



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

CED-77-54
4-1-77

APR 1 1977

A-51604



LM101744

The Honorable Herman E. Talmadge
Chairman, Committee on Agriculture,
Nutrition, and Forestry SEN 06100
United States Senate

Dear Mr. Chairman:

As discussed with your office, we are presenting information on demonstration project-authority for testing alternative food stamp program identification requirements. The information may be useful to your Committee in considering current food stamp legislative recommendations.

On June 17, 1976, we issued a report (see enclosure) to the Department of Agriculture about increased identification requirements for food stamp recipients. The report, developed in response to the concerns of the Chairman, Legislative Branch Subcommittee, House Committee on Appropriations, recommended that the Department (1) inquire further into the possibility of obtaining data from project areas already using photo identification cards for food stamp recipients before funding additional tests of this procedure and (2) consider sponsoring tests of other procedures that may strengthen food stamp identification requirements, including but not limited to

- perforating stamps with a recipient's identification card number,
- signing and countersigning larger denomination stamps, or
- using photo identification cards in conjunction with stamp perforation or countersignature.

In a reply to our report, the Department said that its Office of the General Counsel believed new identification requirements, if mandatory in only certain localities for

CED-77-54

test purposes, would subject such tests to legal challenges on the grounds that the Food Stamp Act (7 U.S.C. 2011 et seq.) includes a provision requiring uniform national eligibility standards. The Department told us that it therefore intended to rescind a proposed regulation which would have authorized the Secretary of Agriculture to suspend, for test purposes, certain food stamp regulations. This proposed regulation was originally designed to be a preliminary step toward implementing three demonstration projects testing photo identification cards. As of the middle of March 1977, the Department was finalizing a draft notice, to be published in the Federal Register, officially rescinding the proposed regulation. The Department has also submitted to the 95th Congress a legislative request for demonstration project authority specifically covering tests of photo identification card and countersignature procedures.

The following chronology lists these and various other actions the Congress and the Administration took during the period October 1975 to March 1977 related to increased identification requirements for food stamp recipients and the authorization of demonstration projects to test various means for improving food stamp program administration, including recipient identification requirements.

October 7, 1975

The Congress agreed to the conference report accompanying the 1976 Agriculture and Related Agencies Appropriations Bill. The conference report recommended that the Department adopt a regulation requiring recipients to countersign food stamps being redeemed at food stores.

October 20, 1975

The President proposed legislation intended to establish demonstration project authority for testing photo identification card and countersignature procedures.

November 7, 1975

The House Committee on Appropriations submitted a report to accompany the 1976 Supplemental Appropriations Bill which repeated the countersignature recommendation contained in the earlier conference report and stated that this and other

A-51604

changes "must be made in the regulations immediately if the /food stamp/ program is to be preserved for the legitimate recipient."

April 8, 1976

The Senate passed a food stamp reform bill (S. 3136) which included general demonstration project authority "for purposes of increasing the program's efficiency and delivery of benefits to eligible households." In general, the bill prohibited any demonstration project which would lower or restrict the resource and income eligibility limitations, or increase the purchase requirement for eligible recipients.

June 11, 1976

The Department published in the Federal Register a proposed regulation on the Secretary of Agriculture's authority to suspend a food stamp regulation in a given project area "for the purpose of testing administrative procedures which are not in conflict with express provisions of the Food Stamp Act and which have potential for nationwide applicability."

We reviewed 28 responses received by the Department to this proposed regulation. These responses included comments from 17 State agencies, several welfare rights groups, and other interested parties. Most of the respondents generally favored the proposed regulation. However, some agencies and organizations favoring the proposal recommended various changes, such as prohibiting demonstration projects from reducing or terminating the benefits to eligible households; promulgating more explicit approval criteria, proposal submission mechanisms, and monitoring procedures; making the Department's proposed test regulations consistent with any existing Department of Health, Education, and Welfare regulations on demonstration projects; and specifying the percent of Federal funding for test projects. Four responses, including two from State agencies, expressly opposed the proposed regulation, primarily on the grounds that the proposal exceeded the Department's statutory authority by violating the Food Stamp Act's requirement for national standards of eligibility, and did not establish any structure for recipient input regarding the formulation, approval, or implementation of the test projects.

A-51604

July 9, 1976

The Department's Office of the General Counsel informed the director of the food stamp program that, in its opinion, there were no specific legal prohibitions against fingerprint or photo identification requirements for food stamp recipients if these requirements were uniformly applied to all recipients. The director was told, however, that if such identification requirements became mandatory in only certain localities for demonstration project purposes, serious legal questions would result because program participation would then be conditioned on recipients' submitting themselves to the test procedures, thereby potentially subjecting the demonstration projects to legal challenges on the grounds that the Food Stamp Act requires uniform national standards of eligibility, or that the equal protection requirement of the Constitution was being violated.

August 10, 1976

The House Committee on Agriculture voted to report out a food stamp reform bill (H.R. 13613) which contained a provision authorizing the Secretary of Agriculture to conduct demonstration projects, expressly including tests of the use of photo identification cards and countersignature of food stamps. In general, the bill prohibited any demonstration project which would have the effect of reducing or terminating benefits to otherwise eligible households. The 94th Congress adjourned on October 1, 1976, without passing either the House or Senate version of food stamp reform legislation.

November 16, 1976

The Department's Food and Nutrition Service informed us that it had recommended rescission of the June 1976 proposed regulation. The Service indicated that it took this action on the basis of the General Counsel's July 1976 opinion. The Service also said that specific legislation would be necessary to authorize food stamp demonstration projects to test procedures dealing with conditions of eligibility.

A-51604

January 18, 1977

The Department submitted its food stamp legislative recommendations to the 95th Congress. Included was a request for photo identification card and countersignature demonstration project authority.

March 16, 1977

The Department was finalizing a draft notice, to be published in the Federal Register, formally rescinding its June 11, 1976, proposed regulation on test projects.

- - - -

The Food Stamp Act, as amended (7 U.S.C. 2014(b)), requires the Secretary of Agriculture to establish "uniform national standards of eligibility for participation" in the food stamp program. If compulsory use of photo identification cards, countersignature procedures, or other alternative identification methods is considered one criterion of eligibility for food stamp participation, it would be improper under present law to apply such identification requirements to some localities and not to others for demonstration project purposes. If compulsory identification requirements are not considered an eligibility criterion, local identification test projects would not conflict with the quoted provision of the Food Stamp Act. Legal opinions vary on whether compulsory administrative requirements of the type discussed here constitute a criterion of eligibility. It should be emphasized, however, that any compulsory identification regulation, whether or not considered a criterion of eligibility, imposes an identical requirement--the food stamp recipient must comply with the identification procedures being tested as a condition of receiving and using food stamps.

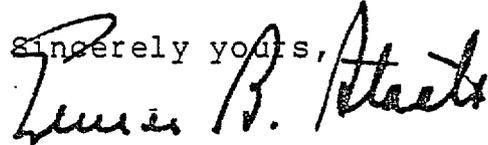
These legal considerations and the chronology listed above indicate that, if the Congress wants the Department of Agriculture to conduct meaningful tests of new food stamp identification procedures as mandatory requirements in one or more project areas prior to their possible implementation on a nationwide basis, the Congress will have to enact clear food stamp demonstration project authority specifically covering tests of various identification

A-51604

requirements for recipients. As a followup to our past work in this area, we plan to review any subsequent efforts by the Department to develop, implement, and evaluate food stamp identification requirement tests.

Again, we hope this information will be useful to your Committee. This report is also being addressed to the Chairman, House Committee on Agriculture. A copy of the report will be sent to the Secretary of Agriculture and to the Chairman, Legislative Branch Subcommittee, House Committee on Appropriations.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Louis B. Atchaf".

Comptroller General
of the United States

Enclosure



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

June 17, 1976

Mr. Richard L. Feltner
Assistant Secretary for Marketing
and Consumer Services
Department of Agriculture

Dear Mr. Feltner:

In response to a congressional inquiry, we have been looking into various proposals to strengthen the food stamp program's identification requirements for recipients. These proposals include (1) using photo identification cards for food stamp recipients, (2) signing and countersigning stamps, (3) punching or perforating stamps with a recipient's identification card number, and (4) using photo identification cards in conjunction with stamp countersigning or perforation.

Food and Nutrition Service officials informed us that the Service plans to conduct tests of photo identification cards in three project areas beginning in the fall and lasting about 3 months. States would run these tests but any costs over and above those normally incurred would be paid by the Service. The tests would begin after finalization of Department of Agriculture regulations establishing demonstration project authority for the food stamp program and publication in the Federal Register of notices (1) requiring the possession of an approved photo identification card as a food stamp eligibility criterion in the three test areas, and (2) describing the specific guidelines under which States would conduct the tests.

As you know, in late 1975 and early 1976, the Service solicited comments from the States and from representatives of the retail food industry on the four identification proposals described above. Service officials told us that the negative reactions of the States and food retailer representatives to the countersigning and perforation proposals prompted the Service to limit its planned tests to photo identification cards only. The food retailer representatives and most States characterized countersigning, in particular, as a procedure which would be costly and excessively time consuming for both issuance offices and food stores. Many States also were concerned

that stamp perforation would require special equipment and procedures that would be expensive and burdensome to issuing agents and food stores.

During our work to date, we have reviewed the responses of the States and have contacted a food advocacy group and food retailer representatives. Much of the criticism directed at countersigning and perforation was based on broad, initial estimates of what their impacts would be. None of the States had data or studies on perforation and only one State had previously tested countersigning. This one State (Mississippi), in November 1975, conducted a 1-day, 30-household test of the time involved in signing food stamp of all denominations at an issuance office. From the results of that test, the State concluded that processing times would be increased significantly. Some States also said that the Service did not have enough data on the unauthorized use of food stamps in the respective States to justify the use of any of the proposed procedures.

A photo identification requirement alone may curb certain types of unauthorized use of food stamps, especially the illegal redemption of lost or stolen authorization-to-purchase cards. Four jurisdictions (Delaware; New Hampshire; the District of Columbia; and St. Louis, Missouri) now use photo identification cards in the food stamp program on a voluntary basis. Data should be available from these jurisdictions on the procedures, benefits, costs, and problems associated with starting up and operating this type of identification system for food stamp recipients. The District of Columbia, for example, started its food stamp photo identification program in 1973. Also, some States issue photo identification cards to public assistance recipients on either a voluntary or nonvoluntary basis.

Service officials told us that evaluation of the existing food stamp photo identification systems was rejected in favor of new tests in three different project areas because the responses by the four jurisdictions to the Service's inquiries in 1975-1976 were limited and indicated the absence of any ongoing review of the impact of photo identification procedures. We believe that the Service has not made a sufficient effort to obtain needed data from the projects that are using photo identification cards. Should the needed data already be available, further demonstration tests of this procedure may not be necessary.

In comparison with the use of photo identification cards, there are little or no data or studies available on countersigning, stamp perforation, or the combination of these measures with photo identification cards. Stamp perforation seems particularly worthy of further study because no judgement would be required by the retail food store clerk--either the perforated number would match the identification card number or it would not. The perforated number of an entire book of stamps could be quickly examined if the perforated number were punched into the book at one time. Also, the food advocacy group we contacted recommended the use of a nonphoto identification card bearing an identification number that would be punched into the recipient's stamp book as a way to combat illegal food stamp trafficking.

In the one limited test of countersigning referred to above, every stamp in every stamp book had to be signed and countersigned. Additional tests of this procedure would seem warranted--particularly tests where only the larger denomination stamps (\$5 and \$10 stamps, or just \$10 stamps) would be signed. Our calculations indicated that requiring signatures and countersignatures on only the \$5 and \$10 stamps would reduce the number of stamps to be signed by about 50 percent.

Another possibility which might warrant testing is to use a combination of photo identification cards and perforated stamps. A variation of this combination would be to require that the person whose photo appears on the identification card--either the head of the household or his authorized representative--must purchase the stamps, but to permit anyone with the identification card in his possession to use the stamps to obtain food--as long as the perforated number in the stamps matched the number on the identification card. This procedure (1) has the potential advantages of reducing the use of stolen authorization-to-purchase cards and the use of food stamps improperly obtained by unauthorized persons, and (2) avoids the disadvantage of limiting the use of stamps to only one person per household.

In summary, we believe that the Department of Agriculture and the Food and Nutrition Service should inquire further into the possibility of obtaining data from the project areas already using photo identification cards before funding additional tests of this procedure. We

also believe that the Department and the Service should consider sponsoring tests of other procedures that may strengthen the food stamp identification requirements, including but not limited to the proposals discussed above.

We appreciate the cooperation extended to us by the Service's Food Stamp Division during this inquiry. Please advise us of the Department's decisions and actions regarding the study and testing of food stamp identification proposals.

Sincerely yours,

/s/Stanley S. Sargol

for Brian Crowley
Assistant Director