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

February 2002

FOOD STAMP PROGRAM

States' Use of Options and Waivers to Improve Program Administration and Promote Access

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Abbreviations

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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United States General Accounting Office
Washington, DC 20548

February 22, 2002

The Honorable Richard Lugar
Ranking Minority Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

Dear Senator Lugar:

The U.S. Department of Agriculture's (USDA) Food Stamp Program is a federal entitlement that provided about $15.5 billion in benefits to a monthly average of 17.3 million low-income individuals during fiscal year 2001. Despite the large number of people served, participation in the Food Stamp Program by eligible individuals has declined significantly since 1994. USDA's Food and Nutrition Service (FNS) estimates that at least 60 percent of the overall decline in food stamp participation involved recipients receiving welfare benefits.

Data showing that former welfare families leave the Food Stamp Program at rates higher than their nonwelfare counterparts has raised concerns that the federal rules and regulations under which states administer their Food Stamp Programs do not facilitate participation by low-income working families who were affected by welfare reform. While states continue to administer their Food Stamp Programs under these federal rules and regulations, welfare reform enacted in 1996 gave states flexibility to administer their welfare programs through Temporary Assistance for Needy Families (TANF) block grants.

To help states address barriers to participation, and to help them administer their Food Stamp Programs, FNS offers some flexibility by providing options and waivers to program rules and regulations. In light of the reauthorization of the Food Stamp Program in 2002, you asked us to examine states' use of certain federal food stamp options and waivers. Most of the options and waivers we looked at were offered to states since welfare reform. We assessed the extent to which states used specific program options and waivers related to: (1) determining food stamp eligibility, (2) reporting changes in household circumstances that may affect eligibility and benefit amounts, (3) providing food stamps to households leaving TANF, and (4) aligning food stamp and TANF program rules for families receiving both types of assistance.

Our review is based on telephone interviews that we conducted during September and October 2001 with officials in 50 states, including food stamp directors, and policy and quality control officials. We also analyzed federal legislation and regulations as well as FNS data on waivers. In addition, we reviewed literature and research that had been conducted on the Food Stamp Program. Our work took place between July and November 2001 in accordance with generally accepted government auditing standards.

Results in Brief

Almost all states used one or more options or waivers to change their food stamp eligibility determination process. More than half of the states chose to make households receiving TANF-funded services automatically eligible for food stamps, thereby eliminating food stamp eligibility requirements for these families. Thirty-three states used available options to exempt some or all vehicles from counting as assets in the determination of food stamp eligibility. Most states implementing these options did so to allow more households to access the Food Stamp Program, simplify the administrative process for eligibility workers, and support working families. While most states used these options and waivers, they considered them a cumbersome way to increase access to the program for families owning a vehicle.

Almost all states used at least one option or waiver to change the reporting methods required of food stamp households with earnings. The most frequently used reporting waivers were those that replaced the requirement that recipients report changes in earned income of $25 or more per month with requirements to report larger income changes, increased work hours, or changes in employment status. Other states chose an option that allowed households with earned income to report less frequently, either once every 3 months or once every 6 months. States used these reporting options and waivers in order to reduce their state's payment error rate and to simplify paperwork requirements for both the food stamp recipient and eligibility worker. Because some reporting options applied only to specific households, many states considered them somewhat restrictive. Officials in most states told us that the effect on their payment error rate was a factor in their decision to use particular options and waivers.

While only a few states were using the new option to provide food stamp benefits to families leaving TANF, 20 other states are considering the option. States using the Transitional Benefit Alternative told us that they had selected the option to support working families. Congress is

considering legislation that would allow states to offer transitional benefits for 6 months. Twenty-seven states said they would consider using this option.

No state was implementing or planning to implement all aspects of the simplified program option, which allows states to merge their TANF and Food Stamp Program rules into a single set of requirements for families receiving both types of assistance. States told us that the simplified program option would make administering the programs more difficult because it creates a separate program, covering only a subset of food stamp recipients – those who receive TANF. However, nine states were using a portion of the simplified program to align their food stamp and TANF work or reporting requirements.

Background

The Food Stamp Program provides eligible low-income households with paper coupons or electronic benefits that can be redeemed for food in stores nationwide. FNS funds food stamp benefits and about half of the states' administrative costs and establishes regulations for implementing the Food Stamp Program. FNS regulations require that states certify household eligibility at least annually and establish requirements for households to report changes that occur after they are certified. Recently, FNS introduced several options and waivers[1] to food stamp rules and regulations in order to increase program access and reduce the reporting burden on working families while minimizing the potential for payment errors.[2] These include options and waivers related to program eligibility, reporting requirements, extending food stamp benefits to households leaving TANF, and options related to TANF recipients. To monitor program accountability, FNS's quality control system measures states' performance in accurately determining food stamp eligibility and calculating benefits.

[1] Waivers allow states to deviate from a specific program regulation. States must submit a written request to and obtain approval from FNS before making a change. "Options" are provided through FNS regulations. States, at their own discretion, may implement an option; they do not have to request permission from FNS.

[2] FNS estimates that in fiscal year 2000, 43 percent of all food stamp households with children had earned income.

Determination of Eligibility and Benefits

States implement the Food Stamp Program by determining whether households meet established limits on gross income and assets, calculating monthly benefits for eligible households, and issuing benefits to households. The actual amount of the food stamp benefit is based on household income after certain deductions—including shelter, dependent care, and child support. To be eligible for benefits, a household's gross income may not exceed 130 percent of the federal poverty level and the value of its assets may not exceed $2,000.[3] If the household owns a vehicle worth more than $4,650, the excess value is included in calculating the household's assets.[4]

Recipients of TANF cash assistance are automatically eligible for food stamps—a provision referred to as "categorical eligibility" — and do not have to go through a separate food stamp eligibility determination process. In the wake of welfare reform, many needy families that are no longer receiving TANF cash assistance may receive other TANF- funded services or benefits. FNS gave states the option to extend categorical eligibility to families receiving TANF-funded benefits or services.[5] States can determine which TANF-funded services or benefits confer categorical eligibility to food stamps.

FNS offers two options that states can use to allow households to own a vehicle worth more than the amount allowed in current regulations and remain eligible for food stamp benefits. One option allows states to replace the federal food stamp vehicle asset rule with the vehicle asset rule from any TANF assistance program, as long as the rule is more liberal than the federal rule.[6] States adopting the rule of a TANF-funded program

[3] Households with disabled or elderly members are exempt from the gross income limit. In addition, households with elderly members may have assets valued at $3,000.

[4] If a household has no other assets, its vehicle can be worth $6,650.

[5] TANF funding includes both TANF block grant and state maintenance of effort funds – nonfederal funds that states are required to spend in order to receive the entire federal TANF block grant. FNS regulations state that households in which all members are receiving benefits or services from a program designed to meet the program goals of TANF and which are funded with more than 50 percent of federal TANF or state maintenance of effort funds would be categorically eligible for food stamps. A state may, at its discretion, confer categorical eligibility to households in which all members are receiving similar benefits or services from a program funded with less than 50 percent federal TANF or state maintenance of effort funds.

[6] Since welfare reform, many states have used the flexibility provided by TANF to liberalize their vehicle asset policy for cash assistance. In addition, other TANF-funded, noncash assistance programs, such as childcare, have no vehicle asset limits.

must apply it to all applicants for food stamp benefits. States can also use the categorical eligibility option as a way to exclude all vehicles, as well as other assets the family may have, from the determination of eligibility for food stamps. This option affects the food stamp eligibility only of families authorized to receive a TANF-funded service or benefit.

Certification and Reporting Requirements

After eligibility is established, households are certified to be eligible for food stamps for periods ranging from 1 to 24 months, with 3-, 6-, and 12-month periods the most common. The length of the certification period depends on household circumstances, but only households in which all members are elderly or disabled can be certified for more than 12 months. Once the certification period ends, households must reapply for benefits, at which time eligibility and benefit levels are re-determined. Households with stable income are generally given longer certification periods than households with fluctuating income. Prior to welfare reform, federal regulations required households to have a face-to-face interview with an agency worker at each re-certification. Current regulations give states the option to require only one face-to-face interview a year regardless of the length of the certification period.

Between certification periods, households must report changes in their circumstances—such as household composition, income, and expenses—that may affect their eligibility or benefit amounts. States determine how frequently households must file reports. A state may require a household to submit a monthly report on their financial circumstances along with required verification even if nothing changed. If a household is not required to file a monthly report, it is required to report changes in income and other circumstances as they occur—called "change reporting." States can require different types of reporting for different household types and generally require households with earnings to report more frequently than households with no earned income.

FNS offers alternatives to monthly and change reporting: quarterly and semiannual reporting. Both of these reporting methods decrease the frequency with which households with earnings are required to report. FNS also offers three waivers to change reporting that reduce the reporting burden on households with earnings. (See table 1.)

Table 1: Reporting Options and Waivers

Current policy	Option or waiver
Monthly reporting Households submit monthly reports on their circumstances along with required verification even if nothing has changed.	**Quarterly reporting waiver** Households with earnings are required to report their circumstances and provide verification every 3 months. Changes occurring between the reports do not have to be reported. **Semiannual reporting option** Households with earned income have their benefit set for 6 months and are required to report only if total monthly income rises above 130 percent of the poverty line. To use this option, states must certify the family for a minimum of 6 months.
Change reporting Households must report changes in their circumstances to the food stamp office within 10 days, including changes in the total amount of income greater than $25 per month.	**Change reporting waivers** • Status reporting. Households report the following changes: 1) gaining or losing a job, 2) moving from part-time to full-time employment or vice-versa, and 3) experiencing a change in wage rate or salary. • 5-hour reporting. Households report changes in hours worked if more than 5 hours a week. • $100 reporting. Households report changes in monthly earnings if more than $100.[a]

[a]In July 1999, FNS increased the required reporting amount from $80 to $100. Only one state continues to use the $80 waiver.

Options Related to TANF Recipients

USDA now provides a transitional benefit option to states to help families leaving TANF retain their food stamp benefits. Because families leaving TANF are no longer automatically eligible for food stamps based on their receipt of TANF cash assistance, they cannot receive food stamps without a re-determination of eligibility. The Transitional Benefit Alternative, introduced in November 2000, gives states the option to continue to provide families with their same food stamp benefit amount for 3 months after they leave welfare. As part of its deliberations on food stamp reauthorization, the Congress is considering extending the transitional benefit to 6 months.

Finally, recognizing that TANF and the Food Stamp Program generally are administered by the same agency at the local level, the 1996 welfare reform legislation provided an option for states to merge their TANF and

Food Stamp Program rules into a single set of eligibility and benefit requirements for households receiving both TANF and food stamps. This option, called the Simplified Food Stamp Program, allows states to align all of their TANF and Food Stamp Program rules. The option also allows states to implement a portion of the simplified program in which only the food stamp work requirement is replaced by TANF's work requirement.[7]

FNS's Quality Control System

FNS monitors states' performance by assessing how accurately they determine food stamp eligibility and calculate benefits. Under FNS's quality control system, the states calculate their payment errors by drawing a statistical sample to determine whether participating households received the correct benefit amount. The states review case information and make home visits to determine whether households were eligible for benefits and received the correct benefit payment. FNS regional offices validate the results by reviewing a subset of each state's sample to determine its accuracy and make adjustments to the state's overpayment and underpayment errors as necessary.[8] States are penalized if their payment error rate is higher than the national average, which was 8.9 percent in fiscal year 2000.

Food Stamp Program payment errors occur for a variety of reasons. Overpayments can be caused by inadvertent or intentional errors made by recipients and caseworkers. According to FNS' quality control system, the states overpaid food stamp recipients about $976 million in fiscal year 2000 and underpaid recipients about $360 million. A little over half of these errors occurred when state food stamp workers made mistakes, such as misapplying complex food stamp rules in calculating benefits. The remaining errors occurred because participants, either inadvertently or

[7] Welfare reform places restrictions on the amount of time a recipient can receive benefits and requires states to impose work requirements for most adults. States are required to meet steadily rising requirements for the percentage of adults that must participate in work activities—25 percent in fiscal year 1997, rising to 50 percent in fiscal year 2002. States decide which activities constitute "work" for the purposes of obtaining assistance, but states are limited to what they can count as work to meet their participation rate. Allowable work activities for adult recipients include subsidized or unsubsidized employment, on-the-job training, unpaid work experience, community service, vocational educational training, and providing child care services to certain other participants.

[8] To determine each state's combined payment error rate, FNS adds overpayments and underpayments, and then divides that sum by the total food stamp benefits paid by the state.

deliberately, did not provide accurate information to state food stamp offices.

According to USDA, about half of all payment errors are due to an incorrect determination of the household's income. In 1999, every state except one had a higher payment error rate among households with earnings as compared with households without earnings. Because their hours of work per week vary and they change jobs frequently, low-wage workers often have fluctuating incomes. Recipients are required to report these income changes, and eligibility workers must adjust their food stamp benefits correctly to avoid payment errors. In order to minimize payment errors, states usually certify households with earnings for shorter periods and require them to report more frequently than households with no earned income.

States Used Eligibility Options and Waivers Primarily to Increase Access to Food Stamps

Almost all states used one or more options or waivers to change their food stamp eligibility determination process. More than half of the states chose to confer categorical eligibility for food stamps to households receiving certain TANF-funded services or benefits. Thirty-three states used available options to exempt some or all vehicles from counting as assets. States used these options to increase the number of households to be eligible for food stamps, to simplify the administrative process for eligibility workers, and to support working families; however, most of these states considered them a cumbersome way to increase access to food stamps.

Many States Confer Categorical Eligibility to Increase Access

Thirty-four states extended eligibility for food stamps to households that are eligible to receive TANF-funded services or benefits. Many states conferred categorical eligibility only to households receiving TANF-funded benefits such as emergency assistance and childcare; while some states conferred categorical eligibility to food stamp applicants simply by providing them with information and referral services paid for with TANF funds. For example, during the food stamp application process, clients who may be financially ineligible for food stamps could become

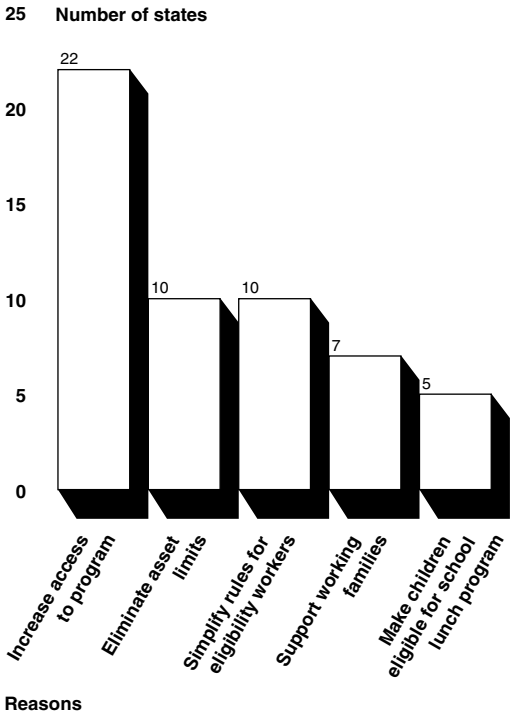
categorically eligible for benefits by virtue of having received a referral to a specific TANF-funded program.[9]

Although the primary reason states gave for conferring categorical eligibility was to increase access to food stamps by making households who are eligible for a TANF-funded service automatically eligible for food stamps, states cited other benefits of this option. For example, by eliminating the need to calculate the value of a food stamp applicant's assets, the eligibility worker's administrative burden is reduced. Furthermore, five states noted that conferring categorical eligibility for food stamps makes children eligible for the school lunch program, even if the household does not actually qualify for a food stamp benefit.[10] (See fig. 1.)

[9] This authority to more broadly confer categorical eligibility to TANF clients has been reduced by changes in Food Stamp regulations effective September 30, 2001, which restrict states to conferring categorical eligibility to clients receiving TANF-funded services with incomes at 200 percent of the federal poverty level or below.

[10] Children in households receiving TANF or food stamps are categorically eligible to receive free school meals.

Figure 1: Reasons States Confer Categorical Eligibility to Households



Note: States could provide more than one reason.

Source: GAO's analysis.

While about two-thirds of the states used the categorical eligibility option, some states pointed out difficulties that the option created. For example, many individuals made categorically eligible for food stamps through receipt of a pamphlet or referral to a service may in fact not actually qualify for a food stamp benefit, possibly increasing the administrative burden on food stamp workers. In addition, several officials said they would like the food stamp rules pertaining to categorical eligibility simplified. They noted that categorical eligibility is determined in part by the source of the funding for the program under which the household receives noncash benefits or services. Because many programs have multiple funding sources, it can be difficult to determine whether a particular program meets the TANF funding requirements. Another official said that categorical eligibility is difficult to explain to staff. Other officials noted problems tied to the variation from state to state that the option creates. One official commented that allowing states to determine which of their welfare-funded services to use in granting categorical eligibility for

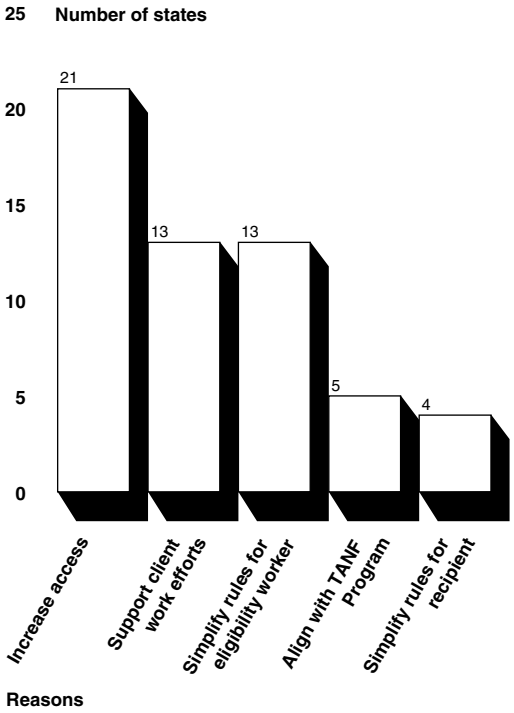
food stamps could create a great deal of national variation in who can access this federal entitlement program. Using TANF-funded services as a basis for categorical eligibility, a state official explained, is a complicated way of excluding vehicles when determining food stamp eligibility.

States Used Several Options to Exempt Vehicles

Thirty-three states used available options to exempt some or all vehicles from counting as assets in determining food stamp eligibility in order to increase access, support clients' work efforts, or simplify eligibility determination for food stamp workers. (See fig. 2.) Twenty-nine of these states chose to replace their food stamp vehicle rules with their TANF program rules.[11] While most of these states replaced their food stamp vehicle asset rules with their TANF cash assistance rules, a few states used rules from their TANF noncash assistance childcare programs.

[11] Twelve of these states changed their TANF vehicle asset rules prior to using them in their Food Stamp Program.

Figure 2: Reasons States Replaced Vehicle Asset Rules with TANF- Funded Program Rules

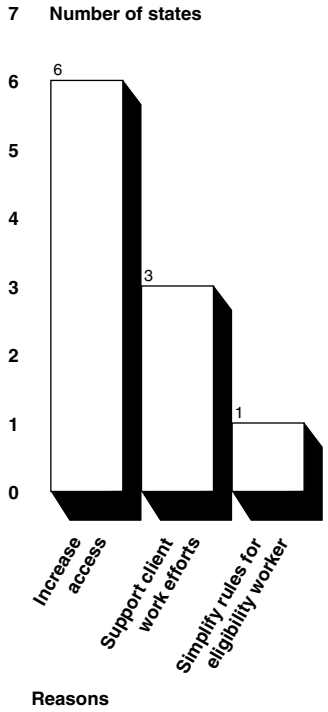


Source: GAO's analysis.

Seven states told us that they used the option to confer categorical eligibility to recipients of TANF-funded services as a way to exclude all vehicles and other assets from eligibility determination.[12] Specifically, six of the seven states told us that they used categorical eligibility to increase access to food stamps and three said that they used it to support client work efforts. (See fig. 3.)

[12] Officials from three of these states told us that they also used TANF vehicle asset rules for those households that were not eligible for a TANF-funded program that would automatically make them eligible for food stamps.

Figure 3: Reasons States Used Categorical Eligibility to Exempt Vehicles



Source: GAO's analysis.

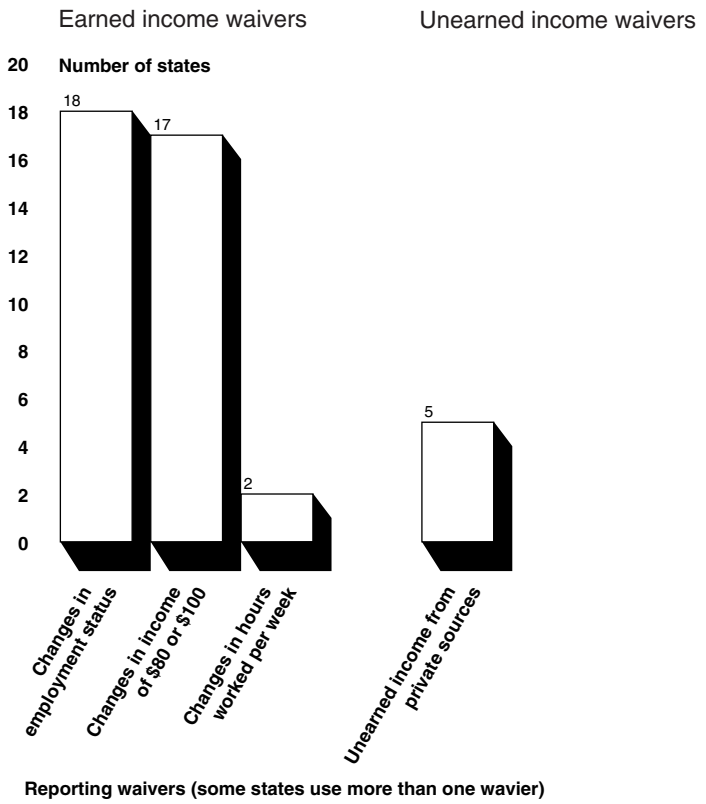
While most states used available options to liberalize the way vehicles are considered in the food stamp eligibility determination process, 17 states used existing Food Stamp Program rules regarding vehicles. Seven of these states said that they could not replace their food stamp vehicle rules with TANF vehicle rules because their TANF rules were more restrictive than their food stamp rules. In at least one of these states, changes to TANF rules required approval by the state's legislative body. State officials in almost half of the states told us that the Food Stamp Program's vehicle asset rules should be changed to exempt at least one vehicle per household. Other state officials wanted the exemption value of a vehicle increased to reflect the current cost of vehicles.

States Used Reporting Options and Waivers Primarily to Reduce Payment Errors and Simplify Paperwork

Almost all states used a reporting option or waiver to change the way households with earnings are required to report changes in their circumstances that could affect their eligibility for food stamps as well as their benefit amount. These options and waivers allowed states to alter the standard reporting methods of monthly and change reporting. Many states told us that they used reporting options and waivers to reduce their payment errors, to ease program administration, and to simplify paperwork requirements for households. Because some reporting options applied to specific households only, many states considered them somewhat restrictive.

The most frequently used reporting alternatives were those that eliminated the requirement to report changes in earned income of $25 or more per month. Eighteen states chose a waiver allowing households to report changes in employment status, which includes changes in wage rates, number of hours worked in a week, and a move from part-time to full-time employment or vice-versa. Seventeen states chose the waiver to require recipients to report only changes in income that exceeded $80 or $100. (See fig. 4.)

Figure 4: Thirty-Five States Use Change Reporting Waivers



Source: GAO's analysis.

States are allowed to use more than one reporting option or waiver. Thirteen states used two or more alternatives. However, some states chose not to use any reporting options or waivers, citing concerns over payment errors and the cost and burden of implementation, such as the cost of reprogramming computer systems to implement a new reporting system.

Ten states used the semiannual reporting option, and 5 states used the waiver allowing quarterly reporting. In these states, households with earned income are allowed to report semiannually or quarterly without reporting changes in between. Households subject to semiannual reporting are required to report if their gross income exceeds 130 percent of poverty. Should a household report a change that would increase the household's food stamp benefit, the state must make the change; however, the state is generally not allowed to make changes that would reduce the food stamp benefit amount. States are held responsible only for errors

resulting from miscalculating benefits at certification, or if income exceeds 130 percent of poverty and the change is not reported. State agencies are not held responsible for errors if the household experienced a change in its circumstances that the household did not report if the state's policies do not require the household to report the change. States selecting the semiannual reporting requirement must certify households for at least a 6-month period, and they have the option to eliminate every other face-to-face interview because of the new rule requiring only one face-to-face interview a year.

Although the semiannual reporting option provides states with an opportunity to reduce the reporting burden on working families with some impunity from payment errors, some states want to adjust the food stamp benefit in response to all reported changes in household income. Half of the states using the semiannual option requested and received a waiver allowing them to adjust benefits based on all changes reported by families. State officials gave various reasons for requesting this waiver to semiannual reporting. In some states, the Food Stamp Program shared the same computer system and database used for determining eligibility for other programs, such as TANF and Medicaid. Since these states link their programs, changes that families report to one program often automatically change the food stamp data, and states wanted the ability to adjust benefits according to this new information. Other states said that the waiver was useful because their food stamp workers have always adjusted food stamps based on reported changes; not to do so for all food stamp recipients would be confusing.

Officials in 28 states said they are considering the semiannual reporting option. Nine states would implement the option only with the waiver allowing them to act on all reported changes in part because of computer integration issues. Others would consider the option with a waiver allowing them to apply it to all food stamp households, not just households with earnings. Twelve states are not using or considering the semiannual reporting option. Officials in these states told us the option is either too burdensome to implement, the rules are too complicated, or that it might increase payment errors.[13]

[13] For example, officials from two states were concerned about being held responsible for large payment errors at the end of six months. One state was concerned about a mistake at certification that would not be realized until six months later, and the other was concerned about a household not reporting if its income goes over 130 percent of poverty.

Officials from 38 states said that additional changes to the reporting requirements were needed. Some noted that states should be allowed to use the same reporting requirements for all households, not just households with earnings.

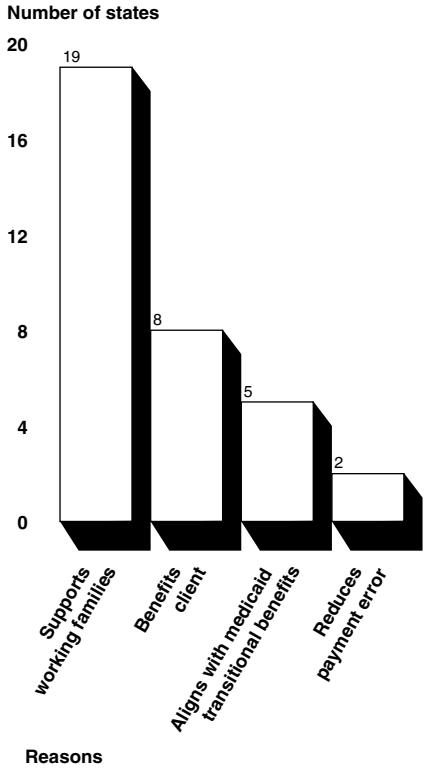
Although states told us that a primary reason they used reporting options and waivers was to minimize the payment error associated with earnings, concern over payment accuracy affected states' decisions regarding other options and waivers as well. For example, although FNS gave states the option to limit face-to-face interviews to once a year, some states continue to require households with earnings to come in more frequently because of concerns over payment accuracy. Officials in 45 states told us that the effect on their payment error rate was either the most important factor or a contributing factor in their decision to use particular options and waivers. As a result, officials in many states said that USDA's quality control program should not focus solely on payment accuracy. State officials also suggested changes in the way that payment errors are calculated. For example, they noted that client and agency error should be counted separately from client error, because the agency had no control over whether the client reported required information correctly.

Many States Planning to Use the Transitional Benefit Option

Although only three states reported using the Transitional Benefit Alternative, many states told us they plan on using it. At the time of our interviews, the 3-month Transitional Benefit Alternative was not yet fully implemented, but states could request this option. Twenty states said that they were considering it. Twenty-seven states said they would implement the proposed 6-month Transitional Benefit Alternative if it became available.

The primary reason that states would provide a transitional benefit is to support working families. Many states said that the option helped with the transition from welfare to work by stabilizing the families after they leave welfare by guaranteeing a fixed food stamp benefit regardless of how their income fluctuates during the transitional benefit period. (See fig. 5.) Some states that would use the 6-month option but not the 3-month option said that the additional 3 months of support to families making the transition from welfare to work would make the implementation costs worthwhile.

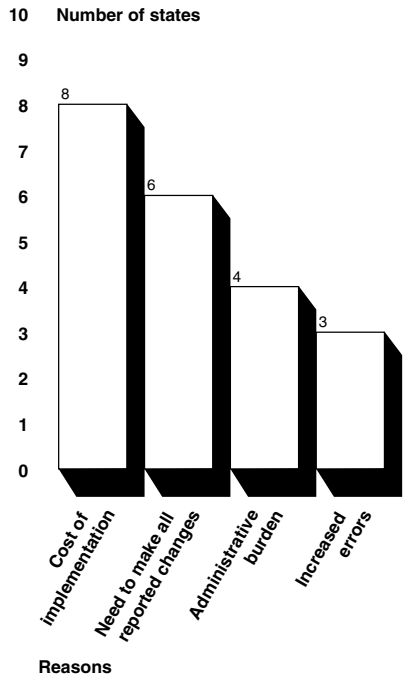
Figure 5: Reasons States Would Use the 3- and 6-Month Transitional Benefit Alternative



Source: GAO's analysis.

The 12 states that had decided not to use transitional benefits said they were concerned about the implementation costs. At least eight of these states indicated that the computer changes required to implement the transitional benefit would be extensive. (See fig. 6.) Eighteen states said they were undecided about the 3-month option, and 14 states had not yet decided about the 6-month option. Several of the undecided states indicated that they were concerned about potential costs associated with reprogramming their computers.

Figure 6: Reasons States Are Not Planning to Use the 3 and 6-Month Transitional Benefit Alternative



Source: GAO's analysis.

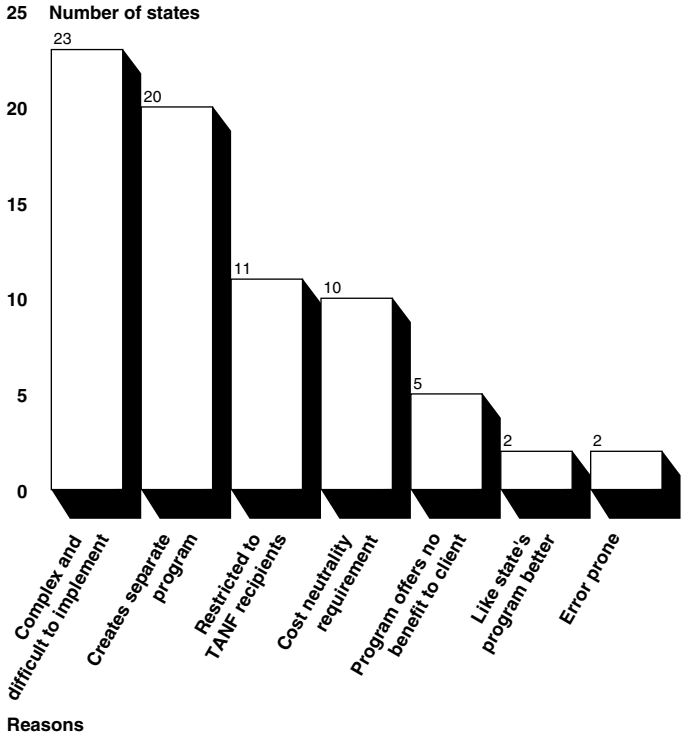
No State Is Using All Aspects of the Simplified Food Stamp Program Option

No state is implementing or plans to implement all aspects of the Simplified Food Stamp Program option. The main reason states gave for not choosing this option was that it was too complex and difficult to implement. The simplified program option was to be a vehicle for creating conformity between TANF and the Food Stamp Program by merging the programs' rules into a single set of requirements for individuals receiving both types of assistance. However, as we reported earlier,[14] since not all needy households receive both TANF and food stamps, the states selecting the simplified program option would, in effect, be operating three programs: one program for TANF recipients following state TANF rules; one program for food stamp recipients following federal food stamp regulations; and the simplified program for recipients of both food stamps and TANF. Furthermore, to whatever extent the states use the simplified program, they must also have demonstrated that total federal costs would

[14] U.S. General Accounting Office, *Welfare Reform: Few States Are Likely to Use the Simplified Food Stamp Program*, GAO/RCED-99-43 (Washington, D.C.: January, 1999).

not be more than the costs incurred under the regular Food Stamp Program—that is, the program has to be "cost neutral." Figure 8 shows the reasons states gave for not choosing the option. In addition, while states are not planning to use the simplified program, some state officials indicated that it might be worthwhile to develop such a program if it could apply to all food stamp households, not just households receiving both TANF and food stamps.

Figure 7: Reasons States Are Not Using the Simplified Food Stamp Program Option



Source: GAO's analysis.

While no state is implementing all aspects of the simplified program option, nine states reported using some of the flexibility offered under the program. Eight states are aligning their food stamp and TANF work requirements. One state is aligning its TANF and food stamp reporting requirements to reduce the reporting burden on households participating in both programs.

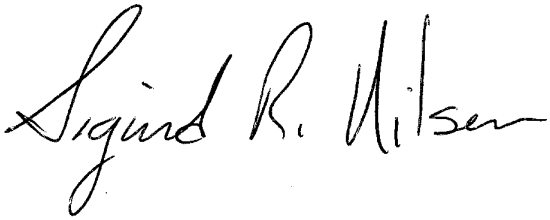
Agency Comments

We provided USDA with the opportunity to comment on a draft of this report. While USDA did not provide formal comments, it did provide technical comments, which we incorporated where appropriate.

We are sending copies of this report to the Secretary of Agriculture, appropriate congressional committees, and other interested parties. We will also make copies available to others upon request.

If you or your staff have questions about this report, please contact me on (202) 512-7215 or Dianne Blank on (202) 512-5654. Individuals making key contributions to this report include Margaret Boeckmann, Elizabeth Morrison, and Lara Carreon.

Sincerely yours,



Sigurd R. Nilsen, Director
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U.S. General Accounting Office. *Food Stamp Program: States Seek to Reduce Payment Error and Program Complexity*. GAO-01-272. Washington, D.C.: 2001.

U.S. General Accounting Office. *Welfare Reform: Few States are Likely to Use the Simplified Food Stamp Program*. GAO/RCED-99-43. Washington, D.C.: 2001.

U.S. General Accounting Office. *Food Stamp Program: Various Factors Have Led to Declining Participation*. GAO/RCED-99-185. Washington, D.C.: 2002).

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