

July 1999

# FOOD STAMP PROGRAM

## Various Factors Have Led to Declining Participation



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

B-282728

July 2, 1999

The Honorable William J. Coyne  
Ranking Minority Member  
Subcommittee on Oversight  
Committee on Ways and Means  
House of Representatives

The Honorable Sander M. Levin  
Ranking Minority Member  
Subcommittee on Trade  
Committee on Ways and Means  
House of Representatives

Participation in the Food Stamp Program, the nation's largest food assistance program, has dropped by 27 percent during the past 3-1/2 years. The monthly average number of low-income participants declined from 25.5 million in fiscal year 1996 to about 18.5 million in the first half of fiscal year 1999. The U.S. Department of Agriculture (USDA) estimates that participation has declined at about the same rate for children, who represent about half of the food stamp rolls. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly known as the Welfare Reform Act, changed welfare from an entitlement program to one designed to end needy parents' dependence on government aid by promoting employment. Accordingly, the act gave the states flexibility, for example, to require applicants to look for work as a condition of eligibility for welfare benefits. The act retained the Food Stamp Program as an entitlement program for qualifying participants, but it tightened the program's eligibility standards by establishing work requirements for able-bodied adults without dependents and by disqualifying most permanent resident aliens from participating in the program.

Because of concerns that states' efforts to reduce their welfare caseloads may have diminished eligible children's participation in the Food Stamp Program, you asked us to examine (1) the reasons for the recent drop in food stamp participation and (2) any problems that households with eligible children have experienced in obtaining food stamps. To assess these concerns, we analyzed the responses to a questionnaire we sent the 50 states and the District of Columbia; obtained data and reports on food stamp participation from the Food and Nutrition Service within USDA; and surveyed each of the Food and Nutrition Service's seven regional offices,

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which oversee state and local governments' implementation of the program.

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## Results in Brief

The strong U.S. economy, tighter food stamp eligibility requirements, and welfare reform initiatives are the primary reasons for the decline in food stamp participation. According to the states, participation has dropped mainly because fewer people are eligible to receive food stamps—a result of the strong economy and changes in food stamp eligibility. However, most states also believe that welfare reform initiatives designed to reduce the welfare rolls have helped to lower food stamp participation. Children accounted for about 48 percent of the total decline in participation in fiscal year 1997, the most recent year for which detailed data are available. Moreover, children's participation in the Food Stamp Program has dropped more sharply than the number of children living in poverty, indicating a growing gap between need and assistance.

Some households, including those with eligible children, have had problems obtaining food stamps because some state and local governments have gone farther than the law permits in limiting benefits. Believing that welfare families need to become self-reliant and break their dependence on government assistance, these state and local governments have taken steps that USDA has subsequently found to be excessive. For example, New York City emphasized job searches during applicants' first visits without permitting households to apply for food stamps—a procedure that USDA determined was a violation of food stamp law and a federal court, in effect, barred by granting a preliminary injunction in an ongoing court case. Similarly, Michigan denied food stamp benefits to whole households rather than to individual members of households when these members had violated welfare requirements—a procedure that a federal court ruled was illegal. In addition, many former welfare recipients do not receive food stamp benefits because several state and local governments have not publicized differences in the eligibility requirements for welfare and food stamps. The states' actions occurred, in part, because USDA has not promulgated regulations for implementing revisions to the Food Stamp Program enacted almost 3 years ago. Furthermore, USDA's Food and Nutrition Service has not reviewed potential participants' access to food stamp benefits in 10 states since the beginning of fiscal year 1997. We offer recommendations to USDA to correct these inequities in the program.

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## Background

The Food Stamp Program helps low-income individuals and families obtain a more nutritious diet by supplementing their income with food stamp benefits. USDA's Food and Nutrition Service (FNS) and the states jointly implement the Food Stamp Program. FNS promulgates regulations for implementing the Food Stamp Program, reviews states' operating plans to ensure compliance with the regulations, and pays the full cost of the food stamp benefits and about half of the states' administrative costs. 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. Almost all of the states use a single application for the Food Stamp and welfare programs to reduce administrative costs, even though the eligibility rules for these two programs are different.

In fiscal year 1998, the Food Stamp Program provided about \$16.9 billion in benefits, or an average of \$170 per participating household per month.<sup>1</sup> A household's monthly food stamp benefit depends on the household's income, assets, and number of qualified members. Eligibility for food stamps is based on the Department of Health and Human Services' poverty guideline: A household's gross income cannot exceed 130 percent of the guideline (about \$1,800 per month for a family of four living in the contiguous United States), and its net income cannot exceed 100 percent of the guideline (about \$1,400 per month for a family of four living in the contiguous United States). In addition, a household is limited to \$2,000 in countable resources, plus a vehicle worth no more than \$4,650. (Eligibility requirements are less stringent for households with elderly or disabled members.) The states generally require food stamp households to have their eligibility recertified every 3 to 12 months.

The Welfare Reform Act (P.L. 104-193, Aug. 22, 1996) reformed the nation's welfare program and modified aspects of the Food Stamp Program. To reform welfare, the act replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program and gave the states responsibility for administering TANF with block grant funding. The act set a lifetime limit of 5 years on the receipt of TANF benefits and established financial penalties for states that fail to ensure that a specified minimum percentage of their welfare households work or participate in work-related activities each year. In implementing welfare reform, the states have used the act's flexibility to (1) require that applicants look for jobs before their TANF

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<sup>1</sup>A household consists of individuals who live together and customarily purchase and prepare food in common.

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applications are processed; (2) require that TANF recipients attend training sessions and search for work as a basis for continuing to receive benefits; (3) offer onetime, lump-sum payments (known as diversion payments) to potential applicants rather than enroll them in the TANF program; and (4) disqualify individuals from participation in the Food Stamp Program for TANF violations, thereby reducing the household's total food stamp benefit.<sup>2</sup>

The act also tightened food stamp eligibility requirements and eased administrative requirements. It disqualified able-bodied adults without dependents who, during the preceding 36-month period, received food stamp benefits for at least 3 months but worked less than 20 hours per week.<sup>3</sup> Similarly, the act required that the states, by August 1997, remove from their rolls most permanent resident aliens who were previously eligible to receive food stamps.<sup>4</sup> In addition, the act replaced several specific administrative requirements with more general standards that give the states more flexibility in operating their food stamp programs.

Historically, participation in the Food Stamp Program has tracked U.S. business cycles: Food stamp participation has grown as the economy has slowed and declined as the economy has expanded. However, particularly since 1996, food stamp participation has dropped faster than related economic indicators would predict. Figure 1 shows that food stamp participation, unemployment, and the number of people living in poverty rose during the recession in the late 1980s and early 1990s. Since then, food stamp participation and unemployment have dropped to their 1990 and 1989 levels, respectively, as the U.S. economy has expanded. (See table I.1 in app. I for data on food stamp participation by state.) However, the number of people living in poverty, which peaked at 39.3 million in 1993, declined more gradually and leveled off after 1995—about 4 million more people were living in poverty in 1997 than in 1989.

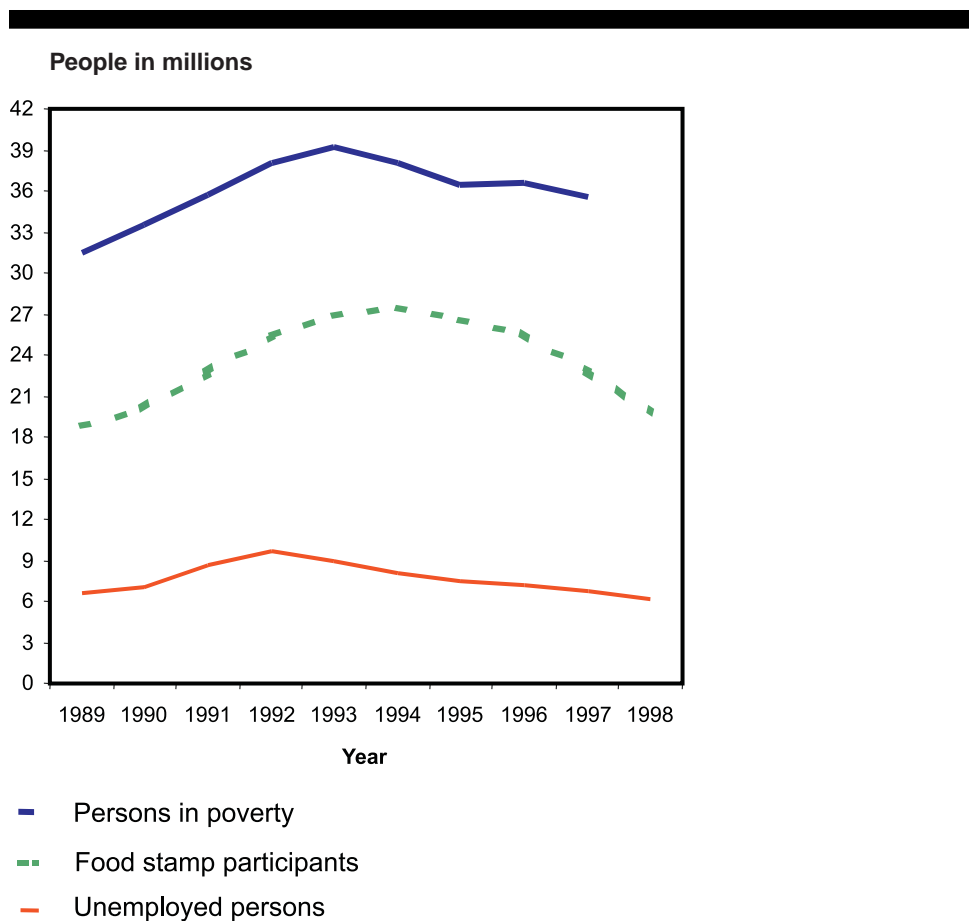
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<sup>2</sup>See *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence* (GAO/HEHS-98-109).

<sup>3</sup>States may ask to waive the work requirement for groups of individuals who live in an area where the unemployment rate is over 10 percent or there are not enough jobs to provide employment.

<sup>4</sup>As of Nov. 1, 1998, the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) restored eligibility for the Food Stamp Program to permanent resident aliens who (1) were living in the United States when the Welfare Reform Act was enacted in Aug. 1996 and were over 65 or disabled or (2) are under age 18.

**Figure 1: Number of Food Stamp Participants Compared With Numbers of Unemployed People and People Living in Poverty, 1989-98**



Note: The number of people living in poverty is unavailable for 1998.

Sources: FNS; the Bureau of Labor Statistics, Department of Labor; and the Bureau of the Census, Department of Commerce.

The number of people who received food stamp benefits has declined each year since fiscal year 1994, with most of the decline occurring after fiscal year 1996. Between fiscal year 1996 and fiscal year 1998, the food stamp rolls decreased by 5.8 million participants, accounting for 75 percent of the total decrease since fiscal year 1994. Food stamp participation dropped in each state, declining by an average of 23 percent and ranging from about 32 percent in Wisconsin to 6 percent in Hawaii. (See table I.2 in app. I for the states with the greatest decline in participation.)

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## Various Factors Have Caused the Decline in Food Stamp Participation

The primary factors contributing to the decline in food stamp participation have been the strong U.S. economy, provisions of the Welfare Reform Act that tightened the Food Stamp Program's eligibility requirements, and state and local government initiatives designed to reduce TANF rolls, according to the 50 respondents to our survey<sup>5</sup> and FNS' most recent report.<sup>6</sup> Few states cited any other factor as a major or moderate reason for the recent decline in food stamp participation. Overall, 27 states attributed the decline in food stamp participation in their state primarily to a drop in the number of people eligible to receive food stamps, while the decline in the number of eligible people who participate in the program was less important. FNS' data similarly show that the number of people eligible for food stamps declined by 18 percent from August 1996 to September 1997, reflecting the strong economy and tighter eligibility requirements. In contrast, seven states attributed the decline in food stamp participation in their state primarily to a drop in the number of eligible people who participate in the program. In recent years, the number of children living in poverty who receive food stamp benefits has dropped, indicating a growing gap between need and assistance. USDA also reported that the number of children receiving free lunches through its school lunch program increased by 6.4 percent from fiscal year 1994 through fiscal year 1997.

Forty-two states cited their improved state economy as either a major or a moderate reason for the decline in food stamp participation since 1996. (See table 1.) The strong U.S. economy has reduced the number of eligible people because more people are employed and earning more money, reducing the number of people who meet the Food Stamp Program's income eligibility standard. The strong economy has also reduced the length of time some people spend on the food stamp rolls because they can find a new job faster. Finally, the strong economy may indirectly lower the percentage of eligible people participating in the program because, as households' income levels rise and food stamp benefits fall proportionally, households may decide not to apply or seek recertification for these benefits, especially when they approach the \$10-per-month minimum level.

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<sup>5</sup>These respondents, referred to as "states" in the remainder of this report, include 49 states and the District of Columbia. Rhode Island did not respond to our questionnaire.

<sup>6</sup>Characteristics of Food Stamp Households for fiscal year 1997 (Feb. 1999) cited these factors but could not determine the relative importance of each factor in causing the drop in food stamp participation.



**Table 1: Distribution of Reasons Cited by States for the Decline in Food Stamp Participation**

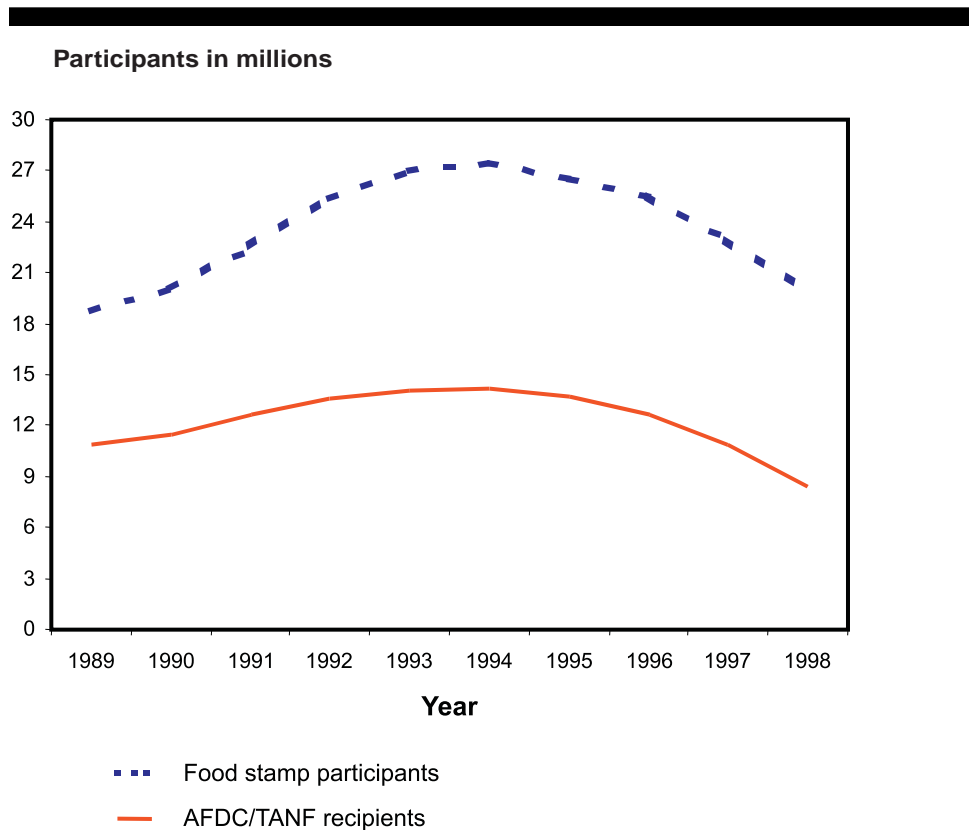
<b>Reason cited for the decline</b>	<b>Major reason</b>	<b>Moderate reason</b>	<b>Minor reason/not a reason</b>	<b>No basis to judge/does not apply</b>
Improved state economy/more people with jobs	28	14	4	3
Changes in federal law that tightened food stamp requirements for able-bodied adults without dependents	7	20	21	2
Changes in federal law that tightened food stamp eligibility requirements for legal immigrants	5	15	29	1
Federal, state, or local welfare reform initiatives designed to reduce the TANF caseload that also affected food stamp participation	5	14	27	4
Fewer months spent by participants on the food stamp rolls	2	12	15	21
Perceived stigma associated with receiving food stamps	0	4	36	10
Small monthly food stamp benefits/not worth the time and effort to apply or be recertified for food stamps	0	3	39	8
Change in attitudes of potential food stamp applicants to rely primarily on themselves and their families rather than on food stamps	0	3	27	18
Automation/technology improvements that reduced fraud and waste	0	4	35	11
Net movement of eligible individuals and households out of the state	0	0	32	18
Implementation of electronic benefit transfer (EBT) card that discouraged use by participants lacking experience with electronic cards	0	0	32	18

Source: State-reported survey data.

Many states believe that the tighter eligibility restrictions on able-bodied adults without dependents and on permanent resident aliens are important reasons for the drop in food stamp participation. Specifically, 27 states cited the new work requirements for able-bodied adults without dependents as a major or moderate reason for the decline in food stamp participation. Similarly, 20 states cited the new restrictions on permanent resident aliens as a major or moderate reason for the decline in food stamp participation. California, Florida, and Texas, which have large permanent resident alien populations, cited the new restrictions on permanent resident aliens as a major reason for the decline in their food stamp rolls; New York, which also has a large permanent resident alien population, cited these restrictions as a moderate reason for the decline in its food stamp rolls. During fiscal year 1997, participation in the Food Stamp Program by able-bodied adults without dependents and by permanent resident aliens fell by about 714,000 people, accounting for about 25 percent of the decline in food stamp participation. (See tables II.1 and II.2 in app. II for information about categories of participants.)

Federal, state, or local initiatives designed to reduce the TANF caseload were cited by 19 states as a major or moderate reason and by 19 additional states as a minor reason for the decline in their food stamp rolls. As shown in figure 2, participation in both welfare and the Food Stamp Program peaked in 1994 and has dropped sharply since then. The number of welfare recipients dropped by about 43 percent, from about 14.2 million in 1994 to about 8.1 million in August 1998. About two-thirds of this decline occurred after August 1996, when the Welfare Reform Act was enacted and there were about 12.2 million welfare recipients. The number of TANF recipients leaving the Food Stamp Program during fiscal year 1997 was almost twice as great as the number of non-TANF recipients. (See tables II.3 and II.4 in app. II.)

Figure 2: Number of Food Stamp Participants Compared With Number of AFDC/TANF Recipients, 1989 Through 1998



Source: FNS and the Administration for Children and Families.

Studies conducted by various states suggest that many former TANF recipients do not receive food stamp benefits, even though they are eligible.<sup>7</sup> For example, a Wisconsin study found that former welfare recipients had a median wage of \$7.00 per hour, which would meet the food stamp income eligibility standard for a household of three; however, 51 percent of these former recipients did not receive food stamps, and 34 percent of the former recipients were unaware that they might still qualify for food stamps.<sup>8</sup> The Wisconsin study also found that 32 percent of the state's former welfare recipients had no way to buy food for some period of time after they left welfare and 13 percent relied on food pantries for assistance. Similarly, a South Carolina study found that former welfare recipients had an average wage of \$6.45 per hour, which was below the food stamp income eligibility requirement for a household of three; however, 40 percent of these former recipients did not receive food stamps, and 22 percent were unaware that they might qualify for food stamps.<sup>9</sup> The South Carolina study also found that 13 percent of the state's former welfare recipients had no way to buy food for some period of time after they left welfare and 17 percent received assistance from a shelter or food pantry. Studies conducted by Massachusetts and Texas found similar trends.<sup>10</sup>

The food stamp directors of four FNS regional offices told us that the implementation of TANF has been an important factor in the decline in food stamp participation in their regions. In particular, the directors cited confusion about the eligibility rules for both TANF and food stamps as a deterrent to potential applicants. According to these directors, many people do not apply for food stamps because they assume that if they are ineligible for TANF, they are also ineligible for food stamps. One director noted that one of the most common problems identified by the regional office's state operations reviews is confusion over eligibility requirements—on the part of both the eligibility workers and the food stamp applicants.

<sup>7</sup>Although these studies did not specifically examine food stamp participation among eligible former TANF recipients, they provide data on former recipients' earnings and receipt of food stamps.

<sup>8</sup>Survey of Those Leaving AFDC or W-2 January to March 1998 Preliminary Report, State of Wisconsin, Department of Workforce Development (Jan. 13, 1999).

<sup>9</sup>Survey of Former Family Independence Program Clients: Cases Closed during July through September 1997, South Carolina Department of Social Services, Division of Program Quality Assurance (Oct. 9, 1998).

<sup>10</sup>How Are They Doing? A Longitudinal Study of Households Leaving Welfare Under Massachusetts Reform, Massachusetts Department of Transitional Assistance (Apr. 1999) and Texas Families in Transition: The Impacts of Welfare Reform Changes in Texas, Early Findings, Texas Department of Human Services (Dec. 1998).

## The Percentage of Children Living in Poverty Who Received Food Stamp Benefits Dropped in 1997

As shown in table 2, there is a growing gap between the number of children living in poverty—an important indicator of children’s need for food assistance—and the number of children receiving food stamp assistance. In particular, during fiscal year 1997, the number of children living in poverty dropped by 350,000 (or 3 percent) while the number of children participating in the Food Stamp Program dropped by 1.3 million (or 10 percent). As a result, the percentage of children living in poverty who received food stamps declined from 91.4 percent to 84.1 percent.

**Table 2: Comparison of the Number of Children Receiving Food Stamps With the Number of Children Living in Poverty, 1989-97**

Children in thousands			
Year	Children who received food stamps <sup>a</sup>	Children living in poverty <sup>b</sup>	Percentage of children living in poverty who received food stamps
1989	9,442	12,590	75.0
1990	10,139	13,431	75.5
1991	11,960	14,341	83.4
1992	13,364	15,294	87.4
1993	14,211	15,727	90.4
1994	14,407	15,289	94.2
1995	13,879	14,665	94.6
1996	13,212	14,463	91.4
1997	11,868	14,113	84.1

<sup>a</sup>Totals are estimates by fiscal year.

<sup>b</sup>Totals are estimates by calendar year.

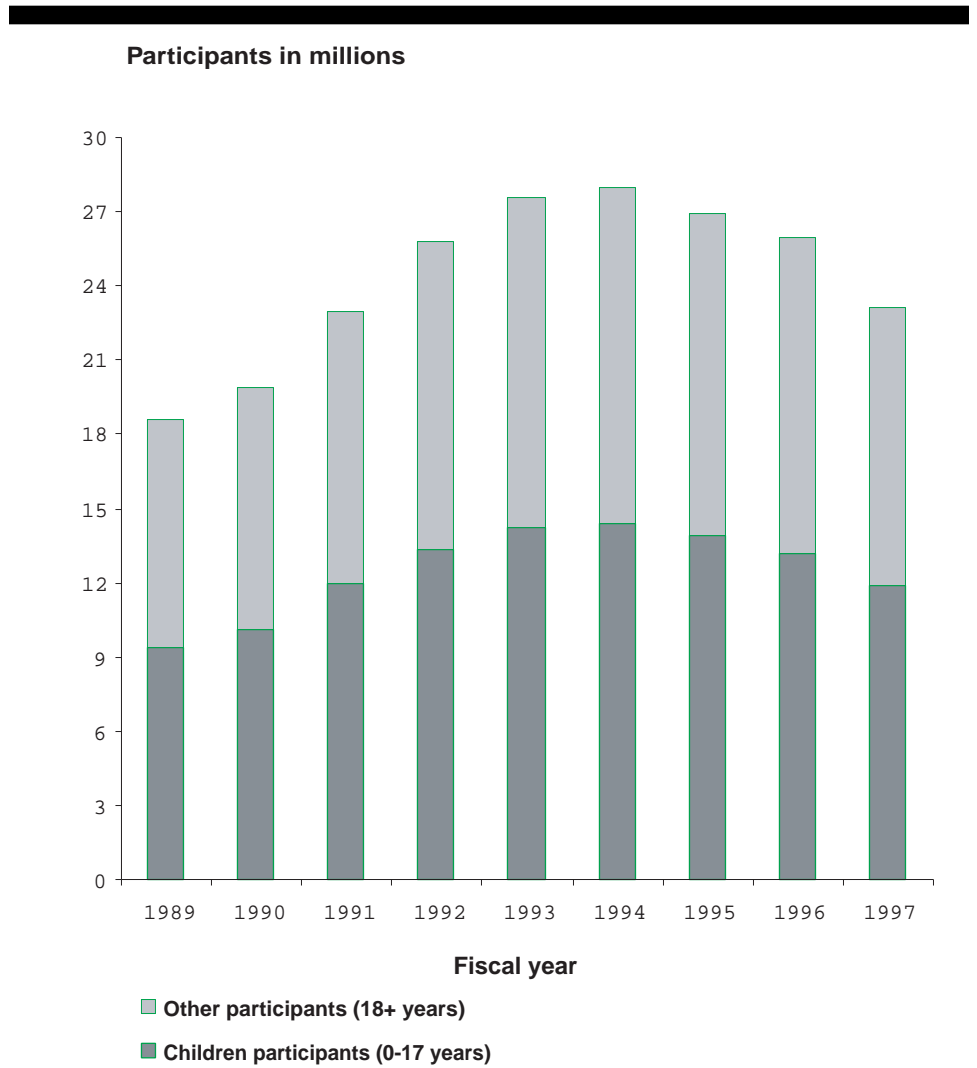
Sources: FNS for food stamp data and the U.S. Bureau of the Census, within the U.S. Department of Commerce, for poverty data.

Figure 3 shows that children’s participation in the Food Stamp Program has declined at the same rate as adults’ participation.<sup>11</sup> Children consistently accounted for about half of all Food Stamp Program participants from fiscal year 1989 through fiscal year 1997. From fiscal year 1994 through fiscal year 1997, the number of children receiving food stamps declined by an estimated 2.5 million. (See tables II.5 and II.6 in app. II for information on the distribution of food stamp participants by age.) Most of this drop occurred during fiscal year 1997, when an estimated 1.3 million children left the Food Stamp Program. This drop in children’s

<sup>11</sup>The Food Stamp Program defines children as being less than 18 years old.

participation accounted for 48 percent of the total decline in participation during fiscal year 1997.

Figure 3: Children as a Proportion of All Participants in the Food Stamp Program, Fiscal Years 1989-97



Source: FNS.

## Demand for Food Assistance Has Increased While Food Stamp Participation Has Declined

Data from USDA and several nonprofit organizations show that the demand for food assistance by low-income families has increased in recent years, indicating that the drop in food stamp participation is not solely the result of a strong U.S. economy. According to these data, the need for food assistance has not diminished; rather, needy individuals are relying on sources of assistance other than food stamps. For example, the number of children served free lunches in USDA's National School Lunch Program increased by 6 percent from fiscal year 1994 through fiscal year 1997, while the number of school-age children participating in the Food Stamp Program declined by 18 percent—about 5 million more children obtained free lunches than food stamps in fiscal year 1997.<sup>12</sup> (See table II.7 in app. II.) Catholic Charities reported that during 1998, the demand for emergency food assistance rose, on average, by 38 percent among 73 percent of the local parishes that responded to its survey. Similarly, from November 1997 through October 1998, requests for emergency food assistance by needy individuals increased by an average of 14 percent in 21 of the 30 major cities surveyed by the U.S. Conference of Mayors.

## Some Eligible Families With Children Have Had Problems Obtaining Food Stamps

While many states have treated food stamps as an important safety net that helps the working poor move from public assistance to the workforce, several state and local governments have implemented more stringent policies that have restricted the access to food stamp benefits of an undeterminable number of eligible families with children. In particular, FNS regional offices have investigated practices in New York City; Portland, Oregon; and Milwaukee, Wisconsin, and found barriers to food stamp participation. Similarly, at least seven states have policies that improperly remove eligible households with children from the food stamp rolls as a sanction for a TANF violation. This has occurred, in part, because FNS has not promulgated regulations that implement the Welfare Reform Act's revisions to the Food Stamp Program. Without regulations, state and local governments believe they have the flexibility to implement more stringent requirements associated with the TANF program than FNS believes is appropriate. In addition, FNS regional offices have not reviewed participants' access to food stamp benefits in 10 states since the Welfare Reform Act was enacted in August 1996. These reviews have not occurred, in part, because some regional offices have not annually reviewed Food Stamp Program operations in each state within their jurisdiction, as required.

<sup>12</sup>To be eligible for a free lunch, a child must come from a household whose income is at or below 130 percent of the federal poverty guideline.

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## Three Regional FNS Reviews Reveal Barriers to Participation

During the past year, FNS regional offices have reviewed access to the Food Stamp Program in New York, Oregon, and Wisconsin in response to complaints from advocacy groups and a Member of Congress. As described more fully in appendix III, each of these reviews has identified barriers that have made the Food Stamp Program less accessible for eligible people.

- FNS found that New York City violated federal law and regulations because caseworkers at the two job centers it reviewed (1) did not permit households to apply for food stamps during their first visit; (2) did not inform applicants about the availability of food stamps if the applicants either were denied TANF benefits or accepted a onetime, lump-sum payment (known as a diversion payment) instead of applying for TANF benefits; and (3) frequently denied food stamp benefits to applicants who did not participate in eligibility verification for food stamps and employment-related activities primarily for TANF. In addition, FNS' food stamp director for the Northeast Region told us that job center staff were informing applicants that expedited food stamps were no longer available, refusing to accept food stamp applications because it was "too late" in the day, and encouraging applicants to withdraw their food stamp applications. While New York City officials initially disagreed with FNS' report, citing the agency's reliance on regulations that the officials believed were inconsistent with the Welfare Reform Act, New York City implemented New York State's corrective action plan that addressed FNS' concerns in April 1999.

In addition, in January 1999, a federal district court granted a preliminary injunction, in effect barring New York City from using certain procedures. The court found that the plaintiffs and other applicants for food stamp benefits, Medicaid, and cash assistance would suffer irreparable harm if relief were not provided through a preliminary injunction. As a result, the court directed New York City, among other things, to (1) allow all persons applying for food stamps, Medicaid, and cash assistance to apply for such benefits on the first day that they visit a job center and (2) process all applications for expedited food stamps at job centers within the time frames required by law.

- FNS found that certain area offices in Portland, Oregon, had procedures that created possible barriers to participation. Food stamp applicants who arrived after 8:30 a.m. were told to return to the office on another day to file their applications. Furthermore, the offices' "first-come, first-served" procedures created situations where clients who arrived before 8:30 a.m.

had waited all day without being seen by an eligibility worker, only to be told at the close of business to return on another day and start over again. Although Oregon officials questioned some of FNS' findings and recommendations, they submitted a corrective action plan that addressed FNS' concerns.

FNS officials noted that procedures that require food stamp applicants to return for a second day create barriers to participation, especially for the working poor, because most food stamp offices are open only during business hours.<sup>13</sup> Furthermore, many participants are required to return to the food stamp office four times a year to be recertified for food stamps. A 3-month recertification period has become more common because the states are seeking to reduce errors, such as overpayments resulting from changes in a household's income or composition. Households with earned income typically are recertified more often than households on fixed incomes because their incomes are more likely to change.

- FNS found that several practices violated federal regulations in its review of two welfare centers in Milwaukee, Wisconsin. However, FNS believed that these centers were not intentionally trying to divert potential applicants from food stamp benefits. For example, staff at the centers did not (1) inform applicants of their right to file a food stamp application on the day of their first contact with the office and (2) provide food stamp applications upon request.<sup>14</sup> In addition, FNS found that the centers hindered participation because posters that outline food stamp applicants' rights were not displayed and clients' work schedules were not taken into account when recertification interviews were scheduled. Although Wisconsin officials questioned some of FNS' findings, they submitted a corrective action plan that FNS currently is reviewing.

## Some States Have Disqualified Whole Households From the Food Stamp Program for TANF Violations by Individual Members

Some states have used what is called the comparable disqualification provision of the Welfare Reform Act to disqualify an entire household from participation in the Food Stamp Program because one member has violated a TANF requirement. The comparable disqualification provision gives the states the option to (1) disqualify a food stamp participant who has been disqualified under another means-tested program and (2) apply

<sup>13</sup>Five states cited the inconvenience of being recertified during business hours as a moderate reason why eligible households with children do not participate in the Food Stamp Program, while 20 states characterized it as a minor reason.

<sup>14</sup>Failing to inform applicants of their right to file a food stamp application on the day of their first contact with the office also violates the Food Stamp Act.



the disqualification for benefits under the other means-tested program to food stamp benefits. As a result, the states can disqualify a food stamp participant for not complying with TANF's work requirements, even if the participant is exempt from work requirements under the Food Stamp Program's rules.

Initially, FNS' guidance allowed the states to decide whether to disqualify the entire household or just the noncomplying individual. However, FNS reversed its position in November 1997 and directed the states to disqualify only the noncomplying individual. Despite the revision in FNS' guidance, 7 states said they disqualify an entire household for food stamp benefits because of a member's TANF violations, 13 states said they determine whom to sanction for a TANF violation on a case-by-case basis, and 2 states said they had previously suspended the food stamp benefits of an entire household for a member's TANF violations. In March 1998, a federal district court (in an unreported decision) directed Michigan to stop disqualifying an entire household for food stamps because of a member's TANF violation (not cooperating in obtaining child support). An FNS regional official told us that FNS cannot force states to change their policies until FNS publishes regulations for implementing the comparable disqualification provision.

### FNS Has Not Promulgated Regulations for Implementing the Welfare Reform Act's Revisions

The Welfare Reform Act revised the Food Stamp Program's administrative requirements by replacing several specific requirements with more general performance standards. Specifically, the act allows each state to establish procedures for operating its food stamp offices that the state determines best serve its households provided, in part, that the state (1) provides timely, accurate, and fair service to applicants for, and participants in, the Food Stamp Program and (2) permits households to apply to participate in the program on the same day that they first contact a food stamp office in person during office hours. It is unclear whether, as a result of this revision, FNS will continue to require, for example, that the states prominently display signs in all food stamp certification offices explaining eligibility standards and inform each applicant for assistance of the right to apply for food stamps on the day of initial contact.

Although the Welfare Reform Act was enacted almost 3 years ago, FNS has not promulgated regulations implementing the act's food stamp revisions because of delays in USDA's clearance process. FNS could not provide a reason for the delay in promulgating regulations. In May 1999, FNS published the first of several Notices of Proposed Rulemaking in the

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Federal Register (this notice addressed an unrelated revision). FNS plans to promulgate final rules for all of the Welfare Reform Act's revisions by December 2000. FNS has also provided guidance to the states on specific issues, such as diversion payments and comparable disqualifications, through policy memorandums and questions and answers posted on its Web site. However, unlike federal regulations, this guidance is not binding.

Because FNS has not promulgated implementing regulations, some state and local governments have implemented more stringent requirements associated with the TANF program than FNS believes is appropriate. The Midwest regional office has told its states that they are allowed to interpret the Welfare Reform Act's revisions for themselves until regulations are published. New York City officials have petitioned USDA to promulgate new regulations repealing food stamp regulations that, in New York City's opinion, are inconsistent with the Welfare Reform Act and to clarify the ability of states and localities to implement the act's goals in their local food stamp offices.

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### FNS Has Not Examined Program Access Issues in Many States

FNS' regulations require that FNS regional offices annually review the operations of each state in their jurisdiction to ensure that the states are complying with federal regulations implementing the Food Stamp Program. These reviews have previously identified obstacles to gaining access to benefits and have directed the states to correct their procedures. For example, the regional offices have found untimely application processing, a lack of bilingual staff, confusion over rules and regulations affecting eligibility, and failure to inform applicants who have been denied TANF benefits about the availability of food stamps. Each of these problems, if uncorrected, creates a barrier to participation for eligible households. However, we found that only three of the seven regional offices regularly conduct an annual review of each state in their jurisdiction. The other offices said they did not have sufficient staff resources to annually examine each state's operations. Even when the regional offices review the states' operations, they often do not evaluate the access of potential participants to food stamp benefits. As of June 21, 1999, FNS regional offices had not examined program access issues in 10 states since the beginning of fiscal year 1997. (See app. IV.)

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## Conclusions

While the strong U.S. economy and legislation revising eligibility requirements for the Food Stamp Program are important reasons why participation in the program is declining, several state and local

governments have implemented stringent policies designed to reduce their TANF caseloads that have restricted low-income families' access to food stamp benefits. Because FNS found that some of these policies violate food stamp law, it has worked with the states to make appropriate changes. FNS also determined that some states' implementation of the Welfare Reform Act's comparable disqualification provision is not supported by law. However, FNS has not ordered the states to change their policies, and FNS has not promulgated regulations implementing the Welfare Reform Act's revisions to the Food Stamp Act. As long as the policies remain in effect, some qualifying households, including those with children, may not be receiving food stamp benefits to which they are legally entitled. This is important because the number of children living in poverty who receive food stamps has declined in recent years, indicating a growing gap between need and assistance. In addition, states' studies of TANF reform indicate that many former TANF recipients may not receive food stamp benefits because they are unaware that they may qualify for food stamps. Further exacerbating this problem, FNS regional offices inconsistently enforce food stamp requirements and some do not annually review each state's operations, as required. Finally, when FNS performs such reviews, it does not always examine people's access to food stamp benefits.

## Recommendations

To ensure that eligible people receive food stamp benefits, we recommend that the Secretary of Agriculture direct the Administrator, Food and Nutrition Service, to take the following actions:

- Promulgate regulations implementing the Welfare Reform Act's revisions to the Food Stamp Act. These regulations should, at a minimum, require that the states (1) inform each applicant for assistance of the right to apply for food stamps during the first meeting, regardless of whether the applicant applies for other assistance, and (2) sanction the food stamp benefits only of the individual who does not comply with requirements of the Temporary Assistance for Needy Families program.
- Publicize eligibility requirements for the Food Stamp Program and distinguish them from the eligibility requirements for the Temporary Assistance for Needy Families program.
- Give higher priority to aggressively targeting issues related to participants' access to food stamp benefits in reviewing states' food stamp operations.

## Agency Comments and Our Evaluation

We provided the U.S. Department of Agriculture with a draft of this report for review and comment. We met with Agriculture officials, including the

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Associate Deputy Administrator for the Food Stamp Program within the Food and Nutrition Service. The Department agreed with the thrust of the report and with our recommendations for promulgating regulations implementing the Welfare Reform Act's revisions and publicizing eligibility requirements for the Food Stamp Program. In response to our proposed recommendation that Agriculture develop a strategy for ensuring an annual review of each state's food stamp operations, the Department said that on-site reviews would be difficult to conduct at each state annually, given resource constraints, but agreed on the importance of targeting participant access issues. We revised our proposed recommendation, eliminating the reference to conducting annual reviews of each state's operations while continuing to emphasize the importance of targeting issues associated with participants' access to food stamp benefits. In addition, the Department provided comments to improve the report's technical accuracy, which we incorporated as appropriate.

We also made portions of the draft report available to the states of New York, Oregon, and Wisconsin. New York officials pointed out that the decline in food stamp participation in their state either has mirrored or is below the national trend for various periods between 1994 and 1999. While we agree with New York State's point, we did not modify the report because it does not discuss individual states' food stamp participation rates. (See app. V. for New York's written comments and our responses.) In addition, Oregon and Wisconsin provided comments to improve the report's technical accuracy, which we incorporated as appropriate. (See app. VI for Wisconsin's written comments.)

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## Scope and Methodology

To assess the reasons individual states cite for the recent drop in food stamp participation, we surveyed the food stamp directors of the 50 states and the District of Columbia about their (1) perceptions as to why, for example, their state's food stamp rolls have declined and eligible households with children may decide not to apply for food stamps and (2) state's food stamp participation data, to the extent that these data were readily available. We received responses to our questionnaire from 49 states and the District of Columbia (Rhode Island did not return the questionnaire). However, most of the states could not readily provide data on food stamp participation by categories of participants, recertifications, applications, or sanctions. We also obtained FNS' official participation data (known as "keydata") and FNS' quality control data. The keydata reflect the monthly number of food stamp participants in each state. The quality control data, which are derived from a national probability sample of

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participating food stamp households, provide participation information for children, the elderly, and other categories of food stamp participants. Fiscal year 1997 data are the most current quality control data available. We used both data sources to provide aggregate level trends from fiscal year 1989 through fiscal year 1998 and children's participation trends from fiscal year 1989 through fiscal year 1997. We interviewed cognizant FNS officials and representatives of Mathematica Policy Research, Inc., which for several years has had a contract with FNS to analyze food stamp participation trends. In addition, we examined several states' studies of former TANF recipients that provided data on former recipients' earnings and receipt of food stamps.

To identify the problems eligible households with children may be having in obtaining food stamps, we surveyed states about their policies and procedures for implementing the Food Stamp Program, including their procedures for sanctioning TANF violations. We also examined program access reviews that FNS regional offices have conducted in New York, Oregon, and Wisconsin. Each of these reviews identified barriers that reduced eligible people's access to the Food Stamp Program. We interviewed cognizant officials at FNS headquarters about its plans to promulgate regulations and at each of its seven regional offices about their annual reviews of states' operations. We performed our work from August 1998 through June 1999 in accordance with generally accepted government auditing standards. We did not independently verify the accuracy of participation data from FNS' quality control sample. The quality control sample data are the best data available for examining participation by categories of food stamp participants.

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As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies of the report to the congressional committees and subcommittees responsible for the Food Stamp Program; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable Jacob Lew, Director, Office of Management and Budget; and other interested parties. We will also make copies available upon request.

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Please contact me at (202) 512-5138 if you or your staff have any questions about this report. Key contributors to this report are listed in appendix VII.

A handwritten signature in black ink, appearing to read "Lawrence J. Dyckman". The signature is written in a cursive style with a large, prominent initial "L".

Lawrence J. Dyckman  
Director, Food and Agriculture Issues

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**Abbreviations**

AFDC	Aid to Families with Dependent Children
FNS	Food and Nutrition Service
GAO	General Accounting Office
TANF	Temporary Assistance for Needy Families
USDA	U.S. Department of Agriculture

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# Food Stamp Participation Trends

The data in this appendix are the actual number of participants reported monthly by each state to the U.S. Department of Agriculture's (USDA) National Data Bank.

**Table I.1: Average Monthly Number of Food Stamp Participants, by State, Fiscal Years 1990-98**

Participants in thousands

State	Fiscal year 1990	Fiscal year 1992	Fiscal year 1994	Fiscal year 1996	Fiscal year 1998	Change in number of participants
Alabama	453.5	549.7	547.7	509.2	426.8	-82.4
Alaska	25.1	37.7	45.9	46.2	42.5	-3.7
Arizona	317.1	457.1	511.7	427.5	295.7	-131.8
Arkansas	234.9	276.8	282.5	273.9	255.7	-18.2
California	1,954.8	2,557.9	3,154.6	3,143.4	2,259.1	-884.3
Colorado	221.3	259.7	268.3	243.7	191.0	-52.7
Connecticut	133.3	202.3	222.6	222.8	195.9	-26.9
Delaware	33.3	50.6	59.2	57.8	45.6	-12.2
Florida	781.5	1,403.9	1,474.4	1,371.4	990.6	-380.8
Georgia	535.6	754.1	830.4	792.5	631.7	-160.8
Hawaii	77.0	94.3	114.6	130.3	122.0	-8.3
Idaho	58.6	71.9	81.5	79.9	62.4	-17.5
Illinois	1,013.1	1,156.4	1,188.8	1,105.2	922.9	-182.3
Indiana	310.9	447.7	517.9	389.5	313.1	-76.4
Iowa	170.5	192.3	195.7	177.3	141.1	-36.2
Kansas	142.3	174.5	191.7	171.8	119.2	-52.6
Kentucky	458.2	528.8	522.3	485.6	412.0	-73.6
Louisiana	727.3	779.3	756.4	670.0	536.8	-133.2
Maine	93.8	132.5	135.8	130.9	115.1	-15.8
Maryland	254.7	342.2	390.2	374.5	322.7	-51.8
Massachusetts	347.3	428.8	441.8	373.6	293.0	-80.6
Michigan	916.6	994.2	1,030.7	935.4	771.6	-163.8
Minnesota	262.9	308.9	313.5	294.8	219.7	-75.1
Mississippi	499.2	535.9	510.5	457.1	329.1	-128.0
Missouri	431.4	549.5	593.1	553.9	411.0	-142.9
Montana	56.7	66.3	71.4	70.8	62.3	-8.5
Nebraska	94.5	107.3	110.8	101.6	94.9	-6.7
Nevada	49.8	79.7	96.7	96.7	71.5	-25.2
New Hampshire	30.6	57.7	61.6	52.8	39.6	-13.2
New Jersey	381.6	494.1	545.3	540.5	424.7	-115.8
New Mexico	157.3	221.3	244.3	235.1	174.7	-60.4

(continued)

**Appendix I  
Food Stamp Participation Trends**

Participants in thousands

<b>State</b>	<b>Fiscal year 1990</b>	<b>Fiscal year 1992</b>	<b>Fiscal year 1994</b>	<b>Fiscal year 1996</b>	<b>Fiscal year 1998</b>	<b>Change in number of participants</b>
New York	1,548.3	1,885.1	2,153.6	2,098.6	1,627.2	-471.4
North Carolina	419.0	596.7	629.9	631.1	527.8	-103.3
North Dakota	39.1	45.9	45.4	39.8	33.8	-6.0
Ohio	1,089.5	1,250.6	1,245.2	1,045.1	733.6	-311.5
Oklahoma	266.6	346.0	376.0	353.8	287.8	-66.0
Oregon	216.4	264.9	286.3	287.6	238.4	-49.2
Pennsylvania	952.0	1,137.4	1,208.3	1,123.5	906.7	-216.8
Rhode Island	64.1	87.4	93.8	90.9	72.8	-18.1
South Carolina	299.2	368.8	385.4	358.3	333.0	-25.3
South Dakota	50.4	54.7	53.3	48.8	45.2	-3.6
Tennessee	526.6	701.6	734.6	637.8	538.5	-99.3
Texas	1,879.9	2,454.0	2,725.8	2,372.0	1,636.2	-735.8
Utah	99.5	123.2	127.8	110.0	91.8	-18.2
Vermont	38.4	53.5	64.6	56.5	45.7	-10.8
Virginia	345.9	495.5	547.1	537.5	396.6	-140.9
Washington	340.3	431.5	467.6	476.4	362.2	-114.2
West Virginia	261.8	309.6	321.4	299.7	269.1	-30.6
Wisconsin	285.8	334.0	329.8	283.3	192.9	-90.4
Wyoming	28.3	33.4	34.0	33.0	25.5	-7.5
District of Columbia	62.1	82.3	90.7	92.8	85.4	-7.4
Guam	11.7	19.8	15.2	17.6	25.2	7.6
Virgin Islands	17.6	16.5	20.0	30.7	17.3	-13.4
<b>Total</b>	<b>20,066.8</b>	<b>25,405.6</b>	<b>27,467.8</b>	<b>25,540.3</b>	<b>19,786.7</b>	<b>-5,753.6</b>

Note: Puerto Rico is excluded because it receives block grant funding. Columns may not add because of rounding.

Source: Food and Nutrition Service (FNS), USDA.

**Appendix I**  
**Food Stamp Participation Trends**

**Table I.2: States With the Greatest Percentage Decline in Food Stamp Participation Since the Enactment of the Welfare Reform Act, Fiscal Years 1996-98**

Participants in thousands				
<b>State</b>	<b>Fiscal year 1996</b>	<b>Fiscal year 1997</b>	<b>Fiscal year 1998</b>	<b>Percent change (FY 1996-98)</b>
Wisconsin	283.3	232.1	192.9	-31.9
Texas	2,372.0	2,033.8	1,636.2	-31.0
Arizona	427.5	363.8	295.7	-30.8
Kansas	171.8	148.7	119.2	-30.6
Ohio	1,045.1	873.6	733.6	-29.8
California	3,143.4	2,814.8	2,259.1	-28.1
Mississippi	457.1	399.1	329.1	-28.0
Florida	1,371.4	1,191.7	990.6	-27.8
Virginia	537.5	476.1	396.6	-26.2
Nevada	96.7	82.4	71.5	-26.1

Source: FNS, USDA.

# Changes in Participation Among Selected Food Stamp Populations

Many of the data provided in this appendix are derived from reports entitled Characteristics of Food Stamp Households, prepared by Mathematica Policy Research, Inc., for FNS. These reports are based on FNS' Integrated Quality Control System, which uses a national probability sample of participating food stamp households, denials of applications, and terminations to monitor the accuracy of the Food Stamp Program's operations.

**Table II.1: Selected Demographic Characteristics of Food Stamp Participants, Fiscal Years 1996-97**

Participants in thousands				
Characteristic of participants	Fiscal year 1996	Fiscal year 1997	Change in number of participants	Percent change
Children <sup>a</sup>	13,212	11,868	-1,344	-10.2
Preschool age	4,815	4,046	-769	-16.0
School age	8,399	7,825	-574	-6.8
Adults with dependents	7,582	6,549	-1,033	-13.6
Able-bodied adults without dependents	1,107	833	-274	-24.8
Permanent resident aliens	1,463	1,023	-440	-30.1
Elderly <sup>b</sup>	1,895	1,834	-61	-3.2
Disabled	<sup>c</sup>	2,278	<sup>c</sup>	<sup>c</sup>

<sup>a</sup>Children are defined as individuals who are 0-17 years old. Preschool-age children are under the age of 5 and school-age children are 5-17 years old.

<sup>b</sup>Elderly people are defined as individuals who are 60 years old and over.

<sup>c</sup>Data unavailable for fiscal year 1996.

Source: FNS, Characteristics of Food Stamp Households, for fiscal years 1996-97.

**Appendix II  
Changes in Participation Among Selected  
Food Stamp Populations**

**Table II.2: Permanent Resident Aliens Who Received Food Stamps, Fiscal Years 1994-97**

Participants in thousands

State	Fiscal year 1994		Fiscal year 1995		Fiscal year 1996		Fiscal year 1997		Percent change (FY 1996-97)
	Total	Percent <sup>a</sup>	Total	Percent <sup>a</sup>	Total	Percent <sup>a</sup>	Total	Percent <sup>a</sup>	
California	463	13.2	431	13.2	445	13.5	302	10.4	-32.1
Florida	132	8.8	127	8.9	157	10.9	103	8.4	-34.4
New York	245	10.8	273	12.8	265	12.4	196	10.0	-26.0
Texas	297	10.9	247	9.5	246	10.0	165	7.8	-32.9
All other	316	1.8	373	2.1	350	2.1	256	1.7	-26.9
<b>Total</b>	<b>1,453</b>	<b>5.2</b>	<b>1,451</b>	<b>5.4</b>	<b>1,463</b>	<b>5.6</b>	<b>1,023</b>	<b>4.4</b>	<b>-30.1</b>

<sup>a</sup>Percentage of each state's total food stamp participants.

Source: FNS, Characteristics of Food Stamp Households, for fiscal year 1997.

**Table II.3: Change in AFDC/TANF and Food Stamp Participation Since the Enactment of the Welfare Reform Act, August 1996 to August 1998**

Participants in thousands

State	AFDC/TANF participants <sup>a</sup>			Food stamp participants		
	August 1996	August 1998	Percent change	August 1996	August 1998	Percent change
Alabama	100.7	53.1	-47.3	505.1	415.6	-17.7
Alaska	35.5	28.6	-19.4	47.8	42.9	-10.3
Arizona	169.4	101.0	-40.4	424.9	276.0	-35.0
Arkansas	56.3	31.7	-43.7	274.6	253.3	-7.8
California	2,581.9	1,952.2	-24.4	3,076.1	2,131.2	-30.7
Colorado	95.8	49.0	-48.9	237.8	182.3	-23.3
Connecticut	159.2	122.1	-23.3	224.0	188.3	-15.9
Delaware	23.7	15.0	-36.7	59.4	43.3	-27.1
Florida	533.8	247.8	-53.6	1,356.1	952.1	-29.8
Georgia	330.3	175.8	-46.8	776.8	606.2	-22.0
Hawaii	66.5	46.4	-30.2	130.4	121.4	-6.9
Idaho	21.8	3.5	-83.9	76.2	56.3	-26.1
Illinois	642.6	460.7	-28.3	1,091.3	877.7	-19.6
Indiana	142.6	116.5	-18.3	372.6	302.0	-18.9
Iowa	86.1	65.2	-24.3	174.6	134.4	-23.0
Kansas	63.8	34.1	-46.6	167.5	116.3	-30.6
Kentucky	172.2	115.8	-32.8	472.6	398.9	-15.6
Louisiana	228.1	122.6	-46.3	644.1	526.3	-18.3
Maine	53.9	38.4	-28.8	129.6	110.2	-15.0

(continued)



**Appendix II  
Changes in Participation Among Selected  
Food Stamp Populations**

Participants in thousands

State	AFDC/TANF participants <sup>a</sup>			Food stamp participants		
	August 1996	August 1998	Percent change	August 1996	August 1998	Percent change
Maryland	194.1	111.6	-42.5	364.6	307.4	-15.7
Massachusetts	226.0	165.6	-26.7	367.8	275.4	-25.1
Michigan	502.4	315.9	-37.1	906.3	743.6	-18.0
Minnesota	169.7	145.1	-14.5	287.5	217.9	-24.2
Mississippi	123.8	47.7	-61.5	447.7	312.4	-30.2
Missouri	222.8	141.3	-36.6	539.7	403.1	-25.3
Montana	29.1	20.1	-30.9	69.2	60.8	-12.1
Nebraska	38.6	35.9	-7.0	101.0	96.1	-4.9
Nevada	34.3	24.7	-28.0	93.8	66.2	-29.4
New Hampshire	22.9	14.5	-36.7	50.2	35.3	-29.7
New Jersey	275.6	186.1	-32.5	530.3	403.0	-24.0
New Mexico	99.7	77.5	-22.3	231.4	178.0	-23.1
New York	1,144.0	872.1	-23.8	2,060.5	1,604.8	-22.1
North Carolina	267.3	166.1	-37.9	605.2	506.4	-16.3
North Dakota	13.1	8.5	-35.1	38.4	33.7	-12.2
Ohio	549.3	323.3	-41.1	988.0	684.9	-30.7
Oklahoma	96.2	59.0	-38.7	337.8	283.7	-16.0
Oregon	78.4	44.6	-43.1	279.8	223.4	-20.2
Pennsylvania	531.1	352.3	-33.7	1,088.3	877.1	-19.4
Rhode Island	56.6	54.2	-4.2	93.5	55.9	-40.2
South Carolina	114.3	54.7	-52.1	359.8	324.3	-9.9
South Dakota	15.9	9.4	-40.9	49.3	45.1	-8.5
Tennessee	254.8	148.5	-41.7	627.5	527.3	-16.0
Texas	649.0	349.6	-46.1	2,260.1	1,510.2	-33.2
Utah	39.1	28.0	-28.4	107.2	89.0	-17.0
Vermont	24.3	19.2	-21.0	54.1	28.1	-48.1
Virginia	152.8	95.6	-37.4	525.9	374.5	-28.8
Washington	268.9	194.9	-27.5	487.3	339.0	-30.4
West Virginia	89.0	37.8	-57.5	293.1	257.2	-12.2
Wisconsin	148.9	35.5	-76.2	262.0	174.0	-33.6
Wyoming	11.4	1.9	-83.3	31.6	23.9	-24.4
District of Columbia	69.3	54.4	-21.5	90.1	81.7	-9.3
Guam	8.3	7.0	-15.7	18.2	17.2	-5.5
Puerto Rico	151.0	119.2	-21.1	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>
Virgin Islands	4.9	4.4	-10.2	23.1	16.5	-28.6
<b>Total</b>	<b>12,241.5</b>	<b>8,105.8</b>	<b>-33.8</b>	<b>24,911.8</b>	<b>18,911.7</b>	<b>-24.1</b>

(Table notes on next page)

**Appendix II**  
**Changes in Participation Among Selected**  
**Food Stamp Populations**

Note: Columns may not add because of rounding.

<sup>a</sup>The 1996 Welfare Reform Act replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant.

<sup>b</sup>Data unavailable because Puerto Rico receives block grant funding.

Source: FNS and the Administration for Children and Families, Department of Health and Human Services.

**Table II.4: Food Stamp Participation by TANF Participants and Non-TANF Participants, Fiscal Years 1996-97**

Participants in thousands			
Characteristic of participants	Fiscal year 1996	Fiscal year 1997	Difference
TANF recipients	12,459	10,649	-1,810
Non-TANF recipients	13,466	12,468	-998

Source: FNS, Characteristics of Food Stamp Households, for fiscal years 1996-97.

**Table II.5: Age Distribution of Food Stamp Participants, Fiscal Years 1989-97**

Participants in thousands			
Fiscal year	Age distribution		
	0 to 17 years	18 to 59 years	60 years and older
1989	9,442	7,621	1,561
1990	10,139	8,244	1,574
1991	11,960	9,396	1,623
1992	13,364	10,698	1,704
1993	14,211	11,498	1,870
1994	14,407	11,615	1,955
1995	13,879	11,117	1,923
1996	13,212	10,782	1,895
1997	11,868	9,384	1,834

Note: Children are defined as individuals who are 0-17 years old.

Source: FNS, Characteristics of Food Stamp Households, for fiscal year 1997.

**Appendix II**  
**Changes in Participation Among Selected**  
**Food Stamp Populations**

**Table II.6: Number of Children Who Received Food Stamps, by State, Fiscal Years 1995-97**

Participants in thousands				
State	Fiscal year 1995	Fiscal year 1996	Fiscal year 1997	Percent change (FY 1995-97)
Alabama	281	273	240	-14.6
Alaska	24	27	25	4.2
Arizona	284	233	219	-22.9
Arkansas	133	136	125	-6.0
California	2,035	2,042	1,808	-11.2
Colorado	126	125	112	-11.1
Connecticut	128	107	107	-16.4
Delaware	28	30	28	0.0
Florida	720	715	600	-16.7
Georgia	421	422	368	-12.6
Hawaii	61	53	62	1.6
Idaho	41	40	36	-12.2
Illinois	581	545	528	-9.1
Indiana	219	188	161	-26.5
Iowa	93	84	79	-15.1
Kansas	99	88	76	-23.2
Kentucky	224	212	203	-9.4
Louisiana	385	362	298	-22.6
Maine	53	51	51	-3.8
Maryland	206	200	186	-9.7
Massachusetts	232	190	181	-22.0
Michigan	490	460	426	-13.1
Minnesota	163	152	121	-25.8
Mississippi	250	220	188	-24.8
Missouri	292	276	241	-17.5
Montana	34	37	32	-5.9
Nebraska	53	52	51	-3.8
Nevada	56	52	44	-21.4
New Hampshire	28	27	22	-21.4
New Jersey	284	282	250	-12.0
New Mexico	126	125	110	-12.7
New York	951	964	892	-6.2
North Carolina	300	304	276	-8.0
North Dakota	19	17	19	0.0
Ohio	575	488	404	-29.7
Oklahoma	187	164	157	-16.0

(continued)

**Appendix II**  
**Changes in Participation Among Selected**  
**Food Stamp Populations**

Participants in thousands

<b>State</b>	<b>Fiscal year 1995</b>	<b>Fiscal year 1996</b>	<b>Fiscal year 1997</b>	<b>Percent change (FY 1995-97)</b>
Oregon	139	131	112	-19.4
Pennsylvania	536	513	470	-12.3
Rhode Island	50	48	45	-10.0
South Carolina	199	191	182	-8.5
South Dakota	28	24	25	-10.7
Tennessee	315	284	272	-13.7
Texas	1,406	1,320	1,192	-15.2
Utah	65	58	55	-15.4
Vermont	30	27	22	-26.7
Virginia	276	261	232	-15.9
Washington	249	247	206	-17.3
West Virginia	124	124	114	-8.1
Wisconsin	186	159	130	-30.1
Wyoming	19	17	15	-21.1
District of Columbia	52	48	50	-3.8
Guam	10	10	12	20.0
Virgin Islands	15	15	12	-20.0
<b>Total</b>	<b>13,882</b>	<b>13,214</b>	<b>11,871</b>	<b>-14.5</b>

Note: Columns may not add because of rounding.

Source: FNS, Characteristics of Food Stamp Households, for fiscal years 1995-97.

**Table II.7: Number of School-Age Children Receiving Food Stamps Compared With the Number of Children Receiving Free Lunches in School, Fiscal Years 1994-97**

Children in thousands

<b>Type of assistance</b>	<b>Fiscal year 1994</b>	<b>Fiscal year 1995</b>	<b>Fiscal year 1996</b>	<b>Fiscal year 1997</b>	<b>Percent change</b>
School-age children receiving food stamps	9,558	8,784	8,399	7,825	-18.1
Children receiving free lunches at school	12,191	12,492	12,657	12,973	6.4

Note: School-age children are defined as 5-17 years old.

Source: FNS, Office of Analysis and Evaluation, and Characteristics of Food Stamp Households, for fiscal years 1994-97.

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# FNS' Program Access Reviews Reveal Barriers to Participation

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During the past year, FNS regional offices have reviewed access to the Food Stamp Program in New York, Oregon, and Wisconsin in response to complaints from advocacy groups and a Member of Congress. Each of these reviews identified barriers that have made the program less accessible to eligible people.

---

## New York City

In March 1998, New York City began converting welfare offices to job centers. The job centers were designed to reduce dependency on government services by diverting potential applicants from government programs by requiring them to find employment or other, private sources of assistance. For example, to be eligible for TANF and food stamps, applicants first had to search extensively for a job and explore alternative resources, such as private food pantries, family, or friends. In November 1998, FNS launched a review of access to New York City's Food Stamp Program after receiving complaints from advocacy groups that needy individuals were not being given the opportunity to apply for food stamps during their first visit to a job center.

FNS' review of two New York City job centers found many barriers to access, including impediments to the timely processing of applications, the imposition of eligibility standards not authorized under the Food Stamp Act, and a lack of effective oversight of local districts' operations by the state agency. In particular, FNS found that New York City violated federal law because caseworkers (1) did not permit households to apply for food stamps during their first visit, (2) did not inform applicants about the availability of food stamps if the applicants either were denied TANF benefits or accepted a diversion payment,<sup>1</sup> and (3) frequently denied food stamp benefits to applicants for failure to participate in a job center's employment-related activities or Eligibility Verification Reviews. In addition, the food stamp director of FNS' Northeast regional office told us that job center staff were informing applicants that expedited food stamps were no longer available, refusing to accept food stamp applications because it was "too late" in the day, and encouraging applicants to withdraw their food stamp applications. Because these policies violate the Food Stamp Act, FNS ordered New York to submit a corrective action plan to resolve the identified problems. In response, New York State and New York City officials have stated that some job center practices help end government dependency, prevent fraud, and protect applicants' rights. According to FNS, New York City officials believe they have the right to

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<sup>1</sup>New York City's job centers included a brochure explaining food stamp eligibility in their application packages, which were made available only after applicants returned for a second visit. In contrast, Alaska has mailed food stamp notices to many households.

interpret the Welfare Reform Act for themselves and develop policies and procedures on the basis of their interpretations because FNS has not issued regulations that implement the Welfare Reform Act's revisions.

Nevertheless, New York State submitted a corrective action plan that FNS concluded was generally responsive to its findings; however, FNS notified New York State officials that if the corrective action plan was not implemented by May 1999, it would institute a fine of \$5 million every 3 months. In April 1999, New York City officials implemented New York State's corrective action plan, addressing FNS' concerns.

To reduce their welfare rolls, 22 states, including New York, are currently using diversion payments, or onetime, lump-sum cash payments, which are designed to keep people off welfare by eliminating their need for assistance. While accepting a diversion payment disqualifies an applicant from the TANF program for a specified time, it does not affect the applicant's food stamp eligibility, and the states have a legal obligation to inform applicants that they can still apply for food stamps. All 22 states reported that they have procedures in place for ensuring that qualified applicants are told of their right to apply for food stamps. However, FNS found that applicants in New York City's job centers were not being told of the availability of food stamps if they accepted a diversion payment.

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## Portland, Oregon

In December 1998, FNS reviewed clients' access to the Food Stamp Program at three Portland-area offices after an advocacy group complained that food stamp applicants' rights were being violated. FNS found that the offices' procedures could hinder participation by forcing food stamp applicants to return on a second day before meeting with an eligibility worker. During its on-site review, FNS found that food stamp applicants and current participants could make an appointment to meet with a food stamp eligibility worker to apply or seek recertification for food stamps only between 7:30 a.m. and 8:30 a.m. (The office would give an application to an applicant arriving after 8:30 a.m. but would ask the applicant to return on another day for an appointment.) FNS observed that more applicants were showing up during this 1-hour period than could possibly be served in a single day. Hence, an applicant could wait all day, only to be told at the close of business to return on another day. FNS ordered Oregon to submit a corrective action plan that outlined how this situation and other identified problems would be resolved. Although Oregon officials questioned some of FNS' findings and recommendations, they submitted a corrective action plan that addressed FNS' concerns.

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## **Milwaukee, Wisconsin**

Wisconsin has privatized 13 welfare centers, including 6 centers in Milwaukee that serve Wisconsin's TANF and Food Stamp programs. In the privatized centers, various nonprofit and for-profit organizations administer the TANF program while county employees administer the Food Stamp Program. In March 1999, FNS reviewed participants' access to the privatized welfare centers after receiving a letter from a Member of the Congress, who expressed concern that the efforts to divert TANF applicants may also limit clients' access to the Food Stamp Program.

Although FNS found that some practices violated federal regulations, it did not find that applicants were being intentionally diverted from applying for food stamps in the two centers reviewed. However, FNS observed that diversion might be occurring unintentionally because staff at the centers were not (1) informing clients of their right to file a food stamp application on the day of their first contact with the office and (2) providing a food stamp application to those who asked for one. In addition, clients' work schedules were not taken into account when recertification interviews were scheduled, and one center did not accept food stamp applications after 4 p.m.

Furthermore, the centers did not make informational brochures on the Food Stamp Program readily available and did not display posters outlining food stamp applicants' rights. According to FNS officials, when these signs are posted in welfare centers, applicants have an opportunity to read about their rights as food stamp applicants and obtain telephone numbers to use if they believe they are being treated unfairly. Five of seven food stamp directors in FNS' regional offices believe the signs are helpful for ensuring that food stamp applicants know and understand their rights. FNS officials stated that while FNS cannot require that welfare centers post signs to inform applicants of their rights, FNS has the authority to require that welfare centers find alternative means of providing information to applicants about their rights if posters are not used.<sup>2</sup> In a February 5, 1999, letter, FNS told New York State that it must "post signs or make available other advisory materials explaining an applicant's right to file and the application processing procedures. . . ." USDA's Office of General Counsel concurred with this statement.

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<sup>2</sup>In Apr. 1999, FNS implemented a toll-free 800 number that customers can call to receive information about the Food Stamp Program.

# States Reviewed by FNS Concerning Participants' Access to Food Stamp Benefits, Fiscal Years 1997-99

State	Fiscal year 1997	Fiscal year 1998	Fiscal year 1999
Alabama		X	b
Alaska	X		a
Arizona			b
Arkansas	X	X	b
California	X	X	b
Colorado	X	X	X
Connecticut		X	X
Delaware			b
Florida		X	X
Georgia		X	b
Hawaii	X		
Idaho	X		b
Illinois			
Indiana			
Iowa	X	X	b
Kansas	X	X	X
Kentucky		X	
Louisiana	X	X	X
Maine		X	
Maryland			X
Massachusetts		X	
Michigan			
Minnesota			
Mississippi		X	
Missouri	X	X	b
Montana	X	X	X
Nebraska	X	X	X
Nevada			X
New Hampshire		X	
New Jersey	X		b
New Mexico	X	X	b
New York			X
North Carolina		X	b
North Dakota	X	X	b
Ohio			
Oklahoma	X	X	b
Oregon	X		X <sup>c</sup>
Pennsylvania		X	b

(continued)



**Appendix IV  
States Reviewed by FNS Concerning  
Participants' Access to Food Stamp  
Benefits, Fiscal Years 1997-99**

<b>State</b>	<b>Fiscal year 1997</b>	<b>Fiscal year 1998</b>	<b>Fiscal year 1999</b>
Rhode Island		X	
South Carolina		X	
South Dakota	X	X	<sup>b</sup>
Tennessee		X	
Texas	X	X	<sup>b</sup>
Utah	X	X	X
Vermont			
Virginia			<sup>b</sup>
Washington		X	X
West Virginia	X	X	<sup>b</sup>
Wisconsin			X <sup>c</sup>
Wyoming	X	X	<sup>b</sup>
District of Columbia			<sup>b</sup>
<b>Total</b>	<b>22</b>	<b>32</b>	<b>14</b>

<sup>a</sup>The FNS regional office has yet to determine what functional areas will be included in reviews of the states' operations.

<sup>b</sup>FNS regional offices plan to review program access in these states.

<sup>c</sup>FNS conducted program access reviews in Oregon and Wisconsin in response to complaints during fiscal year 1999.

Source: FNS regional offices.

# Comments From New York State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



George E. Pataki  
*Governor*

NEW YORK STATE  
OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE  
40 NORTH PEARL STREET  
ALBANY, NEW YORK 12243-0001

Brian J. Wing  
*Commissioner*

June 16, 1999

Lawrence J. Dyckman  
Director, Food and Agriculture Issues  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Dyckman:

Thank you for affording us the opportunity to comment on portions of your proposed report entitled Food Stamp Program: A Strong Economy and Legislative Reforms Are the Main Reasons for Declining Participation (GAO/RCED-99-185) relating specifically to New York State.

Because we have not had the opportunity to review the entire draft report, we are concerned that the portions of the report you sent us, when placed in context, could convey the false impression that New York State's decline in participation in the Food Stamp program and the reasons for that decline are inconsistent with national trends. However, this is clearly not the case. A comparison of statistical data for the decline in food stamp participation for New York State and the nation demonstrate that New York State's experience either mirrors or is below the national trend for various time periods between 1994 and 1999. We request that your report be clarified to reflect that New York State's food stamp participation rates are consistent with the national trend.

Following are our comments on several of the matters raised:

- The report relies upon the Food and Nutrition Service (FNS) review entitled "New York Program Access Review, November-December 1998". This report was based on a review that was limited to two Job Centers in New York City at a time when such centers were first being created. The Job Centers differ markedly from more traditional income maintenance and food stamp centers in New York City that service the majority of New York City's food stamp applicants/recipients. Job Centers have an innovative approach to

See comment 1.

See comment 2.

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**Appendix V**  
**Comments From New York State**

application processing and promoting independence and employment. It was only in these two centers for a period of two months, at the beginning of the program, that the FNS identified problems. This clearly could not have had a significant impact on New York State food stamp participation rates, which, as stated above, mirror the national trend.

Since we are addressing only an excerpt of the proposed report, we are unable to determine if the report treats the Job Center review as emblematic of the State's entire program. It would be a serious error to do so. The problems found at two Job Centers at a particular time in New York City are not representative of the State's entire program or even of the program in New York City. In the State's other income maintenance and food stamp centers, we have always provided applications and client booklets that give clients information about filing rights, expedited service as well as other client rights and responsibilities on the day of initial contact. The Job Center applications, booklets and other forms and procedures have now been revised to assure compliance with food stamp requirements

See comment 3.

- The State and City have objected to the failure of the FNS to promulgate regulations implementing the PRWORA provisions. It is now three years since PRWORA was enacted, and the United States Department of Agriculture (USDA) has still not promulgated regulations to assist the states in implementation. The PWROWA, while maintaining the federal Food Stamp program, eliminated many specific food stamp requirements in order to provide states more flexibility to design programs that would best serve their constituents. Yet, in their review of the Job Centers, the FNS report cited deficiencies based upon regulations that are not in conformity with the PWRORA. Attached please find correspondence from our Office to Secretary Glickman, dated January 14, 1999, articulating our position on this issue.

See comment 4.

- As part of its response to the FNS' findings, New York State recently released an informational letter to all local social services districts to remind them of the basic food stamp application processing requirements. Additionally, a statewide teleconference was conducted on application processing and immediate needs, expedited service and the importance of separate determinations in the context of welfare reform. While New York is committed to welfare reform and cultural change, we also want to assure that basic application rights are provided. New York State has in place an aggressive monitoring plan to assure compliance with all food stamp rules and regulations. The issues raised in the GAO report have already been responded to as part of New York State's Corrective Action Plan to the FNS on their Program Access Review. Our most recent correspondence to the FNS on this issue is attached (see letter dated May 7, 1999 from Commissioner Wing to Frances Zorn). The FNS has stated that New York State has addressed the specific recommendations contained in their report. Accordingly, the FNS has placed its formal warning on the program access issues in abeyance. (See letter dated June 4, 1999, from Frances Zorn to Commissioner Wing, attached.) We also call your attention to our February 22, 1999 letter explaining the operation of our Eligibility Verification Review (EVR) procedures and its relationship to the eligibility process. (See letter from Patricia Stevens to Robert Canavan, attached.)

**Appendix V**  
**Comments From New York State**

See comment 5.

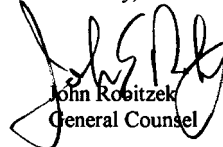
- New York State is committed to helping people achieve self-sufficiency. This includes providing people with the supports needed to help them to achieve or maintain independence. Although diversion is a significant component of our program, it should not be seen as merely discouraging individuals from taking assistance or giving them a one-time payment to disqualify them from assistance. Diversion, properly done, involves quick intervention to connect or reconnect individuals to employment or a one-time payment to avert a financial emergency that could otherwise result in long-term dependency. The Food Stamp program is seen as a primary vehicle to help families maintain self-sufficiency.

See comment 6.

In short, we believe that the title of your report accurately reflects the status of the Food Stamp program in New York State. It would be a mistake to distort that record by reference to the FNS review of New York City Job Centers. The report is not reflective of the current process in the New York City Job Centers or in the rest of New York State.

Thank you for the opportunity to comment.

Sincerely,



John Robitzek  
General Counsel

cc: Brian J. Wing  
Daniel Hogan  
Patricia A. Stevens  
John P. Bailly  
Frances Zorn  
Robert Canavan

---

**GAO's Comments**

The following are GAO's comments on New York State's letter dated June 16, 1999.

1. This report does not discuss participation in individual states.
2. This point is clarified on page 12 of the report.
3. This point is clarified on page 13 of the report.
4. This point is clarified on page 13 of the report.
5. This report does not discuss individual states' perceptions of the role of the Food Stamp Program.
6. We disagree. The three USDA reviews discussed in this report identified barriers that have made the Food Stamp Program less accessible for eligible people.

# Comments From Wisconsin

Tommy G. Thompson  
Governor

Linda Stewart, Ph.D.  
Secretary

J. Jean Rogers  
Division Administrator



State of Wisconsin

Department of Workforce Development

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June 15, 1999

Ms. Nikki Clowers  
US General Accounting Office  
441 G. St. NW, Room 2T23  
Washington, DC 20548

FAX (202) 512-9936

Dear Ms. Clowers:

Thank you for the opportunity to review and comment on the draft report from the US General Accounting Office on changes in the participation levels of the Food Stamp Program.

In the paragraph entitled, "Three Regional FNS Reviews Reveal Barriers to Participation", it should be noted at the outset that the Food and Nutrition Service (FNS) found no evidence of intentional diversion of any participants from the Food Stamp Program in Wisconsin. It should also be noted that although staff at the W-2 agencies did not always inform applicants of their right to file a food stamp application on the day of their first contact with the W-2 agency, applicants were and are given the opportunity to file a food stamp application by completing Client Registration in the Client Assistance for Re-employment and Economic Support (CARES) system on their first day of contact. There is a qualitative difference between not informing a person of his rights and not giving the person his rights. FNS did not find that applicants were not allowed to apply for food stamps the first time the person contacted the agencies.

In the first section and in the section entitled, "FNS Program Access Reviews Reveal Barriers to Participation", please clarify that FNS was concerned with a failure to offer paper food stamp applications to persons who requested assistance. In Wisconsin, clients who appear personally in the Food Stamp Office do not routinely fill out paper applications. Clients initiate and complete their FS application with a worker using the interactive interview in the CARES computer system. The first brief section of the interactive interview, Client Registration, occurs on the day of first contact. It establishes the filing date, determines whether the applicant is potentially eligible for expedited food stamps and schedules a regular or expedited eligibility interview. The application is printed out after the registration interview and signed by the client.

The use of a computer-generated application is more convenient for clients and workers and has been approved by FNS. FNS' concern in Milwaukee was that in the rare situation where the applicant could not complete Client Registration in CARES on the date of first contact, the person had to be offered a paper application that could be filled out and was sufficient to set the filing date for the food stamp application. Wisconsin has developed such a form and is distributing it to agencies statewide.

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**Appendix VI**  
**Comments From Wisconsin**

Ms. Nikki Clowers  
June 15, 1999  
Page 2

In addition to creating a two page paper application registration form, Wisconsin has also notified all agencies by letter and Operations Memo that posters and publications on the Food Stamp Program must be visible and accessible to people coming into any agency, including outstations, where Food Stamp applications are accepted. Agencies have been reminded of the need to inform applicants of their right to apply for food stamps and be considered for expedited food stamps the first time that applicants contact the food stamp agency.

Again, thank you for the opportunity to review and comment on the sections discussing Wisconsin in the draft report. I look forward to reading the entire report when it is released in July 1999.

Sincerely,



J. Jean Rogers  
Administrator

# GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Lawrence J. Dyckman (202) 512-5138  
Richard Cheston (202) 512-5138

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## Acknowledgments

In addition to those named above, Carl Christian, Nikki Clowers, Donald Ficklin, and Luann Moy made key contributions to this report.



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