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Dear Madam Chairman:

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Enclosed is a summary of the methodology used in the study that we conducted at your request concerning public welfare benefits received by persons residing in low-income areas of six selected localities.

This summary is in support of, and provides further explanation of tabulations and analyses of the data collected at each of the locations where our study was conducted, which we have already provided to the subcommittee staff.

The summary explains (1) sampling techniques used in selecting households included in the study, and data collection and recording procedures, (2) problems encountered in identifying heads of households and determining whether they, or members of their families or persons residing in their households, were receiving benefits, and (3) qualifications and limitations that should be placed on the use of the tabulations and analyses.

The benefit and earnings data we obtained from records of the Social Security Administration and other public welfare agencies have been handled with strictest confidence. The information we have furnished the subcommittee staff did not identify data with specific individuals.

We understand from the subcommittee staff that the enclosed summary and the tabulations and analyses previously furnished will fulfill our commitment to develop information in support of the subcommittee's broader study of welfare programs.

Sincerely yours,

Comptroller General
of the United States

Enclosure

The Honorable Martha W. Griffiths, Chairman
Subcommittee on Fiscal Policy
Joint Economic Committee
Congress of the United States



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SUMMARY OF METHODOLOGY USED IN
REVIEW OF BENEFITS RECEIVED
FROM PUBLIC WELFARE
PROGRAMS BY PERSONS RESIDING
IN LOW INCOME AREAS

UNITED STATES
GENERAL ACCOUNTING OFFICE

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INTRODUCTION

As requested by the Chairman, Subcommittee on Fiscal Policy, Joint Economic Committee, the General Accounting Office obtained information on the extent that public welfare program benefits were being received by household members residing in "low-income" areas of six localities.

Initially we made a pilot study in a South Atlantic City to test the feasibility of our sampling and data collection approaches. After the pilot study was completed and minor revisions were made to our approaches, we expanded our fieldwork to other selected locations.

Of the six localities, five are urban and one is a multicounty rural area. They were selected from 51 cities and eight rural areas in which the Bureau of Census has designated certain geographical sections as low-income areas.

The low-income areas selected vary in size ranging in population from slightly less than 100,000 to just over 500,000 persons and should not be considered representative of other regions of the country. The information gathered for each low-income area, therefore, must be analyzed separately. Also, any projections made for each low-income area should be considered in light of the limitations discussed in this enclosure.

SAMPLE METHODSAMPLE SIZE SELECTION

During our pilot study, we determined that about one half of the pilot sample of 100 occupied housing units were at that time receiving or previously had received public assistance or food stamp benefits. On the basis of this finding, it was agreed with the subcommittee staff that our sample size would be 300 occupied housing units at each location since a sample of that size, with a 50 percent rate of occurrence, would yield--at a 95 percent confidence level--a sampling error of approximately $\pm 5 \frac{1}{2}$ percent. The subcommittee staff considered such a sampling error rate acceptable. However, because some of the units selected might be vacant or demolished, we selected 350 housing units at five of the six locations in order to ultimately obtain about 300 occupied units. We retained the sample size of 300 at the South Atlantic City because of technical problems that would have been encountered in expanding the sample size to 350.

The 50 percent rate of occurrence obtained during the pilot study at the South Atlantic City decreased to 42 percent for the expanded study. At the other five locations, the rate of occurrence of households currently or formerly receiving public assistance, or food stamp or commodity benefits ranged from a low of 24.4 percent at the Mid-Western City to a high of 36 percent at the Southern City. The sampling error thus obtained ranged from ± 4.66 percent at the Rural Counties to ± 6.06 percent at the South Atlantic City.

Bureau of the Census publications were used in selecting the housing units in the urban area. Housing units in the rural area were selected through the use of counties' 1971 personal property tax rolls. Table I shows data on sample size, the number of occupied housing units included in the study, the number of units excluded from the study and the reasons for excluding them.

URBAN AREAS

Bureau of the Census publications PHC (3), "Employment Profiles of Selected Low-Income Areas" were used to determine the boundaries of the low-income areas. Census publications HC (3), "Block Statistics" were used to determine the total number of housing units and to randomly select a sample of units in each area. Using "Block Statistics," we were able to identify a housing unit selected as being, for example, the 22nd unit in census block 104, tract 30.

Addresses of the sample units were then identified from city planning departments' records and maps.

RURAL AREA

Since Bureau of the Census publications on housing units were not available for the rural area, a different sample approach had to be developed. Several sources were considered before a method was chosen. This method involved selecting the random sample from the counties' 1971 personal property tax rolls. Before proceeding, the method was tested for feasibility and validity by selecting a sample of public assistance recipients and comparing their names to the names on the tax rolls to determine the percentage of recipients selected whose names were also on the tax rolls. Of the welfare recipients' names tested, 84.5 percent were on the counties' personal property tax rolls. This result indicated that a sample could be taken from the tax rolls that would not be unduly biased against the inclusion of the low-income population.

The number of households randomly selected from each county was based on the ratio of households in each county to the total number of households in the entire multicounty rural area.

HOUSEHOLD IDENTIFICATIONURBAN AREAS

After obtaining the addresses of the sample housing units, the names of heads of households were identified from one of the following sources.

- city directory
- telephone directory
- post office
- landlord
- records of the public welfare agencies
- personal contact

Regardless of the source used, attempts were made to verify the names by telephone or personal contact.

RURAL AREA

The names of the head of the household were obtained from the counties' 1971 personal property tax rolls when the sample units were selected. Attempts were made to verify the names by telephone or personal contact.

PROBLEMS ENCOUNTERED

The most difficult problem encountered was obtaining household occupants' names. The city directory was the main source used to identify household occupants. However, only the head of the household and, in some cases, the spouse's name could be obtained from this source. Also, due to the age of the published data, verification of names was necessary. To verify names, telephone calls or personal contacts were made. We were unable, however, to contact some heads of households and others refused to disclose the information requested. Landlords of the sample units were also contacted, but few would disclose tenants' names. The Postal Service was helpful in identifying heads of households, but in some cases, was unable to furnish names, or the names obtained were those of occupants instead of heads of households.

In a few cases, we were never able to identify any occupants of housing units selected, and consequently dropped the units from our sample. In some other cases we obtained a name for the head of a

household, but were not able to verify the name and found no evidence of public welfare program participation. In these cases, we assumed that the names were correct and that no benefits were being received.

In addition to these problems, the data in the Bureau of the Census publications which were used to identify sample units was not current. For example, due to urban renewal projects, the number of housing units in the block sometimes differed from the number of units listed in "Block Statistics."

Due to these problems, we cannot be certain that all occupants' names were identified during our fieldwork.

BENEFIT AND INCOME DATAAGENCY IDENTIFICATION

There is not a central location at any level where all local agencies administering public welfare programs could be identified. In identifying programs operating in each location we referred to the Office of Management and Budget's "Catalog of Federal Domestic Assistance" and the Office of Economic Opportunity's "Report on Federal Outlays." We identified the local agencies administering the programs through the use of telephone directories and discussions with agency officials. The number of agencies contacted at each location ranged from 19 to 27. Although our review was intended to be comprehensive, there is a slight possibility that some programs and agencies were not identified.

PARTICIPANT IDENTIFICATION

Agencies administering public welfare programs had different record-keeping and filing systems for participants in their programs. Following is a brief discussion of the systems used by some of the agencies and problems we encountered in obtaining information.

- In some instances program records were filed under the name of the participants. Since we were not sure that all household members were identified prior to our search of the records, it is possible that some program participants were not identified. This is particularly true for a household having individuals with different surnames.
- Records of some programs were filed by the social security number of the recipients. Identification of benefits was limited to the extent that we could identify social security numbers for individuals in our sample.
- Survivor benefits in some programs could be identified only if the name of the deceased was known.
- Records of programs involving school attendance, such as school lunch, were filed at each school. It was necessary, therefore, to identify the school each child in our sample attended.
- Public assistance records were filed under the name of the person who was the head of household at the time the application for assistance was filed. Even though the records are updated when changes occur, the filing system is not changed. It was, therefore, difficult to identify benefits received by widows, divorcees, and wives whose husbands had deserted them. The problem was more difficult if the wife reverted to her maiden name.

- Records for low-interest housing loan programs administered by the Department of Housing and Urban Development (HUD) were maintained by the participating mortgage companies and were filed by HUD case numbers. To identify these case numbers, it was necessary first to determine whether the housing units sampled were owner-occupied, and if so, the names of any mortgage companies involved. This information was obtained from city directories and local tax records which were not always current. The mortgage companies were then contacted to obtain the HUD case number and determine the amount of the Federal benefit.
- The date of birth was needed to make positive identification of recipients in some programs. We did not find this information for all individuals in our sample.
- For some programs, such as educational grants and loans, participants' records are maintained at each school where a service had been received. In one locality, over 60 schools made loans and grants. Due to the number involved, we did not visit all facilities.

We were not always allowed to examine agency records for programs operating under rules of confidentiality. In these cases we relied on agency staffs to identify program participants and determine or estimate the value of the service or benefit. We are not in a position to comment on the adequacy of the record searches made by agency personnel.

Because of these various problems and qualifications, we cannot be assured that all benefits have been identified.

RECORDING BENEFIT AND INCOME DATA

To calculate the monthly benefit from the data collected from agency records, we determined the value of the benefit received during the most recent month, or we calculated an average monthly benefit based on the most recent twelve months, depending on the program involved.

Some programs, such as Aid to Families with Dependent Children, pay benefits on a recurring basis. We recorded the value of these benefits as being the amount of the most recent month's payment. Even though not generally paid twelve months a year, we considered as recurring those benefits received under the Veterans Educational Assistance Program (G.I. Bill) and the school lunch and breakfast programs.

Other programs pay benefits on an as-needed basis or during periods of participation in training programs. We calculated the average monthly value of these benefits on the basis of the most recent twelve months.

The benefits from training programs included cash paid to the recipients as well as estimates of the cost of the training.

Earnings data were identified from records of the Social Security Administration (SSA), State employment commissions, and public welfare agencies. Depending on the source of information, the data were recorded on the basis of either the most recent month or an average monthly amount.

Earnings data provided by SSA or the State employment commissions were recorded at an average monthly amount. For the most part SSA earnings data were based on calendar year 1971 earnings. Earnings in excess of \$7,800--the maximum amount on which Social Security taxes were withheld--were not identified. Earnings data at the State employment commissions were based on fiscal 1972 earnings.

Earnings data identified in public welfare program records were recorded as shown in the records. Information in program records was our only source for identifying earnings not covered under the Social Security Act.

Table II summarizes how benefits and income amounts were calculated.

LIMITATIONS ON USE OF INFORMATION

In analyzing the data accumulated, we believe the following facts should be considered.

- Earnings data obtained from SSA is limited to the extent that social security account numbers could be identified. Earnings data obtained from public welfare program records were often not current and possibly inaccurate.
- Values assigned to certain training programs were based on estimates taking into account identifiable costs of operating the program at a given location and the number of participants. This may result in different benefit values being recorded for the same training program. For example, the monthly benefits recorded for the same program at two different locations were \$25 and \$42, respectively.
- Benefits received by certain households might not be recorded due to problems in identifying participants of programs.

In addition to these limitations, the earnings and benefits recorded are not an accurate measure of the resources being received concurrently. For example, the most current earned income information available from SSA is for calendar year 1971. On the other hand, benefit data obtained from public welfare agencies generally applied to 1972.

Because the income and benefit data applied to different time periods, the recorded combined family benefits may not represent actual payments received for a specific period of time. Also, due to this overlap, program eligibility cannot be determined from the data recorded.

The following case illustrates some of the circumstances that occurred; however, this case involves an unusual number of factors and is not typical of the sample.

- A housing unit selected in our sample was identified as apartment "A" in a building consisting of two small stores and seven apartments. Our review of records showed that the household consisted of a husband, wife, two daughters, five grandchildren, and a boarder. County tax records indicated that the husband and the wife were the owners of this property.
- Listed below are the amounts of the benefits received by the various members of this household and an explanation of these benefits.

Average of actual monthly income/benefits received

<u>Source of income/benefit</u>	<u>Husband</u>	<u>Wife</u>	<u>Child A</u>	<u>Child B</u>	<u>Grand- children</u>	<u>Boarder</u>
Income :	\$462			\$510		
Benefits:						
Aid to Families with Dependent Children (AFDC)				320		
Food Stamps				42		
Manpower Development Training (MDTA)				307		
Public Health Services	5	\$5	\$7		\$11	
School Lunch Program					18	
Special Milk Program					1	
Medicaid				17	25	
Unemployment Insurance				33		
Educationally Deprived Children Program					62	
Concentrated Employment Program Training (CEP)						\$185

A review of the benefits received by the various members of the household disclosed the following.

1. Earnings shown for the husband and Child B were based on their total income for calendar 1971, divided by twelve. All of Child B's income, however, was earned during the first 9 months of the year, as her employment was terminated. Also, the husband's earnings do not include any rental income he may be receiving from his property.

2. Child B became unemployed in September 1971 and she began receiving AFDC payments of \$81 per month. In addition to AFDC benefits, she also started receiving unemployment insurance of \$292 per month. When Child B enrolled in the MDTA program, her unemployment insurance was discontinued because the program provided her with a training allowance of \$132 per month. However, because the training allowance was less than her unemployment insurance, her AFDC benefits were increased to her current level of \$320.
3. Child B started receiving food stamps in April 1972.
4. Benefits under the MDTA program averaged \$307 per month--\$175 for training and \$132 for allowances.
5. The benefits shown for public health services are estimates of the value of the services provided at a neighborhood health center, which may differ from the actual cost of providing these services.
6. The School Lunch Program and Special Milk Program benefits were received by two of the children during the 9-month school year.
7. Medicaid benefits represent the average monthly benefit paid during fiscal 1972.
8. Unemployment benefits of \$65 per week were received by Child B for 6 weeks.
9. Benefits received under the Educationally Deprived Children Program represent the expenses for additional educational services provided to two of the children. The benefit shown is the average monthly amount reimbursed to the school district by the Federal Government.
10. The CEP benefit represents an average cost per trainee of about \$2,230 for a 16-week training program. Of the cost, \$1,300 is for stipends and \$930 is for training. The benefit shown represents the cost of the program averaged over a 12-month period.

Analysis of the data obtained requires careful consideration regarding the nature of the benefits shown and the time frame during which they were received. It is not possible to develop a comprehensive analysis of the impact of these programs without considering the circumstances described above.

SAMPLING DATA ON SELECTED AREAS

	<u>Urban area</u>					<u>Rural area</u>
	<u>Mid-Western</u>	<u>Western</u>	<u>Eastern</u>	<u>Southern</u>	<u>South Atlantic</u>	<u>Rural Counties</u>
<u>SAMPLE SIZE</u>						
Housing units	350	350	351	350	301	350
<u>UNITS-INCLUDED</u>	271	302	285	286	255	350
<u>UNITS-EXCLUDED</u>						
Vacant units	58	14	43	29	17	0
Razed units	12	17	12	17	27	0
Commercial build- ings	4	0	11	14	0	0
No permanent residents	5	5	0	4	2	0
Households not identified	0	9	0	0	0	0
Census blocks not identified	0	3	0	0	0	0

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ENCLOSURE
Table I

SUMMARY ON BENEFIT AND INCOME COMPUTATION METHODS

<u>Benefit or income category</u>	<u>Computation method</u>		<u>Time period</u>	<u>Basis of dollar value</u>
	<u>Most current month</u>	<u>Monthly average</u>		
Earned income	X	X	Various months - 1972, FY 1972 or CY 1971	Actual and estimated
Unearned income	X		Various months - 1972	Actual and estimated
Recurring cash welfare benefits	X		Various months - 1972	Actual
Welfare special needs		X	FY - 1972 or CY 1971	Actual
Cash social security benefits	X		Various months - 1972	Actual
Veterans cash benefits	X		Various months - 1972	Actual
Retirement (all but Social Security)	X		Various months - 1972	Actual
Unemployment insurance and workmen's compensation		X	FY 1972 or CY 1971	Actual
Recurring food benefits	X		Various months - 1972	Actual
OEO emergency food assistance		X	FY 1972	Estimated
Health benefits		X	FY 1972 or CY 1971	Actual and estimated
Recurring housing benefits	X		Various months - 1972	Estimated
Relocation and rehabilitation programs		X	FY 1972 or CY 1971	Actual
Recurring education and manpower benefits	X		Various months - 1972	Actual

SUMMARY ON BENEFIT AND INCOME COMPUTATION METHODS
(Continued)

<u>Benefit or income category</u>	<u>Computation method</u>		<u>Time period</u>	<u>Basis of dollar value</u>
	Most current month	Monthly average		
Manpower training benefits		X	FY 1972 or CY 1971	Actual and estimated
Day care	X	X	Various months - 1972 or FY 1972	Estimated
Legal aid		X	FY 1972	Estimated
Agricultural subsidy payments		X	FY 1972	Actual

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