

GAO

Report to the Committee on  
Agriculture, Nutrition, and Forestry,  
U.S. Senate

September 2004

# FOOD STAMP PROGRAM

Farm Bill Options  
Ease Administrative  
Burden, but  
Opportunities Exist to  
Streamline Participant  
Reporting Rules  
among Programs



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# Highlights

Highlights of [GAO-04-916](#), a report to Committee on Agriculture, Nutrition, and Forestry, U.S. Senate

## Why GAO Did This Study

Many individuals familiar with the Food Stamp Program view its rules as unnecessarily complex, creating an administrative burden for participants and caseworkers. In addition many participants receive benefits from other programs that have different program rules, adding to the complexity of accurately determining program benefits and eligibility. The 2002 Farm Bill introduced new options to help simplify the program. This report examines (1) which options states have chosen to implement and why, and (2) what changes local officials reported as a result of using these options. To view selected results from GAO's Web-based survey of food stamp administrators, go to [www.gao.gov/cgi-bin/getrpt?GAO-04-1058SP](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1058SP). To view the results from the local food stamp office surveys, go to [www.gao.gov/cgi-bin/getrpt?GAO-04-1059SP](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1059SP).

## What GAO Recommends

GAO recommends that the Food and Nutrition Service (FNS) work with the Department of Health and Human Services to (1) encourage states to explore the advantages and disadvantages of better aligning participant reporting rules, particularly for Medicaid and Temporary Assistance for Needy Families (TANF) and (2) provide information to states on the opportunities for better aligning reporting rules. In comments on GAO's draft report, FNS officials agreed with our recommendations and said they plan to explore ways to align participant reporting rules. [www.gao.gov/cgi-bin/getrpt?GAO-04-916](http://www.gao.gov/cgi-bin/getrpt?GAO-04-916).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen, (202) 512-7215 [nilsens@gao.gov](mailto:nilsens@gao.gov).

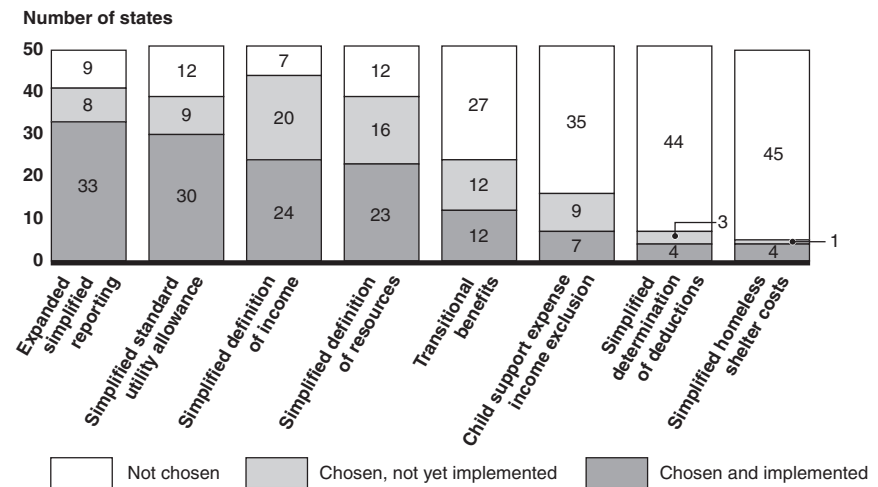
# FOOD STAMP PROGRAM

## Farm Bill Options Ease Administrative Burden, but Opportunities Exist to Streamline Participant Reporting Rules among Programs

### What GAO Found

As of January 2004, states chose four of the eight Farm Bill options with greater frequency than the others. These options provided states with more flexibility in requiring participants to report changes and in determining eligibility.

**Number of States That Have Chosen, Implemented, or Not Chosen Farm Bill Options as of January 2004**



Source: GAO analysis of survey data.

The most common reasons state officials gave for choosing the eight options were to simplify program rules for participants and caseworkers.

Local food stamp officials reported mixed results from implementing the Farm Bill options. Although they reported some improvements for both caseworkers and participants from some options, no option received consistent positive reports in all the areas where state officials expected improvements. In fact, in many cases, officials were as likely to report that an option resulted in no change as they were to report improvements.

Moreover, many local officials reported that three options introduced complications in program rules. One option that offered the most promise because it was selected by most states and affects a large number of participants resulted in food stamp participant reporting rules that differed from Medicaid and TANF. These differences resulted in confusion for food stamp participants and caseworkers, and some changes were made that undermined the intended advantages of the option. These problems reflect the challenge of trying to simplify rules for one program without making the rules of other related programs the same. Concerns about whether there are costs associated with aligning reporting rules may hinder a state's decision to pursue alignment; yet the extent to which program costs might increase as a result of making reporting rules the same is unclear.

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## Abbreviations

CMS	Centers for Medicare and Medicaid Services
HHS	Department of Health and Human Services
FNS	Food and Nutrition Service
TANF	Temporary Assistance for Needy Families
USDA	U.S. Department of Agriculture

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United States Government Accountability Office  
Washington, DC 20548

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September 16, 2004

The Honorable Thad Cochran  
Chairman  
The Honorable Tom Harkin  
Ranking Minority Member  
Committee on Agriculture, Nutrition,  
and Forestry  
United States Senate

In fiscal year 2003, the federal Food Stamp Program, administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS), provided about \$21.4 billion in food stamp benefits. In that same year, the program helped a monthly average of 21 million low-income individuals, many of whom were children. However, the program faces a number of challenges. Many individuals familiar with the Food Stamp Program view its rules as unnecessarily complex, creating an administrative burden for both program participants and affected government offices. In addition, many food stamp participants receive benefits from other low-income assistance programs, such as Medicaid and Temporary Assistance for Needy Families (TANF). These programs, administered by the Department of Health and Human Services (HHS) have different rules than those allowed under the Food Stamp Program. Differences among these program rules add to the complexity of accurately determining eligibility and program benefits. In 2003, errors in overpayments and underpayments totaled \$1.4 billion. These errors occurred in part because of the complexity of program rules. Further, FNS estimated that in September 2001, only 62 percent of individuals who were eligible to receive food stamps participated in the program. In the previous year, FNS established a goal to improve the rate of food stamp participation among all eligible people to 68 percent by 2005.

For many years, states and advocacy groups have called for changes in the program to help overcome these challenges. Some changes were made to the program beginning in the late 1990s, and the Farm Security and Rural Investment Act of 2002 (referred to in this report as the Farm Bill) introduced new options, from which states could choose, to help simplify the program, encourage greater participation among eligible households, ease the administrative burden for participants and program administrators, and help support low-income working families. For example, one option reduces participant reporting requirements, while

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another helps to ensure that families leaving TANF cash assistance continue to receive their food stamp benefits without requiring the family to reapply or submit additional paperwork. In addition, some of these options permit states to more closely align food stamp eligibility rules with the eligibility rules of other programs, an improvement that could streamline administrative procedures for food stamp workers, improve service for clients who participate in more than one assistance program, and help reduce state payment error rates. In order to understand whether the Farm Bill options have helped states streamline their programs, you asked us to determine (1) which options states have chosen to implement and why, and (2) what changes local officials reported as a result of implementing these options.

To answer these questions, we surveyed food stamp administrators in the 50 states and the District of Columbia to collect information on which Farm Bill options states have chosen and the reasons states chose certain options. We also sent over 1,300 surveys to food stamp supervisors in randomly selected local food stamp offices, where the options are actually implemented during daily contacts with participants. These survey results are generalizable to local offices in states that implemented the options. We asked them how Farm Bill options had affected several aspects of the Food Stamp Program, such as administrative burden on participants and food stamp caseworkers.<sup>1</sup> We focused our surveys on eight of the nine Farm Bill options, excluding one option that allows states on a pilot basis to test issuing standardized benefits to residents of certain group facilities. To view selected results from GAO's Web-based survey of food stamp administrators, go to [www.gao.gov/cgi-bin/getrpt?GAO-04-1058SP](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1058SP). To view the results from the local food stamp office surveys, go to [www.gao.gov/cgi-bin/getrpt?GAO-04-1059SP](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1059SP).

To augment information from our state and local surveys, we conducted three comprehensive site visits (Arizona, Maryland, and Michigan) and two structured telephone interviews (Colorado and South Carolina). We chose states for our site visits and telephone interviews to capture the variation in the following criteria: (1) number of and type of selected options, (2) numbers of food stamp participants and program participation rate, (3) program error rates, and (4) entity (state or county) administering the Food Stamp Program. During each visit we met with state officials administering and developing policy for the Food Stamp Program, local

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<sup>1</sup>See appendix I for a detailed explanation of the methodology we used for the state and local surveys.

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officials in the office where services are provided, and officials responsible for other key assistance programs, such as TANF and Medicaid.<sup>2</sup> We also reviewed Farm Bill legislation and related committee reports, and we reviewed FNS reports and other program analysis. We held discussions with program stakeholders, including officials at FNS headquarters and regional offices, officials at HHS, representatives of advocacy organizations, and other program experts. We performed our work from August 2003 to June 2004 in accordance with generally accepted government auditing standards.

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## Results in Brief

States chose four of the eight options available in the Farm Bill more frequently than the others and based their decisions largely on whether they thought the options would help simplify Food Stamp Program rules and ease the administrative burden for food stamp participants and caseworkers. The four options that states chose most frequently provided states more flexibility in how often participants must report changes in their household circumstances (such as increases in income), the way food stamp caseworkers in local offices calculate utility costs, what household income is considered when determining food stamp eligibility, and what household resources are considered when determining eligibility. As of January 2004, each of these four options had been implemented by at least 23 states, and other states told us that they were planning to implement them. State officials gave many reasons for choosing these options. Among the most common were to decrease the workload for caseworkers, decrease the burden on participants, and simplify rules for participants and caseworkers. For example, at least 30 states cited these reasons in choosing the option to reduce how often participants must report changes in household circumstances. In addition, many states chose one or more of these options because officials believed the option would decrease their state's payment error rate, help align the Food Stamp Program with other assistance programs, or increase overall participation in the Food Stamp Program. States' decisions not to adopt

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<sup>2</sup>The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 reformed Aid to Families with Dependent Children and established the \$16.5 billion Temporary Assistance for Needy Families block grant, which provides to the states federal funds to support low-income families and help these families reduce their dependence on welfare. Medicaid, established in 1965, is a joint federal-state entitlement program that finances health care coverage for certain low-income families, children, pregnant women, and individuals who are aged or disabled. Federal income limits for children and pregnant women range from 100 percent to 185 percent of the federal poverty level, depending on age. Income limits for adults and individuals who are aged or disabled vary by state.



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the four other options also hinged on what they believed the outcomes would be for participants and caseworkers. These options allowed states to provide transitional food stamps for up to 5 months to those families that leave TANF without requiring the family to reapply for food stamps, change how caseworkers treat child support payments for noncustodial parents, disregard changes in certain deductions (such as child care and medical expenses) during certification periods, and use a standard deduction for homeless households that incur some shelter expenses. Specifically, fewer states thought these other options would reduce the administrative burden for participants and caseworkers. For example, many states did not choose the option that provides transitional food stamps for up to 5 months after a household leaves TANF cash assistance because officials believed it would make program rules for participants and caseworkers more complicated. Many states also thought these options would have little or no advantage over current policy or would create additional problems, including difficulties with programming their computer systems. In fact, the majority of states that adopted these four options reported that they faced some implementation hurdles, such as difficulties related to caseworkers' adjustment to program changes and reprogramming computer systems to accommodate changes.

Local food stamp officials reported mixed results from implementing the options; the results ranged from anticipated improvements to complications in program rules. For example, some local officials reported that the options they implemented had the anticipated effect of easing the administrative burden for food stamp participants and caseworkers by reducing the number of times participants are required to submit paperwork and the amount of time caseworkers spend on paperwork. On the other hand, many other local officials reported that the administrative burden remained the same before and after implementing the Farm Bill options. Similarly, for options implemented in part to increase program participation, some local officials reported that participation increased, while others told us that it remained the same. Some options may have been associated with no change, in part because they affected few food stamp participants. Also, many options made minor changes to existing policy. Finally, local officials reported that three options introduced complications in program rules for both caseworkers and participants. Local officials told us that the option to reduce reporting requirements for participants—an option that local officials reported affected most food stamp participants—introduced complications for food stamp participants and caseworkers. Local officials on our site visits and in telephone interviews explained that this change to reporting rules was not consistent with how states structured the reporting rules of other assistance

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programs, resulting in food stamp reporting rules that are not aligned with Medicaid and, in all but one state we visited, are not aligned with TANF. For example, in one state, the Food Stamp Program requires a participant to report when his or her income rises above 130 percent of the federal poverty level, but that state's Medicaid program requires the same participant to report all changes in household circumstances, including any change in income. The variation among these reporting rules often resulted in confusion on the part of program participants and caseworkers, unnecessary work for the caseworker, and the possible payment of improper benefits from the Food Stamp Program and other assistance programs.

In order to take advantage of existing opportunities available to states for streamlining participant reporting rules, we recommend that the Secretary of Agriculture direct FNS to collaborate with HHS to take the following two actions: (1) encourage state officials to explore the advantages and disadvantages—in terms of both administrative and benefit costs and savings—of better aligning participant reporting rules in their states, particularly for Medicaid and TANF; and (2) disseminate information and guidance to states on the opportunities available for better aligning participant reporting rules among food stamps, Medicaid, and TANF. In comments on GAO's draft report, FNS officials agreed with our recommendations and said they plan to explore ways to align participant reporting rules.

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## Background

The federal Food Stamp Program is intended to help low-income individuals and families obtain a better diet by supplementing their income with benefits to purchase food. FNS pays the full cost of food stamp benefits and shares the states' administrative cost—with FNS paying about 50 percent of the administrative cost. FNS is responsible for promulgating program regulations and ensuring that state officials administer the program in compliance with program rules. The states administer the program by determining whether households meet the program's income and asset requirements, calculating monthly benefits for qualified households, and issuing benefits to participants on an electronic benefits transfer card.

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## Determination of Eligibility and Benefits

Eligibility for participation in the Food Stamp Program is based on the Department of Health and Human Services' poverty guideline for households. In most states, a household's gross income cannot exceed 130 percent of the federal poverty level (or about \$1,654 per month for a

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family of three in 2003), and net income cannot exceed 100 percent of the poverty guideline (or about \$1,272 per month for a family of three in 2003). Net income is determined by deducting from gross income expenses such as dependent care costs, medical expenses, utilities costs, and shelter expenses. In addition, most states place a limit of \$2,000 on household assets, and basic program rules limit the value of vehicles an applicant can own and still be eligible for the program.<sup>3</sup> If the household owns a vehicle worth more than \$4,650, the excess value is included in calculating the household's assets.<sup>4</sup>

Recipients of TANF cash assistance are automatically eligible for food stamps—a provision referred to as “categorical eligibility”—and do not have to go through a separate food stamp eligibility determination process, although the level of their benefits must still be determined. Many needy families who are no longer receiving TANF cash assistance may receive other TANF-funded services or benefits, such as child care benefits. In 1999, to help ensure that these families are also eligible for food stamp benefits, FNS offered states the option to extend categorical eligibility to families receiving TANF-funded benefits or services. Families who are automatically eligible for food stamps do not have to meet the food stamp asset test in order to receive benefits but would have to meet the state's TANF asset test.

States also have two ways in which they can allow households to own a vehicle that is worth more than the amount allowed in current regulations and still remain eligible for food stamp benefits. In October 2000, in part to help support low-income working families, the Congress enacted legislation that grants states the option to replace the federal food stamp vehicle asset rule with the vehicle asset rule from their TANF assistance program, which is set by the state and can vary from state to state. States can also opt to use the categorical eligibility option as a way to exclude all vehicles, as well as other assets the family may have. This option affects the food stamp eligibility only of food stamp families authorized to receive a TANF-funded service or benefit. As of October 2003, the majority of states had either replaced their federal food stamp vehicle asset rule with the vehicle asset rule from their TANF assistance program or conferred categorical eligibility as a way to exclude vehicles.

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<sup>3</sup>Households with disabled or elderly members are exempt from the gross income limit. In addition, households with elderly members may have assets valued at \$3,000.

<sup>4</sup>If a household has no other assets, its vehicle can be worth \$6,650.

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## Certification and Reporting Requirements

After eligibility is established, households are certified eligible for food stamps for periods ranging from 1 to 24 months. The length of the certification period depends on household circumstances, but only households in which all members are elderly or disabled can be certified for more than 12 months. Once the certification period ends, households must reapply for benefits, at which time eligibility and benefit levels are redetermined.<sup>5</sup>

Between certification periods, households must report changes in their circumstances—such as household composition, income, and expenses—that may affect their eligibility or benefit amounts. States have the option of requiring food stamp participants to report on their financial circumstances at various intervals and in various ways. States can institute a type of periodic reporting system or they can rely on households to report changes in their household circumstances within 10 days of occurrence.<sup>6</sup> Under periodic reporting, participants may report monthly, quarterly, or under a simplified system. The simplified reporting system, available since early 2001, provides for an alternative reporting option that requires households with earned income to report changes only when their income rises above 130 percent of the poverty level.

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## FNS's Quality Control System

FNS monitors how accurately states determine food stamp eligibility and calculate benefits. Under FNS's quality control system, the states calculate their payment errors by drawing a statistical sample to determine whether participating households received the correct benefit amount.<sup>7</sup> Improper payments, which include overpayments of food stamp benefits to participants, underpayments to participants, and payments to those who

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<sup>5</sup>Prior to welfare reform, federal regulations required households to have a face-to-face interview with an agency worker at each recertification. Current regulations give states the option to require only one face-to-face interview a year regardless of the length of certification.

<sup>6</sup>States can choose from a variety of change-reporting methods. They can require households to report only when a member changes jobs, receives a different rate of pay, or has a change in his or her work status, i.e., from full-time to part-time or vice versa. States can also require households to report only when there is a change in earnings of \$100 or more per month.

<sup>7</sup>The food stamp error rate is calculated for the entire program, as well as every state, by adding overpayments to those who are eligible for smaller benefits, overpayments to those who are not eligible for any benefit, and underpayments to those who do not get as much as they should. The program also calculates a negative action error rate, defined as the rate of improper denials or terminations of benefits.

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are not eligible, may occur for a variety of reasons. Overpayments can be caused by inadvertent or intentional errors made by recipients and caseworkers. For example, caseworkers may misapply complex food stamp rules when calculating benefits or participants may inadvertently or deliberately provide inaccurate information to food stamp offices. In the 1990s, the states' error rate hovered around 10 percent, but it fell to 6.6 percent in fiscal year 2003, the lowest level in the program's history. The 2003 combined error rate comprised \$1 billion in overpayments to food stamp participants and underpayments of more than \$300 million. According to USDA, about half of all payment errors are due to an incorrect determination of household income.

The Farm Bill changed the Food Stamp Program's quality control system by making only those states with persistently high error rates face liabilities.<sup>8</sup> The Farm Bill also provides for \$48 million in bonuses each year to be awarded to states with high or most improved performance, including actions taken to correct errors, reduce error rates, improve eligibility determinations, and other indicators of effective administration as approved by the Secretary of Agriculture.<sup>9</sup>

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### Food Stamp Participants Receive Benefits from Other Assistance Programs

Many food stamp participants receive benefits from other federally funded low-income assistance programs, including Medicaid and TANF. For example, in 2002, about 85 percent of children who received food stamp benefits were also on Medicaid, and about 20 percent of food stamp households received assistance from TANF. Many food stamp participants also receive child care assistance and Supplemental Security Income.<sup>10</sup> In

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<sup>8</sup>Before the Farm Bill, states were penalized if their combined payment error rate was higher than the national average. As a result, about half of states were subject to financial sanctions each year. States are required to either pay the sanction or provide additional state funds—beyond their normal share of administrative costs—to be reinvested in error-reduction efforts, such as additional training in calculating benefits for certain households. Under the Farm Bill, a state will be subject to fiscal sanction if there is a 95 percent statistical probability that the state's payment error rate exceeds 105 percent of the national average for 2 consecutive years.

<sup>9</sup>The Farm Bill requires the Secretary to issue regulations for fiscal year 2005 and thereafter that will establish criteria related to these improved performances and be used to award performance bonus payments.

<sup>10</sup>Supplemental Security Income is a federal income supplement program that assists people who are age 65 or older, blind, or disabled, and who have limited income and resources. The program provides monthly cash payments to help those who are qualified meet basic needs for food, clothing, and shelter.

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most states, the Food Stamp Program is administered out of a local assistance office that offers benefits from these other assistance programs as well. Food stamp participants may provide necessary information to only one caseworker who determines eligibility and benefits for all of these programs, or they may work with several caseworkers that administer benefits for different programs.

Despite the overlap in the populations served by these various assistance programs, program rules and requirements across these programs vary significantly.<sup>11</sup> Substantial variation exists not only in program financial eligibility rules. The primary sources of these variations are generally at the federal level, although for several programs, such as TANF and Medicaid, states and localities have some flexibility in setting financial eligibility rules. They also have flexibility in the rules that govern how often participants are required to report changes in their household circumstances. While the Food Stamp Program allows states to choose either periodic or change reporting, Medicaid provides states with even broader flexibility to establish rules for when Medicaid participants must report changes in their circumstances. Under Medicaid regulations, states must have procedures designed to ensure that participants make timely and accurate reports of any change in circumstances that may affect their eligibility and that states act promptly to redetermine eligibility based on the reported change in circumstances. However, the terms “timely” and “promptly” are not defined and can be interpreted in various ways by the states. TANF does not mandate a particular set of participant reporting rules and generally allows states to develop their own rules.<sup>12</sup>

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## Options Made Available by the Farm Bill









The Farm Bill makes available to states various new options that are intended to simplify food stamp program rules, streamline food stamp eligibility and benefit rules, and help ensure that food stamp participants experience as smooth a transition from welfare to work as possible. (See fig. 1.)

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<sup>11</sup>See GAO, *Means-Tested Programs: Determining Financial Eligibility Is Cumbersome and Can Be Simplified*, GAO-02-58 (Washington, D.C. Nov. 2001) for a comprehensive discussion of the overlap and complexities in financial eligibility rules for 11 federal assistance programs, and the cumbersome effect for both caseworkers and participants.

<sup>12</sup>TANF regulations require that states report information such as the type and amount of assistance received, work participation activities, and earned and unearned income. The regulations do not specify how the states collect such information. (45 CFR 265.) States set their own income limits for eligibility purposes.

**Figure 1: Description and Purpose of Farm Bill Options**

Farm Bill options <sup>a</sup>	Description and purpose of Farm Bill option	What the Farm Bill option changed
<b>Expanded simplified reporting</b> 	Allows states to expand to <i>most food stamp households, including unearned income households</i> , the option that sets reporting intervals at 4, 5, or 6 months. Participants do not have to report any household changes (such as changes in income) as long as their income does not exceed 130 percent of the federal poverty level.	Simplified reporting was available only for <i>earned income households</i> and the reporting interval was set at 6 months.
<b>Simplified standard utility allowance</b> 	Modifies the standard utility allowance (SUA) option already available to states. This new option eliminates the requirement to prorate the SUA among households that share living space, and allows public housing residents with shared meters who are charged for only excess utility costs to have the benefit of the SUA as a deduction from income.	Not all households were eligible for the SUA. The exceptions included households sharing a living space and not eligible for the full value of the SUA, and public housing residents who were charged for only excess utility costs.
<b>Simplified definition of income</b> 	Allows states to exclude additional types of income by using the same definitions of income as they do in their TANF or Medicaid programs.	States had less flexibility to exclude certain types of income when determining eligibility in the food stamp program. Compared with those in other programs, such as TANF, food stamp participants generally had to provide information on more types of income.
<b>Simplified definition of resources</b> 	Allows states to exclude additional types of resources by using the same definitions of resources as they do in their TANF or Medicaid programs.	States had less flexibility to exclude certain types of resources in determining eligibility in the food stamp program. Compared with those in other programs, such as TANF, food stamp participants generally had to provide information on more types of resources.
<b>Transitional food stamp benefits for families leaving welfare</b> 	Allows states to provide <i>up to 5 months</i> of food stamp benefits to families that leave welfare without requiring the family to reapply or submit additional paperwork. Benefit levels are frozen for the transitional period at the level equal to the amount received by the household prior to TANF termination, with adjustments for the loss of TANF income.	This option expanded a previous option that allowed families leaving TANF to receive food stamps for <i>3 months</i> .
<b>Child support expense income exclusion</b> 	Legally obligated child support payments from noncustodial parents are counted as an <i>income exclusion</i> when determining food stamp eligibility.	Legally obligated child support payments made to nonhousehold members were counted as a deduction from income when the caseworker determines the benefit level but after eligibility for food stamps has already been determined.
<b>Simplified determination of deductions</b> 	Allows states to disregard changes in certain deduction amounts, such as child care and medical expenses, during certification periods.	This option allows a state to wait to address changes in household deductions at the time it undertakes full eligibility reviews.
<b>Simplified homeless shelter costs<sup>b</sup></b> 	Allows states to use a flat standard deduction from income of \$143 per month for homeless households with some shelter expenses.	States could use a standard deduction <i>up to \$143</i> per month.

Sources: Food and Nutrition Service, Pub. L. No. 107-171; Senate Rpt. No. 107-117 (2001); Art Explosion and Copyright © Corel Corp. All rights reserved (images).

<sup>a</sup>In addition to having these eight options, states also have the option, on a pilot basis, to test issuing standardized benefits to residents of certain group homes, such as facilities for the disabled or that operate drug or alcohol treatment programs. The standardized benefit would be in lieu of the regular food stamp benefit and would be developed by the state, taking into account the food stamp benefits typically received by residents of the covered group facilities.

<sup>b</sup>The Farm Bill refers to this option as Simplified Determination of Housing Costs.

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**States Chose Some Farm Bill Options More Frequently than Others to Simplify Program Rules and Ease the Administrative Burden for Participants and Caseworkers**

States chose four of the Farm Bill options with greater frequency than the others. State officials gave reasons for choosing, or not choosing, the options that focused primarily on how they thought the options would affect food stamp participants and caseworkers. Other reasons were also important in the choice of some options. For example, the anticipated effect on the state's payment error rate was a key factor in the selection of most options. During the period when states were implementing the food stamp options, a number of them posed challenges for the states, such as difficulties related to caseworkers' adjustment to program changes and programming computer systems.

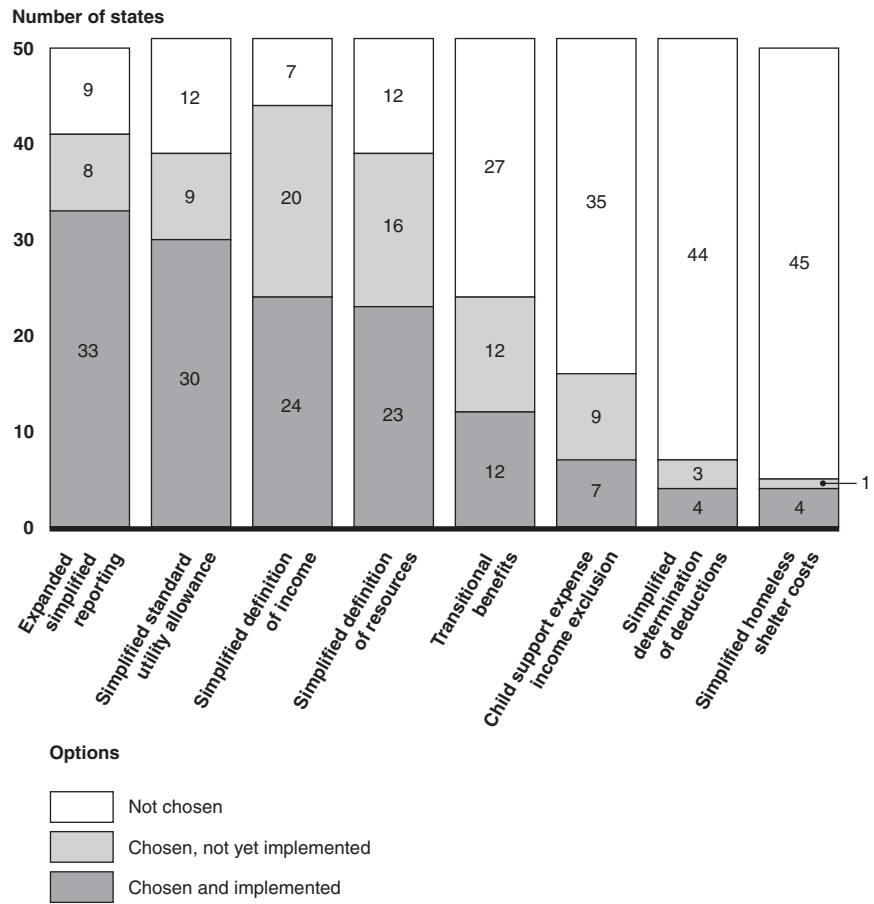
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**States Were Most Likely to Choose Four of the Options**

According to our survey of state food stamp administrators, 23 or more states had implemented four of the options as of January 2004, while less than one-quarter of the states had implemented the other four options. (See fig. 2. Also see app. II for the options that individual states have chosen and implemented.)



**Figure 2: Number of States That Have Chosen, Implemented, or Not Chosen Farm Bill Options, as of January 2004**



Source: GAO analysis of survey data.

Notes:

The Simplified Homeless Shelter Costs “chosen and implemented” category only includes states that indicated they did not have a Standard Homeless Shelter Allowance of \$143 prior to the Farm Bill. The “not chosen” category for this option includes 21 states that indicated they already had a Standard Homeless Shelter Allowance of \$143 prior to the Farm Bill. One state did not respond to Simplified Homeless Shelter Costs status item.









One state did not respond to the Expanded Simplified Reporting status item.

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**The Reasons States Gave  
for Choosing Options Were  
Largely Based on the  
Anticipated Effects on  
Participants and  
Caseworkers**

The most common reasons state officials gave for choosing the eight options were to simplify program rules for participants and caseworkers, according to our survey. For example, state officials we interviewed told us they thought program rules would be less confusing for participants if the types of income considered in eligibility determinations were more uniform across assistance programs, as is allowed by the Simplified Definition of Income option. In addition, officials in one state commented that they thought the Simplified Standard Utility Allowance option would make the rules less complicated for caseworkers because it would allow them to apply the standard utility allowance—a fixed amount that can be used in place of actual utility costs—to households sharing a residence, instead of having to prorate the actual utility costs of the household. (See fig. 3 and app. III for more detail on reasons states chose options.)

**Figure 3: Important Reasons for Choosing Options**

	Options (Number of states chosen and implemented option)							
	Expanded simplified reporting (N = 33) 	Simplified standard utility allowance (N = 30) 	Simplified definition of income (N = 24) 	Simplified definition of resources (N = 23) 	Transitional benefits (N = 12) 	Child support expense income exclusion (N = 7) 	Simplified determination of deductions (N = 4) 	Simplified homeless shelter costs <sup>a</sup> (N = 4) 
<b>Participant and caseworker reasons</b>								
Simplify rules for caseworkers	✓	✓	✓	✓	✓		✓	✓
Simplify rules for participants	✓	✓	✓	✓	✓		✓	✓
Decrease workload for caseworkers	✓	✓	✓	✓	✓		✓	✓
Decrease burden on participants	✓	✓	✓	✓	✓		✓	✓
Increase benefit amounts for participants		✓	✓		✓			✓
<b>Other reasons</b>								
Decrease error rate	✓	✓	✓	✓	✓		✓	✓
Increase overall participation	✓				✓	✓		
Increase participation of working families	✓				✓	✓		
Ease alignment of Food Stamp Program with TANF and/or Medicaid			✓	✓				
Encourage payment of child support <sup>b</sup>						✓		

✓ = Important reason states chose this option

Sources: GAO analysis of survey data; Art Explosion and Copyright © Corel Corp. All rights reserved (images).

<sup>a</sup>Simplified Homeless Shelter Costs option only includes states that indicated they did not have a Standard Homeless Shelter Allowance of \$143 prior to the Farm Bill.

<sup>b</sup>We only asked the child support item for the Child Support Expense Income Exclusion option.

In addition, two important reasons state officials gave for choosing options were to decrease the burden on participants and decrease the workload for caseworkers, as shown in figure 3. For example, several state officials told us they thought options such as Simplified Homeless Shelter Costs and Simplified Standard Utility Allowance that allow states to use a

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standard allowance rather than actual costs in determining eligibility would provide relief for participants and caseworkers. When standard allowances are used, participants do not have to furnish proof of all actual costs and, correspondingly, caseworkers have less information to verify.<sup>13</sup> In addition, some state officials told us that they thought an option, such as Transitional Benefits, that decreases the frequency with which participants must report changes would reduce workload. Under the Transitional Benefits option, households leaving TANF are automatically allowed up to 5 months of food stamp benefits and are not required to report changes in household circumstances during the transitional period.

Other reasons were also important in the choice of some options. Lowering their state's payment error rate was an important reason state officials gave for choosing seven of the options, including the Expanded Simplified Reporting option. States choosing this option are held responsible only for errors that result from miscalculating benefits at certification, or if income exceeds 130 percent of poverty and the change is not reported during the reporting period. A state's error rate is also not affected if the household experienced a change in its circumstances that it did not report. In addition, officials in one state told us they thought the Transitional Benefits option would lower the state's payment error rate because it allows for certain periods in which states are to be held harmless for unreported changes. Otherwise, these unreported changes could be included in calculating the error rate. Further, officials told us that the income option would make the Food Stamp Program less error prone because it allows states to use some of the same income definitions that are used when determining eligibility for TANF cash assistance or Medicaid. This alignment of income definitions may result in fewer errors because following one set of program rules is easier for participants and caseworkers than trying to adhere to many different sets of rules.

Increasing participation in the Food Stamp Program, including participation of working families, was also an important reason for choosing three of the options. For example, officials in one state told us that they believed the Expanded Simplified Reporting option would contribute to higher participation rates because cases would not be closed as often under this option. In addition, state officials reported that they thought the Child Support Expense Income Exclusion option would help

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<sup>13</sup>Homeless households may have shelter costs for a variety of reasons, for example, if they pay to board with a family member or at a homeless shelter.

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more households to receive food stamps by making it easier for them to meet eligibility requirements. This option allows states to exclude legally obligated child support payments from the gross income of the noncustodial parent who is paying the child support when determining food stamp eligibility. Without the option, these child support payments are deducted from the noncustodial parent's income after eligibility for food stamps is already determined.<sup>14</sup>

State officials we surveyed gave additional reasons for choosing some options, including the desire to align food stamps with other assistance programs, increase benefit amounts for participants, and encourage payment of child support. Aligning the Food Stamp Program's definition of income and resource rules with those used by TANF or Medicaid—that is, conforming the definitions of income and resources states use in the Food Stamp Program to the definitions they use in their TANF or Medicaid program—was an important reason for choosing the income and resources options. Increasing benefit amounts for participants was an important reason for choosing some options, including Transitional Benefits. Officials in one state told us they thought this option would result in greater benefit amounts for households leaving TANF because the new income that rendered them ineligible for TANF is not included in the calculation of their benefit amount for the transitional period. If this additional income were taken into account, it would most likely result in a lower benefit amount. Finally, among other reasons, state officials chose the Child Support Expense Income Exclusion option because they thought it would encourage payment of child support.

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### The Reasons States Gave for Not Choosing Options Were Primarily Related to Anticipated Effects on Participants and Caseworkers and Other Aspects of the Program








State officials gave a number of reasons for not choosing options. Among the most common was their belief that the option would complicate rules for participants and complicate rules for caseworkers in their state. Because of the variability among states in the design of Food Stamp Programs and other assistance programs, an option that simplified processes in one state may have a different effect in other states. For example, officials in two states commented that they thought the Simplified Determination of Deductions option might confuse participants and caseworkers because it would create additional, and sometimes

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<sup>14</sup>Deductions are subtracted from the household's gross income to determine net income. Deductions include household expenses such as those for shelter, utilities, and medical care. Absent the option, the amount paid for child support would be deducted as a household expense.

conflicting, participant reporting rules in their state. As one state official noted, this option, which allows states to disregard reported changes in certain deductions during the certification period, could be confusing for caseworkers because of its inconsistency with her state’s policy to act on all reported changes. (See fig. 4. Also see app. III for more detail on reasons states did not choose options.)

**Figure 4: Important Reasons for Not Choosing Options**

	Options (Number of states that did not choose option)						
	Expanded simplified reporting (N = 9) 	Simplified standard utility allowance (N = 12) 	Simplified definition of income (N = 7) 	Simplified definition of resources (N = 12) 	Transitional benefits (N = 27) 	Child support expense income exclusion (N = 35) 	Simplified determination of deductions (N = 44) 
<b>Participant and caseworker reasons</b>							
Complicate rules for caseworkers	✓				✓	✓	✓
Complicate rules for participants	✓						✓
Little or no increase in benefit amounts			✓			✓	
Very few participants affected			✓	✓		✓	
<b>Other reasons</b>							
Little or no advantage over current policy	✓	✓	✓	✓		✓	
Increase error rate	✓						
Too difficult to program computer					✓		

✓ = Important reason states did not choose this option

Sources: GAO analysis of survey data; Art Explosion and Copyright © Corel Corp. All rights reserved (images).

Note: Data for Simplified Homeless Shelter Costs option are not available.

State officials gave additional reasons for not choosing some of the options. An important reason for not choosing two of the options was that officials believed the options would result in little or no increase in the amount of food stamp benefits for participants in their state. For example, officials in several states noted that according to their calculations, implementing the child support option would not increase food stamp

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benefit amounts for participants in their state who pay child support. In addition, some state officials commented that they did not choose the deductions option, which allows states to disregard reported changes in certain deductions during the certification period, because they believed the option could prevent participants from receiving additional benefits if their expenses increased during this period.

State officials also reported an important reason they did not choose three of the options was because of their belief that the options would affect very few participants in their state. For example, some state officials reported that the number of households that would be helped by the Transitional Benefits option in their state would be relatively small because their state had implemented simplified reporting systems that provided similar advantages, such as allowing households to forgo reporting most changes between scheduled reporting periods. Similarly, officials in one state commented that they thought the child support option would not increase the number of eligible households in their state because many of the affected households would already be categorically eligible for food stamps.

In addition, an important reason state officials gave for not choosing five of the options was that they thought the options would have little or no advantage over current policy in their state. For example, officials in some states commented that the income and resources options would not allow them much additional flexibility in their Food Stamp Program definitions because FNS placed restrictions on the types of incomes and resources that could be excluded under these options, while one other state official noted that before these options became available, they had already largely aligned TANF and Medicaid definitions of resources with those used by the Food Stamp Program. In addition, other state officials told us the deductions option would be duplicative in their state because they had already implemented simplified reporting options that exempt participating households from reporting changes in the deductions covered by this option during the certification period.

Other reasons were important for not choosing some options, including a possible increase in the state's payment error rate or the difficulty in programming the state's computer system to implement the change. Officials in some states said they thought the Expanded Simplified Reporting option might increase the payment error rate in their state. Simplified reporting systems reduce the frequency with which households must report changes, which may make the reporting rules of food stamps different from those of other assistance programs in the state that require

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households to report changes on a more regular basis. These differences in reporting rules could lead to errors by participants and caseworkers, who often determine eligibility for more than one assistance program. In addition, some state officials reported that they did not choose the Transitional Benefits option because the required changes would be too difficult to program into their state's computer systems. Food stamp computer systems in many states are integrated with other assistance programs, such as TANF and Medicaid.

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### Implementation Challenges for States Choosing Certain Options

In states that did choose specific options, a number of these options posed challenges for the states during initial implementation. Reported challenges included difficulties related to caseworkers' adjustment to program changes, lack of alignment with other assistance programs, and programming state computer systems. For example, officials in one state told us caseworkers had trouble adjusting to the new reporting system under Simplified Determination of Deductions because many were accustomed to the former system in which participants reported, and caseworkers acted on, changes in some household deductions within 10 days of the change. In addition, state officials told us some options, such as Expanded Simplified Reporting, lessened the degree to which Food Stamp Program rules aligned with those of other assistance programs, which also presented challenges. Food stamp officials in one state told us they selected the Expanded Simplified Reporting option even though they knew it was going to result in food stamp reporting rules that were different from those of another assistance program because they thought the option would have many benefits for participants. Finally, difficulties with programming computers were commonly mentioned challenges to implementation. We heard from officials in two states that had implemented the Transitional Benefits option that this integration posed difficulties for them. These officials reported that they had to delink the connection with other programs so that the food stamp benefit remained frozen during the 5-month transitional period, regardless of the information recorded in the computer system for the other assistance programs. Officials from seven states provided cost estimates for implementing the options. The cost estimates ranged from \$14,880 to \$3.7 million, almost all of which, in six of the states, represented the costs of changing the state's computer system. These estimates included costs for such expenses as programming and testing the computer systems. Other states did not provide estimates for the costs of implementing the options.



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## Local Food Stamp Officials Reported Mixed Results for Farm Bill Options; These Results Ranged from Improvements to Complications

Local food stamp officials, who often have day-to-day contact with frontline caseworkers and food stamp participants, reported mixed results from implementing the Farm Bill options; the results ranged from improvements to complications. They reported that most of the options achieved at least some of the improvements anticipated by state officials. However, in a number of cases, local officials reported that the options did not result in expected improvements, or their opinions differed on whether the option achieved the anticipated result. Finally, local officials reported that three options introduced complications in program rules for both caseworkers and participants.

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## Local Food Stamp Officials Reported the Options Achieved Some, but Not All, Anticipated Improvements

Local food stamp officials reported on our survey that the options resulted in some, but not all, of the improvements anticipated by state officials. The officials' views were mixed on whether the administrative burden was reduced for program participants and caseworkers. For example, many local officials reported that the options reduced paperwork for participants. However, officials were less likely to report that the options reduced the actual time participants spent applying for food stamps or reporting changes in household circumstances. In addition, some local officials reported that participation increased as a result of implementing options intended to increase participation, while others told us that those options had no effect on participation. Similarly, for the two options expected to increase alignment of program definitions with TANF and Medicaid, most officials agreed that these options made the definitions of income and resources the same as in TANF, but officials' opinions differed on whether the options helped increase alignment with Medicaid.<sup>15</sup>

## Administrative Burden on Participants

Local food stamp supervisors reported mixed results on whether the options eased the administrative burden on participants—a primary reason that states chose most of these options—as measured by both the amount of paperwork required and the time spent applying for food stamps and reporting changes.<sup>16</sup> These local officials reported on our survey that the Expanded Simplified Reporting option eased the

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<sup>15</sup>States provided a reason for selecting the Child Support Expense Income Exclusion (encourage payment of child support) option that we did not measure at the local level.

<sup>16</sup>This section excludes a discussion of the effects of the Simplified Homeless Shelter Costs option because the majority of local officials we surveyed indicated that they were already using a food stamp policy that allowed them the same homeless shelter cost deduction as this Farm Bill option.








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administrative burden on participants, particularly those who do not receive benefits from other assistance programs, by decreasing the time needed to prepare paperwork and report changes in their household circumstances.<sup>17</sup> (See fig. 5.) For five other options, local officials differed in their views; some reported that the administrative burden on participants decreased while others reported no change. These five options are Simplified Standard Utility Allowance, Simplified Definition of Income, Simplified Definition of Resources, Transitional Benefits, and Simplified Determination of Deductions. For example, about the same number of local officials reported that the Transitional Benefits option decreased the administrative burden on participants as reported that it remained the same. Further, most local officials from states that adopted the deductions option reported that the administrative burden under this option remained the same for participants. This may be because three of the four states that implemented this option also implemented Expanded Simplified Reporting, which already decreased the administrative burden for participants in a similar way.

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<sup>17</sup>It is likely that many local officials reported improvements that pertain to all households covered by the Expanded Simplified Reporting option, that is, earned-income and most other food stamp households, including unearned-income households.

**Figure 5: Results Reported by Local Officials on Administrative Burden for Participants and Caseworkers**

Administrative burden	Expanded simplified reporting 	Simplified standard utility allowance 	Simplified definition of income 	Simplified definition of resources 	Transitional benefits 	Child support expense income exclusion 	Simplified determination of deductions 
<b>Participants</b>							
Amount of paperwork required	●	◐	●	◐	◐	—	◐
Time spent applying for or reporting changes for food stamps	●	○	◐	○	◐	—	○
<b>Caseworkers</b>							
Time spent on paperwork	◐	◐	◐	◐	◐	—	◐
Number of contacts with participants	●	○	○	○	○	—	○
Time spent with participants during contacts	○	○	○	○	○	—	○

- Indicates an improvement reported by most officials, i.e., decreased administrative burden
- Indicates no change reported by most officials
- ◐ Indicates about the same number of officials reported an improvement as reported no change
- Indicates that this was not an important reason states chose this option

Sources: GAO analysis of survey responses from local food stamp officials; Art Explosion and Copyright © Corel Corp. All rights reserved (images).

### Administrative Burden on Caseworkers

Although five of the Farm Bill options—Expanded Simplified Reporting, Simplified Standard Utility Allowance, Simplified Definition of Income, Simplified Definition of Resources, and Simplified Determination of Deductions—were chosen by state officials to ease the administrative burden on caseworkers, local officials reported that most of these options had little effect on reducing the administrative burden on the caseworkers. (See fig. 5.) Overall, local officials reported no effect on the number of contacts with participants and time spent with participants during those contacts. However, local officials reported some reduction in the time spent on paperwork. For example, local officials told us that the utility option reduced the amount of time caseworkers spent on paperwork

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Payment Error Rate, Program Participation, Benefit Amount, and Program Alignment








because they no longer had to conduct an additional complicated procedure to determine the correct benefit amount for certain participants. (See app. IV for additional details from our surveys regarding how Farm Bill options affected participants and caseworkers.)

Similarly, for options implemented in part to achieve other goals—to decrease payment error rate, increase program participation, and increase benefit amount—some local officials reported improvements, while others told us that the options had no effect. (See fig. 6.) Although about one-quarter of local officials reported that they did not know how most Farm Bill options affected their payment error rates, some others attributed improvements in error rates to two options.<sup>18</sup> About half of the local officials that responded said that Expanded Simplified Reporting and the utility option decreased the error rate, and the other half reported that the error rate remained the same. For options that state officials thought would increase program participation, local food stamp officials reported that the options had little effect on participation. For example, although state officials thought that the Child Support Expense Income Exclusion option would increase participation, local officials reported that it did not. There was no consensus on whether the other two options chosen to increase participation—Expanded Simplified Reporting and Transitional Benefits—resulted in increased participation. For options that state officials thought would increase food stamp benefit amounts, some locals reported improvements, while others reported no change. Specifically, local officials reported that the utility option increased benefit amounts for participants, while about half reported that the income option increased benefits and about half reported it did not.

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<sup>18</sup>Although some factors, such as the time spent on paperwork, may affect the administrative burden on participants and caseworkers, local officials may not have been able to relate changes in error rates to specific options because local officials are not immediately aware of whether an error has occurred (when determining eligibility and benefits). Moreover, according to an official at FNS, 4 months elapse between collecting the information for the payment error rate analysis and when FNS reports the payment error rate to the states, thus making it even harder for local officials to tie changes in error rates to specific options.

**Figure 6: Results Reported by Local Officials on Error Rate, Participation, Benefit Amount, and Alignment**

	Expanded simplified reporting 	Simplified standard utility allowance 	Simplified definition of income 	Simplified definition of resources 	Transitional benefits 	Child support expense income exclusion 	Simplified determination of deductions 
<b>Program administration</b>							
<b>Error rate</b>							
Error rate	◐	◐	○	○	○	—	○
<b>Participation</b>							
Overall	◐	—	—	—	a	○	—
For working families	○	—	—	—	◐	a	—
<b>Benefit amount</b>							
Benefit amount	—	●	◐	—	a	—	—
<b>Alignment</b>							
With TANF	—	—	●	●	—	—	—
With Medicaid	—	—	◐	◐	—	—	—

- Indicates an improvement reported by most officials, i.e., decreased error rate, increased participation, increased alignment
- Indicates no change reported by most officials
- ◐ Indicates about the same number of officials reported an improvement as reported no change
- Indicates that this was not an important reason states chose this option

Sources: GAO analysis of survey responses from local food stamp officials; Art Explosion and Copyright © Corel Corp. All rights reserved (images).

<sup>a</sup>We did not measure this item at the local level.

Most local officials reported increased alignment of the definitions of income and resources between food stamps and TANF from the income and resources options. States selected these two options in part to increase alignment by making these definitions the same in their Food Stamp Program and TANF. For example, local food stamp officials from one state we visited told us that aligning the definition of income under the income option eliminated a food stamp form that was not required for TANF or Medicaid. This form was used to verify loans from educational institutions, such as community colleges, regarding the amount and duration of the loan. They told us that obtaining this information from educational institutions could take a month and possibly require several

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follow-up contacts with the institution. This decrease in paperwork for both participants and some caseworkers demonstrates one benefit from increased alignment. However, on our survey, officials' opinions differed on whether the income and resources options helped increase alignment of definitions between food stamps and Medicaid.

Local officials may have reported little or no change from certain options because they affected relatively few food stamp participants or they did not affect caseworkers' responsibilities. For example, most local officials reported that four options—income, resources, transitional benefits, and child support—affected less than 20 percent of their caseload. In addition, most options made only slight changes to caseworkers' administrative processes, and others may not have affected their processes at all because some changes were automatically incorporated into state computer systems.<sup>19</sup> For example, local officials reported that the child support option was automatically incorporated into state computer systems, so caseworkers' responsibilities were not affected by this change.

Several of the Farm Bill options made only slight changes to existing food stamp policy, such as the utility, child support, and Simplified Homeless Shelter Costs options. For example, the utility option expanded the existing standard utility allowance policy to cover two additional types of households that were previously excluded: households sharing a living space and public housing residents who were charged for only excess utility costs. Also, of the local officials we surveyed on the homeless option, the majority indicated that they implemented a similar policy prior to its availability under the Farm Bill.

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### Many Local Food Stamp Officials Reported That Certain Options Introduced Complications in Program Rules for Participants and Caseworkers

Many local officials reported on our surveys that three options—Expanded Simplified Reporting, Transitional Benefits, and Simplified Determination of Deductions—introduced complications in program rules for participants and caseworkers. Of these options, the Expanded Simplified Reporting option—an option that local officials told us affected most of their caseloads—introduced the most serious complications because of how it interacts with participant reporting rules for other assistance programs. Officials told us that adopting the Expanded Simplified Reporting option resulted in Food Stamp Program reporting rules that

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<sup>19</sup>We generally found no differences between the responses of local officials in states that implemented an option in the first 6 months after it became available and those in states that implemented the option later.

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differed in important ways from the reporting rules of other assistance programs, such as Medicaid and TANF, depending on how their states have structured these programs. About one-third of local officials we surveyed reported that this option decreased alignment between Food Stamp Program reporting rules and those of Medicaid; about one-half reported a decrease in alignment with TANF.

Local officials told us that these differences in reporting rules often resulted in confusion on the part of food stamp participants, particularly because most participate in other assistance programs. They explained that although the caseworkers provided information to help participants determine which changes they were required to report (i.e., changes that increased their income to over 130 percent of the federal poverty level), some participants still reported changes that were not required. According to a recent case study, some participants may believe they need to report these changes to maintain their food benefits.<sup>20</sup> On the other hand, local officials told us that some participants think that the new reduced reporting requirements apply to other assistance programs in addition to the Food Stamp Program. Consequently, some participants do not report changes they are required to report for these other assistance programs, and in some cases, participants might face interruptions in benefits or penalties for not reporting changes for other programs.

In addition to reporting complications for participants, local food stamp officials on our site visits and in telephone interviews told us that different participant reporting rules for assistance programs are confusing for caseworkers because they are uncertain whether to act on a change for the Food Stamp Program when reported for another assistance program. Moreover, trying to determine whether to act on a change for the Food Stamp Program can cause them to perform additional work. When a participant reports a change that is required for Medicaid or TANF,<sup>21</sup> but not for food stamps, caseworkers must decide whether to act on that

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<sup>20</sup>Carole Trippe, Liz Schott, Nancy Wemmerus, and Andrew Burwick, *Simplified Reporting and Transitional Benefits in the Food Stamp Program—Case Studies of State Implementation. Final Report*. Mathematica Policy Research, Inc. E-FAN-04-003 May 2004 (Economic Research Service).

<sup>21</sup>In some cases, a change reported by a participant may not result in a change in Medicaid or TANF benefits. For example, a person may have a change in income but the change does not affect that person's Medicaid eligibility.

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change for the Food Stamp Program.<sup>22</sup> Caseworkers, who often determine benefits for more than one assistance program, first must decide if a change will increase the participant's food stamp benefit. To make this decision, caseworkers typically enter the information into the computer system as if they were going to act on the change in order to determine if the change will result in an increase in the participant's food stamp benefit. If the caseworker determines that the change reported by the participant will increase the participant's benefit, caseworkers are required to act on the change. On the other hand, if the caseworker determines that the change reported by the participant will decrease the benefit, the caseworker must then determine whether or not to act on this change. (See fig. 7 for one example of how this process would work.) FNS regulations mandate that states not act on changes that would result in a decrease in benefits for participants unless one of three exceptions is met: (1) the household voluntarily requests that the case be closed, (2) the participant's TANF (or, in some areas, General Assistance) grant is changed, or (3) the information about the change is considered "verified upon receipt."<sup>23</sup> A reported change is considered verified upon receipt when the information is not questionable and the provider is its primary source, such as information about earnings provided by the participant's employer.<sup>24</sup> Many local officials suggested that aligning food stamp reporting rules with Medicaid and TANF, by making them the same across these programs, would help to simplify this process.

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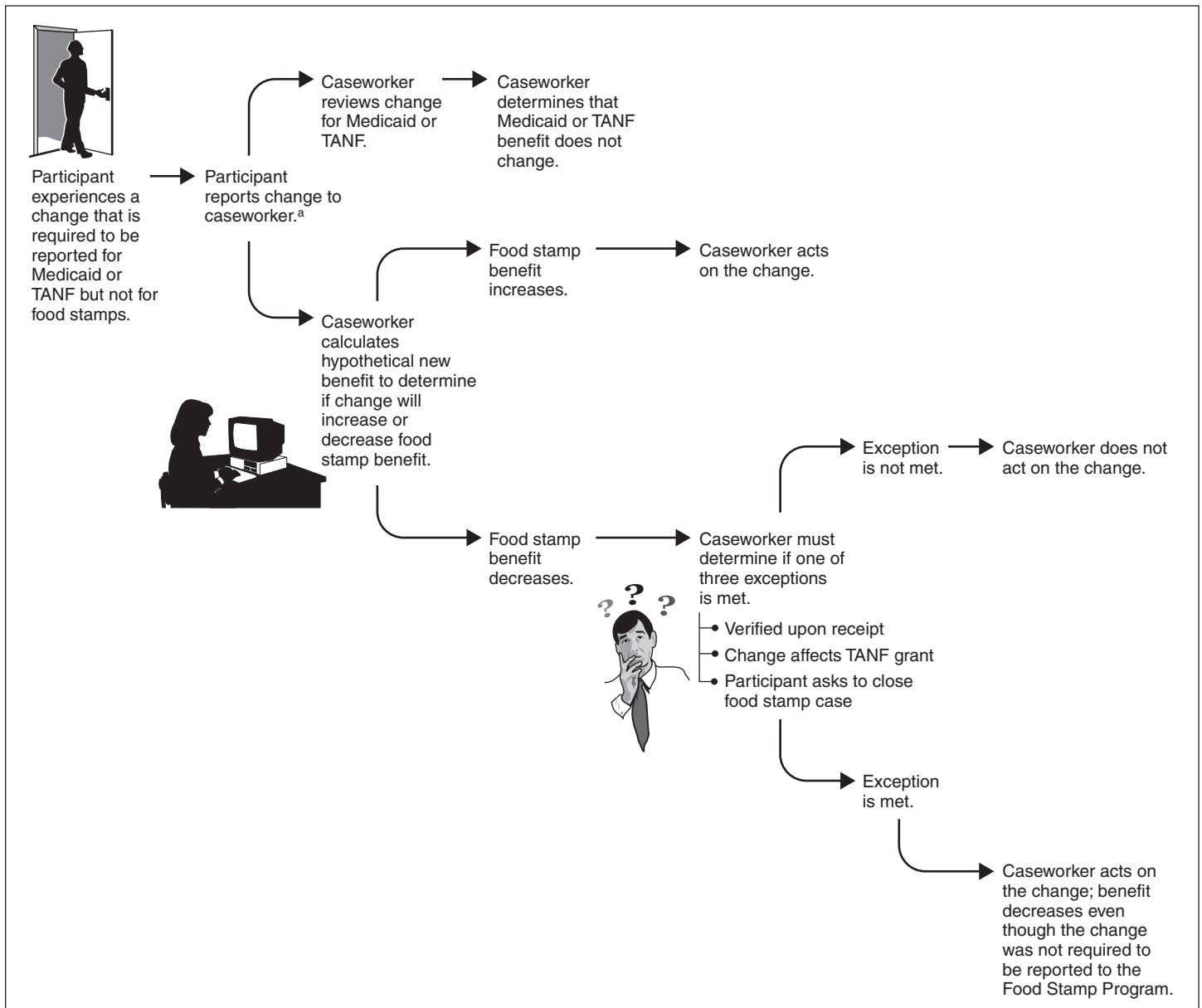
<sup>22</sup>Caseworkers can also learn of some changes through an automated process that matches participants' information with other databases, such as a new hire database, that could indicate a change in household circumstances that might merit a change in the food stamp benefit.

<sup>23</sup>These exceptions are noted in current USDA regulations related to Simplified Reporting: 7 CFR 273.12 (a)(1)(vii)(A). Proposed regulations for Expanded Simplified Reporting maintain these same exceptions. 69 Fed. Reg. 20762.

<sup>24</sup>Information is considered verified upon receipt when the source is, but is not limited to, specific data from the Social Security Administration, data from the U.S. Citizenship and Immigration Services, and Unemployment Compensation data from a state agency.



**Figure 7: Example of Possible Decisions and Actions under the Expanded Simplified Reporting Option**



Sources: GAO analysis; Art Explosion and Copyright © Corel Corp. All rights reserved (images).

<sup>a</sup>This example assumes the caseworker is the same for food stamps, TANF, and Medicaid.

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State officials generally believed that the Expanded Simplified Reporting option would help states reduce their food stamp payment error rates. However, local officials told us that caseworkers' confusion about the reporting rules for different assistance programs could result in improper food stamp and other assistance program benefits. A recent case study found that caseworkers were concerned that they might make errors in benefits because of the complexity of the decision-making process involved in determining when to act or not to act on a change.<sup>25</sup> Moreover, supervisors told us that payment error rates of other assistance programs might increase if participants do not report required changes to these assistance programs because they believe the Expanded Simplified Reporting rules apply to these other programs.

In an attempt to address these issues, many states have modified this option in a way that may undermine some of its benefits. Officials in 17 of the 33 states that implemented this option told us that rather than having caseworkers decide whether or not to act on a change, they have a waiver from FNS that requires caseworkers to act on all changes reported by participants, including those that would decrease benefits. Some states choosing this waiver did so because acting on some but not all changes would require significant reprogramming of their computer systems and may be difficult for their caseworkers to understand. However, acting on all changes counteracts the potential reduction in workload for caseworkers. Further, when the participant reports a change during the reporting period, having the waiver does not reduce exposure to errors in the way that the option does for states without the waiver. In short, the more changes caseworkers make, the more opportunity there is for a change to be processed incorrectly. In addition, in certain circumstances, a change might result in lower benefits for participants in states with this waiver as opposed to states without this waiver.<sup>26</sup>

In April 2004, USDA proposed some revisions to simplified reporting regulations in order to help alleviate some of these complications with this waiver.<sup>27</sup> USDA proposed that state agencies that have this waiver not be required to act on changes a household reports for another public

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<sup>25</sup>See Economic Research Service: E-FAN-04-003 May 2004.

<sup>26</sup>Specifically, if a participant reports a change that would decrease the benefit but does not meet any of the three exceptions as explained on page 28, the change would not be made in states without the waiver but would be made in states with the waiver.

<sup>27</sup>69 Fed. Reg. 20724-64.

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assistance program when the change does not trigger action in that other program. For example, if a household receiving food stamps and Medicaid reports an increase in income to its Medicaid caseworker that is not required to be reported for food stamp purposes, the state agency would not have to reduce the household's food stamp benefit if the income change does not affect its Medicaid eligibility or benefits. This proposed change would simplify the procedure for caseworkers and, in some cases, eliminate the possibility that benefits would be reduced in states with this waiver. However, while this proposal addresses issues for caseworkers and participants in states with this waiver, we found that local officials in states without the waiver were more likely to report that this option introduced complications for caseworkers than local officials in states with the waiver.

States have flexibility to align the reporting rules for Medicaid and TANF with their food stamp reporting rules available under the Expanded Simplified Reporting option, but many have not done so. Although one of the three states we visited achieved some alignment of reporting rules between TANF and food stamps, none of the three states, despite preliminary discussions between Medicaid and food stamp officials, had been successful in aligning Medicaid and food stamp reporting rules.<sup>28</sup> Food stamp officials in these states told us the discussions had not resulted in alignment of reporting rules largely because Medicaid officials believed that Medicaid benefit costs could increase. For example, if a participant experienced a household change that would not affect the participant's food stamp benefit but would affect Medicaid eligibility, the participant might receive Medicaid benefits for longer periods than he or she would have under a state's current reporting rules. Thus Medicaid benefit costs could increase. A recent study of four states found that states are often reluctant to make changes in policies that may increase TANF or Medicaid benefit costs or caseloads, particularly when states experience budget shortfalls.<sup>29</sup> For example, because states contribute a nationwide average of 43 percent to Medicaid benefit costs (while food stamp benefits are 100 percent federally funded), increases in Medicaid caseloads or costs would place demands on state budgets that increases in food stamp

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<sup>28</sup> A recent informal study that gathered information from 12 states that are using the simplified or expanded simplified reporting option showed that 3 states have aligned TANF and food stamp rules. Upon further clarification, no state has aligned Medicaid and food stamp rules. See [www.NAPIPM.org](http://www.NAPIPM.org) ([www.napipm.org/simp%20reporting.htm](http://www.napipm.org/simp%20reporting.htm) 5/10/04).

<sup>29</sup> See Economic Research Service: E-FAN-04-003 May 2004.

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caseloads would not. In addition, another report noted that changes to rules and procedures typically require that a state reprogram its computer to apply the new policies, and these changes may result in increased cost to the state.<sup>30</sup> However, the extent to which program costs might increase as a result of alignment is unclear, and in two of the three states we visited, state officials had little or no information on possible costs associated with implementing such changes.<sup>31</sup>

A case study also noted that in some states, staff responsible for these various benefit programs work in different agencies with varied priorities, and there is no incentive to coordinate policy across these programs.<sup>32</sup> Finally, an official from HHS's Centers for Medicare and Medicaid Services (CMS) noted that there are numerous groups of eligible Medicaid participants, and many groups, depending on state eligibility rules, may receive continuous eligibility for 12 months.<sup>33</sup> For these participants, reporting on a 6-month schedule for Medicaid would not be appropriate.

Two additional options introduced complications in program rules, though to a lesser extent. Some local officials reported that the Transitional Benefits option introduced complications for the caseworkers, again because of interactions between this option and other assistance programs. For example, transitional benefits from Medicaid are for persons transitioning to work and are provided for up to 1 year. On the other hand, transitional food stamp benefits are for persons leaving TANF and are granted for a maximum of 5 months. In addition, program experts told us that reporting rules for the two types of transitional benefits are not aligned, and this creates an additional administrative burden for caseworkers. Medicaid requires persons receiving transitional benefits to report household financial circumstances at the 4th, 7th, and 10th month of transitional benefits, whereas persons receiving food stamp transitional benefits must reapply at the end of the 5th month. About a third of local

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<sup>30</sup>Liz Schott, Stacey Dean, Jocelyn Guyer, *Coordinating Medicaid and Food Stamps: How New Food Stamp Policies Can Reduce Barriers to Health Care Cover for Low-Income Working Families*. Center on Budget and Policy Priorities, September 2001.

<sup>31</sup>One state provided preliminary analysis of estimated costs for aligning reporting rules for TANF and child care programs to 6-month reporting for earned-income households only.

<sup>32</sup>See Economic Research Service: E-FAN-04-003 May 2004.

<sup>33</sup>Federal Medicaid statute identifies over 25 different eligibility categories of persons who may be covered under a state Medicaid plan. According to a CMS official, a state could have as many as 50 groups of eligible Medicaid participants.

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officials reported that they would like transitional food stamp benefits to be available for 6 months or to be aligned with transitional benefits from Medicaid.

Finally, some local officials reported that the Simplified Determination of Deductions option introduced complications for the participants and the caseworkers. For example, local officials told us that this option complicates decisions about whether to act on changes reported by participants. Local officials told us that when participants report a change that is not required under the deductions option, caseworkers must first determine if the household is subject to reporting rules under Expanded Simplified Reporting or not. If the household falls under Expanded Simplified Reporting, the caseworkers must follow the decision-making process for Expanded Simplified Reporting depicted in figure 7 above. If the household does not fall under Expanded Simplified Reporting and the change is to a deduction from household income, the caseworkers must not act on the change.

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## Conclusions

Since the late 1990s, and most recently in the Farm Bill, the Congress and FNS have offered states a number of options to simplify and streamline the administration of the Food Stamp Program. These options presented states with additional opportunities to tailor their Food Stamp Programs to the social and economic needs of their own states. Moreover, these changes coincided with actions taken by the Congress to grant states considerable flexibility in the design and administration of other key assistance programs, such as TANF and Medicaid, and the growing realization that the Food Stamp Program provides crucial support to low-income working families.

Local officials, who have day-to-day contact with frontline caseworkers and food stamp participants, reported mixed results from implementing the options. Although they reported some improvements for both caseworkers and participants from some options, no option received consistently positive reports in all the areas where state officials expected improvements when they selected the option. In fact, in many cases, officials were as likely to report that an option resulted in no change as they were to report improvements. This may be due in part to the fact that the Farm Bill options made only slight changes to policy and, as reported, affected relatively few program participants.

Of all the options, the Expanded Simplified Reporting option offered the most promise because it was selected by the most states, affects a large

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number of participants, and has the potential to significantly streamline the participant reporting process. The fact that local officials reported that adopting this option actually complicated program rules in many states reflects the challenge of trying to simplify requirements for one program without efforts by states to adjust the rules of other related assistance programs. This is particularly relevant because most food stamp recipients also participate in other assistance programs. The reported complications resulted in problems, such as confusion for the caseworker and a possible increase in payment errors. In response, many states adopted a waiver that negated many of the potential benefits of Expanded Simplified Reporting for caseworkers and participants. Although USDA proposed a change to this waiver, the change will not address the complications reported by local officials in states without the waiver. Moreover, neither the waiver to act on all changes nor USDA's proposed change to the waiver will address overall alignment issues related to reporting rules among various assistance programs.

Although federal law and program rules allow states to align participant reporting rules among assistance programs, state officials in most states have not made the broad changes that would result in greater consistency among programs. Concerns regarding whether there are costs associated with aligning participant reporting requirements may hinder a state's decision to make program changes that increase alignment. These concerns may include the cost of programming changes into state computers and the concern that benefit costs may increase in those programs that require a higher proportion of state funds, such as the Medicaid program. On the other hand, savings could result from reducing the administrative burden on caseworkers. Yet it is unclear whether costs would rise or savings would be realized. In addition, aligning Medicaid reporting rules with food stamp rules may work for some groups of Medicaid participants, but not others. Although alignment of state program rules may not be advantageous in every circumstance, many government officials told us that they were interested in improved alignment. In general, increased alignment remains important to simplification and ease of service delivery.

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## Recommendations for Executive Action

In order to take advantage of existing opportunities available to states for streamlining participant reporting rules, we recommend that the Secretary of Agriculture direct FNS to collaborate with HHS to take the following two actions:

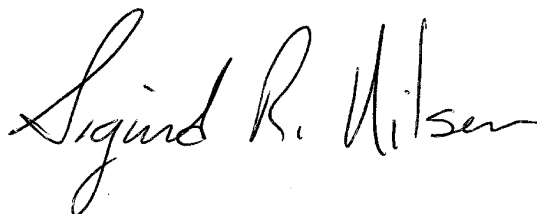
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1. Encourage state officials to explore the advantages and disadvantages—in terms of both administrative and benefit costs and savings—of better aligning participant reporting rules in their states, particularly for Medicaid and TANF, and
  2. Disseminate information and guidance to states on the opportunities available for better aligning participant reporting requirements among food stamps, Medicaid, and TANF.

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## Agency Comments

We provided a draft of this report to the U.S. Department of Agriculture for review and comment and on August 20, 2004, we met with FNS officials to get their comments. The officials said they agreed with our findings, conclusions, and recommendations. They stated that they are interested in helping states better align their participant reporting requirements and that they plan to contact HHS to initiate discussions on ways to help states align these reporting requirements. They also said they plan to provide best practices information to states regarding the administration of the Food Stamp Program and that they would explore disseminating information on any progress states have made in streamlining their participant reporting rules. FNS provided us with technical comments, which we incorporated where appropriate.

We are sending copies of this report to the Secretary of Agriculture, appropriate congressional committees, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>. Please contact me at (202) 512-7215 if you or your staffs have any questions about this report. Major contributors to this report are listed in appendix V.



Sigurd R. Nilsen  
Director, Education, Workforce, and  
Income Security Issues

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# Appendix I: Objective, Scope, and Methodology

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To accomplish our research objectives, we surveyed state food stamp administrators and local food stamp supervisors on the implementation of the Farm Bill food stamp options. To augment information from our state and local surveys, we conducted three comprehensive site visits (Arizona, Maryland, and Michigan) and two semi-structured telephone interviews (Colorado and South Carolina). We chose states for our site visits and telephone interviews to capture variation in the following criteria: (a) number of and type of selected options, (b) number of food stamp participants and program participation rate, (c) program error rate, and (d) entity (state or county) administering the Food Stamp Program. During each visit we met with state officials administering and developing policy for the Food Stamp Program, local officials in the office where services are provided, and officials responsible for other key assistance programs, such as Temporary Assistance for Needy Families (TANF) and Medicaid. We also reviewed Farm Bill legislation and related committee reports, and we reviewed Food and Nutrition Service (FNS) reports and other program analysis. We held discussions with program stakeholders, including officials at FNS headquarters and regional offices, representatives of advocacy organizations, and other program experts. We performed our work from August 2003 to June 2004 in accordance with generally accepted government auditing standards.

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## Survey of State Food Stamp Administrators

To learn about state-level use of the food stamp options made available under the Farm Bill, we conducted a Web-based survey of food stamp administrators in the 50 states and the District of Columbia. For each of the eight Farm Bill options, we asked state officials to provide information on whether or not their state had chosen and implemented the option, reasons for choosing (or not choosing) the option, program challenges in implementing the option, changes because of the options, and potential improvements to the option. In addition, we asked for other information, including cost estimates for implementing the options, estimates of time and cost savings as a result of implementing the options, efforts to align the Food Stamp Program with TANF and Medicaid, and other food stamp options states had implemented prior to the Farm Bill. We administered the survey between December 9, 2003, and January 30, 2004. We also contacted some respondents via phone or e-mail to clarify their responses after the Web survey was completed. Food stamp administrators in all 50 states and the District of Columbia participated in the survey, for a response rate of 100 percent. To view selected results of GAO's Web-based survey of food stamp administrators, go to [www.gao.gov/cgi-bin/getrpt?GAO-04-1058SP](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1058SP).



We believe the state survey data are sufficiently reliable to be used for the applicable questions of our work. We pretested the survey with several state Food Stamp administrators and modified the survey to take their comments into account. We also compared our survey responses on which of the states had implemented the options with information published by FNS and found our data had a reasonable level of consistency with the agency's data, with the exception of data for the Simplified Homeless Shelter Costs option. Our analysis indicated fewer states had implemented this option than are listed in the FNS report. The cause of the discrepancy is that many states were already using a homeless shelter allowance of \$143 prior to the Farm Bill, and many of these states are included in the information published by FNS as having implemented the Farm Bill option. However, for the purposes of our study, we decided to limit our analysis to only those states that implemented the homeless shelter allowance of \$143 after the Farm Bill became effective.

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## Survey of Local Food Stamp Supervisors

To learn about local-level use of the Farm Bill options, we administered 1,328 mailed surveys to supervisors in local food stamp offices in the states that had implemented the options. These survey results are generalizable to local offices in states that implemented the options. We conducted a separate survey for each of the eight options and used a separate sample for each of the surveys. On all eight surveys, we asked supervisors in local offices for their opinions about the extent to which the Farm Bill option had affected change in several areas of the Food Stamp Program, including administrative burden on participants and caseworkers, the error rate, program participation, and alignment with other assistance programs. In addition, we asked the supervisors for their opinions about the proportion of the local office's food stamp caseload that was affected by the option and changes the local office officials would like to see to the option. To view the results from the local food stamp office surveys, go to [www.gao.gov/cgi-bin/getrpt?GAO-04-1059SP](http://www.gao.gov/cgi-bin/getrpt?GAO-04-1059SP).

We chose to survey food stamp supervisors because we believed they would be aware of the changes for participants and caseworkers resulting from the Farm Bill options. We collected the opinion of these supervisors because we did not find existing data on the information we needed to complete the objectives of this study, including the number of food stamp recipients affected by each option and the time costs or savings for food stamp participants and caseworkers because of the implementation of the options. We conducted the surveys between December 2003 and April 2004. We also contacted some respondents via phone or e-mail to clarify their responses after the mailed survey was completed.

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Local Survey Sample Design

For each Farm Bill option, the population of interest was the set of all local food stamp offices located in states that adopted the option. Because we could not survey the entire population of local offices, we selected a sample of local offices to be representative of this population of interest. In each sample, the sampling unit is the local food stamp office. To determine the eight samples, we contacted state and county food stamp officials to compile a complete mailing list of food stamp offices in the 50 states and the District of Columbia. We compiled our own list because we were unaware of any other such comprehensive list. From these lists of local offices, we selected a simple random sample of local offices located in states that, according to information provided by FNS, had already implemented the option.<sup>1</sup> For example, if the FNS report indicated 12 states had implemented an option, we drew the sample for that option from the combined list of the local offices in those 12 states.

Since many states had chosen multiple options, we capped the number of surveys a local office could receive at three in order to minimize response burden. Only one local office was randomly selected to receive more than three surveys. To make sure this office did not receive more than three surveys, we randomly selected two of the five options for which we had drawn this office. We then randomly selected two replacement offices to receive the surveys. To select the replacement offices, we used the remaining offices on the list.

Sampling and Nonsampling Errors

Because we surveyed a random sample of local food stamp offices, our results are estimates of the responses we would have received had we surveyed the entire population of interest, and are thus subject to sampling errors. We are 95 percent confident that each of the confidence intervals in the local survey results will contain the true values of the population of interest. All percentage estimates from the local survey have sampling errors of plus or minus 10 percentage points. We calculated confidence intervals for our local survey results using methods that are appropriate for probability samples of this type.

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<sup>1</sup>We used draft information provided by FNS, which we later supplemented with information from its October 2003 report, released in November 2003: United States Department of Agriculture, Food and Nutrition Service, *Food Stamp Program: State Options Report*, Third Edition, October 2003. The FNS *State Options Report* was the only source of which we were aware at that time that listed which states had implemented the option. We could not use our state survey data to develop the list of states that had implemented the option because we had not completed the state survey at the time we needed to draw the sample for the local survey.

In addition to sampling errors, the practical difficulties in conducting surveys of this type may introduce other types of errors, commonly referred to as nonsampling errors. For example, questions may be misinterpreted, the respondents' answers may differ from those in local offices that did not respond, or errors could be made in keying completed questionnaires or in the preparation of data files for analysis. We took steps in the development, collection, and analysis of the local surveys to minimize these errors. For example, we pretested each of the eight local surveys with at least one local food stamp official prior to mailing the surveys.

## Response Rates

The response rates for the eight surveys ranged from 74.0 percent to 86.1 percent (see table 1 below). Some respondents returned the survey to us but indicated that their local office had not implemented the option we asked them about or that they implemented the option prior to the date the Farm Bill became effective. We refer to these surveys as "out of scope." There are several reasons surveys could be out of scope, including the time lag between the FNS report we used to determine our sample and the launch of our survey and possible delays in state-level policy decisions being implemented on the local level. Given how quickly the status of the Farm Bill options can change in states, the number of out of scopes is not surprising. In this report we did not use out-of-scope surveys in the estimates derived from local survey data.

We did not use the data we collected from the local survey on the Simplified Homeless Shelter Costs option because we had used the FNS list of states that had implemented the option to draw our sample, but later we learned of the discrepancy between our definition of the option and the data provided by FNS that had implemented this option. We concluded our sample for this option was flawed and the results should not be used in the local survey analysis.

**Appendix I: Objective, Scope, and  
Methodology**

**Table 1: Disposition of Eight Farm Bill Option Samples**

Farm Bill option	Sample			Response rate <sup>a</sup>
	Sample	Received	Out of scopes	
Expanded simplified reporting	192	157	3	81.5%
Transitional benefits	165	134	10	80.0%
Simplified definition of income	181	152	37	79.9%
Simplified definition of resources	170	141	48	76.2%
Simplified homeless shelter costs	176			
Simplified standard utility costs	179	155	6	86.1%
Simplified determination of deductions	126	100	8	78.0%
Child support expense income exclusion	139	112	35	74.0%

<sup>a</sup>The response rates shown in table 1 are calculated using the following formula:

$$\frac{(\text{Total number of responses} - \text{Number of out of scopes})}{(\text{Total sample size} - \text{Number of out of scopes})} = \text{Response rate}$$

# Appendix II: Farm Bill Options That States Have Implemented as of January 2004

**Figure 8: Farm Bill Options States Have Implemented as of January 2004**

State	Options (Number of states chosen and implemented option)								Total Farm Bill options implemented by State
	Expanded simplified reporting (N = 33)	Simplified standard utility allowance (N = 30)	Simplified definition of income (N = 24)	Simplified definition of resources (N = 23)	Transitional benefits (N = 12)	Child support expense income exclusion (N = 7)	Simplified determination of deductions (N = 4)	Simplified homeless shelter costs <sup>a</sup> (N = 4)	
Alabama		•							1
Alaska	•	•							2
Arizona	•	•	•	•	•	•		•	7
Arkansas	•		•	•					3
California	•				•				2
Colorado	•				•	•			3
Connecticut	•	•							2
Delaware	•	•							2
District of Columbia	•								1
Florida	•	•							2
Georgia	•	•	•	•					4
Hawaii			•						1
Idaho	•	•	•	•			•	•	6
Illinois		•							1
Indiana	•		•	•					3
Iowa	•	•	•	•					4
Kansas	•								1
Kentucky	•	•	•	•					4
Louisiana	•	•		•		•			4
Maine		•				•			2
Maryland	•	•	•	•	•				5
Massachusetts	•	•			•	•			4
Michigan		•	•						2
Minnesota									0
Mississippi		•							1
Missouri	•	•	•	•		•			5
Montana	•								1
Nebraska	•	•	•	•	•				5
Nevada									0
New Hampshire	•	•	•	•					4
New Jersey	•	•		•					3
New Mexico	•	•			•			•	4
New York	•	•	•	•	•	•	•		7
North Carolina	•	•	•	•	•		•		6
North Dakota		•	•	•					3
Ohio			•	•					2
Oklahoma		•	•	•					3
Oregon	•	•			•				3
Pennsylvania	•		•		•				3
Rhode Island									0
South Carolina			•	•			•	•	4
South Dakota			•	•					2
Tennessee	•								1
Texas	•								1
Utah		•							1
Vermont	•								1
Virginia	•		•	•	•				4
Washington									0
West Virginia									0
Wisconsin	•	•	•	•					4
Wyoming		•	•	•					3

Source: GAO survey.

<sup>a</sup>Simplified Homeless Shelter Costs option only includes states that indicated they did not have a Standard Homeless Shelter Allowance of \$143 prior to the Farm Bill.

# Appendix III: Selected Responses to State Survey

**Figure 9: Number of States That Gave Reasons for Choosing Options**

Reasons	Options (Number of states chosen and implemented option)							
	Expanded simplified reporting (N = 33)	Simplified standard utility allowance (N = 30)	Simplified definition of income (N = 24)	Simplified definition of resources (N = 23)	Transitional benefits (N = 12)	Child support expense income exclusion (N = 7)	Simplified determination of deductions (N = 4)	Simplified homeless shelter costs <sup>a</sup> (N = 4)
<b>Computers</b>								
Easy to program computer	11	18	16	15	3	2	1	3
<b>Participants and caseworkers</b>								
Decrease workload for caseworkers	32	22	17	15	9	0	3	4
Simplify rules for caseworkers	30	28	24	22	11	2	4	4
Simplify rules for participants	32	28	20	19	12	2	4	2
Increase benefit amounts for participants	16	22	16	10	11	3	0	3
Decrease burden on participants	33	15	17	16	11	0	4	3
Promote self-sufficiency among participants	12	4	3	6	10	4	2	0
<b>Participation</b>								
Increase overall participation in program	22	9	6	9	9	5	1	1
Increase participation of working families	21	6	6	7	11	6	1	1
Increase participation of elderly and/or disabled	3	5	3	5	1	0	1	1
<b>Alignment</b>								
Makes it easier to align Food Stamp Program with TANF	4	1	22	20	1	0	0	0
Makes it easier to align Food Stamp Program with Medicaid	2	0	17	14	0	0	1	0
<b>Error rate</b>								
Decrease error rate	30	27	21	15	10	0	4	2
<b>Other reasons</b>								
Increase application process timeliness	4	6	10	8	3	0	1	1
Works well with other Farm Bill options state chose to implement	14	8	12	14	7	2	3	1
Lower administrative costs	14	6	10	7	3	0	2	2
Encourage payment of child support	b	b	b	b	b	6	b	b
Other	1	4	0	0	1	1	1	0

Source: GAO survey.

<sup>a</sup>Simplified Homeless Shelter Costs option only includes states that indicated they did not have a Standard Homeless Shelter Allowance of \$143 prior to the Farm Bill.

<sup>b</sup>We only asked child support item for Child Support Expense Income Exclusion option.

**Appendix III: Selected Responses to State Survey**

**Figure 10: Number of States That Gave Reasons for Not Choosing Options**

Reasons	Options (Number of states chosen and implemented option)						
	Expanded simplified reporting (N = 9)	Simplified standard utility allowance (N = 12)	Simplified definition of income (N = 7)	Simplified definition of resources (N = 12)	Transitional benefits (N = 27)	Child support expense income exclusion (N = 35)	Simplified determination of deductions (N = 44)
<b>Computers</b>							
Too difficult to program computer system	4	2	1	0	22	17	14
<b>Participants and caseworkers</b>							
Would increase workload for caseworkers	3	2	2	1	13	7	10
Would complicate rules for caseworkers	5	2	3	1	18	19	28
Would complicate rules for participants	5	2	1	2	11	9	26
Little or no increase in benefit amounts for participants	1	4	4	5	9	20	15
Very few participants would be affected by change	1	2	5	7	7	18	8
Would increase burden on participants	2	0	0	2	1	0	5
Would not encourage participants to transition from welfare to work	0	0	1	0	2	2	1
<b>Participation</b>							
Would decrease overall participation in program	0	0	0	0	0	1	0
Would decrease participation of working families	0	0	0	0	0	1	1
Would decrease participation of elderly and/or disabled	0	1	0	0	0	0	0
<b>Alignment</b>							
Would make it more difficult to align Food Stamp Program with TANF	2	0	0	0	5	6	9
Would make it more difficult to align Food Stamp Program with Medicaid	3	0	0	0	3	5	4
<b>Relative advantage</b>							
Would have little or no advantage over policy rules already in place	5	6	5	6	11	23	20
<b>Error rate</b>							
Would increase error rate	5	2	0	0	7	12	12
<b>Other reasons</b>							
Would decrease application process timeliness	0	0	0	0	0	1	1
Would not work well with other Farm Bill options state chose to implement	1	0	0	0	6	2	15
Would raise administrative costs	2	1	0	0	5	3	2
Would not encourage payment of child support	a	a	a	a	a	4	a
Other	1	7	1	4	4	3	12

Source: GAO survey.

Notes: Data for Simplified Homeless Shelter Costs option are not available.

<sup>a</sup>We only asked child support item for Child Support Expense Income Exclusion option.

# Appendix IV: Selected Responses to Local Surveys

**Figure 11: Expanded Simplified Reporting**

Percentage of food stamp caseload affected						
None (0%)	Few (1-19%)	Some (20-39%)	About half (40-59%)	Most (60-79%)	Almost all (80-99%)	All (100%)
1%	8%	9%	18%	39%	22%	4%
Changes for food stamp participants						
Participant administrative burden measures	Changes for the participants	Greatly decreased	Somewhat decreased	Remained the same	Somewhat increased	Greatly increased
	Time spent reporting changes	13%	48%	32%	5%	3%
	Amount of paperwork required	19%	42%	27%	10%	2%
Participant simplification measures	Changes for the participants	Greatly simplified	Somewhat simplified	Remained the same	Somewhat complicated	Greatly complicated
	Rules related to reporting or documenting changes	17%	30%	8%	33%	12%
Changes for food stamp caseworkers						
Caseworker administrative burden measures	Changes for the caseworker	Greatly decreased	Somewhat decreased	Remained the same	Somewhat increased	Greatly increased
	Number of contacts with participants	9%	48%	33%	9%	2%
	Time spent with participants during contacts	2%	18%	61%	16%	4%
	Time spent on paperwork (including verification)	6%	36%	37%	12%	9%
	Frequency of benefit calculation	16%	47%	29%	7%	1%
Caseworker simplification measures	Changes for the caseworker	Greatly simplified	Somewhat simplified	Remained the same	Somewhat complicated	Greatly complicated
	Decisions on whether to apply changes reported by participants	4%	18%	31%	27%	20%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.



**Appendix IV: Selected Responses to Local Surveys**

**Figure 12: Simplified Standard Utility Allowance**

<b>Percentage of food stamp caseload affected</b>						
<b>None (0%)</b>	<b>Few (1-19%)</b>	<b>Some (20-39%)</b>	<b>About half (40-59%)</b>	<b>Most (60-79%)</b>	<b>Almost all (80-99%)</b>	<b>All (100%)</b>
1%	19%	10%	3%	12%	46%	8%
<b>Changes for food stamp participants</b>						
<b>Participant administrative burden measures</b>	<b>Changes for the participants</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Time spent applying for food stamps or reporting changes	1%	25%	71%	3%	0%
	Amount of paperwork required	5%	46%	48%	1%	0%
<b>Participant simplification measures</b>	<b>Changes for the participants</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Rules related to reporting or documenting utility expenses	18%	42%	36%	4%	0%
<b>Changes for food stamp caseworkers</b>						
<b>Caseworker administrative burden measures</b>	<b>Changes for the caseworker</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Number of contacts with participants	3%	20%	73%	4%	0%
	Time spent with participants during contacts	5%	25%	67%	3%	0%
	Time spent on paperwork (including verification)	10%	43%	44%	3%	0%
<b>Caseworker simplification measures</b>	<b>Changes for the caseworker</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Calculation of food stamp benefits	16%	40%	37%	7%	0%
	Decisions on whether to apply changes in utility costs reported by participants	26%	43%	24%	6%	1%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.

**Appendix IV: Selected Responses to Local Surveys**

**Figure 13: Simplified Definition of Income**

<b>Percentage of food stamp caseload affected</b>						
<b>None (0%)</b>	<b>Few (1-19%)</b>	<b>Some (20-39%)</b>	<b>About half (40-59%)</b>	<b>Most (60-79%)</b>	<b>Almost all (80-99%)</b>	<b>All (100%)</b>
0%	62%	16%	5%	9%	6%	2%
<b>Changes for food stamp participants</b>						
<b>Participant administrative burden measures</b>	<b>Changes for the participants</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Time spent applying for food stamps or reporting changes	3%	39%	56%	2%	0%
	Amount of paperwork required	3%	56%	38%	3%	0%
<b>Participant simplification measures</b>	<b>Changes for the participants</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Rules related to reporting or documenting income	8%	56%	27%	7%	2%
<b>Changes for food stamp caseworkers</b>						
<b>Caseworker administrative burden measures</b>	<b>Changes for the caseworker</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Number of contacts with participants	1%	28%	67%	4%	0%
	Time spent with participants during contacts	1%	30%	62%	7%	0%
	Time spent on paperwork (including verification)	7%	47%	41%	4%	1%
<b>Caseworker simplification measures</b>	<b>Changes for the caseworker</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Calculation of food stamp benefits	6%	46%	42%	5%	2%
	Determination or redetermination of eligibility	3%	47%	43%	5%	2%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.

**Appendix IV: Selected Responses to Local Surveys**

**Figure 14: Simplified Definition of Resources**

<b>Percentage of food stamp caseload affected</b>						
<b>None (0%)</b>	<b>Few (1-19%)</b>	<b>Some (20-39%)</b>	<b>About half (40-59%)</b>	<b>Most (60-79%)</b>	<b>Almost all (80-99%)</b>	<b>All (100%)</b>
0%	55%	18%	6%	12%	9%	1%
<b>Changes for food stamp participants</b>						
<b>Participant administrative burden measures</b>	<b>Changes for the participants</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Time spent applying for food stamps or reporting changes	4%	33%	60%	2%	0%
	Amount of paperwork required	6%	46%	46%	1%	0%
<b>Participant simplification measures</b>	<b>Changes for the participants</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Rules related to reporting or documenting income	10%	46%	39%	4%	1%
<b>Changes for food stamp caseworkers</b>						
<b>Caseworker administrative burden measures</b>	<b>Changes for the caseworker</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Number of contacts with participants	3%	22%	69%	6%	0%
	Time spent with participants during contacts	2%	28%	62%	8%	0%
	Time spent on paperwork (including verification)	9%	44%	44%	3%	0%
<b>Caseworker simplification measures</b>	<b>Changes for the caseworker</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Calculation of food stamp benefits	3%	33%	62%	1%	1%
	Determination or redetermination of eligibility	4%	42%	51%	2%	1%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.

**Appendix IV: Selected Responses to Local Surveys**

**Figure 15: Transitional Benefits**

<b>Percentage of food stamp caseload affected</b>						
<b>None (0%)</b>	<b>Few (1-19%)</b>	<b>Some (20-39%)</b>	<b>About half (40-59%)</b>	<b>Most (60-79%)</b>	<b>Almost all (80-99%)</b>	<b>All (100%)</b>
5%	77%	14%	2%	2%	0%	1%
<b>Changes for food stamp participants</b>						
<b>Participant administrative burden measures</b>	<b>Changes for the participants</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Time spent applying for food stamps or reporting changes	12%	40%	41%	7%	0%
	Amount of paperwork required	15%	34%	41%	9%	0%
<b>Participant simplification measures</b>	<b>Changes for the participants</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Rules related to reporting or documenting income	16%	35%	30%	15%	4%
<b>Changes for food stamp caseworkers</b>						
<b>Caseworker administrative burden measures</b>	<b>Changes for the caseworker</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Number of contacts with participants	2%	32%	53%	13%	0%
	Time spent with participants during contacts	3%	20%	68%	9%	0%
	Time spent on paperwork (including verification)	14%	19%	41%	21%	4%
<b>Caseworker simplification measures</b>	<b>Changes for the caseworker</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Calculation of food stamp benefits	15%	27%	31%	26%	1%
	Decisions on whether to apply changes reported by participants	15%	22%	26%	29%	7%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.

**Appendix IV: Selected Responses to Local Surveys**

**Figure 16: Child Support Expense Income Exclusion**

<b>Percentage of food stamp caseload affected</b>						
<b>None (0%)</b>	<b>Few (1-19%)</b>	<b>Some (20-39%)</b>	<b>About half (40-59%)</b>	<b>Most (60-79%)</b>	<b>Almost all (80-99%)</b>	<b>All (100%)</b>
0%	77%	19%	3%	2%	0%	0%
<b>Changes for food stamp participants</b>						
<b>Participant administrative burden measures</b>	<b>Changes for the participants</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Time spent applying for food stamps	0%	0%	84%	16%	0%
	Amount of paperwork required	0%	1%	76%	23%	0%
<b>Changes for food stamp caseworkers</b>						
<b>Caseworker administrative burden measures</b>	<b>Changes for the caseworker</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Number of contacts with participants	0%	3%	83%	15%	0%
	Time spent with participants during contacts	0%	1%	84%	15%	0%
	Time spent on paperwork (including verification)	0%	1%	76%	23%	0%
<b>Caseworker simplification measures</b>	<b>Changes for the caseworker</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Calculation of food stamp benefits	0%	5%	79%	16%	0%
	Determination or redetermination of eligibility	0%	5%	81%	14%	0%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.

**Appendix IV: Selected Responses to Local Surveys**

**Figure 17: Simplified Determination of Deductions**

<b>Percentage of food stamp caseload affected</b>						
<b>None (0%)</b>	<b>Few (1-19%)</b>	<b>Some (20-39%)</b>	<b>About half (40-59%)</b>	<b>Most (60-79%)</b>	<b>Almost all (80-99%)</b>	<b>All (100%)</b>
0%	24%	35%	14%	13%	13%	2%
<b>Changes for food stamp participants</b>						
<b>Participant administrative burden measures</b>	<b>Changes for the participants</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Time spent applying for food stamps or reporting changes	3%	26%	65%	5%	2%
	Amount of paperwork required	4%	35%	57%	3%	2%
<b>Participant simplification measures</b>	<b>Changes for the participants</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Rules related to reporting or documenting deductions	2%	41%	23%	24%	10%
<b>Changes for food stamp caseworkers</b>						
<b>Caseworker administrative burden measures</b>	<b>Changes for the caseworker</b>	<b>Greatly decreased</b>	<b>Somewhat decreased</b>	<b>Remained the same</b>	<b>Somewhat increased</b>	<b>Greatly increased</b>
	Number of contacts with participants	1%	29%	55%	13%	3%
	Time spent with participants during contacts	2%	24%	60%	13%	2%
	Time spent on paperwork (including verification)	7%	40%	43%	9%	2%
	Frequency of benefit calculation	9%	39%	39%	11%	2%
<b>Caseworker simplification measures</b>	<b>Changes for the caseworker</b>	<b>Greatly simplified</b>	<b>Somewhat simplified</b>	<b>Remained the same</b>	<b>Somewhat complicated</b>	<b>Greatly complicated</b>
	Decisions on whether to apply changes reported by participants	7%	29%	23%	35%	6%

Source: GAO survey.

Note: These estimates are accurate to within plus or minus 10 percentage points at the 95 percent level of confidence. Rows may not sum to 100 percent because of rounding errors.

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# Appendix V: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

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