Food Stamp Programs will be 3, 4, and 5 percent, respectively.

--The Food Stamp system results in proportionately smaller sanctions because of (1) its higher target error rate and (2) its specific procedures for calculating sanction amounts based on a percentage of federally reimbursed administrative costs instead of the amount of benefits issued as in the AFDC and SSI Programs.

--States had not reimbursed the federal government for any sanction amounts. A major reason was that the Departments of Agriculture and Health and Human Services had waived states' liability based on their promises to take corrective action. In contrast, the federal government has paid or acknowledged owing about $161 million for excessive overpayments of federally administered, state-financed SSI benefits.

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SOURCES COMMUNITY
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B-215017

The Honorable Jesse A. Helms
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate

Dear Mr. Chairman:

Your January 30, 1984, letter asked that we analyze the Food Stamp Program's existing error-rate sanction system and compare it with systems used in other federal programs, specifically the Supplemental Security Income (SSI) Program and the Aid to Families with Dependent Children (AFDC) Program. These systems are used to hold states, or the federal government as is the case with the SSI Program, financially liable for excessive errors in determining applicants' eligibility and monthly benefit levels. States are liable for excessive losses of federally financed Food Stamp and AFDC benefits, and the federal government is similarly responsible for excessive losses if it administers a state's mandatory and optional supplements to federal SSI benefits.

You also requested that we analyze the error rates in the Food Stamp Program for each state and nationally to identify the dollar amounts and percentage of benefits issued in error and that we provide similar data for the AFDC and SSI Programs. In addition, you asked that we provide information on the financial liabilities (sanctions) that have been assessed and paid for excessive error rates and that we compare that data to the federal dollars contributed to each program. As discussed with your office, the Department of Agriculture (USDA) had only completed its analysis of states' error rates for the first half of fiscal year 1983, the first year for which the revised Food Stamp error-rate sanction system is to apply. Therefore, there is insufficient information for determining, as you requested, how error rates have changed since adoption of the new system which is to apply on an annual basis.

We examined error-rate trends for each of the three programs and determined the extent to which sanctions had been assessed and paid for erroneously issued benefits. We also compared the error-rate sanction systems used in these programs and calculated the amounts of financial sanctions that would result under varying error levels in issuing benefits under each sanction system.

This data shows the degree to which the existing systems would cover excessive losses from benefit overpayments.[1]

Our analyses were based on data collected from USDA's Food and Nutrition Service which administers the Food Stamp Program, and the Department of Health and Human Services' (HHS') Social Security Administration which administers both the AFDC and SSI Programs. Our analyses of error rates are primarily based on data for the most recent periods for which we could obtain information for each program. In order to meet the requested issuance date, we did not verify the accuracy of agency-provided data. A more detailed discussion of our scope and methodology is presented in Appendix IV.

The Food Stamp sanction system for fiscal year 1985 and thereafter will normally result in a much lower sanction amount for a given error rate than the AFDC or SSI systems. This is primarily attributable to that system's higher target error rate for imposing sanctions and its procedures for calculating liability based on state administrative costs. States have not yet reimbursed the federal government for any AFDC or Food Stamp sanction amounts. A major reason is that USDA and HHS have made extensive use of their authority to waive state liability. In contrast, HHS has paid states substantial sums for excessive overpayments of state-financed SSI benefits.

ERROR-RATE SANCTION SYSTEMS USED FOR THE FOOD STAMP, AFDC, AND SSI PROGRAMS

The Food Stamp Program administered by USDA provides food coupons to eligible households to enable them to purchase food and obtain a more nutritious diet. HHS administers the AFDC and SSI Programs which provide cash assistance to eligible families with dependent children, and to needy aged, blind, and disabled persons, respectively.

Over the past several years, errors in determining applicants' eligibility and in calculating monthly benefits for these three needs-based programs have been a major concern of the Congress, the public, and federal and state program administrators. However, substantial amounts of overpayments and underpayments continue to occur. To provide an incentive for improving the integrity of these three programs, error-rate sanction systems have been established to hold the operating states or federal agencies financially accountable for ensuring that participants

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[1]For purposes of this report, overpayments refer to payments to ineligible persons and overpayments to eligible persons. Underpayments refer to too few benefits received by those determined to be eligible for program participation.

are eligible and that they receive accurate monthly benefits. The extent of erroneous issuances is determined by federal and state reviews of the accuracy of eligibility determinations and monthly benefits for a statistically valid sample of each program's caseload.

None of the error-rate systems now in effect provide for full reimbursement of the benefit amounts erroneously issued. Instead, they establish error-rate thresholds for erroneous payments and impose financial sanctions for errors that exceed such thresholds.

Although each program has an error-rate sanction system, the systems contain substantial differences regarding (1) who is liable and for what, (2) the applicable error-rate thresholds, (3) how sanction liabilities are calculated, and (4) waiver procedures to reduce or eliminate sanction liabilities.

Who is liable and for what

States operate the Food Stamp Program in which all benefits are federally funded and the AFDC Program in which benefits are jointly financed by states and the federal government. For these programs, states are liable for excessive errors involving only federal funds.

The SSI Program is different. HHS administers and operates a federally financed program in all states. However, states are required to supplement some individuals' benefits and may provide an additional supplement for all those eligible for the federal benefit. The federal government is responsible for excessive overpayments of state funds if states elect to have HHS administer both their mandatory and optional supplements concurrently with the federal benefit payments. Seventeen states have such agreements with HHS.

Applicable error-rate thresholds

Error-rate thresholds for any given year have differed among the programs as well as among states within the programs. In the Food Stamp and AFDC Programs, states have or have had individual target error rates and are required to reduce their error rates to acceptable levels within specified time frames. The SSI Program has had a single administratively established error-rate threshold that has applied to the 17 states involved since April 1979.

Two Food Stamp sanction systems which have applied to different periods in the program have resulted in varying target error rates. Each used states' actual error rates for a previous 6-month period (base-period rate) for calculating individual state targets for future periods. The Food Stamp sanction system for fiscal years 1981 and 1982 required states with base-period rates

higher than the national average to reduce erroneous payments (overissuances and underissuances combined) to an individually calculated target. In no case did a state have to achieve reductions below the national average (about 12 percent at that time) to avoid a sanction.

The Food Stamp Act Amendments of 1982 required states to accelerate their error reduction efforts. It established overpayment target rate goals of 9 and 7 percent for fiscal years 1983 and 1984, respectively. However, states could satisfy error reduction requirements without necessarily meeting the established goals. For example, states with overpayment rates above 9 percent for the October 1980 to March 1981 base period could satisfy the requirements for fiscal year 1983 by reducing their error rate by at least one-third of the difference between the base-period rate and the 1985 target of 5 percent. For fiscal year 1984 the reduction must be at least two-thirds, and for fiscal year 1985 and later the rate must be 5 percent or less.

Target error rates for the AFDC and SSI Programs are lower than for Food Stamps. States were required to achieve a 4-percent target for the AFDC Program for fiscal year 1983. States could satisfy error-rate requirements for fiscal years 1981 through 1983 by reducing the base-period rate (Apr. to Sept. 1978) in three equal annual increments to reach the 4-percent target for fiscal year 1983. In 1982, AFDC legislation was passed to reduce the target to 3 percent for fiscal year 1984 and thereafter. The SSI Program has had a 4-percent target rate since fiscal year 1980.

How sanction liabilities are calculated

The AFDC, Food Stamp, and SSI Programs use different procedures for calculating the actual dollar amounts of sanctions. The most common procedure, used in the AFDC and SSI Programs and for fiscal years 1981 and 1982 in the Food Stamp Program, involves multiplying the amount of program benefits financed by the sanctioning agency or state by the extent the actual error rate exceeds the target rate.

Food Stamp procedures for fiscal year 1983 and beyond do not use the amount of program benefits issued to calculate sanction amounts but instead base the sanction on the amount of a state's federally reimbursed administrative costs for that period. Legislation establishing this approach requires that the federal reimbursement of administrative costs (normally about 50 percent of a state's costs) be reduced by 5 percent for each 1 percent or fraction thereof by which the state's overpayment rate exceeds its target rate. If the state's error rate exceeds the target by more than 3 percent, it would lose 10 percent of its federal administrative funding for each percent or fraction thereof exceeding the 3-percent difference.

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ABBREVIATIONS

AFDC	Aid to Families With Dependent Children
GAO	General Accounting Office
HHS	Department of Health and Human Services
SSI	Supplemental Security Income
USDA	U.S. Department of Agriculture

ERROR-RATE SANCTION SYSTEMS USED FOR THE FOOD STAMP, AFDC, AND SSI PROGRAMS

PROGRAM ELIGIBILITY, ADMINISTRATION, AND FINANCING

The Food Stamp, Aid to Families with Dependent Children (AFDC), and Supplemental Security Income (SSI) Programs provide food assistance benefits or cash to applicants who meet each respective program's requirements. The Food Stamp Program provides food coupons to eligible households to enable them to purchase food and obtain a more nutritious diet. The AFDC and SSI Programs provide cash assistance to certain categories of families and individuals to help meet their basic needs. AFDC benefits are limited to eligible families with dependent children under age 19, and SSI benefits are limited to needy aged, blind, or disabled persons.

The Food Stamp and AFDC Programs are administered nationally by the Department of Agriculture (USDA) and the Department of Health and Human Services (HHS), respectively. However, states are responsible for local administration and the day-to-day operations of these programs and, in many states, the same state agency operates both programs. HHS administers and operates the SSI Program. However, states that are required to supplement the federal SSI benefits for some individuals[1] or that voluntarily supplement the amount of federal SSI benefit payments for all eligible persons may choose to handle the related day-to-day operations involved with processing applications for assistance and issuing monthly benefits related to the state's funding. Alternatively, these states can choose to have HHS administer the state funds.

The federal government finances all or most of the benefits in these three programs. For fiscal year 1983, it financed all of the $11.2 billion in Food Stamp benefits, $7.8 billion of the total ($9.6 billion) SSI benefits, and $7.3 billion of the total ($13.6 billion) AFDC benefits.

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[1]States are required to supplement SSI benefits for a small number of persons who were previously enrolled in federal-state cash aid programs prior to the beginning of the SSI Program in January 1974. These state supplements are to insure that these participants receive assistance payments that maintain their former level of income. HHS estimates that as of December 1983, about 10,000 of the approximately 3.9 million SSI Program recipients were eligible for mandatory state supplementary payments.

Income, household size, and liquid assets, such as bank accounts, are some of the principal factors for determining applicant eligibility and the amount of monthly benefits. The Food Stamp and SSI Programs have national criteria for determining eligibility and benefits. Although most AFDC criteria for eligibility also are uniform nationwide, some factors and the amount of benefits vary from state to state because of the flexibility states have under the federal legislation.

These three programs all provide for financial liability (sanctions) if the percent of total benefits erroneously issued because of mistakes in determining eligibility and benefits exceeds specified limits. In the case of the Food Stamp and AFDC Programs, states are financially responsible for erroneous issuances of federal funds. Conversely, HHS is liable for excessive errors in administering state-financed supplements to federal SSI benefit levels.

The AFDC and Food Stamp Programs also provide for federal incentive payments to states that have error rates below specified levels. In the Food Stamp Program, states can receive an increase in the percentage of federal reimbursement for administrative costs (an increase from 50 to 60 percent) if their combined overpayment and underpayment rates do not exceed a legislative limit of 5 percent. Other limitations on the extent of individuals being improperly denied benefits or being improperly removed from the rolls also must be met.

For the AFDC Program, states can receive a share of the federal benefits "saved" as a result of decreasing their inaccurate determinations of eligibility and benefit amounts below a 4-percent limit. States are to receive 10 percent of the reductions in federal AFDC outlays for error rates of 3.5 to less than 4 percent and an additional 10 percent for each further 0.5-percent reduction. The maximum is 50 percent for a rate below 2 percent. The Tax Equity and Fiscal Responsibility Act of 1982 discontinued these incentive payments for 6-month periods beginning after April 1983.

As of early April 1984, USDA had made incentive payments of about $10.5 million to 17 states for low Food Stamp error rates for fiscal year 1981 and the first half of fiscal year 1982. HHS paid about $142,000 to four states for low AFDC error rates in fiscal year 1981.

ERROR MEASUREMENT SYSTEMS

The Food Stamp, AFDC and SSI Programs have quality control/assurance systems to identify the types of errors being made and to quantify the losses attributable to each type. Error-rate

results, compiled and reported for 6-month periods[2] beginning each April and October, provide data on three distinct categories of payment errors: payments to ineligible persons, overpayments to eligible persons, and underpayments to eligible persons.[3] (For purposes of this report, we will refer to payments to ineligible persons and overpayments to eligible persons as "overpayments.") These systems serve two purposes. They provide management with information for devising corrective actions to reduce erroneously issued benefits and serve as the basis for establishing state or federal financial liability for excessive erroneous payments.

The procedures for conducting quality control/assurance reviews are generally similar for all three programs. The states carry out the quality control reviews for the Food Stamp and AFDC Programs, and HHS does the quality assurance work for the SSI Program. Each program's regulations require that a statistically valid sample of the program's participant caseload be reviewed thoroughly to verify the accuracy of the participants' eligibility and the amount of benefits provided them. Because each state's quality review sample is designed to be statistically valid, the review results are used to project the percentages of all sample cases containing errors and dollar benefits erroneously issued to the state's total caseload.

HHS conducts quality assurance reviews on two types of samples for the SSI Program. The first type is a statistical sample in each of its 10 regions of cases for participants who received only a federal benefit. The second type sample of cases is reviewed in states that include participants who have received a federally administered state supplement. HHS uses the results of the two samples to compute a regional error rate as well as to determine the program's national error rate. HHS uses the results of the second sample to determine its error rates in administering state-financed supplements.

The results of states' Food Stamp and AFDC quality control reviews are validated by USDA and HHS reviewers. They select a subsample of cases from each state's quality control sample and re-review it to determine if the state properly completed its review of the required sample cases and accurately reported the results. The federal agencies review the results of their validation work with each state and adjust the state's reported error rates upward or downward, as appropriate, to reflect any identified problems with the state's reported results. In the SSI

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[2]Beginning in fiscal year 1984, states are authorized to complete food stamp quality control reviews annually instead of at 6-month intervals.

[3]HHS did not determine underpayment rates for individual states in the SSI Program.

Program, states that have elected to supplement federal SSI benefit payments and that have agreed to have HHS administer the state supplement concurrent with the federal benefit can choose to validate the federally determined error rates. Few states have elected to do this.

FINANCIAL LIABILITY FOR EXCESS AMOUNTS OF INCORRECTLY ISSUED BENEFITS

The underlying reason for imposing financial liability for inaccurate determinations of applicant income, assets, deductions, and other eligibility factors that result in incorrect issuances is to improve overall program administration and reduce program losses. In general, an error-rate sanction system involves deciding what threshold of erroneous payments can be tolerated, and then holding the organization that carries out the day-to-day operations of determining eligibility and monthly benefits financially responsible for any errors which exceed the established threshold.

Error-rate sanction systems have existed for the AFDC and SSI Programs since fiscal years 1973 and 1974, respectively. Recently, the Congress has taken action to increase accountability for errors in determining eligibility and the amount of monthly benefits for the Food Stamp and AFDC Programs. In 1979, the Congress took action that led to a restructuring of the AFDC error-rate sanction system, and in 1980, it established a sanction system for the Food Stamp Program. In 1982, the Congress revised the Food Stamp sanction system and lowered the target error-rate threshold for the AFDC Program.

The sanction systems for the three programs have some common elements. Each system relies heavily on statistically valid quality control/assurance reviews to measure the percent of incorrectly issued benefits and has an error-rate limit or target above which financial liability is assessed and below which there is a margin of error not subject to liability.

Generally, calculating the amount of error-rate liability involves subtracting the error-rate threshold from the actual program error rate developed through quality control/assurance reviews for a given period and using the difference to calculate liability based on the total cost of benefit issuances or program administration. The SSI Program has a unique additional provision under which the calculated liability is reduced by a percentage of the amount of overpayments recovered.

The sanction systems for the three programs differ as to (1) who is liable and for what, (2) what the applicable error-rate thresholds are, (3) how error-rate liabilities are calculated, and (4) how waiver procedures are used to reduce or dispense with error-rate liabilities.

Other major differences are that error rates under the Food Stamp system for fiscal years 1981 and 1982 include both underpayments and overpayments instead of only overpayments and that the SSI system allows a portion of overpayment collections to be used to reduce sanction amounts. Appendix I contains additional descriptive material on the sanction systems.

EFFECTS OF THE SANCTION SYSTEMS

Our analyses of the error-rate sanction systems used for the three programs showed that if the AFDC and SSI sanction systems were applied to the Food Stamp Program, they would result in much larger sanction amounts. This is attributable to the combined effect of the Food Stamp system's higher error-rate threshold and the different dollar base to which any excessive error-rate amounts are applied.

We based this on our calculations of sanction amounts for a hypothetical state having operating results consistent with fiscal year 1983 Food Stamp operations. We assumed that the state issued $200 million in benefits, received $11 million in federally reimbursed administrative costs, and collected 3 percent of its overpayments. Using target error rates for fiscal year 1985, we found that for all error rates between 4 and 10 percent, the AFDC sanction system would have provided the largest sanction--equal to the amount of excessive overpayments made. The SSI system also would have resulted in sanction amounts substantially larger than the revised Food Stamp system but still less than the AFDC amounts. As applied to these assumed operating conditions in our example, an overpayment error rate of 6 percent would generate sanction amounts of $6 million, $3.88 million, and $550,000 for the AFDC, SSI, and Food Stamp systems, respectively. The principal reason for these differences is that the Food Stamp error-rate threshold for fiscal year 1985 and beyond is set at 5 percent, compared with 4 percent for SSI and 3 percent for AFDC. (See app. II, pp. 9 and 10.)

Another analysis using the same operational data showed that the revised Food Stamp system also would result in smaller sanction amounts if there were no differences in the systems' error-rate thresholds. The AFDC, initial Food Stamp, and SSI systems (except for deductions for SSI collections) would result in a direct dollar-for-dollar relationship between excessive erroneous payments and sanction amounts. This relationship exists because these systems' procedures for calculating sanction amounts provide for multiplying the difference between an excess error rate and the target rate times the total benefits issued. In contrast, the revised Food Stamp system in most instances will result in sanctions of only about one-fourth to one-half of the excessive overpayments, depending on the margin by which the error-rate threshold was missed. The reason for this comparatively lower

sanction amount is that the percentage applied to the federally reimbursed administrative cost to calculate the sanction does not result in sanction amounts approximating the excess erroneous payments. The only exception would be if the error-rate threshold were missed by about .25 percent or less--in which case the systems would provide generally similar sanction amounts. For example, missing the target error rate by 1 percent would result in sanction amounts of $2 million, $1.94 million, and $550,000 under the AFDC, SSI, and Food Stamp systems, respectively. If a target rate was missed by a wider margin such as 6 percent, the respective sanction amounts would be $12 million, $11.64 million, and $4.95 million. (See app. II, pp. 11 to 13.)

ERROR-RATE TRENDS

In recent periods, overpayment error rates have decreased for all three programs. Underpayment rates have also decreased but only slightly. For the five most recent 6-month periods for which USDA and HHS had complete data, Food Stamp overpayment rates showed the largest decline--from 10.4 to 8.2 percent. AFDC overpayments dropped from 8.3 to 7.3 percent. SSI Program overpayments decreased from 5.3 percent to 4.1 percent for the entire program and from 6.1 percent to 6 percent for the 17 states in which HHS administers both a mandatory and optional state-financed supplement.[2] For the 6-month period October 1981 to March 1982, the most recent period for which complete and comparable data was available for all three programs, the Food Stamp overpayment rate (9.8 percent) was the highest and the SSI rate (6.9 percent for the 17 states and 4.8 percent overall) was the lowest. The most significant change with respect to dollar losses was that USDA data shows Food Stamp overpayments declining an estimated $69 million over the 2-1/2 year period ending March 1983. Appendix II contains more details on error-rate trends.

SANCTIONS ISSUED--SANCTIONS PAID

The total amount of sanctions issued for fiscal year 1981[3] and thus far for fiscal year 1982 has been about $147 million for the three programs. This includes about $38 million against 22 states for excessive Food Stamp errors made in fiscal years 1981 and the first half of 1982; $74 million against 28 states for

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[2]The 6 percent error rate for the 17 states is our estimate based on HHS' reported error rates.

[3]Fiscal year 1981 was the first year for which USDA issued sanction notices for excessive erroneous issuances of Food Stamp benefits. It also was the first period for which HHS sent sanction notices for excessive AFDC overpayments under its current sanction system.

excessive overpayments of federal AFDC benefits during fiscal year 1981; and $35 million against the federal government for excessive overpayments of state-financed SSI benefits for fiscal year 1981 and the first half of 1982.

During the periods covered by the above sanctions, about $25.6 billion--$22.7 billion in federally financed Food Stamp and AFDC benefits and $2.9 billion in state SSI supplements--were issued. The erroneously issued benefits subject to the sanction systems in effect for the above periods were about $2 billion, $529 million, and $185 million for the three programs, respectively. The $147 million in sanctions was equivalent to relatively small amounts of those erroneous issuances--2 percent for Food Stamps, 13.9 percent for AFDC, and 19 percent for SSI.

As of early April 1984, states have not paid the federal government any of the food Stamp or AFDC sanction amounts assessed against them. For the SSI Program, HHS has paid the states $150.5 million and acknowledged owing an additional $10.4 million for excessive overpayments.

USDA and HHS regulations allow waiving sanctions for the Food Stamp and AFDC Programs, respectively, but there are no such provisions in the SSI Program. The departments have made extensive use of this waiver authority to eliminate state liability. The primary basis has been states' submissions of corrective action plans, but some were based on states' reductions of their error rates in following periods. If the departments do not waive a Food Stamp or AFDC sanction, states can appeal all or a portion of it through an administrative hearing procedure in each department. If the resulting ruling favors the federal government, states have further appeal rights to the courts. However, a ruling for the state at any level would be binding and would result in eliminating or reducing the sanction in accordance with the terms of the ruling. See appendix III for more details on sanctions and waivers.

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As you requested, we did not obtain agency comments on this report; however, responsible program officials from HHS and USDA have reviewed the information relating to their respective programs. We have made any appropriate changes.

As arranged, unless you publicly announce its contents earlier, we plan no further distribution of this report until 2 days after its issue date. At that time, we will send copies to the Chairmen, Senate Committee on Finance; House Committee on Agriculture; and the House Committee on Ways and Means. We also will send copies to the Secretary of Agriculture; the Secretary of

Health and Human Services; and the Director, Office of Management and Budget. We will make copies available to others on request.

Sincerely yours,

J. Dexter Peach
Director

Who is liable and for what

The error-rate sanction systems assess liability for excessive erroneous payments against the organization directly responsible for determining eligibility and the amount of monthly benefits. For the Food Stamp and AFDC Programs, the responsible organization is the state; for the SSI Program, it is HHS.

Food Stamp benefits are federally funded, and sanctions are to be assessed for excessive erroneous payments (total overpayments and underpayments) made by the states in fiscal years 1981 and 1982, but only for excessive overpayments in fiscal year 1983 and subsequent years. For AFDC benefits, which include both a federal and state share, sanctions apply only to the federally financed part of any excessive overpayments.

As mentioned above, the SSI Program is primarily federally financed, but 49 states must supplement some individuals' federal benefit level and 43 states and the District of Columbia provide an optional state supplement. Federal liability is limited to the 17 states for which HHS has agreements to administer both the mandatory and optional state supplement along with the federal benefit. HHS pays for any excessive overpayments applicable only to those states' supplements. HHS officials had developed a draft notice of proposed rulemaking to eliminate the SSI sanction system. The notice was being reviewed internally in early April 1984.

Differences in error-rate thresholds

Food Stamp, AFDC, and SSI Program error-rate sanction systems provide for different error-rate thresholds below which financial penalties are not to be assessed. These thresholds differ for a particular year not only among the programs but also, in the case of the Food Stamp and AFDC Programs, within the programs.

The Food Stamp system for fiscal years 1981 and 1982 established target error rates for these years based on the higher of the program's national average error rate or the individual state's actual error rate for the applicable 6-month base period in fiscal years 1980 and 1981, respectively.[4] States with an error rate at or below the national average error rate for the base period--October 1979 to March 1980 for fiscal year 1981 and October 1980 to March 1981 for fiscal year 1982--did not need to further reduce their error rates. In fact, their error rate could increase up to the national average without the state being subject to any sanction. States with a base-period error rate above

[4]The national average and states' error rates included both overpayments and underpayments.

the national average had to reduce their error rate for each 6-month period of the current fiscal year as follows.

The target error rate that a state must meet to avoid a sanction for excessive erroneous benefit payments is calculated by reducing the state's base-period rate by 10 percent of the difference between the base-period rate and the national goal of 5 percent.[5] The state target would be the higher of either the calculated rate or the national average error rate for the base period. We determined that this system provided for a slower pace of error reduction than other systems being used. For example, if the national average error rate had decreased at the same pace as that prescribed for states with error rates above the national average rate, it would have taken about 12 years to reduce a 12-percent error rate (the national average in fiscal year 1981) to 7 percent.

The Food Stamp Act Amendments of 1982 significantly changed Food Stamp procedures for applying sanctions starting in fiscal year 1983. The legislation established overpayment target goals of 9 percent for fiscal year 1983, 7 percent for fiscal year 1984, and 5 percent for fiscal year 1985, but did not require that all states meet the targets for 1983 and 1984. Any state with an overpayment error rate exceeding 9 percent during the legislatively established 6-month base period--October 1980 to March 1981--could avoid a sanction by meeting an individual target rate. The target for fiscal year 1983 would reflect a reduction in its actual error rate equivalent to at least one-third of the difference between its base-period rate and the 5-percent target for fiscal year 1985. For fiscal year 1984, the reduction must be at least two-thirds of this difference, and for fiscal year 1985 the state's error rate cannot exceed 5 percent. To illustrate, a state with a 14 percent error rate in the base period would have to reduce its rate to at least 11, 8, and 5 percent, respectively, for fiscal years 1983, 1984, and 1985 in order to avoid any sanctions.

The AFDC system for determining states' target error rates is similar to the revised Food Stamp system. In AFDC, each state must achieve an overpayment rate of 4 percent or less by fiscal year 1983. April 1978 to September 1978 was established as the base period. To avoid sanctions, states were required to reduce their overpayment rates by at least one-third of the difference between the base-period rate and 4 percent for fiscal year 1981; at least two-thirds of that difference for fiscal year 1982; and to the base level of 4 percent in fiscal year 1983. As a result,

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[5]USDA determined that the rate of error reduction should be 10 percent. The formula for determining the error-rate goal for a state with an error rate above the national average is N-(N-5)(.1) where "N" is a state's base-period error rate. If "N" is 15, the calculated error-rate goal for the following fiscal year would be 14 percent.

a state with an AFDC overpayment rate of 10 percent for the 6-month base period would have had to reduce its error rate for fiscal years 1981, 1982, and 1983 to at least 8, 6, and 4 percent, respectively, to avoid a sanction. The Tax Equity and Fiscal Responsibility Act of 1982 reduced the AFDC target rate to 3 percent for fiscal year 1984 and thereafter.

The SSI sanction system, in effect since fiscal year 1974, had varying overpayment error-rate targets for each state in its earlier years. Since fiscal year 1980, it has had a target error rate of 4 percent for determining whether HHS is liable for overpayments of state supplements.

Use of error rates in calculating the dollar amount of sanctions

The AFDC, Food Stamp, and SSI Programs use varying procedures for calculating the actual dollar amounts of sanctions. Under the initial approach in the Food Stamp Program applicable to fiscal years 1981 and 1982, if a state's error rate (including the total of underissuances and overissuances) exceeds its target rate, the state would be subject to a sanction equivalent to the amount of the excess overpayments and underpayments. This amount would be calculated by multiplying the amount of program benefits issued during the applicable 6-month period by the extent to which the state's actual error rate exceeds its target rate.

Under the revised approach for fiscal year 1983 and beyond, sanctions for overpayments are to be based on the amount of a state's federally reimbursed administrative costs for that fiscal year. Legislation establishing this approach requires that the federal reimbursement of administrative costs (normally about 50 percent of a state's costs) be reduced by 5 percent for each 1 percent or fraction thereof by which the state's overpayment rate exceeds its target rate. If the state's error rate exceeds the target by more than 3 percent, it would lose 10 percent of its federal administrative funding for each percent or fraction thereof exceeding the 3-percent difference. To illustrate, overpayment rates above the target rate by 1, 2, and 3 percent would result in sanctions of 5, 10, and 15 percent, respectively; overpayment rates above the target by 4, 5, and 6 percent would result in sanctions of 25, 35, and 45 percent, respectively. Under this system, a state that had been required to reduce its error rate from 14 to 11 percent during fiscal year 1983 but which only achieved a 13-percent error rate would lose 10 percent of its federal reimbursement for administrative costs. Had its error rate increased to 15 percent for fiscal year 1983, it would lose 25 percent of its administrative reimbursement. (The sanction amount cannot exceed the amount of overpayments represented by an actual error rate which misses the target rate.)

Thus, the amount of a sanction under the Food Stamp system for fiscal year 1983 and beyond hinges in large part on how much a state spends to administer the program. A state that spends more to operate the program would be sanctioned more than another state that is in the same error-rate situation but that spends less to operate the program. In contrast, a direct dollar-for-dollar relationship exists between excess overpayments and sanction amounts in the AFDC and SSI Programs. Under these programs, sanction amounts are determined by multiplying the extent to which overpayment rates exceed state or federal targets by the value of the pertinent benefit amounts issued. For the AFDC Program, the extent to which states miss their target is multiplied by the amount of federal dollars spent on participant benefits. Similarly, SSI Program sanctions are based primarily on the excess error rate times the total amount by which the state supplemented participants' federal benefits.

Except for waivers of sanction liability discussed in appendix III, the only other major item that can affect sanction amounts is the collection of overpayments as used in the SSI Program.

Each of the three programs' normal operations provides for some sharing of the amounts of overpayments recovered. For example, states can keep one-fourth of any collections of Food Stamp overpayments caused by nonfraud client errors. For the AFDC and SSI Programs, states receive the same percentage of the collections that they contribute toward the total benefits.

AFDC and Food Stamp procedures do not consider collections when calculating the amount of a sanction. However, the SSI procedures provide for reducing the sanction by a dollar-for-dollar amount of collections attributable to the excessive overpayments. The first step is to determine what percent the excess overpayments are of all overpayments. The second is to reduce the sanction liability by that percent of the total collections. To illustrate, if HHS had a 5-percent overpayment error rate (the target being 4 percent), excess overpayments (1 percent) would represent 20 percent of the total overpayments of 5 percent. Accordingly, 20 percent of the total collections could be used to reduce the sanction amount assessed against HHS.

EFFECTS AND TRENDS

EFFECTS OF THE SANCTION SYSTEMS VARY

The error-rate sanction systems for Food Stamps, AFDC, and SSI hold the organizations that operate the programs on a day-to-day basis responsible for a portion of total erroneous payments. This is because error-rate targets make some allowance for errors in determining eligibility and monthly benefits.

To round out the requested analyses of the existing Food Stamp error-rate sanction systems and to compare them with systems used in the AFDC and SSI Programs, we calculated the amount of sanctions that each system would generate. We made two calculations using the Food Stamp Program as an operational base. First, we applied the systems for the three programs as they currently exist. Second, to factor out the effect of the current systems having different error-rate targets, we assumed identical target error rates and calculated sanction amounts on that basis.

Disregarding the possible effect of sanction waivers, (see app. III) the Food Stamp sanction system applicable to fiscal year 1983 and subsequent years would produce smaller sanction liabilities under both assumptions than either the AFDC or SSI systems for most levels of benefit overpayments. The main reasons for this difference is the Food Stamp Program's higher error threshold and the different base to which an error rate exceeding the threshold would apply.

Effect of different error-rate thresholds

The AFDC and SSI sanction systems provide proportionately larger sanction amounts than the Food Stamp system because they have lower error-rate thresholds, as summarized below and discussed in greater detail in appendix I.

	Applicable error-rate thresholds			
	FY 1983	FY 1984	FY 1985	Subsequent years
	(percent)			
Program				
Food Stamp	9	7	5	5
AFDC	4	3	3	3
SSI	4	4	4	4

All target error rates in the table, except for the Food Stamp rates of 9 percent for fiscal year 1983 and 7 percent for fiscal year 1984, must not be exceeded in order to avoid a sanction. As discussed in appendix I, states with Food Stamp overpayment error rates higher than 9 percent for the October 1980 to

March 1981 base period would have higher target error-rate goals and would not need to meet the 9-percent or the 7-percent goal. However, states would be required to meet a 5-percent goal for fiscal year 1985 and for subsequent periods to avoid a sanction.

Using the error-rate thresholds for fiscal year 1985--which also will apply to all subsequent years under current program requirements--the table below illustrates what the sanctions would be under the three sanction systems for a hypothetical state having the following annual Food Stamp Program results.[1]

--Benefit issuances of $200 million.

--Federally reimbursed administrative costs of $11 million.

--Collections equal to 3 percent of overpayments.

We used these results because Food Stamp benefits issued in fiscal year 1983 averaged $206 million per state; federal reimbursements of state administrative cost amounted to 5.4 percent of all program benefits issued that year; and some of the states with better collection activity recovered the equivalent of 3 percent or more of their overpayments for fiscal year 1982.

Error rate	Excess overpayments[a]			Sanction amount		
	Food Stamp	AFDC	SSI	Food Stamp	AFDC	SSI
(percent)	(thousands)					
3	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
4	0	2,000	0	0	2,000	0
5	0	4,000	2,000	0	4,000	1,940
6	2,000	6,000	4,000	550	6,000	3,880
7	4,000	8,000	6,000	1,100	8,000	5,820
8	6,000	10,000	8,000	1,650	10,000	7,760
9	8,000	12,000	10,000	2,750	12,000	9,700
10	10,000	14,000	12,000	3,850	14,000	11,640

[a]Amount by which overpayments exceed error-rate thresholds of 5 percent for Food Stamps, 3 percent for AFDC, and 4 percent for SSI.

As shown in the above table, the AFDC Program sanction amounts would equal the excess overpayments; the SSI amounts would equal the excess overpayments less the applicable amounts of overpayments collected; and the Food Stamp sanction would be far below the excess overpayments.

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[1]We did not attempt to calculate what the sanction amount would be under the Food Stamp system applicable to fiscal years 1981 and 1982 because there was no reliable way to estimate what the target error rate would be for fiscal year 1985 under that system.

Effect of different bases for calculating sanction amounts

We also determined what the sanction amounts would be if there were no differences in the target error rates for these three systems. To do this, we assumed that the target error rates were missed by an equal amount under each system and calculated the sanction amount using each systems' respective procedures. In making this analysis, we used the same operating results for a hypothetical state as in the preceding illustration except that, instead of varying the error rate, we varied the amount by which a state's actual error rate would exceed the target error rate (from .05 percent to 10 percent).

We found that the revised Food Stamp system will still generally result in smaller sanctions than the other systems. As the following table shows, the only exception would be that the sanction amounts would be about the same in situations where the difference between actual and target error rates is very small. As the difference increases toward 1 percent, the AFDC and SSI systems result in higher sanctions than the revised Food Stamp system.

Differences in Liability Under the Food Stamp, AFDC, and SSI Programs' Sanction Systems (Disregarding the Effects of Different Error-Rate Thresholds)

Difference between actual and target error rates	Overissued benefits in excess of target rate	Collections (3 percent of excess overissuances)	Dollar amount of sanction: Food Stamp Program FY 1981 and 1982	Food Stamp Program FY 1983 and later	AFDC	SSI
(percent)	(thousands)					
.05	$ 100	$ 3	$ 100	$ 100[a]	$ 100	$ 97
.10	200	6	200	200[a]	200	194
.25	500	15	500	500[a]	500	485
.50	1,000	30	1,000	550	1,000	970
1.00	2,000	60	2,000	550	2,000	1,940
2.00	4,000	120	4,000	1,100	4,000	3,880
3.00	6,000	180	6,000	1,650	6,000	5,820
4.00	8,000	240	8,000	2,750	8,000	7,760
5.00	10,000	300	10,000	3,850	10,000	9,700
6.00	12,000	360	12,000	4,950	12,000	11,640
7.00	14,000	420	14,000	6,050	14,000	13,580
8.00	16,000	480	16,000	7,150	16,000	15,520
9.00	18,000	540	18,000	8,250	18,000	17,460
10.00	20,000	600	20,000	9,350	20,000	19,400

[a]The calculated sanction amount would be $550,000; however, Food Stamp legislation limits the sanction amount to the lower of either the excess overissued benefits or the calculated sanction amount.

As this comparison shows, except for a deduction under the SSI system for overpayments collected,[2] the AFDC, SSI, and initial Food Stamp sanction systems result in about the same level of financial sanctions for equal differences between actual and target error rates. However, the revised Food Stamp system results in similar sanction amounts only for differences of up to about .25 percent between the actual and target error rates. As that difference increases, the other systems result in increasingly larger sanction amounts than the revised Food Stamp system.

ERROR RATES AND TRENDS

According to USDA and HHS data, overpayment error rates in the Food Stamp, AFDC, and SSI Programs for recent quality control periods have generally decreased. Underpayment error rates in the programs have remained relatively stable. Of the three programs and for comparable periods, Food Stamp overpayment error rates have been the highest and SSI rates the lowest. The most significant change in dollar amounts is the approximate $69 million reduction in estimated Food Stamp overpayments. The tables and discussions in the following sections provide additional information on error rates and trends in the three programs.

Food Stamp Program

Error-rate data and amounts of inaccurately issued benefits for the five 6-month quality review periods starting October 1980 are shown below.

Quality control review period	Overissuances		Underissuances	
	Rate	Amount	Rate	Amount
	(percent)	(000)	(percent)	(000)
10/80-03/81	10.4	$534,831	2.6	$134,022
04/81-09/81	9.5	517,227	2.4	133,496
10/81-03/82	9.8	509,901	2.4	123,160
04/82-09/82	9.2	473,906	2.5	128,779
10/82-03/83	8.2	465,924	(a)	(a)

[a]Not available as of early April 1984.

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[2]Appendix I explains the procedure for reducing SSI Program sanctions by a percentage of the total collectons for the same period.

Data for periods before October 1980 are incomplete and not comparable with results for more recent periods. Beginning in fiscal year 1981, USDA validated states' reported error rates and made adjustments based on its review results. Also, states were not required to complete quality control reviews during fiscal year 1979 in order to expedite states' implementation of the many legislative changes made in the program in 1977.

The preceding table shows that the overpayment rate has dropped 2.2 percent over the 2-1/2-year period, and the underpayment rate dropped 0.1 percent over 2 years. The amounts of overissued benefits have decreased about $69 million and the amounts of underissued benefits have decreased about $5 million. For the 6 months ended March 1982, the most recent period for which we could obtain the data, overissuances by state ranged from a low of 1.5 percent to a high of 21.2 percent. Underissuances ranged from 0.8 percent to 7.3 percent. Additional details on Food Stamp error rates and the associated dollar errors nationally and by state are in appendix V (see pp. 31 to 35).

AFDC Program

During the first four 6-month periods (Jan. 1978 to Sept. 1979, with a 3-month overlap) since HHS started validating and adjusting state-reported AFDC error-rate data, overpayment errors dropped 1 percent (from 10.5 to 9.5 percent) and underpayment errors increased 0.2 percent (from 0.7 to 0.9 percent). In the next five periods shown in the following table, the overpayment rate dropped another 1 percent and the underpayment rate dropped 0.3 percent. Overpayments of federal dollars for the five periods have fluctuated with no apparent trend.[3] The dollar amounts of underpayments had decreased.

Quality control review period	Overpayment		Underpayment	
	Rate	Amount	Rate	Amount
	(percent)	(000)	(percent)	(000)
10/79-03/80	8.3	$248,547	0.9	$27,119
04/80-09/80	7.3	232,637	0.7	22,316
10/80-03/81	8.3	284,069	0.7	22,945
04/81-09/81	7.0	244,661	0.6	22,143
10/81-03/82	7.3	252,722	0.6	21,268

As noted in the preceding narratives and tables, AFDC data was available to us for earlier periods than for the Food Stamp Program but was not available for periods as recent as we were able to obtain for the Food Stamp Program. As a result, comparisons between the error rates shown in the tables for the two

[3]AFDC Program benefits increased during these periods. The net effect of the lower error rates and higher benefits resulted in fairly constant levels of total overpayments.

programs can be made only for three 6-month periods (Oct. 1980 to Mar. 1981, Apr. 1981 to Sept. 1981, and Oct. 1981 to Mar. 1982). AFDC error rates for these periods have been consistently lower than Food Stamp error rates. On a state-by-state basis, AFDC error rates for the most recent period available ranged from 1.1 percent to 17.6 percent for overpayments and from less than .05 percent to 1.9 percent for underpayments. Additional information on AFDC error rates and the associated dollar errors nationally and by state is in appendix V (see pp. 36 to 40).

SSI Program

HHS-reported overpayment rates pertaining to total SSI Program benefits--including state-financed supplements where applicable--are the lowest of the three programs and have dropped 6.8 percent in the last 10 years to a low of 4.1 percent. For the most recent five 6-month periods for which data was available, the error-rate drop was not as sharp as it was during the earlier part of the 10-year period. There was no clear trend in the amounts of dollars overpaid or underpaid.

Quality assurance review period	Overpayments				Underpayments[a]	
	17 states[b]		Total program		Total program	
	Rate	Amount	Rate	Amount	Rate	Amount
	(%)	(000)	(%)	(000)	(%)	(000)
10/80-03/81	6.1[c]	$58,666	5.3	$219,254	1.4	$58,063
04/81-09/81	6.4[c]	59,632	4.9	204,527	1.4	56,334
10/81-03/82	6.9[c]	66,721	4.8	201,627	1.4	60,130
04/82-09/82	4.8	44,485	4.1	176,989	1.2	50,666
10/82-03/83	6.0	54,156	4.1	183,191	1.1	47,029

[a]HHS does not determine underpayment error rates for the 17 states.

[b]States for which HHS administers mandatory and optional supplements to the federal SSI benefit payments.

[c]These are the only error rates for which states have done any validation work. The remainder are unvalidated HHS-reported error rates.

As shown in the table, average overpayment rates for the 17 states that have elected to have HHS administer their mandatory and optional supplements to the federal SSI benefits--and therefore have a role in the SSI sanction system--have been somewhat higher than for the program overall, at least for the five periods for which we calculated such rates. For the most recent period for which HHS has state-by-state error-rate data for the 17 states, overpayment error rates ranged from 3 percent to 7.7 percent. Details on SSI error rates and the amounts of overpayments of state dollars are shown in appendix V (see pp. 41 to 43).

SANCTIONS ISSUED--SANCTIONS PAID

States have been sanctioned for excessive AFDC Program overpayments as early as 1975. USDA and HHS issued a total of 54 sanctions against states for erroneous issuances in the Food Stamp and AFDC Programs during fiscal year 1981 and 12 to date for fiscal year 1982. As of early April 1984, the federal government had not received any payments of the sanction amounts assessed against states for excessive issuance errors. The contributing factors have been a court decision and USDA's and HHS' use of waiver procedures to eliminate sanctions. However, USDA has recently attempted to collect from six states. In contrast, there are no provisions for waiving sanctions against the federal government in the SSI Program, and since 1974, HHS has reimbursed or acknowledged owing states about $161 million for excessive federal overpayments of state supplemental benefits.

The total amount of sanctions issued for fiscal year 1981[1] and (as of early April 1984) for fiscal year 1982 has been about $147 million for the three programs. This includes about $38 million for excessive Food Stamp errors made in fiscal years 1981 and the first half of 1982, $74 million for excessive overpayments of federal AFDC Program benefits during fiscal year 1981, and $35 million for excessive overpayments of state-financed SSI Program benefits for fiscal years 1981 and the first half of 1982.

Not all erroneous payments of program benefits are considered in applying the programs' sanction systems. As explained in appendix I, the sanction systems vary as to whether they consider both overpayments and underpayments, only overpayments, only the federally financed part of benefits, or only the state-financed part.

During the periods noted above, about $22.7 billion in federally financed Food Stamp and AFDC benefits and $2.9 billion in state SSI supplements were issued. About $2.7 billion (10.4 percent of the total $25.6 billion in outlays) were erroneous payments (AFDC and SSI overpayments and Food Stamp overpayments and underpayments) that were subject to the workings of the programs' sanction systems. The sanction amounts ($147 million for excessive erroneous payments) represent about 5.5 percent of these erroneous payments.

As noted previously and discussed in greater detail in subsequent sections of this appendix, USDA and HHS have authority

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[1]Fiscal year 1981 was the first year for which USDA issued sanction notices for excessive erroneous issuances of Food Stamp benefits. It also was the first period for which HHS sent sanction notices for excessive AFDC overpayments under its current sanction system. As of early April 1984, HHS had not issued any sanctions for fiscal year 1982.

to waive sanctions for the Food Stamp and AFDC Programs, respectively. Also, the states involved can appeal all or a portion of the sanctions through an administrative hearing procedure in each department. If the resulting ruling favors the federal government, states have further appeal rights to the courts. However, a ruling for the state at any level would be binding and would result in eliminating or reducing the sanction in accordance with the terms of the ruling.

FOOD STAMP PROGRAM

USDA has issued a total of 38 sanctions amounting to about $38 million to 22 states for excessive erroneous payments. The total erroneous issuances for the three 6-month periods to which these sanctions applied were about $2 billion--$1.6 billion in overpayments and $390 million in underpayments. The dollar amount of the sanctions ($38 million) represents about 2 percent of the total erroneous payments ($2 billion) made during these periods.

As of early April 1984, states have not paid the federal government any of these sanction amounts. USDA issued across-the-board waivers to the 14 states that exceeded their error-rate targets for the 6 months ended March 1981 (the first period for which sanctions were issued) on the condition that each sanctioned state prepare a special corrective action plan designed to reduce inaccurate benefit payments. A table showing more details on these 14 sanctions is on page 19.

USDA issued an additional 24 sanctions for the two 6-month periods ended September 1981 and March 1982, but only 7 of these sanctions have been fully resolved. For the 6 months ended September 1981, USDA waived the sanctions for 6 of the 12 states involved and held administrative hearings within the Department on requests for waivers of the sanctions by the remaining 6 states. As of early April 1984, decisions had been made on three cases. Two of the three USDA claims were upheld.

Regarding the 12 sanctions issued for the 6-month period ended March 1982, the sanctioned states requested waivers, and USDA officials have considered the waiver justifications presented by the states but have not said whether they intend to pursue or waive sanctions against these states. Additional details on the sanctions for these states are presented in the tables on pages 20 and 21.

USDA's procedures for determining whether to reduce or eliminate sanctions issued against states for excessive Food Stamp error rates for periods up through fiscal year 1982 are more complex than those to be used for later periods. Any state subject to a sanction for erroneous issuances in fiscal year 1981 or 1982 could obtain a waiver of the monetary penalty if certain conditions existed over which the state was considered to have no control and which adversely affected the state's error rate.

Among the "good cause" reasons cited in Food Stamp regulations as being sufficient for reducing or eliminating sanctions were (1) natural disasters or civil disorders, (2) strikes, (3) sharp increases in caseload, (4) program changes, and (5) misapplication of federal policy if a responsible USDA official provided or approved the practice.

In the absence of any special circumstances which could have been considered as adversely affecting state performance, the regulations also allow USDA to waive sanctions under certain other conditions. One of these was a federal determination that the state had put forth a "good faith effort" such as in devoting considerable effort to carrying out an approved corrective action plan or taking other substantial initiatives to reduce errors. While such judgments regarding the adequacy of a state's remedial efforts were somewhat discretionary and the state efforts did not guarantee a waiver, USDA regulations provided for an automatic waiver if a state's efforts resulted in a lower error rate for the comparable 6-month period in the following fiscal year.[2]

The Food Stamp Act Amendments of 1982 sharply reduced the kinds of factors that USDA is to consider when a state appeals an error-rate sanction. For fiscal year 1983 and beyond, USDA is to consider only extraordinary events over which the state had little or no control, such as strikes or natural disasters, when deciding whether to waive or reduce a sanction. In the absence of such factors, any state that does not reach its target error rate is to be sanctioned regardless of the amount of effort made by the state to reduce its error rate.

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[2]USDA regulations spell out in detail the procedures for determining the error rate that must be achieved under varying circumstances in order to have a prior-period sanction waived.

FOOD STAMP PROGRAM

Sanctioned States
(Oct. 1980 to Mar. 1981)

States (14)	Payment error rate[a]	Target error rate	Benefits issued	Erroneous issuances	Over-issuances	Sanctions	Sanction as a percent of erroneous issuances	Sanction as a percent of over-issuances
	---(percent)----		----------(thousands)----------					
Alaska	21.2	12.6	$ 15,984	$ 3,588	$ 3,417	$ 1,207	33.6	35.3
Arizona	16.9	12.7	60,847	11,421	9,182	2,437	21.3	26.5
Colorado	13.1	12.6	42,720	6,117	4,998	230	3.8	4.6
Connecticut	16.0	12.6	34,359	5,772	4,858	1,172	20.3	24.1
Florida	13.3	12.6	250,124	37,494	31,166	1,647	4.4	5.3
Kansas	14.3	12.9	24,642	3,593	2,858	343	9.5	12.0
Maryland	16.7	16.0	82,173	13,715	11,291	581	4.2	5.1
Massachusetts	13.1	12.6	92,406	14,831	11,431	470	3.2	4.1
Montana	15.7	12.6	10,821	1,880	1,666	329	17.5	19.8
New Hampshire	17.4	12.6	13,312	2,135	1,769	633	29.7	35.8
New Mexico	15.3	15.1	44,899	6,879	5,756	108	1.6	1.9
North Carolina	15.3	12.6	133,272	21,057	13,141	3,538	16.8	26.9
Puerto Rico	13.1	12.6	428,393	59,675	50,807	2,308	3.9	4.5
Tennessee	13.7	12.6	165,313	23,855	19,524	1,887	7.9	9.7
Total dollars and weighted average percentages	15.2		$1,399,265	$212,012	$171,864	$16,890	8.0	9.8

Note: All sanctions were waived by USDA.

[a]Lower of the states' reported error rate or USDA's adjusted state error rate.

APPENDIX III

FOOD STAMP PROGRAM

Sanctioned States
(Apr. to Sept. 1981)

States (12)	Payment error rate[a]	Target error rate	Benefits issued	Erroneous issuances	Over-issuances	Sanctions	Sanction as a percent of erroneous issuances	Sanction as a percent of over-issuances
	---(percent)---		----------(thousands)----------					
Alaska	27.2	12.6	$ 14,673	$ 4,107	$ 3,656	$ 2,148[b]	52.3	58.7
Arizona	13.1	12.7	63,840	8,555	6,014	236[b]	2.8	3.9
Colorado	14.4	12.6	44,873	7,543	6,228	821[c]	10.9	13.2
Connecticut	16.2	12.6	36,773	5,972	5,038	1,339[d]	22.4	26.6
Florida	14.1	12.6	251,784	38,548	33,286	3,802[d]	9.9	11.4
Guam	13.0	12.6	9,345	1,235	1,050	40[e]	3.3	3.8
Maryland	16.7	16.0	88,481	14,812	12,980	619[e]	4.2	4.8
Montana	14.3	12.6	11,925	1,710	1,382	208[e]	12.1	15.0
New Hampshire	14.7	12.6	13,644	2,004	1,678	285[d]	14.2	17.0
North Carolina	14.4	12.6	138,986	22,516	17,832	2,502[e]	11.1	14.0
Tennessee	12.7	12.6	174,169	22,973	18,880	209[e]	0.9	1.1
Wyoming	13.8	12.6	3,813	558	512	47[e]	8.5	9.2
Total dollars and weighted average percentages	15.3		$852,306	$130,531	$108,536	$12,256	9.4	11.3

[a]Lower of the states' reported error rate or USDA's adjusted state error rate.

[b]Sanction upheld by administrative hearing.

[c]Sanction dismissed by administrative hearing.

[d]Sanctions are awaiting decision of administrative hearing judge.

[e]Sanctions were waived by USDA.

APPENDIX III

FOOD STAMP PROGRAM

Sanctioned States
(Oct. 1981 to Mar. 1982)

States (12)	Payment error rate	Target error rate	Benefits issued	Erroneous issuances	Over-issuances	Sanctions	Sanction as a percent of erroneous issuances	Sanction as a percent of over-issuances
	---(percent)---		----------(thousands)----------					
Alaska	23.4	20.7	$ 13,914	$ 3,252	$ 2,951	$ 370	11.4	12.5
Colorado	17.3	13.4	40,526	7,003	5,909	1,577	22.5	26.7
Connecticut	16.5	15.5	32,593	5,362	4,413	300	5.6	6.8
Dist. of Columbia	18.7	17.7	22,534	4,219	2,551	225	5.3	8.8
Massachusetts	15.9	14.9	98,451	15,644	13,439	985	6.3	7.3
Nebraska	14.4	13.1	15,301	2,196	1,581	199	9.1	12.6
New Hampshire	17.7	14.9	12,578	2,220	1,962	341	15.4	17.4
New Mexico	15.8	14.3	40,722	6,442	5,330	623	9.7	11.7
Oregon	15.5	13.1	71,087	10,983	8,516	1,706	15.5	20.0
Pennsylvania	13.7	13.1	249,141	34,132	29,573	1,619	4.7	5.5
Texas	13.1[a]	13.1[a]	276,812	36,207	29,923	83	0.2	0.3
Wisconsin	14.8	13.4	52,406	7,746	5,571	728	9.4	13.1
Total dollars and weighted average percentages	14.6		$926,065	$135,404	$111,719	$8,756	6.5	7.8

[a]Payment error rate and target error rate are equal due to rounding.

APPENDIX III

AFDC PROGRAM

Sanctions for excessive AFDC Program overpayments were first issued in 1975. Several states challenged those sanctions in court and were relieved from paying any financial penalty. The then Department of Health, Education, and Welfare waived the liability for the remaining states it had sanctioned.

Subsequently, the sanction procedures were reappraised and a modified system was established in 1979. HHS sanctioned 24 states for excessive overpayments for the second half of fiscal year 1979 and for fiscal year 1980. HHS subsequently waived all of those sanctions. The condition for releasing states from their financial liability was that they develop a sound corrective action plan that would demonstrate adequate evidence of state commitment to reducing overpayment errors.

The total dollar amount of the sanctions for the three 6-month periods and the number of states involved is presented below.

Review Period	Sanction amount (thousands)	Number of states
Apr. to Sept. 1979	$17,051	11
Oct. 1979 to Mar. 1980	5,369	6
Apr. to Sept. 1980	2,117	7

As shown on the following page, HHS sanctioned 28 states about $74 million for excessive overpayments made in fiscal year 1981. As of April 1984, HHS was examining waiver requests received from the 28 states to determine whether to pursue or waive the sanctions. Overpayments of federally financed AFDC benefits were about $529 million in fiscal year 1981 and the sanctions represented 13.9 percent of the overpayments. HHS officials told us that they expect to issue sanctions for fiscal year 1982 error rates sometime in late spring 1984.

HHS also has authority to waive sanctions against states for excessive benefit overpayments. As in the Food Stamp Program, HHS can approve requested waivers based on extenuating circumstances such as sharp increases in caseload, but it also has a more discretionary basis for granting waivers. Although there is no "look-ahead" provision to justify waiving a sanction if the target error rate for a subsequent period is achieved, HHS has authority to evaluate sanctioned states' efforts to carry out reasonable and timely corrective actions to achieve target error rates. The results of such evaluations can help HHS determine whether a state had put forth a good faith effort that would warrant a full or partial waiver of the sanction.

AFDC PROGRAM

Sanctioned States (fiscal year 1981)

States (28)	Payment error rate[a]	Target error rate	Federal benefits paid	Overpayments of federal benefits	Sanctions	Sanction as a percent of overpayments
	----(percent)----		----------(thousands)----------			
Alabama	7.7	7.6	$ 55,242	$ 4,268	$ 47	1.1
Arizona	8.3	6.7	17,625	1,458	202	13.9
California	6.8	4.0	1,270,297	85,745	35,067	40.9
Colorado	8.2	4.2	47,312	3,901	1,898	48.7
Connecticut	7.5	7.1	102,865	7,723	424	5.5
Florida	7.9	5.1	182,348	9,657	3,467	35.9
Hawaii	10.1	7.5	46,620	4,708	1,212	25.7
Idaho	9.1	4.3	14,482	1,313	691	52.6
Indiana	4.1	4.0	83,296	3,501	113	3.2
Kansas	8.1	4.1	47,234	3,836	1,903	49.6
Maine	7.9	7.5	40,422	3,187	168	5.3
Maryland	11.6	10.4	113,147	13,072	1,325	10.1
Minnesota	4.4	4.0	134,791	6,047	571	9.4
Nebraska	5.5	4.4	27,003	1,477	280	19.0
New Jersey	8.0	7.5	270,516	21,699	1,280	5.9
New Mexico	12.4	4.5	31,612	3,918	2,493	63.6
New York	8.0	7.2	755,115	60,421	6,270	10.4
Ohio	8.9	7.7	333,932	29,607	3,930	13.3
Oklahoma	6.6	4.0	58,279	3,841	1,508	39.3
Puerto Rico	8.9	6.6	72,755	6,488	1,714	26.4
South Carolina	7.8	6.1	56,182	4,403	1,004	22.8
South Dakota	4.7	4.5	12,025	561	17	3.0
Tennessee	8.9	6.0	59,055	5,287	1,754	33.2
Texas	7.5	5.9	87,443	6,573	1,112	16.9
Utah	4.9	4.0	34,020	1,657	297	17.9
Vermont	5.2	4.3	26,752	1,379	225	16.3
Washington	9.3	5.8	118,625	11,071	4,162	37.6
Wyoming	13.7	4.0	4,235	583	413	70.8
Total dollars and weighted average percentages	7.5		$4,103,351	$307,381	$73,546	23.9

[a]Represents weighted average for two 6-month periods.

Note: Sanctions were pending HHS's review of states' request for waivers.

SSI PROGRAM

HHS has either paid or acknowledged its liability to 33 states for about $161 million for excessive overpayments of state-financed SSI benefits since 1974. It has reimbursed states for $150.5 million. Another $10.4 million in acknowledged liability is pending final agreements with individual states.

The following tables show additional details relating to HHS liability for fiscal year 1981 and the first half of fiscal year 1982, the three most recent periods for which complete data is available. These tables show that HHS was responsible for excessive overpayments totaling $35 million--an amount equivalent to about 19 percent of the $185 million in overpayments of state supplements for the 18-month period. Over the three 6-month periods, the sanction amounts have ranged from less than 1 percent to 33 percent of the overpayments of individual state supplements. (Additional SSI sanctions against HHS for the last half of fiscal year 1982 and the first half of 1983 had not been finalized.)

SSI PROGRAM

Amounts Assessed Against HHS for Excessive Overpayments of State-Financed SSI Benefits (Oct. 1980 to Mar. 1981)

States (16)	Payment error rate	State supplements	Overpayments of state supplements	Sanctions	Sanction as a percent of overpayments
	(percent)	(thousands)			
California	6.2	$653,963	$40,546	$ 7,938	19.6
Delaware	8.5	249	21	3	12.7
Dist. of Columbia	8.7	2,085	182	48	26.4
Hawaii	6.4	2,235	142	24	16.6
Iowa	4.9	485	24	(a)	4.2
Maine	4.8	2,377	113	4	3.1
Massachusetts	7.9	62,034	4,907	1,349	27.5
Montana	4.7	352	16	(a)	1.8
Nevada	6.3	1,353	84	7	7.7
New Jersey	7.8	14,065	1,095	194	17.7
New York	5.7	113,376	6,474	406	6.3
Pennsylvania	4.8	30,017	1,432	66	4.6
Rhode Island	6.9	3,305	227	55	24.3
Vermont	7.5	2,470	186	46	24.6
Washington	5.5	9,139	503	28	5.6
Wisconsin	5.6	33,239	1,845	178	9.7
Total dollars and weighted average percentages	6.2	$930,744	$57,797	$10,346	17.9

[a]Amount less than $1,000.

SSI PROGRAM

Amounts Assessed Against HHS for Excessive Federal Overpayments of State-financed SSI Benefits

(Apr. to Sept. 1981)

States (10)	Payment error rate	State supplements	Overpayments of state supplements	Sanctions	Sanction as a percent of overpayments
	(percent)	----------(thousands)----------			
California	6.4	$627,478	$40,159	$ 7,956	19.8
Massachusetts	9.5	57,135	5,422	1,777	32.8
Nevada	8.7	1,348	117	23	20.0
New Jersey	9.2	13,988	1,285	182	14.1
New York	5.6	120,667	6,769	79	1.2
Pennsylvania	5.7	29,664	1,712	152	8.9
Rhode Island	5.2	3,453	181	14	7.9
Vermont	7.5	2,526	190	45	23.5
Washington	9.0	8,724	783	180	23.0
Wisconsin	6.2	28,338	1,760	156	8.9
Total dollars and weighted average percentages	6.5	$893,321	$58,378	$10,564	18.1

APPENDIX III

SSI PROGRAM

Amounts Assessed Against HHS for Excessive Federal Overpayments of State-financed SSI Benefits

(Oct. 1981 to Mar. 1982)

States (8)	Payment error rate	State supplements	Overpayments of state supplements	Sanctions	Sanction as a percent of overpayments
	(percent)	(thousands)			
California	7.5	$642,437	$48,183	$12,901	26.8
Massachusetts	7.7	64,452	4,937	929	18.8
New Jersey	6.9	23,332	1,598	281	17.5
New York	5.6	116,098	6,443	178	2.8
Pennsylvania	5.4	29,460	1,591	76	4.8
Rhode Island	6.9	3,624	249	40	16.0
Washington	5.8	8,401	488	3	0.6
Wisconsin	5.8	30,442	1,766	131	7.4
Total dollars and weighted average percentages	7.1	$918,246	$65,255	$14,539	22.3

APPENDIX III

OBJECTIVES, SCOPE, AND METHODOLOGY

Our overall objective in this review was to gather and analyze data on the procedures and results of the error-rate sanction systems used in the Food Stamp, AFDC, and SSI Programs. Accordingly, our work and reporting objectives focused on:

--Identifying differences in the procedures used in the three programs to hold states or, as in the case of the SSI Program, the federal government, financially responsible for erroneous issuances of benefits exceeding a predetermined error-rate threshold.

--Providing information on the percentages and amounts of inaccurately issued benefits for the three programs and identifying any trends.

--Showing the results of the sanctioning systems, particularly the relationship of sanction amounts to the amounts of erroneous benefit payments and comparing the amounts of sanctions assessed and paid.

During our field work from February to April 1984, we obtained our information for the AFDC and SSI Programs from several offices within HHS' Social Security Administration. Information for the AFDC Program was obtained from the Office of Family Assistance in Washington, D. C. Information for the SSI Program was gathered from several sources, including the offices of Supplemental Security Income, Assistance Program Quality, Assessment, and Regulations located in Baltimore, Maryland. We collected data for the Food Stamp Program from the USDA's Food and Nutrition Service headquarters in Alexandria, Virginia.

We obtained summary and detailed information on program error rates and the amounts of benefits issued for each program nationally and by state from the respective federal offices responsible for overall program administration. We obtained information from these offices on SSI and Food Stamp Program collections, states' Food Stamp Program administrative costs, the number and amounts of sanctions issued, and the status of those sanctions. We discussed any limitations on using the data obtained with USDA and HHS officials, but we did not verify the accuracy of any agency-furnished data.

We reviewed federal legislation, regulations, and policies governing the error-rate sanction processes for the three programs. We compared the systems being used and identified major similarities and differences.

To provide information on the results of the sanctioning systems, we illustrated the differences in calculating financial liability under the two Food Stamp Program error-rate sanction systems--one applicable to fiscal years 1981 and 1982 and the other applicable to fiscal year 1983 and beyond--and the systems

used in the AFDC and SSI Programs. To do this, we determined the sanction amount that would result under each system if it were used for the Food Stamp Program in a hypothetical state with given levels of total issuances, administrative costs, and collections. We calculated sanction amounts under two assumptions. First, to show the impact that the different error-rate thresholds established for the respective programs could have on the sanction amount, we determined the amount of the sanction that would result under each system for actual error rates ranging from 3 percent to 10 percent. Second, to identify the effect of using different bases to calculate sanction amounts, we assumed that the hypothetical state missed its error-rate target by the same margin under each system. These analyses allowed us to make generalizations about which sanction system would result in higher or lower sanction amounts. We also were able to compare the computed sanction amounts with the amounts of benefit overpayments they related to.

Using the available quality control review results for each of the three components of erroneous payments--issuances to ineligible households and overissuances and underissuances to eligible households--for each state and the nation, we identified national trends in the percent of benefits and the amounts of federal dollars issued in error for the Food Stamp and AFDC Programs.

We also analyzed the SSI Program's quality assurance results for the entire program and for the 17 states to which the SSI sanction system applies. We used the data for the 17 states to calculate the program's weighted average overpayment error rate applicable to federally administered state supplemental payments and to identify any trends. Because HHS does not determine underpayment error-rate data for these 17 states' supplements to federal benefits, we were unable to analyze these types of erroneous payments.

We used HHS and USDA issuance and error-rate data to calculate the amounts of federally funded AFDC and Food Stamp benefits overissued and underissued nationally and for each state for fiscal year 1981 and the first half of fiscal year 1982. Using HHS data, we made similar calculations for SSI Program overpayments of state-financed supplements for the same 18-month period. These were the most recent periods for which complete state-by-state error rate data was available.

We also obtained information on the sanctions that had been assessed. We compared the assessments to erroneously issued program benefits and determined the extent to which the dollar sanctions have covered payment errors. Finally, we determined how much of the assessed sanctions had been paid and identified the circumstances under which sanctions were reduced or eliminated.

In order that the report be issued by the earliest date possible, the Chairman requested that we not obtain written agency comments. However, we did review the matters in this report with

the SSI Program's Director, Division of Sampling and Data Management, and others responsible for payment policy and statistics. We obtained oral comments from the Director, Office of State Operations, and others in the Office of Family Assistance relating to information on the AFDC Program. In addition, we received feedback from the Food and Nutrition Service's Deputy Director, Program Accountability Division, about our presentation of information for the Food Stamp Program.

With the above noted exception that we did not obtain formal written agency comments, we made our review in accordance with generally accepted government auditing standards.

APPENDIX V

TABLES OF SUMMARY DATA

The following tables provide data on error rates and the amount of dollars involved by state, and nationally, for the AFDC, Food Stamp, and SSI Programs.

Table 1

FOOD STAMP PROGRAM

Percent and Amount of Benefits Issued in Error (Oct. 1980 through Mar. 1982)

State	Percent of total benefits issued in error			Amount of benefits issued in error		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	13.1[a]	11.8[a]	12.2[a]	$669,776	$652,268	$635,335
Alabama	10.7	8.0	7.5	15,531	11,833	10,564
Alaska	22.5	28.0	23.4	3,588	4,107	3,252
Arizona	18.8	13.4	15.5	11,421	8,555	9,462
Arkansas	11.2	12.1	12.6	7,571	8,598	8,411
California	11.7	9.1	12.1	33,345	28,999	34,950
Colorado	14.3	16.8	17.3	6,117	7,543	7,003
Connecticut	16.8	16.2[b]	16.5	5,772	5,972	5,361
Delaware	11.7	8.7	8.5	1,580	1,194	1,150
Dist. of Col.	19.1	16.9	18.7	4,415	4,069	4,218
Florida	15.0	15.3	12.9	37,494	38,548	29,470
Georgia	12.6	12.5	8.8	18,789	19,471	12,540
Guam	6.5	13.2	7.2	553	1,234	597
Hawaii	9.4	9.2	9.1	3,096	3,350	3,026
Idaho	10.8	12.4	8.9	1,870	2,154	1,711
Illinois	11.5	11.5	9.8	27,660	30,419	27,320
Indiana	10.0	8.0	9.3	9,977	8,365	9,685
Iowa	12.3	9.3	11.4	4,227	3,774	4,630
Kansas	14.6	12.8	11.8	3,593	3,518	3,141
Kentucky	10.9	8.8	9.0	13,780	12,348	11,951
Louisiana	12.2	13.5	12.5	16,254	18,587	15,143
Maine	12.7	8.8[b]	9.7	4,370	3,091	3,220
Maryland	16.7	16.7	12.3	13,715	14,812	10,283
Massachusetts	16.1	11.8[b]	15.9	14,831	11,573	15,644
Michigan	12.5	11.9	11.4	22,661	25,361	25,331
Minnesota	8.9	10.1	11.8	3,478	4,416	4,760
Mississippi	12.4	11.6	12.8	14,125	14,043	14,345
Missouri	10.9	10.4	9.1	9,523	9,876	8,399
Montana	17.4	14.3	8.9	1,880	1,710	1,017
Nebraska	13.2	12.9	14.4	1,970	2,098	2,196
Nevada	5.1	3.7	3.0	532	375	288
New Hampshire	16.0	14.7[b]	17.7	2,135	2,004	2,220
New Jersey	11.9	11.2	10.9	15,992	16,289	15,399
New Mexico	15.3	15.7	15.8	6,879	7,006	6,442
New York	19.2	15.7	16.8	80,357	71,573	69,689
North Carolina	15.8	16.2	13.4	21,057	22,516	17,631
North Dakota	6.9	7.3	9.1	388	473	567
Ohio	10.1	8.9	10.5	23,912	23,800	27,548
Oklahoma	12.2	11.9	11.5	5,033	4,919	4,241
Oregon	8.6	13.1	15.5	5,335	8,916	10,983
Pennsylvania	13.6	10.6	13.7	31,165	27,646	34,132
Puerto Rico	13.9	9.8	10.3	59,675	44,306	45,732
Rhode Island	14.2	11.2[b]	12.0	3,002	2,181	2,295
South Carolina	10.5	12.2	12.9	10,806	13,063	12,945
South Dakota	12.3	7.8	12.5	1,260	838	1,390
Tennessee	14.4	13.2	13.3	23,855	22,973	21,446
Texas	10.9	11.9	13.1	32,395	36,128	36,207
Utah	11.5	11.5	10.1	1,555	1,750	1,491
Vermont	11.3	10.6[b]	12.1	1,069	1,050	1,140
Virgin Islands	19.7	13.2	16.5	1,999	1,406	1,671
Virginia	10.1	9.0	9.8	9,637	9,508	9,638
Washington	10.6	9.6	12.1	6,264	7,287	9,022
West Virginia	9.9	13.1	11.3	5,201	9,097	6,383
Wisconsin	14.3	13.2	14.8	6,653	6,989	7,746
Wyoming	12.6	14.6	9.1	434	557	309

[a]Weighted average.

[b]State's reported error rate not adjusted by the Service.

Table 2

FOOD STAMP PROGRAM

Percent and Amount of Benefits Overissued
(Oct. 1980 through Mar. 1982)

State	Percent of benefits overissued			Amount of benefits overissued		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	10.4[a]	9.5[a]	9.8[a]	$534,831	$517,227	$509,901
Alabama	8.5	6.3	5.4	12,271	9,315	7,645
Alaska	21.4	24.9	21.2	3,417	3,656	2,951
Arizona	15.1	9.4	12.6	9,182	6,014	7,730
Arkansas	8.8	9.5	9.5	5,928	6,770	6,340
California	8.7	5.7	9.3	24,766	18,144	26,916
Colorado	11.7	13.9	14.6	4,998	6,228	5,909
Connecticut	14.1	13.7[b]	13.5	4,858	5,038	4,413
Delaware	7.8	7.1	6.0	1,056	967	810
Dist. of Col.	13.8	12.5	11.3	3,182	2,992	2,551
Florida	12.5	13.2	10.8	31,165	33,286	24,547
Georgia	9.2	10.4	6.6	13,763	16,281	9,462
Guam	4.6	11.2	5.0	390	1,050	413
Hawaii	7.0	6.9	6.7	2,311	2,518	2,226
Idaho	8.8	10.3	7.4	1,514	1,785	1,419
Illinois	9.1	8.0	7.7	21,840	21,235	21,345
Indiana	9.0	7.2	6.8	8,992	7,537	7,120
Iowa	10.7	7.9	9.2	3,675	3,220	3,735
Kansas	11.6	10.7	10.2	2,858	2,933	2,713
Kentucky	9.1	6.6	7.1	11,507	9,247	9,399
Louisiana	10.3	10.6	9.9	13,728	14,518	11,989
Maine	9.8	6.5[b]	7.8	3,369	2,273	2,586
Maryland	13.7	14.7	10.7	11,291	12,980	8,899
Massachusetts	12.4	10.3[b]	13.7	11,431	10,147	13,439
Michigan	9.4	9.2	9.1	17,005	19,709	20,193
Minnesota	6.7	8.5	10.2	2,633	3,729	4,123
Mississippi	9.8	10.4	8.9	11,180	12,519	9,959
Missouri	8.8	8.3	6.8	7,727	7,872	6,276
Montana	15.4	11.6	7.3	1,666	1,382	833
Nebraska	11.0	11.0	10.3	1,646	1,794	1,581
Nevada	3.7	3.1	1.5	385	316	139
New Hampshire	13.3	12.3[b]	15.6	1,769	1,678	1,962
New Jersey	10.0	8.8	8.5	13,513	12,793	11,965
New Mexico	12.8	13.9	13.1	5,756	6,185	5,330
New York	15.0	12.4	14.1	62,905	56,431	58,462
North Carolina	9.9	12.8	9.6	13,141	17,832	12,578
North Dakota	4.4	5.8	7.2	246	376	445
Ohio	8.3	7.2	8.7	19,620	19,270	22,777
Oklahoma	9.8	8.8	7.5	4,038	3,630	2,774
Oregon	7.1	10.9	12.0	4,445	7,413	8,516
Pennsylvania	10.5	8.7	11.9	24,110	22,565	29,573
Puerto Rico	11.9	7.8	8.4	50,807	34,931	37,510
Rhode Island	11.8	9.2[b]	8.7	2,484	1,791	1,663
South Carolina	8.4	9.7	11.5	8,644	10,333	11,606
South Dakota	10.5	6.2	11.1	1,077	662	1,238
Tennessee	11.8	10.8	11.0	19,523	18,880	17,675
Texas	9.0	9.6	10.8	26,576	29,121	29,923
Utah	8.5	7.3	7.2	1,144	1,112	1,058
Vermont	9.4	9.0[b]	9.6	891	894	907
Virgin Islands	15.0	6.5	8.4	1,517	694	852
Virginia	8.4	6.8	7.0	7,964	7,115	6,848
Washington	9.0	7.1	10.3	5,319	5,431	7,720
West Virginia	7.7	10.2	8.9	4,046	7,100	5,004
Wisconsin	11.1	9.5	10.6	5,166	5,023	5,571
Wyoming	11.5	13.4	8.4	396	512	283

[a]Weighted average.

[b]State's reported error rate not adjusted by the Service.

Table 3

FOOD STAMP PROGRAM

Percent and Amount of Benefits Overissued
To Eligible Households
(Oct. 1980 through Mar. 1982)

State	Percent of benefits overissued to eligible households			Amount of benefits overissued to eligible households		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	5.2[a]	4.5[a]	5.2[a]	$263,253	$264,043	$267,843
Alabama	4.0	4.0	3.5	5,809	5,894	4,922
Alaska	6.8	4.7	6.9	1,084	694	959
Arizona	6.3	5.0	6.4	3,815	3,205	3,929
Arkansas	5.5	6.6	5.3	3,678	4,672	3,514
California	4.5	3.4	4.4	12,812	10,664	12,762
Colorado	6.0	6.6	4.8	2,550	2,971	1,961
Connecticut	6.4	5.6[b]	7.0	2,213	2,070	2,275
Delaware	4.9	4.0	3.7	660	546	498
Dist. of Col.	7.8	6.6	4.7	1,798	1,574	1,066
Florida	6.4	7.1	7.2	15,908	17,902	16,478
Georgia	4.6	6.1	3.8	6,926	9,525	5,440
Guam	2.6	3.2	1.4	220	298	120
Hawaii	2.5	1.7	2.8	824	618	927
Idaho	3.4	4.0	3.8	588	701	731
Illinois	4.6	3.5	4.8	11,040	9,397	13,229
Indiana	4.1	3.6	3.6	4,118	3,784	3,769
Iowa	5.2	3.7	3.5	1,798	1,500	1,420
Kansas	5.0	3.8	3.7	1,235	1,055	986
Kentucky	4.1	3.5	4.1	5,194	4,877	5,504
Louisiana	6.1	6.2	6.0	8,107	8,469	7,256
Maine	4.5	3.2[b]	4.4	1,567	1,126	1,457
Maryland	5.8	5.0	5.5	4,774	4,451	4,604
Massachusetts	6.3	4.1[b]	5.1	5,849	4,012	4,972
Michigan	3.4	3.5	4.7	6,128	7,529	10,430
Minnesota	3.0	4.5	5.5	1,191	1,976	2,225
Mississippi	6.3	6.6	5.0	7,142	7,959	5,628
Missouri	4.6	4.6	4.7	4,021	4,389	4,292
Montana	6.4	5.7	5.7	687	677	644
Nebraska	6.6	2.5	3.5	979	407	537
Nevada	2.1	0.8	1.2	216	77	115
New Hampshire	7.2	6.3[b]	6.4	964	855	804
New Jersey	4.6	5.1	3.7	6,251	7,354	5,208
New Mexico	6.9	5.8	6.4	3,080	2,588	2,586
New York	7.2	5.6	6.3	30,259	25,373	26,113
North Carolina	5.0	7.5	6.3	6,717	10,424	8,315
North Dakota	4.3	2.0	1.7	242	132	104
Ohio	4.8	4.5	4.1	11,272	11,860	10,799
Oklahoma	3.8	5.0	3.4	1,579	2,044	1,256
Oregon	4.1	5.2	5.4	2,540	3,580	3,839
Pennsylvania	4.1	3.3	5.0	9,308	8,494	12,557
Puerto Rico	6.3	4.9	4.8	26,989	21,860	21,333
Rhode Island	6.9	5.5[b]	4.2	1,467	1,066	794
South Carolina	4.8	4.9	7.3	4,909	5,289	7,298
South Dakota	5.7	4.2	6.6	584	453	739
Tennessee	5.6	6.1	6.2	9,307	10,677	10,054
Texas	4.0	5.1	6.7	11,729	15,440	18,602
Utah	5.0	3.8	2.6	676	581	377
Vermont	3.8	3.1[b]	4.5	355	309	419
Virgin Islands	6.7	3.8	4.3	679	402	434
Virginia	4.6	2.7	4.1	4,343	2,867	4,038
Washington	4.8	5.7	6.0	2,860	4,298	4,507
West Virginia	3.6	3.9	5.0	1,870	2,711	2,797
Wisconsin	4.9	3.9	4.0	2,272	2,061	2,107
Wyoming	2.0	8.0	3.3	70	306	113

[a]Weighted average.

[b]State's reported error rate not adjusted by the Service.

Table 4

FOOD STAMP PROGRAM

Percent and Amount of Benefits Issued
To Ineligible Households
(Oct. 1980 through Mar. 1982)

State	Percent of benefits issued to ineligible households			Amount of benefits issued to ineligible households		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	5.3[a]	4.6[a]	4.7[a]	$271,578	$253,184	$242,058
Alabama	4.5	2.3	1.9	6,461	3,421	2,722
Alaska	14.6	20.2	14.3	2,334	2,962	1,992
Arizona	8.8	4.4	6.2	5,367	2,809	3,801
Arkansas	3.3	3.0	4.2	2,250	2,098	2,826
California	4.2	2.4	4.9	11,954	7,481	14,154
Colorado	5.7	7.3	9.7	2,448	3,258	3,947
Connecticut	7.7	8.1[b]	6.6	2,646	2,968	2,138
Delaware	2.9	3.1	2.3	396	421	312
Dist. of Col.	6.0	5.9	6.6	1,385	1,418	1,485
Florida	6.1	6.1	3.5	15,258	15,384	8,068
Georgia	4.6	4.3	2.8	6,836	6,756	4,023
Guam	2.0	8.0	3.5	170	751	294
Hawaii	4.5	5.2	3.9	1,487	1,900	1,300
Idaho	5.4	6.3	3.6	926	1,084	687
Illinois	4.5	4.5	2.9	10,800	11,838	8,116
Indiana	4.9	3.6	3.2	4,874	3,753	3,351
Iowa	5.4	4.2	5.7	1,877	1,720	2,315
Kansas	6.6	6.8	6.5	1,624	1,879	1,727
Kentucky	5.0	3.1	2.9	6,312	4,370	3,895
Louisiana	4.2	4.4	3.9	5,622	6,049	4,732
Maine	5.2	3.3[b]	3.4	1,802	1,147	1,129
Maryland	7.9	9.6	5.2	6,516	8,530	4,295
Massachusetts	6.0	6.2[b]	8.6	5,581	6,136	8,467
Michigan	6.0	5.7	4.4	10,878	12,179	9,763
Minnesota	3.7	4.0	4.7	1,442	1,753	1,898
Mississippi	3.6	3.8	3.9	4,037	4,560	4,330
Missouri	4.2	3.7	2.2	3,706	3,483	1,985
Montana	9.1	5.9	1.7	979	705	189
Nebraska	4.5	8.5	6.8	667	1,387	1,044
Nevada	1.6	2.3	0.3	169	239	24
New Hampshire	6.1	6.0[b]	9.2	805	823	1,158
New Jersey	5.4	3.8	4.8	7,262	5,439	6,757
New Mexico	6.0	8.1	6.7	2,676	3,597	2,745
New York	7.8	6.8	7.8	32,645	31,057	32,350
North Carolina	4.8	5.3	3.2	6,424	7,408	4,263
North Dakota	0.1	3.8	5.5	4	245	341
Ohio	3.5	2.8	4.6	8,348	7,409	11,978
Oklahoma	6.0	3.8	4.1	2,459	1,586	1,518
Oregon	3.1	5.6	6.6	1,905	3,833	4 678
Pennsylvania	6.4	5.4	6.8	14,801	14,070	17,016
Puerto Rico	5.6	2.9	3.6	23,819	13,071	16,177
Rhode Island	4.8	3.7[b]	4.6	1,017	725	869
South Carolina	3.6	4.7	4.3	3,736	5,043	4,308
South Dakota	4.8	2.0	4.5	493	209	499
Tennessee	6.2	4.7	4.7	10,216	8,203	7,621
Texas	5.0	4.5	4.1	14,847	13,681	11,322
Utah	3.5	3.5	4.6	468	531	681
Vermont	5.7	5.9[b]	5.2	536	585	488
Virgin Islands	8.3	2.7	4.1	839	292	418
Virginia	3.8	4.0	2.9	3,621	4,248	2,810
Washington	4.2	1.5	4.3	2,458	1,133	3,212
West Virginia	4.1	6.3	3.9	2,175	4,389	2,206
Wisconsin	6.2	5.6	6.6	2,894	2,962	3,464
Wyoming	9.5	5.4	5.0	326	206	170

[a]Weighted average.

[b]State's reported error rate not adjusted by the Service.

APPENDIX V

Table 5

FOOD STAMP PROGRAM

Percent and Amount of Benefits Underissued
To Eligible Households
(Oct. 1980 through Mar. 1982)

State	Percent of benefits underissued to eligible households			Amount of benefits underissued to eligible households		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	2.6[a]	2.4[a]	2.4[a]	$134,022	$133,496	$123,160
Alabama	2.3	1.7	2.1	3,260	2,518	2,920
Alaska	1.0	2.7	2.0	158	401	275
Arizona	3.6	4.0	2.8	2,190	2,522	1,720
Arkansas	2.4	2.6	3.1	1,644	1,828	2,071
California	3.0	3.4	2.8	8,465	10,664	7,976
Colorado	2.6	2.8	2.7	1,094	1,256	1,094
Connecticut	2.7	2.5[b]	2.9	914	934	942
Delaware	3.9	1.6	2.5	524	224	339
Dist. of Col.	5.2	4.4	7.3	1,200	1,060	1,650
Florida	2.5	2.1	2.2	6,328	5,237	4,923
Georgia	3.4	2.1	2.2	5,026	3,206	3,092
Guam	1.9	2.0	2.2	163	183	184
Hawaii	2.4	2.3	2.4	785	832	800
Idaho	2.0	2.0	1.5	344	350	293
Illinois	2.4	3.4	2.2	5,821	9,131	5,975
Indiana	1.0	0.8	2.5	985	839	2,565
Iowa	1.6	1.4	2.2	542	550	899
Kansas	3.0	2.1	1.6	727	582	428
Kentucky	1.8	2.2	1.9	2,273	3,101	2,552
Louisiana	1.9	3.0	2.6	2,525	4,069	3,155
Maine	2.9	2.3[b]	1.9	1,001	818	634
Maryland	3.0	2.1	1.7	2,424	1,832	1,384
Massachusetts	3.6	1.5[b]	2.1	3,327	1,426	2,107
Michigan	3.1	2.6	2.3	5,656	5,610	5,115
Minnesota	2.2	1.5	1.6	845	673	629
Mississippi	2.6	1.3	3.9	2,946	1,512	4,375
Missouri	2.0	2.1	2.3	1,787	2,004	2,123
Montana	1.9	2.7	1.6	203	318	185
Nebraska	2.2	1.9	4.0	324	304	615
Nevada	1.4	0.6	1.6	148	59	149
New Hampshire	2.8	2.4[b]	2.1	366	326	258
New Jersey	1.8	2.4	2.4	2,439	3,467	3,392
New Mexico	2.4	1.8	2.7	1,095	790	1,108
New York	4.1	3.2	2.7	17,201	14,551	11,144
North Carolina	6.0	3.4	3.8	7,916	4,684	5,052
North Dakota	2.5	1.5	2.0	141	96	122
Ohio	1.8	1.7	1.8	4,292	4,504	4,770
Oklahoma	2.4	3.1	4.0	995	1,289	1,467
Oregon	1.4	2.2	3.2	890	1,510	2,275
Pennsylvania	3.1	1.9	1.5	7,010	5,029	3,613
Puerto Rico	2.1	2.1	1.9	8,868	9,330	8,222
Rhode Island	2.3	2.0[b]	3.3	493	390	632
South Carolina	2.1	2.6	1.3	2,161	2,730	1,339
South Dakota	1.8	1.6	1.4	183	175	151
Tennessee	2.6	2.4	2.4	4,331	4,093	3,786
Texas	2.0	2.3	2.3	5,820	7,007	6,284
Utah	3.0	4.2	3.0	410	633	435
Vermont	1.9	1.6[b]	2.5	178	156	233
Virgin Islands	3.3	4.3	1.0	331	462	96
Virginia	1.8	2.3	2.8	1,663	2,382	2,790
Washington	1.6	2.4	1.7	928	1,841	1,243
West Virginia	2.2	2.9	2.5	1,156	1,997	1,379
Wisconsin	3.2	3.7	4.2	1,487	1,966	2,175
Wyoming	1.1	1.2	0.8	39	45	25

[a]Weighted average.

[b]State's reported error rate not adjusted by the Service.

Table 6

AFDC PROGRAM

Percent of Total Benefits and Amount of Federal Funds Issued in Error (Oct. 1980 through Mar. 1982)

State	Percent of total benefits issued in error			Amount of federal funds issued in error		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	9.0[a]	7.6[a]	7.9[a]	$307,014	$266,804	$273,990
Alabama	8.7	7.4	5.6	2,486	1,976	1,451
Alaska	14.3	22.6	13.4	1,173	2,058	1,092
Arizona	9.1	8.5	12.2	791	765	1,071
Arkansas	7.7	7.6	9.4	1,444	1,399	1,161
California	9.2	5.6	7.9	56,925	36,442	54,029
Colorado	10.4	7.0	5.5	2,433	1,658	1,240
Connecticut	8.5	7.5	5.7	4,261	3,924	3,007
Delaware	13.0	11.1	10.6	1,049	891	774
Dist. of Col.	15.4	12.7	18.1	3,452	2,786	3,883
Florida	8.2	9.1	7.0	4,977	5,531	4,086
Georgia	8.3	6.3	5.1	4,235	3,423	2,777
Hawaii	11.5	10.8	9.1	2,652	2,543	2,035
Idaho	13.1	5.7	5.8	997	388	384
Illinois	9.0	8.4	7.9	17,047	16,984	15,812
Indiana	5.5	3.9	3.9	2,261	1,658	1,500
Iowa	4.7	4.5	4.1	2,038	1,833	1,399
Kansas	8.2	9.3	6.2	1,908	2,234	1,307
Kentucky	6.1	4.8	3.7	3,072	2,385	1,533
Louisiana	6.0	8.2	6.7	2,664	3,716	2,891
Maine	8.8	7.4	5.9	1,773	1,495	1,223
Maryland	12.1	11.6	9.3	6,824	6,587	4,936
Massachusetts	11.3	7.5	6.2	15,267	9,826	8,055
Michigan	7.7	8.1	9.5	21,405	21,939	26,295
Minnesota	4.2	5.5	3.3	2,735	3,851	2,118
Mississippi	8.5	7.2	5.4	2,043	1,743	1,202
Missouri	7.3	8.3	7.0	4,305	4,793	3,721
Montana	7.8	3.4	1.8	457	206	108
Nebraska	5.1	7.0	6.3	669	967	877
Nevada	2.5	2.0	1.7	76	64	50
New Hampshire	6.2	8.7	6.4	529	726	471
New Jersey	8.8	8.2	9.6	11,495	11,425	12,569
New Mexico	13.1	12.7	12.1	2,015	2,060	1,813
New York	10.7	8.5	8.7	39,507	32,996	36,730
North Carolina	7.0	5.4	4.4	3,723	2,851	2,184
North Dakota	3.9	4.2	1.4	196	202	62
Ohio	8.6	9.5	8.3	14,003	16,271	14,032
Oklahoma	4.9	8.8	4.9	1,448	2,537	1,140
Oregon	7.3	7.1	7.6	2,260	2,200	2,051
Pennsylvania	10.0	8.7	9.5	21,002	18,392	20,276
Puerto Rico	10.8	9.9	11.0	3,908	3,638	2,670
Rhode Island	6.8	6.0	6.2	1,605	1,188	1,411
South Carolina	8.6	9.0	10.0	2,391	2,544	2,731
South Dakota	7.9	2.2	4.3	479	130	244
Tennessee	10.7	8.1	5.8	3,159	2,394	1,456
Texas	7.5	8.2	8.8	3,324	3,556	3,415
Utah	6.4	4.1	5.5	1,111	682	879
Vermont	4.5	6.7	6.3	599	900	845
Virgin Islands	(b)	(b)	(b)	(b)	(b)	(b)
Virginia	4.5	3.7	3.4	2,232	1,820	1,594
Washington	10.1	9.6	7.7	6,701	5,041	4,512
West Virginia	7.6	7.9	8.6	1,510	1,685	1,644
Wisconsin	11.1	8.2	9.3	11,978	9,321	11,164
Wyoming	19.4	8.7	3.8	420	180	80

[a]Weighted average.

[b]Data not available.

Table 7

AFDC PROGRAM

Percent of Total Benefits and Amount of Federal Funds Overissued (Oct. 1980 through Mar. 1982)

State	Percent of total benefits overissued			Amount of federal funds overissued		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	8.3[a]	7.0[a]	7.3[a]	$284,069	$244,661	$252,722
Alabama	8.3	7.1	5.5	2,372	1,896	1,425
Alaska	13.8	22.1	12.9	1,132	2,012	1,051
Arizona	8.7	7.8	11.6	756	702	1,018
Arkansas	6.6	7.0	8.8	1,237	1,289	1,087
California	8.6	5.0	7.4	53,208	32,537	50,593
Colorado	10.1	6.5	5.2	2,362	1,539	1,172
Connecticut	8.0	7.1	5.3	4,010	3,713	2,796
Delaware	12.8	10.3	10.6	1,033	827	774
Dist. of Col.	15.1	12.0	17.6	3,385	2,632	3,776
Florida	7.5	8.4	6.3	4,552	5,104	3,678
Georgia	7.3	5.8	4.8	3,726	3,150	2,613
Hawaii	10.1	10.1	8.7	2,330	2,378	1,946
Idaho	12.7	5.1	4.7	966	347	312
Illinois	8.6	7.9	7.7	16,290	15,976	15,410
Indiana	5.2	3.2	3.5	2,138	1,363	1,344
Iowa	4.4	4.1	4.1	1,908	1,670	1,399
Kansas	7.5	8.7	5.6	1,745	2,090	1,181
Kentucky	5.5	4.4	3.4	2,770	2,188	1,408
Louisiana	5.8	7.6	6.4	2,575	3,445	2,762
Maine	8.6	7.2	5.3	1,733	1,454	1,098
Maryland	11.8	11.3	9.1	6,655	6,417	4,830
Massachusetts	11.1	7.4	5.5	14,997	9,694	7,138
Michigan	6.9	7.7	9.0	19,183	20,851	24,909
Minnesota	3.8	5.1	3.1	2,476	3,571	1,989
Mississippi	7.3	6.5	5.0	1,756	1,573	1,113
Missouri	6.5	7.7	6.1	3,832	4,446	3,243
Montana	6.9	3.1	1.1	404	188	67
Nebraska	4.1	6.8	5.9	538	939	821
Nevada	2.5	2.0	1.5	76	64	44
New Hampshire	5.5	7.7	5.8	469	643	427
New Jersey	8.4	7.7	9.4	10,970	10,729	12,306
New Mexico	12.4	12.4	11.9	1,907	2,011	1,783
New York	9.1	6.9	6.8	33,608	26,813	28,714
North Carolina	6.2	4.7	3.7	3,297	2,478	1,838
North Dakota	3.3	2.9	1.3	166	139	58
Ohio	8.4	9.3	7.9	13,677	15,930	13,359
Oklahoma	4.9	8.3	4.7	1,448	2,393	1,093
Oregon	6.7	6.8	7.3	2,074	2,108	1,971
Pennsylvania	9.8	8.3	9.4	20,582	17,547	20,063
Puerto Rico	10.0	7.8	9.7	3,619	2,869	2,354
Rhode Island	6.8	5.7	6.2	1,605	1,129	1,411
South Carolina	7.4	8.3	9.4	2,057	2,346	2,567
South Dakota	7.2	2.1	3.8	437	124	215
Tennessee	10.2	7.7	5.6	3,011	2,276	1,406
Texas	7.1	7.9	8.8	3,147	3,426	3,415
Utah	6.0	3.7	5.4	1,041	616	863
Vermont	3.8	6.5	5.7	506	873	764
Virgin Islands	(b)	(b)	(b)	(b)	(b)	(b)
Virginia	3.7	3.5	3.3	1,835	1,721	1,547
Washington	9.8	8.7	7.4	6,503	4,568	4,336
West Virginia	7.1	7.6	8.1	1,410	1,621	1,548
Wisconsin	9.4	7.1	8.0	10,146	8,072	9,607
Wyoming	18.9	8.4	3.8	409	174	80

[a]Weighted average.

[b]Data not available.

Table 8

AFDC PROGRAM

Percent of Total Benefits and Amount of Federal Funds Overissued to Eligible Families (Oct. 1980 through Mar. 1982)

State	Percent of total benefits overissued to eligible families			Amount of federal funds overissued to eligible families		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	3.6[a]	3.0[a]	3.0[a]	$121,191	$104,969	$103,595
Alabama	3.7	2.9	1.8	1,064	776	468
Alaska	6.6	6.4	2.9	546	586	241
Arizona	2.9	3.7	2.0	251	328	175
Arkansas	2.9	2.9	2.2	537	530	269
California	3.8	2.0	3.6	23,294	12,776	24,767
Colorado	5.1	4.0	2.7	1,209	964	613
Connecticut	2.8	2.0	2.0	1,400	1,055	1,070
Delaware	4.0	3.2	2.8	319	254	202
Dist. of Col.	5.8	6.4	3.9	1,308	1,416	842
Florida	1.6	2.8	3.4	993	1,709	1,960
Georgia	2.3	2.0	1.7	1,170	1,104	935
Hawaii	3.8	3.2	1.7	866	758	378
Idaho	3.6	2.8	2.0	275	191	134
Illinois	3.7	3.8	2.8	7,093	7,712	5,548
Indiana	2.6	1.3	1.5	1,084	544	581
Iowa	2.0	2.2	.6	880	908	217
Kansas	3.0	4.1	1.2	685	976	246
Kentucky	2.1	1.8	.7	1,042	890	310
Louisiana	2.5	3.7	2.5	1,109	1,686	1,077
Maine	4.8	2.8	1.4	971	570	291
Maryland	5.4	3.7	3.5	3,041	2,073	1,871
Massachusetts	4.3	3.0	2.5	5,823	3,895	3,214
Michigan	3.9	4.0	3.7	10,940	10,763	10,278
Minnesota	1.4	2.1	.9	890	1,444	600
Mississippi	2.6	2.6	1.5	629	632	328
Missouri	3.1	3.4	2.8	1,810	1,982	1,473
Montana	2.8	1.7	.9	167	105	52
Nebraska	2.3	3.6	2.0	303	497	278
Nevada	.6	.1	1.5	17	4	46
New Hampshire	3.9	3.5	2.2	332	296	164
New Jersey	4.2	5.1	3.1	5,513	7,057	4,067
New Mexico	3.8	5.0	3.2	577	816	474
New York	4.3	3.5	3.7	15,761	13,383	15,580
North Carolina	2.1	2.0	1.5	1,134	1,063	746
North Dakota	2.3	1.8	.7	117	88	31
Ohio	2.5	2.2	2.8	4,020	3,764	4,737
Oklahoma	1.8	4.2	1.9	537	1,226	448
Oregon	2.5	2.4	2.9	774	730	768
Pennsylvania	4.3	3.0	3.9	9,030	6,258	8,237
Puerto Rico	3.7	4.4	3.7	1,339	1,612	900
Rhode Island	2.2	2.5	2.1	527	495	472
South Carolina	3.4	4.6	2.6	951	1,299	713
South Dakota	4.4	1.3	2.0	266	76	113
Tennessee	2.8	3.3	1.8	829	985	445
Texas	2.4	2.5	2.0	1,048	1,082	779
Utah	2.6	2.4	1.3	444	398	202
Vermont	1.0	2.3	2.2	131	317	303
Virgin Islands	(b)	(b)	(b)	(b)	(b)	(b)
Virginia	1.4	1.7	1.3	719	848	595
Washington	3.6	2.4	1.6	2,351	1,249	968
West Virginia	1.9	1.8	1.6	369	373	298
Wisconsin	4.3	3.9	3.0	4,599	4,377	4,071
Wyoming	4.9	2.3	1.0	107	49	20

[a]Weighted average.

[b]Data not available.

Table 9

AFDC PROGRAM

Percent of Benefits and Amount of Federal Funds Issued to Ineligible Families (Oct. 1980 through Mar. 1982)

State	Percent of total benefits issued to ineligible families			Amount of federal funds issued to ineligible families		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	4.7[a]	4.0[a]	4.3[a]	$162,122	$140,720	$148,166
Alabama	4.6	4.1	3.7	1,325	1,103	957
Alaska	7.2	15.7	9.9	590	1,426	812
Arizona	5.8	4.3	8.7	504	383	765
Arkansas	3.7	4.1	6.7	700	760	819
California	4.8	3.0	3.7	29,676	19,244	25,720
Colorado	4.9	2.5	2.5	1,145	596	562
Connecticut	5.2	5.0	3.3	2,617	2,648	1,731
Delaware	8.6	7.3	8.0	694	583	580
Dist. of Col.	9.7	5.5	13.8	2,179	1,201	2,963
Florida	5.9	5.5	3.2	3,555	3,349	1,846
Georgia	5.2	3.9	3.1	2,673	2,108	1,677
Hawaii	6.4	6.8	7.3	1,466	1,613	1,622
Idaho	8.9	2.3	1.0	680	154	63
Illinois	4.6	4.1	4.9	8,661	8,239	9,862
Indiana	2.6	1.9	2.0	1,056	819	761
Iowa	2.3	1.9	3.4	1,014	761	1,183
Kansas	4.6	4.6	4.2	1,065	1,110	890
Kentucky	3.4	2.6	2.6	1,728	1,297	1,099
Louisiana	3.2	3.9	3.9	1,406	1,755	1,657
Maine	3.9	4.3	3.6	781	878	756
Maryland	6.5	7.7	5.6	3,649	4,344	2,958
Massachusetts	6.8	4.3	2.9	9,207	5,665	3,766
Michigan	3.0	3.8	5.3	8,235	10,287	14,636
Minnesota	2.4	3.0	2.1	1,581	2,122	1,365
Mississippi	4.7	3.8	3.5	1,122	916	790
Missouri	2.8	4.6	3.3	1,662	2,633	1,729
Montana	4.1	1.6	.3	238	100	15
Nebraska	1.3	3.2	4.1	173	443	568
Nevada	1.3	1.9	(b)	39	60	(b)
New Hampshire	1.6	4.2	3.6	137	349	263
New Jersey	4.3	3.1	6.2	5,677	4,307	8,143
New Mexico	8.6	7.3	8.7	1,321	1,192	1,305
New York	4.7	3.6	3.1	17,425	13,861	13,057
North Carolina	4.1	2.7	2.2	2,164	1,414	1,091
North Dakota	1.0	1.1	.7	49	54	30
Ohio	5.9	7.2	5.1	9,646	12,373	8,635
Oklahoma	3.6	4.1	2.7	942	1,172	643
Oregon	4.2	4.4	4.6	1,299	1,355	1,225
Pennsylvania	5.5	5.4	5.5	11,579	11,306	11,726
Puerto Rico	6.3	3.4	6.0	2,276	1,257	1,455
Rhode Island	4.5	3.7	4.1	1,060	720	928
South Carolina	4.4	3.8	6.8	1,214	1,066	1,866
South Dakota	3.1	.8	1.8	190	47	102
Tennessee	7.4	4.4	4.7	2,176	1,288	1,196
Texas	5.0	5.4	6.8	2,185	2,340	2,626
Utah	3.4	1.3	4.1	591	216	651
Vermont	2.8	4.1	3.4	371	552	464
Virgin Islands	(c)	(c)	(c)	(c)	(c)	(c)
Virginia	2.7	1.8	2.0	1,364	879	951
Washington	6.3	6.4	5.7	4,173	3,371	3,362
West Virginia	5.4	5.9	6.6	1,067	1,249	1,252
Wisconsin	5.1	2.0	4.2	5,494	2,277	4,980
Wyoming	14.1	6.0	3.0	304	126	63

[a]Weighted average.

[b]State had zero payment error rate for issuance of benefits to ineligible households.

[c]Data not available.

APPENDIX V

Table 10

AFDC PROGRAM

Percent of Benefits and Amount of Federal Funds Underissued to Eligible Families (Oct. 1980 through Mar. 1982)

State	Percent of total benefits underissued to eligible families			Amount of federal funds underissued to eligible families		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
				(thousands)		
U.S. Total	.7[a]	.6[a]	.6[a]	$22,945	$22,143	$21,268
Alabama	.4	.3	.1	114	80	26
Alaska	.5	.5	.5	41	46	41
Arizona	.4	.7	.6	35	63	53
Arkansas	1.1	.6	.6	207	110	74
California	.6	.6	.5	3,717	3,905	3,436
Colorado	.3	.5	.3	71	119	68
Connecticut	.5	.4	.4	251	211	211
Delaware	.2	.8	(b)	16	64	(b)
Dist. of Col.	.3	.7	.5	67	154	107
Florida	.7	.7	.7	425	427	408
Georgia	1.0	.5	.3	509	273	164
Hawaii	1.4	.7	.4	322	165	89
Idaho	.4	.6	1.1	31	41	72
Illinois	.4	.5	.2	757	1,008	402
Indiana	.3	.7	.4	123	295	156
Iowa	.3	.4	(c)	130	163	(c)
Kansas	.7	.6	.6	163	144	126
Kentucky	.6	.4	.3	302	197	125
Louisiana	.2	.6	.3	89	271	129
Maine	.2	.2	.6	40	41	125
Maryland	.3	.3	.2	169	170	106
Massachusetts	.2	.1	.7	270	132	917
Michigan	.8	.4	.5	2,222	1,088	1,386
Minnesota	.4	.4	.2	259	280	129
Mississippi	1.2	.7	.4	287	170	89
Missouri	.8	.6	.9	473	347	478
Montana	.9	.3	.7	53	18	41
Nebraska	1.0	.2	.4	131	28	56
Nevada	(b)	(b)	.2	(b)	(b)	6
New Hampshire	.7	1.0	.6	60	83	44
New Jersey	.4	.5	.2	525	696	263
New Mexico	.7	.3	.2	108	49	30
New York	1.6	1.6	1.9	5,899	6,183	8,016
North Carolina	.8	.7	.7	426	373	346
North Dakota	.6	1.3	.1	30	63	4
Ohio	.2	.2	.4	326	341	673
Oklahoma	(b)	.5	.2	(b)	144	47
Oregon	.6	.3	.3	186	92	80
Pennsylvania	.2	.4	.1	420	845	213
Puerto Rico	.8	2.1	1.3	289	769	316
Rhode Island	(c)	.3	(b)	(c)	59	(b)
South Carolina	1.2	7	.6	334	198	164
South Dakota	.7	.1	.5	42	6	29
Tennessee	.5	.4	.2	148	118	50
Texas	.4	.3	(b)	177	130	(b)
Utah	.4	.4	.1	70	66	16
Vermont	.7	.2	.6	93	27	81
Virgin Islands	(d)	(d)	(d)	(d)	(d)	(d)
Virginia	.8	.2	.1	397	99	47
Washington	.3	.9	.3	198	473	176
West Virginia	.5	.3	.5	100	64	96
Wisconsin	1.7	1.1	1.3	1,832	1,249	1,557
Wyoming	.5	.3	(c)	11	6	(c)

[a]Weighted average.

[b]State had zero payment error rate for underissuances to eligible households.

[c]Error rate less than .05 percent.

[d]Data not available.

Table 11

SSI PROGRAM

Percent and Amount of Federally Administered State Supplementary Payments Overpaid (Oct. 1980 through Mar. 1982)

States (17)	Percent of state supplements overpaid			Amount of state supplements overpaid		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
	(percent)			(thousands)		
California[a]	6.2	6.4	7.5	$40,546	$40,159	$48,183
Delaware	8.5	7.4	4.9	21	17	12
Dist. of Col.	8.7	3.9	4.0	181	81	82
Hawaii	6.4	(b)	4.2	142	(b)	95
Iowa	4.9	0.1	3.0	24	5	16
Maine	4.8	5.0	4.0	113	115	107
Massachusetts[a]	7.9	9.5	7.7	4,907	5,422	4,937
Michigan	2.6	3.2	3.2	869	1,037	1,002
Montana	4.7	0.2	3.4	16	(c)	13
Nevada	6.3	8.7	4.0	84	117	54
New Jersey	7.8	9.2	6.9	1,096	1,286	1,598
New York	5.7	5.6	5.6	6,474	6,769	6,443
Pennsylvania	4.8	5.8	5.4	1,432	1,712	1,591
Rhode Island	6.9	5.2	6.9	227	181	249
Vermont	7.5	7.5	3.3	186	190	85
Washington	5.5	9.0	5.8	503	783	488
Wisconsin	5.6	6.2	5.8	1,845	1,760	1,766
Total dollars and weighted average percentages	6.1	6.4	6.9	$58,666	$59,632	$66,721

[a]States adjusted error rates.

[b]State had zero payment error rate for overissuance of benefits.

[c]Amount less than $1,000.

Table 12

SSI PROGRAM

Percent and Amount of Federally Administered State Supplementary Payments Paid to Ineligible Persons (Oct. 1980 through Mar. 1982)

States (15)	Percent of state supplements paid to ineligible persons			Amount of state supplements paid to ineligible persons		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
	(percent)			(thousands)		
Delaware	2.2	3.3	2.0	$ 6	$ 8	$ 5
Dist. of Col.	5.3	3.5	3.7	110	73	77
Hawaii	4.0	(a)	1.5	89	(a)	34
Iowa	2.6	0.9	1.1	12	5	6
Maine	2.3	2.7	1.5	54	62	39
Michigan	2.1	2.5	2.6	716	825	804
Montana	4.0	0.2	3.4	14	(b)	13
Nevada	4.6	4.8	1.2	62	65	16
New Jersey	4.1	5.1	3.6	577	706	835
New York	3.7	3.0	4.1	4,195	3,608	4,760
Pennsylvania	3.9	5.3	4.6	1,177	1,557	1,367
Rhode Island	(c)	5.0	3.8	(c)	173	139
Vermont	3.8	5.7	2.4	93	143	61
Washington	3.8	5.8	4.7	351	503	392
Wisconsin	4.1	4.8	4.5	1,373	1,355	1,361
Total dollars and weighted average percentages	3.6	3.6	3.9	$8,829	$9,083	$9,909

Note: Information not available for California and Massachusetts because error rate data was not broken down for payments to ineligible households and overpayments to eligible households for states that validated the federal quality assurance results.

[a]State had zero payment error rate for issuance of benefits to ineligible households.

[b]Amount less than $1,000.

[c]Error rate not available.

Table 13

SSI PROGRAM

Percent and Amount of Federally Administered State Supplementary Payments Overpaid to Eligible Persons (Oct. 1980 through Mar. 1982)

States (15)	Percent of state supplements overpaid to eligible persons			Amount of state supplements overpaid to eligible persons		
	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982	Oct-Mar 1981	Apr-Sept 1981	Oct-Mar 1982
	(percent)			(thousands)		
Delaware	6.2	4.1	2.9	$ 15	$ 9	$ 7
Dist. of Col.	3.4	0.4	0.3	72	8	5
Hawaii	2.4	(a)	2.7	53	(a)	61
Iowa	2.4	(a)	1.9	11	(a)	10
Maine	2.5	2.3	2.6	59	53	68
Michigan	0.5	0.7	0.6	153	212	198
Montana	0.7	(a)	(a)	2	(a)	(a)
Nevada	1.7	3.9	2.8	23	52	37
New Jersey	3.7	4.1	3.3	519	579	763
New York	2.0	2.6	1.5	2,279	3,162	1,683
Pennsylvania	0.9	0.5	0.8	255	154	224
Rhode Island	(b)	0.2	3.1	(b)	8	111
Vermont	3.8	1.8	1.0	93	47	24
Washington	1.7	3.2	1.1	152	280	96
Wisconsin	1.4	1.4	1.3	472	405	405
Total dollars and weighted average percentages	1.7	2.0	1.5	$4,158	$4,969	$3,692

Note: Information not available for California and Massachusetts because error rate data was not broken down for payments to ineligible households and overpayments to eligible households for states that validated the federal quality assurance results.

[a]State had zero payment error rate for overissuances of benefits to eligible households.

[b]Error Rate not available.

[c]Amount less than $1,000.

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