



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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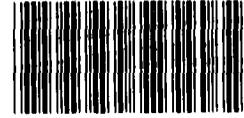
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June 16, 1982

COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

B-206711

RELEASED



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

Dear Mr. Chairman:

Subject: States' Capability to Prevent or Detect  
Multiple Participation in the Food  
Stamp Program (GAO/CED-82-103)

On May 20, 1982, you asked that we obtain information about States' capability to prevent or detect multiple participation in the Food Stamp Program. We were also asked to find out how many States do not have a statewide computer system for the program and what progress, if any, these States are making to obtain such a system. In addition, we were asked to determine if the Department of Agriculture had authority to require States to develop a statewide computer system for administering the program.

We found that

- Thirty-seven States and the District of Columbia have statewide computer systems for administering the Food Stamp Program. Another 11 States plan to obtain a statewide system, but the remaining 2 States had no such plans. (See pp. 4 to 7.)
- Thirty-two States having a statewide system can as a minimum make tests to prevent or detect multiple participation by the head of household. (See pp. 4 and 5.)
- The Department presently cannot require States to develop or install a statewide computer system for the program. (See p. 8.)

OBJECTIVE, SCOPE, AND METHODOLOGY

Responding to the committee's request, we met with the Department of Agriculture's Food and Nutrition Service officials

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and reviewed their data on States' computer capabilities. The Service did not have sufficient information for us to determine if States' computer systems were capable of routinely or periodically determining whether individuals or entire households are receiving multiple benefits through multiple applications or as members of more than one food stamp household. Consequently, as agreed with your office, we telephoned food stamp officials in the 50 States and the District of Columbia to ascertain the States' computer capability in this regard.

We also reviewed the effect that two proposed regulatory actions would have on States' use of computers to administer the program. These proposed regulations involved (1) enhanced funding to serve as an incentive for States to increase computerized food stamp operations and (2) a requirement that State agencies obtain and use social security numbers for all household members in administering the program. In addition, we analyzed existing legislation to determine whether the Service had sufficient authority to require States to install statewide computer systems to administer the program. The review was performed in accordance with our current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

COMPUTERS CAN BE AN IMPORTANT INGREDIENT  
IN IMPROVING PROGRAM INTEGRITY

The President's Council on Integrity and Efficiency, various Inspector Generals, and State officials have reported that computer matching of data from different sources is an effective way of detecting errors in distributing Food Stamp Program and other income security benefits. In addition, we have reported and testified <sup>1/</sup> in support of computer matching. Thus far the most common type of matching has involved checking on applicant-reported earned and unearned income. Another application of computer technology would be to prevent or detect individuals receiving excessive program benefits through multiple applications or by being counted as members of more than one participating household. States' capability to routinely perform such checks on an intrastate or interstate basis is largely dependent on their having sufficient equipment, information, and software. The specific items include a computerized statewide system; sufficient data elements--such as applicants' and other household members' names, social security numbers, addresses, and dates of birth--to make effective comparisons; and the computer programming necessary to compare data elements for individual recipients.

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<sup>1/</sup>"Legislative and Administrative Changes To Improve Verification of Welfare Recipients' Income and Assets Could Save Hundreds of Millions" (HRD-82-9, Jan. 14, 1982) and Testimony on the Food Stamp Program before the Senate Committee on Agriculture, Nutrition, and Forestry (Mar. 29, 1982).

LEGISLATIVE PROVISIONS ENHANCE  
OPPORTUNITIES FOR COMPUTER MATCHING

Several legislative provisions enacted by the Congress during 1980 and 1981 would, when implemented, tend to enhance States' capabilities for computer matching. This includes detecting multiple participation as part of an overall effort to provide for more efficient and effective program administration. The Food Stamp Act Amendments of 1980 increased from 50 to 75 percent Federal financial participation in States' cost of upgrading or establishing computerized food stamp operations. The Agriculture and Food Act of 1981 required that State agencies obtain social security numbers for all food stamp household members and that the States use them in administering the program.

The social security number requirement and the enhanced funding for computerization will not be in effect until the Service issues implementing regulations. The Service's Chief, Analysis Section, State Operations Division, told us that a final rule on the 75-percent funding would be published in mid-June 1982. The requirement for social security numbers, however, will probably not be finalized until the fall of 1982.

All recipients' social security numbers  
are not yet available or used

The availability of social security numbers is critical to computer matching operations involving both income and participation comparisons. Currently, State agencies are only required to obtain social security numbers for all household members with countable income and those aged 18 or older. In the future, however, and subject to the issuance of final regulations, States will be required to obtain and use social security numbers for all participating household members regardless of their age or income status. Those not having a number will be required to obtain and provide one as a condition of eligibility.

The Service is aware, however, that some State agencies with computerized food stamp systems do not enter available social security numbers into their automated data bases. On the basis that the Congress authorized collecting social security numbers as a means of facilitating access to various sources of wage data and other information about program recipients, the Service has proposed that State agencies having computerized data bases be required to enter all collected social security numbers into those data bases. The Service believes that failure to use social security numbers as identifiers in various matching efforts will thwart the underlying purpose for collecting this information.

Proposed computer funding regulations  
require expanded matching capabilities

Subject to Service approval, the proposed enhanced funding regulation would provide 75 percent Federal reimbursement for computer system planning, design, development, and installation costs. Authorizing legislation allows increased cost sharing for approved expenditures occurring on or after October 1, 1980.

The proposed regulation on cost sharing would limit availability of 75-percent funding to systems providing the fullest degree of cost-effective computerization. Therefore, with certain exceptions, systems funded must be capable of handling certification and issuance functions, be statewide, be integrated with the Aid to Families with Dependent Children Program, and be capable of crosschecking for multiple participation within the jurisdiction served by the system. The Service's proposed rule clearly states that any State seeking a waiver from these requirements must demonstrate that a lesser capability is more appropriate to its needs.

SOME STATES ALREADY PERFORM LIMITED  
TESTS FOR MULTIPLE PARTICIPATION

Through discussions with food stamp officials in the 50 States and the District of Columbia, we learned that 38 States (for this report, the District is considered a State) have a statewide computer system for the program. Thirty two of them make tests to prevent or identify multiple participation. These 32 States can, as a minimum, test for multiple participation in the program by the designated head of a household. Twenty-eight of these 32 States reported that they make such a test at the time an individual applies for benefits. About a third of these 32 States reported that they could also determine whether any other household member was receiving multiple benefits by being counted as a member of more than one participating household.

As reported by State officials, the number of data elements matched, and the matching techniques used to prevent or detect multiple participation varied from State to State. For example, about half of these 32 States compared only names and/or social security numbers; the rest also included information such as birthdates or sex in their matching operations. A few States had more intricate features that allowed comparisons for names similar to the one being checked.

State officials told us that successful identification of individuals included on multiple program applications in States comparing only names or social security numbers is dependent on the same information being reported for those individuals on each application. If the applications contain different names or

social security numbers, the individuals could avoid identification unless the States compared additional data elements, such as those discussed above, and used more sophisticated matching techniques.

Of the 13 States that did not have statewide computer systems, food stamp officials in 11 States reported that they were in various stages of developing such systems. Minnesota and Ohio officials indicated that they have not yet developed any plans for implementing such systems. Fifteen of the 38 States that reported having statewide computer capability also indicated that they were planning to improve their computer capabilities.

The State-by-State responses we obtained are shown in the following tables.

States With a Statewide Computer System  
for the Food Stamp Program

<u>State</u>	<u>Did State test for multiple participation?</u>
Alabama	Yes
Alaska	Yes
Arizona	Yes
Arkansas	Yes
Connecticut	Yes
Delaware	Yes
District of Columbia	No
Florida	Yes
Hawaii	No
Idaho	Yes
Illinois	a/Yes
Indiana	Yes
Iowa	Yes
Kansas	Yes
Kentucky	Yes
Louisiana	Yes
Maine	Yes
Massachusetts	Yes
Michigan	Yes
Missouri	Yes
Nevada	Yes
New Hampshire	Yes
New Jersey	Yes
New Mexico	Yes
Oklahoma	Yes
Oregon	Yes
Pennsylvania	No
Rhode Island	Yes
South Carolina	No
South Dakota	Yes
Tennessee	Yes
Texas	No
Utah	Yes
Vermont	Yes
Washington	Yes
West Virginia	No
Wisconsin	Yes
Wyoming	Yes

a/Testing limited to food stamp recipients who also receive benefits under the Aid to Families With Dependent Children Program.

States That Reported Not Having Statewide Computer  
Capability for the Food Stamp Program  
and Their Progress in Developing Such Systems

<u>State</u>	<u>Status</u>
California	In early stages of developing a state-wide system which is expected to be operational by 1986.
Colorado	Plans to have its four major metropolitan areas on a central computer system by the end of 1982. Further computerization is contingent on State funding.
Georgia	Statewide system is to be operational by the end of 1982.
Maryland	Depending on the availability of Federal financial assistance, a planned state-wide system could be operational within 18 months.
Minnesota	State had no plans to develop a statewide system.
Mississippi	Submitted its plans to the Service. If approved, the system could be operational in 3 years.
Montana	Anticipates a statewide system to be operational in January 1983.
Nebraska	Statewide system scheduled to be operational by July 1983.
New York	The statewide system is operational for all locations except New York City. State officials indicated that the city will be included in the State system by June 1983.
North Carolina	Plans to have a statewide system operational by October 1983.
North Dakota	Plans for a statewide system have been developed but not yet approved by the State.
Ohio	No specific plans for a statewide system have been developed.
Virginia	Planning a study for a statewide system.

DEVELOPMENT OF STATEWIDE COMPUTER  
CAPABILITY IS A STATE OPTION

Legislative requirements for such functions as wage matching and periodic client reporting of household status, when implemented by the Service, will increase administrative workloads for food stamp offices. However, the Department of Agriculture cannot require States to develop or implement statewide computer systems to administer the Food Stamp Program. A State can choose to carry out these and other administrative functions through other means--including manual systems--even though use of a statewide computer would probably facilitate and increase the effectiveness of these tasks.

Current legislation as amended by the Food Stamp Act Amendments of 1980 authorizes, but does not require, States to adopt as part of their plans for program operations an automatic data processing and information retrieval system. Another provision in that act which increased Federal cost reimbursement for obtaining that capability imposed some criteria and provided for additional Department-imposed requirements. These requirements, however, would only apply to those States attempting to secure the enhanced computer funding.

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We discussed the information in this report with the Service's Assistant Deputy Administrator, Family Nutrition Programs, who agreed with the matters concerning the Service's activities. He said that the Service did not require the States to supply information concerning their capabilities to detect or prevent multiple participation; therefore, he was not in a position to comment on the State-supplied data.

We have also discussed this information with your office and, as arranged, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after its issue date. At that time, we will send copies to the Secretary of Agriculture and the Director, Office of Management and Budget. We will also make copies available to others on request.

Sincerely yours,



Henry Eschwege  
Director