



United States
Department of
Agriculture

LEG-4-2-CA

March 31, 2006

The Honorable John Laird
Assemblymember, 27th District
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0027

Food and
Nutrition
Service

Western Region

550 Kearny St.
Room 400
San Francisco, CA
94108-2518

Dear Mr. Laird:

I appreciate your interest in taking steps to improve the Food Stamp Program in California as expressed in your letter of March 10, 2006.

With regard to the questions you raised concerning simplified reporting as it is used in the Food Stamp Program, this option was intended to improve program access and reduce error rates by limiting the number of changes that would need to be reported by food stamp clients. This has proven to be a popular option with States. In fact, as of August 2005, 45 States (including the District of Columbia) were using simplified reporting, while another five were using monthly reporting, with California being the only State using a quarterly reporting system. Of the five using monthly reporting, one of them (Hawaii) is currently moving to a simplified reporting system. As you may know, while States under simplified reporting can choose certification periods of 4 months or longer, most typically chose either a 12-month certification period with a required semiannual report that the household must submit, or a 6-month certification period.

Concerning the impact of simplified reporting on State error rates, analysis done by Food and Nutrition Service's Office of Analysis, Nutrition and Evaluation and released in a report entitled "The Effects of Simplified Reporting on Food Stamp Payment Accuracy" suggests that simplified reporting policies adopted by States in 2004 could have lowered error rates by 1.2 to 1.5 percentage points. However, this report contains certain caveats relating to its methodology that need to be kept in mind when gauging the salutary impact of simplified reporting on error reduction. The web links to this and other reports referred to in this letter will be supplied as an attachment so that you and your staff can view them in their entirety.

With regard to the impact that simplified reporting has had on client access and participation, as well as the question of whether it has helped reduce administrative burdens on State staff, the answer is that it has had a beneficial effect on all three. A May 2004 report prepared by Mathematica Policy Research, Inc. under a cooperative assistance agreement with USDA's Economic Research Service looked at each of these issues.

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In its study, Mathematica looked at four states that had implemented the simplified reporting option. These four states are Arizona, Louisiana, Missouri, and Ohio. What was found was that the most significant gain with simplified reporting was the reduction in staff workload. Workload was reduced because of five factors. These factors were: (1) less frequent recertifications and interviews, (2) fewer reapplications following closures, (3) fewer overissuances established to adjust back benefit amounts due to unreported changes, (4) fewer periodic report forms to process, and (5) the ease of processing semiannual reports as compared to conducting full recertifications. Each of these factors, to one extent or another, helped ease the burden on administrative staff.

Client access has been improved with the use of simplified reporting. The Mathematica study indicates that several factors were at work in improving client access and participation. These factors were: (1) less frequent recertification reviews, (2) fewer terminations due to incomplete recertifications, (3) no overissuances for not reporting most changes, (4) less frequent periodic report forms for clients, and (5) additional time for case management or coaching activities designed to assist clients.

The Mathematica study also indicated that with the reduced burden of retaining food stamps, participation rates of families that are included in the simplified reporting caseload have increased for the four states studied. Participation rates increased in all four states between Fiscal Year (FY) 2002 and FY 2003. Other factors may be at work, but I believe it is safe to say that simplified reporting does not have a negative impact on client participation and likely eases the burdens on households that are part of the simplified reporting caseload.

The impact of simplified reporting on fraud rates has not been studied. At the present time there is no known correlation between the two.

I trust that this information addresses the questions raised in your letter. Should you have any additional questions, please contact me at 415 705-1310, ext. 511. You may also contact my Food Stamp Program Director, Dennis Stewart, at 415 705-2333, ext. 301.

Sincerely,

Original signed by

ALLEN NG
Regional Administrator
Western Region

Enclosures

Web Citations for Referenced Studies

"The Effect of Simplified Reporting on Food Stamp Payment Accuracy"

<http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/ProgramIntegrity/SimplifiedReporting.pdf>

Mathematica study, Chapter IV "Simplified Reporting Findings"

<http://www.ers.usda.gov/Publications/efan04003/>

Food and Nutrition Service, Aug. 2005 "State Options Report" on Simplified Reporting

http://www.fns.usda.gov/fsp/rules/Memo/Support/State_Options/fifth/reporting.pdf