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EVALUATION OF EXPEDITED SERVICE IN THE FOOD STAMP PROGRAM

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EVALUATION OF EXPEDITED SERVICE IN THE FOOD STAMP PROGRAM

EXECUTIVE SUMMARY

Background

This study was designed to provide basic nationally valid data about expedited service in the Food Stamp Program (FSP). It includes descriptions of the numbers and characteristics of households receiving expedited service, how local offices process expedited cases, and the error proneness of expedited cases. It also analyzes the effects of two legislated changes: new eligibility requirements and processing time standards for expedited service.

Expedited service, which began in March 1979, provides accelerated processing of food stamp applications for households that meet income requirements indicative of an urgent need for assistance. Under the original expedited service provisions, food stamps were to be issued within three working days to applicant households with zero net monthly income. In order to meet the three working day limit, normal verification (except for identity and residency) could be postponed. However, in order to continue receiving food stamps beyond the initial month, a household had to complete the postponed verification requirements.

The Omnibus Budget Reconciliation Act of 1982 (OBRA'82) made a number of changes in expedited service provisions. These changes were intended to reduce administrative burden and target the program to those most in need. Specifically, the new regulations, which were implemented February 1, 1983, extended the processing time for expedited service from three working days to five calendar days. The eligibility criteria for expedited service were tightened by replacing the previous zero net income test with criteria limiting eligibility to households whose monthly gross income was less than $150 and whose liquid assets (cash-on-hand, checking or savings accounts) did not exceed $100. The OBRA'82 legislation required verification of identity and residency, if possible. It also placed new emphasis on verification of income and liquid resources--to the extent practical within the five calendar day limit.

Research Design

The majority of the study findings, numbers and characteristics of expedited households and effects of OBRA'82 legislative changes, are based on data collected from food stamp casefiles. A nationally representative sample of 25,782 casefiles was selected from 60 local food stamp offices stratified by geographic region (East, Midwest, South and West) and office size (large, medium and small). Data on participation and application status (expedited or regular) were collected from each of the 25,782 casefiles. A stratified random subsample of 5,284 casefiles was then selected. All household and administrative characteristic data were collected from this subsample of casefiles . This subsample was stratified on the basis of application status (expedited or regular) and application time period (October 1981 through January 1983 or February 1983 through May 1984). These application time periods are the 16 months before and after the implementation of the OBRA'82 legislative changes in expedited service provisions and are referred to as Pre and Post-OBRA'82.

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Additional data on processing expedited cases were collected in the same 60 local food stamp offices from a separate sample of 3,427 casefiles of households that applied for benefits in July 1984. A random subsample of 950 of these July 1984 cases was then selected for quality control (QC) field reviews in order to produce data to calculate error rates. Finally, interviews were conducted with State FSP officials, and questionnaire data were collected from officials and eligibility workers at local welfare offices in order to gain their perspective on features of expedited service.

Receipt of Expedited Service

Approximately 34.0 percent or 2.7 million of the 8.0 million different households which applied for and were approved to receive food stamps during the Post-OBRA'82 period (February 1983 to May 1984) were processed under the provisions of expedited service. These expedited households represented 19.2 percent of the entire unduplicated food stamp caseload (applicants plus ongoing cases).

While the average use of expedited service was 34 percent across all applicants, this percentage varied across the sample of offices. In half of sampled offices, the proportion of expedited applicants was between 20 and 40 percent; however, a fifth of sampled offices expedited less than ten percent of their applicants, while the top fifth of sampled offices expedited more than 45 percent of their applicants.

Economic Characteristics of Expedited Households

Income and Assets. Expedited households had substantially lower income and assets than households that received food stamps through regular processing. During the Post-OBRA'82 period the mean monthly gross income of expedited households was $50.82 and liquid assets were $9.18. Income and assets of regular applicant households were about eight times higher with a mean of $407 in monthly gross income and $65.0 in liquid assets. Nearly 95 percent of expedited households compared to 36 percent of regular households had gross income of less than 50 percent of the poverty level.

Wage Earners. Only 12.2 percent of expedited households during the Post-OBRA'82 period contained wage earners. In comparison, 28.5 percent of regular applicant households contained wage earners.

Unearned Income. The average monthly unearned income of expedited households was $28.62 during the Post-OBRA'82 period. This level of unearned income was substantially lower than the mean of $215.71 in unearned income received by regular applicant households.

Composition of Expedited Households

A comparison of the composition of expedited and regular applicant households provides a summary profile of the expedited service population. In comparison to regular applicant households, expedited households in the Post-OBRA'82 period were significantly:

- Smaller. Expedited households had a mean of 2.1 members compared to a mean of 3.0 members among regular applicant households;

- More Likely to Be Single Person Households. Over half (51.2 percent) of expedited households contained one member compared to 25.4 percent of regular applicant households;

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- Younger. The mean age of the head of expedited households was 32, compared to a mean age of 37 for the head of regular applicant households;

- Less Likely to Have Elderly and Disabled Members. Only 4.3 percent of expedited households, compared to 17.8 percent of regular applicant households, contained elderly or disabled members;

- Less Likely to Contain Children. Only 39.3 percent of expedited households, compared to 70.4 percent of regular applicant households, contained children; and

- More Likely to be Headed by Men. Nearly 60.7 percent of expedited households, compared to only 44.3 percent of regular households, were headed by men.

FSP Participation by Expedited Households

Continuing Cases. During the Post-OBRA'82 period, the overwhelming majority of expedited households (90.4 percent) continued to receive food stamp benefits following the first month's allotment, thereby completing the full verification process required for regular food stamps.

Length of Participation. Expedited households had significantly shorter spells of participation than regular applicant households. Expedited households that applied during the Post-OBRA'82 period participated an average of 5.4 months during the sixteen months from February 1983 through May 1984, compared to an average of 6.6 months for regular applicant households.

History of Participation. During the Post-OBRA'82 period, the average expedited household had one prior spell of food stamp participation over the previous four years--about the same number of spells as regular households. The spells for expedited households, however, were significantly shorter. Expedited households participated an average of 6.9 months over the 32 months from October 1981 to May 1984, compared to 9.0 months for regular households.

Processing Time for Expedited Cases

During the Post-OBRA'82 period, the mean processing time for expedited cases was 7.0 calendar days, and 58.7 percent of expedited service cases were processed within five calendar days. If working days rather than calendar days had been used as a processing standard, 71.3 percent of expedited cases would have been processed within five working days. Although local offices were not always able to meet the five calendar day processing limit, expedited service substantially reduced processing time compared to regular applicants. It took regular applicants a mean of 19.8 calendar days to receive food stamps compared to the mean of 7.0 calendar days for expedited cases.

Verification Practices.

In nearly all offices, workers attempted to complete full verification for expedited cases, whenever possible. During the Post-OBRA'82 period, 65.3 percent of expedited cases had full verification completed before receiving the first month's food stamps.

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The average processing time was approximately the same for fully verified expedited cases (7.1 days) and for expedited cases where verification was postponed (6.9 days). The large majority of both groups (88.0 percent of cases where verification was postponed and 91.7 percent of expedited cases who provided full verification) continued their participation beyond the initial month. There were no significant differences between these groups in household composition or economic circumstances. However, households that provided full verification were significantly more likely to have participated previously in the food stamp program, and thus may have known what documentation to bring with them to their initial intake interview.

Mistakes in Expedited Processing

Inclusion of Households Ineligible for Expedited Service. During the Post-OBRA'82 period 1.3 percent of applicants received expedited service and postponed verification but exceeded the expedited service eligibility limits.

Households That Were Eligible For But Did Not Receive Expedited Service. During the Post-OBRA'82 period, 15.7 percent of approved applicant households that met the eligibility criteria were not processed under expedited service procedures. While such households eventually suffered no loss in benefits, it took them considerably longer to receive food stamps (19.4 calendar days compared to 7.0 calendar days for expedited households). These households tended to have slightly higher income than expedited households (a gross monthly income of $36.23 compared to $18.53 for expedited households) and were more apt to be receiving other forms of public assistance (12.5 percent of eligible households that did not receive expedited processing, compared to 4.0 percent of expedited households, were receiving some form of public assistance at the time they applied.)

Error Proneness of Expedited Cases

QC field reviews were conducted on a random sample of expedited cases selected from all applicants for food stamps during July 1984 within a stratified random sample of 60 local food stamp offices. The majority of these expedited cases were fully verified and/or were not processed within five calendar days. It was not possible to analyze separately the error proneness of the relatively small number of expedited cases that had received postponed verification

Payment error rates were calculated for the expedited cases and compared to the average U.S. National reported rate (i.e., prior to Federal re-review and adjustment) for Fiscal Year 1984. Six percent of the value of all food stamp allotments issued to expedited cases were in error while 7.7 percent of the value of all allotments issued to households receiving food stamps during Fiscal Year 1984 were in error. This difference was not statistically significant. Thus error among expedited cases was about the same as that found among regular cases. Generally speaking, the pattern of types of payment errors as well as program factors leading to variances and source of variance shows considerable similarity across expedited and regular cases.

Opinions Regarding Expedited Service

This study attempted to describe the current national viewpoint of food stamp officials and eligibility workers toward expedited service. Although this study shows that expedited cases are not uniquely error-prone, the majority of respondents still report being concerned that the relative lack of verification allowable under expedited service provisions may promote abuse by clients. Nevertheless, there is a broad concensus that expedited service recipients are generally in immediate and serious need of food stamps.

The majority of all respondents did not think that eliminating expedited service as a Federal mandate would result in less timely delivery of food stamps. However, when asked for recommendations for change in expedited service provisions less than a quarter of all respondents recommended eliminating the Federal provisions. About a third would keep expedited service provisions the way they are, and the majority of all respondents would keep it but make changes. The most frequent change recommended was to increase the processing time allowed for expedited cases. The second most frequent recommendation was to require full verification.

Effects of Legislative Changes in Expedited Service Provisions

Change in the Number of Households Receiving Expedited Service. The number of different households receiving expedited service in the Post-OBRA'82 period was 4.1 percentage points lower than in the Pre-OBRA'82 period. This observed change from 38.1 to 34 percent, is a result of all factors that changed over time and not just the legislative change. For example, the revised expedited service regulations were implemented at the peak of the recent recession. Improving economic conditions after implementation partially explain the observed reduction in the number of expedited service applicants after the legislative change.

Change in the Proportion of Expedited Cases After Controlling for Changes in Economic Climate and Client Characteristics. Because of the variety of changes between Pre and Post OBRA'82, statistical adjustment techniques were needed to produce comparisons that isolate the effects of the legislative change. Multivariate regression-based models of the probability of receiving expedited service were estimated with the 5,284 observations in the applicant casefile abstraction sample. Controlling for State and local economic conditions and household demographic characteristics, these models show about two-thirds of the observed decline in use of expedited service was due to the legislative change. The remaining proportion of the observed reduction was due to, and about evenly divided between, changes in local area economic conditions and shifts in the composition of the applicant sample between the two periods.

Characteristics of Affected Households. Households affected by the change in eligibility criteria for expedited processing (i.e., households with zero net income that exceeded either the new gross income or liquid assets tests) contained more wage earners (27.3 percent vs. 9.4 percent) and received significantly more unearned income than households that remained eligible. Compared in terms of the composition of households that remained eligible, the affected households:

- Contained More Elderly and Disabled Members -- 17.7 percent of affected households compared to 3.8 percent of households that remained eligible;
- Contained More Children -- 53.8 percent of affected households compared to 39.4 percent of households that remained eligible; and
- Were More Apt to be Headed by Women -- 52.6 percent of affected households compared to 40.3 percent of eligible households.

Changes in Economic Characteristics. As expected, the legislative changes tightened eligibility for expedited service. Households receiving expedited service after the OBRA'82 changes had significantly lower monthly gross income and liquid assets than expedited households prior to OBRA'82. The mean monthly gross income of expedited households during the Post-OBRA'82 period was $50.82 compared to $62.31 during the

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Pre-OBRA'82 period. Liquid assets of expedited households were $9.18 during the Post-OBRA'82 period compared to a mean of $31.96 before implementation of OBRA'82 legislative changes. These reductions in household income and liquid assets persisted when changes in these measures were estimated after controlling for other possibly confounding influences. Therefore they can be interpreted as effects of the legislative change.

Legislative Impact Limitations. Income distribution data help explain why the tightening of eligibility criteria did not have a larger impact. First, net income, gross income and liquid assets are closely related so that 87.6 percent of food stamp households with zero net income had less than $150 in gross income and 92.0 percent had no more than $100 in liquid assets. Second, the income and asset distribution of expedited food stamp households is sharply skewed toward zero; changes in gross income and liquid asset requirements had (and will have) only moderate impact on the proportion of applicants eligible for expedited service.

Other Changes. Contrary to expectations, there were few other significant effects of the legislative change. The implementation of OBRA'82 regulations appeared to have little impact on the non-economic characteristics of the expedited population. The results of this study also show that the legislative changes had no statistically significant influence on the administration of expedited cases as measured by processing time, verification practices, and compliance with expedited service provisions.

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SECTION ONE

BACKGROUND, OBJECTIVES, AND METHODOLOGY

1.1 OVERVIEW

This study has two related objectives. It provides basic nationally valid data about expedited service in the Food Stamp Program and analyzes the effects of recent changes in the expedited service provisions.[1]

Section One describes the previous and current expedited service provisions of the Food Stamp Program, the study objectives and methodology. Section Two presents descriptive analyses of the number and characteristics of households receiving expedited service. Characteristics of expedited households are contrasted with those of households receiving regular (nonexpedited) food stamps. Section Three presents administrative characteristics of expedited service cases and contrasts them with regular (nonexpedited) cases where appropriate. Processing time and verification practices before and after the legislative changes are analyzed. Mistakes in processing and the error proneness of expedited cases are also examined. Section Four presents descriptive analyses examining characteristics of expedited households before and after the legislative change in expedited service provisions. This section also summarizes the findings from multivariate analyses that isolated the impact of the legislative change from other confounding influences. Appendices A and B describe technical issues related to sampling and multivariate regression models. Appendix C includes supplemental tabulations about expedited service based on July 1984 data. Appendix D includes a brief analysis of another legislative change in the Food Stamp Program, the 1981 introduction of proration of initial month's benefits.

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[1] This report is part of FNS' research effort to determine effects of legislative changes in the Food Stamp Program. Another broader study conducted for the Food and Nutrition Service provided analyses of the combined effects of numerous recent legislative changes in the Food Stamp Program. See: Michel, et. al. The Effects of Legislative Changes in 1981 and 1982 on the Food Stamp Program. Final report to Congress. Urban Institute, May 1985.

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1.2 PROGRAM AND LEGISLATIVE BACKGROUND

The Food Stamp Program (FSP), operated by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture, was established in 1964 when Congress passed the first Food Stamp Act, even though the roots of the program can be traced to the 1930s. It has been an evolving program. Current legislation authorizing the Food Stamp Program is the Food Stamp Act of 1977, with amendments of 1979, 1980, 1981, 1982, 1983, and 1985. The primary objective of the Food Stamp Program has been to provide assistance to low-income households to increase their food purchasing power and thereby help them to attain a more nutritious diet. To meet this general objective, provisions have been included in the program that affect client eligibility and administrative procedures. One of these provisions, expedited service for those in emergency need of assistance, is the subject of this research.

1.2.1 Regular Food Stamp Requirements

Eligibility for participation in the Food Stamp Program is determined by a means test that specifies limits on both household income and assets. Participating households receive monthly benefits in the form of food stamps. The dollar value of the coupon allotment is calculated using information on household size, income, deductions, and the cost of an inexpensive but nutritious diet (USDA's Thrifty Food Plan). Food stamps can be redeemed for eligible food items at authorized retail food stores.

Exhibit 1-1 summarizes the provisions of the Food Stamp Program during 1984 when data for this study were collected. Of particular interest are the asset and gross income limits, the processing time, and the verification requirements, since these do not necessarily apply to households receiving expedited service. For regular (nonexpedited) applicants the monthly gross income eligibility limit was $1105 for a household of four persons and the asset limit for nonelderly households was $1500. For regular (nonexpedited) applicants, FSP regulations require (1) that State agencies provide every applicant an opportunity to participate in the program within thirty days from the date of application and (2) that household circumstances be verified. Verification for regular food stamp applicants includes the use of collateral contacts and documentary evidence and must occur prior to certification of eligibility in order for applicants to receive benefits. Circumstances that must be verified include: identity, residency, alien status, gross nonexempt income, medical expenses, utility expenses, Social Security Number, and other information if questionable.

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EXHIBIT 1-1 SUMMARY OF CURRENT PROVISIONS OF THE FOOD STAMP PROGRAM

Provision	Current Food Stamp Program (11/84)
Asset limit	$1,500 (nonelderly) $3,000 (elderly households of 2 or more)
Gross income Eligibility limit (household of 4)	$13,260 (annually) $1,105 (monthly)
Net income limit (household of 4)	$10,200 (annually) $850 (monthly)
Earnings deduction	18%
Standard deduction	$95
Shelter/Child care deduction	$134
Medical deduction	Excess above $35 (applies to elderly/disabled only)
Benefit reduction rate	30%
Processing time	30 days from date of application
Payment period	From date of application
Maximum benefit (household of 4)	$264
Minimum benefit for eligible households	$10 (applies only to 1 and 2 person households)
Verification required	Identity, residency, alien status, gross nonexempt income, utility expenses (if itemized), medical expenses (if itemized), Social Security number, and other information if questionable

NOTE: Since 1984 several of these program provisions have been amended by the Food Security Act of 1985 (P.L. 99-198). In addition, periodic cost of living adjustments affect other provisions.

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1.2.2 Expedited Service Provisions

Legislative Intent. The Food Stamp Act of 1977 first authorized the provision of expedited service as a way to help households with an urgent need for assistance. The original expedited service provisions were implemented in March 1979 and were in place approximately four years until February 1983.[2] The significant feature of expedited service is accelerated processing of applications for food stamps for any household that meets income requirements indicative of an urgent need for assistance. This means that needy households can receive benefits more quickly than the 30 days allowed under normal processing. It also means that there is less time for local offices to process expedited applications; therefore regulations allow postponement of regular requirements for verifying household circumstances prior to issuance of initial benefits.

More recent legislation, the Food Stamp Amendments of 1982 included in the Omnibus Budget Reconciliation Act of 1982 (OBRA'82), altered the original expedited service provisions.[3] The legislative changes implemented as of February 1, 1983 were intended to improve delivery of expedited service by better targeting the program to those most in need and reducing administrative burden.

The original and the current expedited service provisions are sumarized in Exhibit 1-2 and described below. The differences between the provisions fall into three categories: processing time, eligibility criteria, and verification requirements.

Processing Time. Under the original expedited service provisions processing time was limited to two or three working days. Coupons or authorization to participate (ATP) documents for expedited service households had to be mailed no later than the close of the second working day following the date of application, or had to be available for pickup no later than the start of the third working day following application.

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[2]Details of the provisions were published in the final rule in the Federal Register, Volume 43, No. 201, October 17, 1978.

[3]Details of the new provisions were published in the Federal Register, Volume 47, No. 230 on November 30, 1982.

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EXHIBIT 1-2 CHANGES IN EXPEDITED SERVICE REGULATIONS EFFECTED BY OBRA'82

	Regulations Before OBRA'82	Current Regulations
Processing	Mailed by 2nd working day following date of application, or stamps available for pick-up at the start of the 3rd working day.	Close of business on the 5th calendar day following date of application.
Eligibility	Zero net income or determination that household is destitute (i.e., household's only income for the month of application is [1] from a terminated source and is received prior to application, or [2] is less than $25, is from a new source, and will be received 10 days after date of application).	Liquid asset limit of $100; less than $150 monthly gross income. Migrant and seasonal farmworkers who are determined destitute.
Verification	Identity and residency; (income, if possible)	Identity; (residency, if possible), reasonable effort to verify income, liquid resources and other factors (e.g., utilities, medical expenses if itemized)).

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As a result of OBRA'82 current expedited service regulations extend processing time for expedited service from two or three working days to five calendar days. Coupons or ATPs must be mailed or available for pickup no later than the close of business on the fifth calendar day following the day of application.[4]

Eligibility Criteria. The original expedited service provisions identified two types of no-income households eligible for expedited service. These were (1) households with no anticipated monthly net income--gross income minus appropriate exclusions and deductions--and (2) destitute households. A household was defined as destitute only if its income for the month of application (1) was received prior to application and was from a terminated source, or (2) was from a new source from which less than $25 would have been received in the ten days following application.

The eligibility criteria for expedited service were tightened by OBRA'82 legislation. Instead of the zero net income or destitute criteria, current eligibility for expedited service is now limited to households with gross monthly income less than $150[5] and with liquid assets (cash-on-hand, checking or savings accounts, savings certificates, and lump sum payments) not in excess of $100. Households must now meet both the gross income test and the liquid resource limit to be eligible to receive expedited service.

Verification Requirements. In order to meet the two to three day timeframe for processing, the original expedited service provisions provided that, except for identity and residency, verification could be postponed if it could not be obtained within the time allotted for processing. If verification was postponed and the household was certified for the month of application, the household had to reapply and complete the postponed

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[4]The time for processing applications is seven days for residents of drug or alcohol addiction treatment and rehabilitation centers.

[5]Migrant or seasonal farmworkers are exempted from the $150 gross monthly income test. They are eligible for expedited service if they meet the destitute household definitions used under the earlier expedited service provisions.

verification requirements, in order to continue FSP participation under the regular (nonexpedited) provisions. If a household was certified for a period longer than the month of application, no further benefits were issued until the postponed verification was completed. Thus, a second month's benefits would not be issued until normal verification requirements were met.

The OBRA'82 legislation places new emphasis on verification of income and liquid resources--to the extent practical prior to expedited issuance of benefits. Except for this emphasis, verification requirements are very similar to the original provisions. The 1982 regulations specify that in all cases the applicant's identity must be verified through a collateral contact or readily available documentary evidence. Also, all reasonable efforts must be made to use collateral contacts or documentary evidence to verify, within the five-day processing standard, the household's residency, income statement, liquid resources, and all other factors that are part of normal verification. However, benefits may not be delayed beyond the five day delivery standard due to lack of this additional verification. As under the earlier provisions, a second month's benefits will not be issued until normal verification requirements are completed.[6]

1.3 INFORMATION NEEDS AND RESEARCH OBJECTIVES

Although expedited service has been part of the Food Stamp Program for over six years, very little quantitative data and no nationally valid estimates of the prevalence and characteristics of expedited cases have been available. This evaluation of expedited service provides basic, nationally valid data about the utilization of expedited service and the impact of the recent legislative changes in the expedited service provisions.

This study estimates the number of households applying for and receiving expedited service, the characteristics of these households, and how State and local programs provide expedited service. These basic data show how expedited service is actually

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[6]An exception to this is the case of migrant and seasonal farmworkers who apply after the 15th of a month. Postponed verification from in-State sources must be completed before a second issuance, but postponed verification from out-of-State sources must be completed before a third issuance. Thus, migrants applying after the 15th of a month may receive two month's benefits without complete verification.

utilized by the Food Stamp Program.

This study also identifies what happened when the changes were implemented in the eligibility criteria and processing time for expedited service. The OBRA'82 changes were made to limit eligibility for expedited service to the most needy households, and to reduce administrative burden. This evaluation assessed whether these changes led to reduced or increased utilization of expedited service, whether characteristics of expedited service recipients changed, whether processing time changed, and to what extent other impacts occurred.

1.4 RESEARCH DESIGN

This study was designed to produce nationally representative data on expedited service. The majority of the findings in this report, numbers and characteristics of expedited households and effects of legislative changes, are based on data abstracted from casefiles of approved food stamp applicants during the period October 1981 - May 1984. Additional data on processing expedited cases were collected from a separate sample of July 1984 applicant casefiles. A random subsample of these July 1984 cases was then selected for quality control (QC) field reviews in order to produce data to calculate error rates for expedited cases. Finally, interviews were conducted with FSP officials at the State level, and questionnaire data were collected from officials and eligibility workers at the local welfare office level in order to gain their perspective on features of expedited service.

1.4.1 The 1981 - 1984 Casefile Sample

Nationally representative data on approved food stamp applicants were collected from foodstamp casefiles on the basis of a stratified three stage random sample:

- First Stage -- a stratified random sample of 60 local food stamp offices. Offices were stratified in terms of geographic region (East, Midwest, South, and West) and office size (large, medium and small);

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- Second stage -- a random sample of 8,171 casefile storage units from the sampled offices (this was approximately a 50 percent sample of all storage units in the sampled offices); and

- Third Stage -- a systematic random sample of 25, 782 casefiles from within the sampled storage units in the sampled offices. Data on participation and application status (expedited or regular) were collected on each of these cases.

The determination of expedited or regular application status was made in either of two ways. The large majority of casefiles included a clear designation that the case was processed as an expedited case (for example, a unique code or check mark in a specific box). When available the local office designation was used to define expedited cases. However, 18 of the local offices in the sample included no unique designation of expedited service in the casefiles, so the Pre- and Post-OBRA '82 income and asset rules were used to identify expedited cases in these offices.

National estimates of the characteristics of approved expedited and non-expedited service applicant households were taken from a stratified random subsample of 5,284 cases. These cases were drawn from the casefile sample described as the third stage above, and detailed information was abstracted on household characteristics, processing time, benefits, verification practices and participation history.

The data in this report were abstracted from the casefiles of the following four groups of households that applied for, and were approved to receive, food stamps during the study period.[7]

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[7]In addition, the study abstracted information from a stratified random subsample of ongoing food stamp participants also drawn from the larger casefile sample described above. These cases were stratified on the basis of whether they originally were expedited or not, and whether they were participants during the 16 month Pre-OBRA'82 or the 16 month Post-OBRA'82 period. While the same types of information were collected from ongoing participants as from the applicant groups, the source of these data was a randomly selected recertification period during the study's Pre-OBRA'82 or Post-OBRA'82 time period. This information can be used to provide a description of the entire food stamp caseload. However, this report focuses on the applicant sample.

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- Pre-OBRA'82 Expedited Applicants. A random sample of 1,789 households that applied for and were approved to receive food stamps under the original provisions of expedited service during the period October 1, 1981 to January 31, 1983.

- Pre-OBRA'82 Regular Applicants. A random sample of 1,061 households that applied for and were approved to receive food stamps under regular application procedures sometime during the period October 1, 1981 to January 31, 1983.

- Post OBRA'82 Expedited Applicants. A random sample of 1,348 households that applied for and were approved to receive food stamps under the new expedited service provisions sometime during the period February 1, 1983 to May 31, 1984.

- Post-OBRA'82 Regular Applicants. A random sample of 1,086 households that applied for and were approved to receive food stamps under the regular application procedures sometime during the period February 1, 1983 to May 31, 1984.

It is important to note that the sampling procedures employed in this study provide valid national estimates of the unduplicated number of different households that participated in the Food Stamp Program. Under this sampling approach, a household was counted one time if it participated at any time during the sixteen month Pre-OBRA'82 period or the sixteen month Post-OBRA'82 period.[8] Thus, all estimates of participation and characteristics reflect all unique households participating during the study period. Details about the sampling approach and the procedures for developing national weights and variance estimates based on this sampling approach are presented in Appendix A of this report.

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[8]Unduplicated household participation data are distinctly different from data on "participation months" that would be generated by summing data across months in FNS's Statistical Summary of Operations. For example, summing participation months would count "ten months" participation for a household that received food stamps for ten months and one month for a household who left after the first month, and "six months" for a household with two separate participation spells of three months each. The unduplicated household definition employed in this study would count each of these households once, thus providing data on the number of different households who participated in the Food Stamp Program.

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1.4.2 The July 1984 Applicant Sample

An independent sample of July 1984 applicants was selected from the same stratified random sample of 60 local FSP offices which served as primary sampling units for the 1981 - 1984 casefile survey. Staff in these offices maintained a log of all new applicants[9] for food stamps during the month of July 1984. This log indicated whether an applicant household was processed under expedited or nonexpedited procedures. The sixty local FSP offices logged a total of 8,307 new applicants during the month of July 1984.

During the following month, a stratified random subsample of 3,427 of these applicants' casefiles (1,326 expedited and 2,101 nonexpedited) was subsequently reviewed five to six weeks after the initial application date.[10] Data were abstracted from casefiles and administrative records to determine the following:

- What proportion of applicants were (1) approved, (2) denied, or (3) still pending;
- What proportion of cases had some of their verification requirements postponed;
- What proportion of expedited cases continued their food stamp participation beyond the initial month; and
- The processing times and benefit amounts for these various types of cases.

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[9]New applicants were defined as households applying for food stamps for the first time or former participants applying after a break of at least one month in program participation.

[10]The allocation of cases across strata was such that the study selected nearly all expedited applicants and approximately one out of every five nonexpedited cases. A minimum of 12 applicants were selected from each office and in four of the larger offices random sampling of expedited cases was employed. In eleven of the offices the logs did not always indicate whether a case was expedited or not. In those sites, a random sample (approximately one out of every four applicants) was selected and a determination of expedited status was made on the basis of any of the following casefile information: a clear designation of expedited status, an indication of postponed verification or accelerated processing.

For the most part the July 1984 applicant data supplement the 1981 - 1984 casefile data as a second source of information on expedited service household and administrative characteristics. Findings from July 1984 are generally consistent with and confirm the 1981 - 1984 findings. Tables summarizing the July 1984 data are included in Appendix C. The July 1984 applicant sample also served as the sampling frame for selecting a subsample of cases for quality control field reviews described below.

1.4.3 The Quality Control Review Sample

A random subsample of expedited cases was selected from the July 1984 applicant sample for QC review. These reviews were conducted by State QC staff using the same data collection methods required for the Food Stamp Program Quality Control system. The purpose of these reviews was to verify if households were eligible for food stamps and receiving the correct coupon allotment, and also to serve as a basis for determining error rates. The circumstances for all cases were reviewed for the month of July. The reviews consisted of a desk audit of casefile information, a personal interview with the household, and verification of income and assets information through use of collateral contacts. All sampled cases were reviewed as regular cases. That is, all aspects of the case were verified by the quality control reviewer and no variances were excluded because of postponed verification.

The number of cases selected from a site reflected the number of expedited cases in the office, though a minimum of at least four cases (where they existed) was selected from each office and maxima of 40 cases per office and 80 cases per State were also established. These procedures resulted in a sample of 950 cases assigned for QC reviews.

1.4.4 Interview and Questionnaire Data

Data on policies, practices and opinions related to expedited service were collected from three different groups of respondents: State officials, key respondents, and eligibility workers. A telephone interview was conducted with an official identified as likely to be most knowledgeable about expedited service in each State. State respondents were typically State Food Stamp Directors. Questionnaire data were collected from one key respondent in each of the same stratified random sample of 60 local offices that served as primary sampling units for this study. Key respondents were defined as the person in

the local office most knowledgeable regarding expedited service policies and practices. Finally, questionnaire data were collected from approximately three randomly selected eligibility workers from each of the 60 local offices. The data collected through interview and questionnaires are an additional source of information about expedited service policies and practices. This report focuses on the casefile sample data to describe the expedited service population and procedures. It reports interview and questionnaire data as the source for information on officials' perspectives and opinions regarding expedited service.

1.4.5 Analytic Methods

The analysis in this report is primarily descriptive. This is the first nationally representative study of expedited service households; hence descriptive data provide valuable information about the nature of households who are participating in the program. The report includes descriptive information about expedited and regular applicant households and administrative procedures before and after the implementation of the new OBRA regulations for expedited service.

For the sake of clarity all the findings presented in this report are based on nationally weighted data. Since the sample casefiles for this study were not selected with equal probability, sampling weights were used to produce unbiased national estimates of expedited service populations. The sample weight for each case represents the product of the reciprocals of the sample selection probabilities at each stage of the sample design.

In addition to the sample weights, the descriptive statistical procedures for calculating population means, proportions, and frequency distributions and the associated variances of these estimates use statistical software appropriate for analyzing data from complex multi-stage samples.[11]

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Along with descriptive tabular analyses, multiple regression based modeling was also used to assess legislative impacts. This methodology was used to isolate the causal impact of the new legislative regulations on the expedited service population. This was necessary because there were a number of other potentially confounding changes that happened during the study period, notably: (1) other changes in the Food Stamp Program; (2) changes in other public assistance programs, and (3) changes in economic conditions. In general, changes in welfare programs, economic conditions, or the demographic characteristics of the caseload sample between the Pre- and Post-OBRA'82 time periods that were correlated with expedited service participation were controlled in the legislative impact analysis. Multiple regression-based modeling was used to give estimates of the OBRA'82 impact net of other changes between the two periods.

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SECTION TWO

NUMBER AND CHARACTERISTICS OF HOUSEHOLDS RECEIVING EXPEDITED SERVICE

2.1 SUMMARY

This section provides nationally representative information on the number and characteristics of households receiving expedited service. The results show that nationally about 34 percent of all applicants receive expedited service. The use of expedited service varies by the size of the food stamp office; with the proportion of expedited applicants significantly higher in large offices than in medium or small offices.

This section provides a detailed picture of the expedited population by contrasting it with regular (non-expedited) applicant households. Expedited households are strikingly different from regular food stamp applicant households, having less income, assets, earnings and participation in other income transfer programs. Expedited households are smaller, younger and have different compositional characteristics than non-expedited households. Expedited households tend to participate more frequently in the Food Stamp Program and for shorter lengths of time than regular applicant households.

2.2 THE NUMBER/PROPORTION OF HOUSEHOLDS RECEIVING EXPEDITED SERVICE

Based on estimates from the study sample of 25,782 casefiles, approximately 8.0 million different applicant households were approved to receive food stamps during the Post-OBRA'82 period (the sixteen months between February 1983 and May 1984).[1] Of this number, approximately 34 percent or 2.7 million different households received expedited service (as shown in Exhibits 2-1 and 2-2).[2]

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[1]It should be noted that these totals and percentages reflect unduplicated counts of participation by different food stamp households during the sixteen month period from February 1983 to May 1984.

[2]The procedures used to generate these national estimates are described in Appendix A of this report.

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EXHIBIT 2-1
RECEIPT OF EXPEDITED SERVICE

	PRE-OBRA'82 (October 1981 - January 1983)	POST-OBRA'82 (February 1983 - May 1984)
PERCENT OF APPLICANTS (Proportion of Different New Cases Who Were Expedited)[a]		
$\bar{X}$	38.1%*	34.0%*
S.E.	2.06[c]	2.54
PERCENT OF TOTAL FSP CASELOAD (Proportion of Different FSP Households Who Were New Expedited Cases)[b]		
$\bar{X}$	22.8%*	19.2%*
S.E.	1.46	1.99

Notes: This table shows the percent of households nationwide who applied and were approved for food stamps under the provisions of expedited service from October 1981 through January 1983, prior to the implementation of 1982 OBRA legislative requirements, and from February 1983 through May 1984, following the implementation of the 1982 OBRA legislative requirements. These estimates were based on a random sample of 25,782 case-files selected from within a stratified random sample of sixty local food stamp offices. The procedures used to generate these estimates are shown in Appendix A of this report.

[a]Percent of Applicants refers to the proportion of all different expedited applicant households (households who applied for and were approved for food stamps under expedited service provisions) as a percent of all different applicant households (both expedited applicants and regular applicants) who received food stamps during the sixteen month study period.

[b]Percent of Total FSP Caseload refers to the proportion of all expedited applicant households (households who applied for and were approved to receive food stamps under expedited service provisions) as a percent of the total FSP caseload--all households (expedited applicants, regular applicants and ongoing participant households) who received food stamps during the sixteen month study period.

[c]Confidence intervals. The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

*The proportion of Post-OBRA'82 Expedited Households was significantly different from the proportion of Pre-OBRA'82 Expedited Households at a .05 level.

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EXHIBIT 2-2
NATIONAL ESTIMATES OF THE NUMBER OF FSP HOUSEHOLDS

TYPE OF CASE	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Total	S.E.[e]	Total	S.E.[e]
Expedited Applicant Households[a]	3,290,000	454,000	2,710,000	349,000
Regular Applicant Households[b]	5,340,000	518,000	5,250,000	501,000
Ongoing Participant Households Originally Expedited[c]	930,000	288,000	1,210,000	314,000
Nonexpedited Ongoing Participant Households[d]	4,840,000	808,000	4,910,000	708,000

Notes: This table provides national estimates of the unduplicated number of different households in the Food Stamp Program over the sixteen month periods before and after the implementation of the 1982 OBRA Legislative requirements. The changes in requirements for expedited service were implemented on February 1, 1983. These estimates are based on a random sample of 25,782 casefiles sampled from within a stratified random sample of sixty local food stamp offices. The procedures used to generate these estimates are shown in Appendix A of this report.

[a]Expedited Applicant refers to households who applied and were approved to receive food stamps under the provisions of expedited service.

[b]Regular Applicant refers to households who applied and were approved to receive food stamps under regular application procedures.

[c]Ongoing Expedited Participant refers to households whose spell of participation continued through at least some of the sixteen month study period but who applied and were approved to receive food stamps under the provisions of expedited service prior to the beginning of the study period. For the Pre-OBRA'82 group this refers to households who applied before October 1981 and who continued their spell of participation into or beyond October 1981. For the Post-OBRA'82 group, this refers to households who applied before February 1983 and who continued their spell of participation into or beyond February 1983.

[d]Nonexpedited Ongoing Participant refers to households who continued their spell of participation through at least some of the study period but who applied and were approved to receive food stamps under regular application procedures prior to the beginning of the sixteen month study period. For the Pre-OBRA'82 group, this refers to households who applied before October 1981 and whose spell of participation continued through that month. For the Post-OBRA'82 group, this refers to households who applied before February 1983 and whose spell of participation extended into or beyond February 1983.

[e]Confidence intervals. The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

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While the average utilization of expedited service in the Post-OBRA'82 period was 34 percent across all applicants, this percentage varied from zero to 89 percent across the sample offices. In half of sampled offices, the proportion of expedited applicants was between 20 and 40 percent; however, a fifth of sampled offices expedited less than ten percent of their applicants, while the top fifth of sampled offices expedited more than 45 percent of their applicants.

The proportion of expedited applicants appeared to be significantly higher in large offices than in medium or small offices (as shown in Exhibit 2-3). During the Post-OBRA'82 period 37.3 percent of applicants in large offices were expedited, compared to 26.2 percent of applicants in moderate size offices, and 25.2 percent of applicants in small offices. Considering the low incidence of mistakenly expediting ineligible applicants nationwide, (described in Section 3.3.2) this difference is likely to reflect real differences in the cases being processed. That is, larger offices apparently have proportionately more applicants eligible for expedited service.

2.3 CHARACTERISTICS OF HOUSEHOLDS RECEIVING EXPEDITED SERVICE

This section describes characteristics of expedited households. To provide a broader context for this information, expedited households are contrasted with those of applicant households that were processed using regular procedures.

2.3.1 Income

Expedited households had considerably lower incomes than applicant households that received regular processing as shown in Exhibit 2-4. During the Post-OBRA'82 period, expedited applicant households reported a mean of $50.82 in monthly gross income compared to $407.28 for regular cases. Almost 83 percent of expedited cases in the Post-OBRA'82 period were at less than 25 percent of the poverty level compared to 18 percent of regular applicant households (as shown in Exhibit 2-5). Nearly 95 percent of expedited households, compared to 36 percent of regular applicant households had incomes that placed them below 50 percent of the poverty level.

2.3.2 Liquid Assets

Expedited households had substantially lower assets than regular applicant households.

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EXHIBIT 2-3
RECEIPT OF EXPEDITED SERVICE BY OFFICE SIZE
(Proportion of Expedited Applicants)

OFFICE SIZE		PRE-OBRA'82 (October 1981 - January 1983)	POST-OBRA'82 (February 1983 - May 1984)	CHANGE IN PERCENTAGE POINTS
Large	$\bar{X}$	39.9%	37.3%*	-2.6 pts
	S.E.	2.4	3.3	
Moderate	$\bar{X}$	34.1%	26.2%	-7.9 pts†
	S.E.	4.6	3.6	
Small	$\bar{X}$	33.1%	25.2%	-7.9 pts†
	S.E.	2.8	3.2	
Total	$\bar{X}$	38.1%	34.0%	-4.1 pts†
	S.E.	2.1	2.5	

Notes: This table shows the percent of all different expedited applicant households (households who applied and were approved for food stamps under expedited service provisions) as a percent of all different applicant households (both expedited applicants and regular applicants) who received food stamps during the sixteen month study period. The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subcontracting or adding the product of the standard error (S.E.) time 1.96.

*The proportion of Expedited Applicants in Large offices was significantly different from the proportion in Moderate or Small size offices.

†The proportion of Post-OBRA'82 Expedited Applicants was signficantly different from the proportion of Pre-OBRA'82 Applicants at a .05 level.

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EXHIBIT 2-4

INCOME CHARACTERISTICS OF APPLICANT HOUSEHOLDS RECEIVING FOOD STAMPS THROUGH EXPEDITED SERVICE AND REGULAR PROCEDURES

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,788)	Regular Applicants (n =1,061)	Expedited Applicants (n = 1,348)	Regular Applicants (n = 1,086)
Monthly Gross Income				
$\bar{X}$	$62.31†	$403.72*	$50.82†	$407.28*
S.E.	7.99	11.56	8.07	13.10
Liquid Assets (Cash, Checking and Savings)				
$\bar{X}$	$31.96†	$64.22*	$9.18†	$65.27*
S.E.	3.98	8.31	1.42	8.45
Monthly Net Income				
$\bar{X}$	$17.84	$255.51*	$13.29	$247.87*
S.E.	4.8	8.79	3.06	11.88
Monthly Earned Income				
$\bar{X}$	$26.82	$185.02*	$22.24	$191.56*
S.E.	3.32	13.09	2.91	12.61
Monthly Unearned Income				
$\bar{X}$	$35.49	$218.69*	$28.62	$215.71*
S.E.	7.58	9.36	6.72	10.50

†The mean of Pre-OBRA'82 Households was significantly different from the mean of Post-OBRA'82 Household at a .05 level.

*The mean of Expedited Households was significantly different from the mean of Regular Applicant Households at a .05 level.

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EXHIBIT 2-5

DISTRIBUTION OF EXPEDITED AND REGULAR APPLICANT HOUSEHOLDS BY POVERTY LEVEL

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,771)	Regular Applicants (n = 1,020)	Expedited Applicants (n = 1,333)	Regular Applicants (n = 1,043)
POVERTY LEVEL	Cumulative %	Cumulative %	Cumulative %	Cumulative %
0 - 25%	79.5	17.0	83.0	18.0
26 - 50%	92.2	30.3	94.9	36.5
51 - 75%	96.9	55.0	98.4	61.7
76 - 100%	99.2	81.0	99.8	82.5
101 - 125%	100	95.2	99.9	95.4
125+%	100	100	100	100

Note: The poverty levels used in this table are based on Bureau of the Census limits established on the basis of household size and presence of elderly household members, for the year (1981, 1982, 1983, or 1984) in which an application was made. These limits are published in the U.S. Bureau of the Census, Statistical Abstracts of the United States, Washington D.C.

During the Post-OBRA'82 period, expedited service households had a mean of $9.18 in liquid assets compared to mean assets of $65.27 for regular applicants (as shown in Exhibit 2-4). Substantially more expedited applicants reported zero liquid assets in the Post-OBRA'82 period, compared to regular applicant households; 82 percent versus 62 percent (as shown in Exhibit 2-6).

2.3.3 Household Size, Age and Composition

Household Size. The mean size of expedited households was 2.1 in both the Pre-OBRA'82 and the Post-OBRA'82 period. Expedited households were significantly smaller than regular applicant households (which had a mean size of 3.0 during both time periods).

Age. The heads of expedited households were younger than those in regular applicant households. The average age of the head of an expedited household was 32 compared to an average age of 37 years for the head of regular applicant households.

Household Composition. The comparison of expedited to regular applicant households (as shown in Exhibit 2-7) provides a description of the expedited population. The main differences were in the following characteristics:

- Elderly and Disabled Households -- 4.3 percent of expedited households during the Post-OBRA'82 period compared to 17.8 percent of regular applicant households contained elderly or disabled household members:

- Single Person Households -- 51.2 percent of expedited households during the Post-OBRA'82 period compared to 25.4 percent of regular applicant households contained only one member.

- Households With Children -- 39.3 percent of expedited households compared to 70.4 percent of regular applicant households contained children;

- Single Parent Households -- 23.9 percent of expedited households during the Post-OBRA'82 period compared to 37.2 percent of regular applicant households were comprised of a single adult family head and children;

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EXHIBIT 2-6

DISTRIBUTION OF EXPEDITED AND REGULAR APPLICANT HOUSEHOLDS ON NET INCOME, GROSS INCOME, AND LIQUID ASSETS

CHARACTERISTICS	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,771)	Regular Applicants (n = 1,020)	Expedited Applicants (n = 1,333)	Regular Applicants (n = 1,043
NET MONTHLY INCOME	Cumulative %	Cumulative %	Cumulative %	Cumulative %
0	89.2	16.7	90.0	21.3
$ 1 - 49	91.4	22.3	93.3	27.0
$ 50 - 99	94.1	31.0	95.4	36.7
$100 - 149	95.3	38.0	96.7	43.3
$150 - 199	96.6	48.4	97.8	52.4
$200 - 299	98.1	63.7	98.6	66.0
$300 - 399	98.9	76.2	99.2	76.9
$400 - 499	99.6	84.6	99.7	85.6
$500+	100	100	100	100
GROSS MONTHLY INCOME				
0	66.7	12.3	69.2	10.9
$ 1 - 49	70.6	12.5	72.5	11.5
$ 50 - 99	77.2	14.2	79.7	14.5
$100 - 149	83.6	16.3	87.7	16.8
$150 - 199	88.8	19.6	92.0	21.6
$200 - 299	94.7	38.4	96.2	39.3
$300 - 399	97.6	53.1	98.0	57.1
$400 - 499	98.9	68.1	99.1	67.7
$500 - 599	99.6	78.0	99.5	76.9
$600 - 699	100	85.7	99.8	84.7
$700+	100	100	100	100
LIQUID ASSETS				
0	74.9	66.4	82.1	62.3
$ 1 - 49	90.6	83.1	95.3	82.2
$ 50 - 99	92.2	86.7	97.3	86.9
$100 - 149	94.9	89.3	98.8	89.8
$150+	100	100	100	100

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EXHIBIT 2-7

COMPOSITION OF APPLICANT HOUSEHOLDS RECEIVING FOOD STAMPS THROUGH EXPEDITED SERVICE AND REGULAR PROCEDURES

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,789)	Regular Applicants (n = 1,061)	Expedited Applicants (n = 1,348)	Regular Applicants (n = 1,086)
Elderly and Disabled Households				
$\bar{X}$	5.1%	22.3%	4.3%	17.8%*
S.E.	0.7	2.7	0.9	1.4
One Person Households				
$\bar{X}$	46.3%	26.5%*	51.2%	25.4%*
S.E.	3.4	2.6	3.3	1.8
Households With Children				
$\bar{X}$	43.4%	74.3%*	39.3%	70.4%*
S.E.	3.1	2.3	3.7	1.8
Female Headed Households				
$\bar{X}$	44.8%	56.9%*	39.3%	55.7%*
S.E.	2.4	3.7	2.7	3.6
Single Parent Households				
$\bar{X}$	25.3%	37.0%*	23.9%	37.2%*
S.E.	1.8	2.5	2.2	2.4
Households With Female Household Head and Children				
$\bar{X}$	21.4%	32.1%	20.6%	32.1%
S.E.	1.7	2.3	2.3	2.4

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

*The proportion of Expedited Households was significantly different from the proportion of Regular Applicant Households at a .05 level.

- Female Headed Households -- 39.3 percent of expedited households during the Post-OBRA'82 period compared to 55.7 percent of regular applicant households were headed by women; and

- Female Household Head With Children -- 20.6 percent of expedited households during the Post-OBRA'82 period compared to 32.1 percent of regular applicant households were composed of a female family head with children.

On the other hand, there was little difference between expedited and regular applicant households in terms of citizenship or ethnicity. Nearly 94 percent of expedited households and 96 percent of regular applicant households were U.S. citizens. The majority of expedited households (54.2 percent) and regular applicant households (52.5 percent) were white; just under 30 percent of both groups were black and just over ten percent of both groups were Hispanic.

2.3.4 Earnings

During the Post-OBRA'82 period 12.2 percent of expedited households compared to 28.5 percent of regular applicant households had wage earners. Monthly earned income was $22.24 among expedited households during the Post-OBRA'82 period. In contrast, the average earned income of regular applicant households was $191.56 during the Post-OBRA'82 period.

2.3.5 Participation in Other Income Transfer Programs

Expedited service households had relatively little participation in other income transfer programs. This is not surprising given the gross monthly income limit of $150 for expedited households. During the Post-OBRA'82 period, 10.9 percent of expedited households compared to 53.6 percent of regular applicant households were participating in other public income transfer programs at the time they applied for food stamps. Another reason for this is that households often apply for and receive food stamps under expedited service at the time they are in the process of applying for, and before they receive, other types of assistance. Another explanation is that expedited households tend to have fewer children or elderly household members eligible for categorical programs like AFDC or Social Security. Exhibit 2-8 shows the limited extent to which expedited households participated in other income transfer programs:

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EXHIBIT 2-8

INCOME SOURCES OF APPLICANT HOUSEHOLDS RECEIVING FOOD STAMPS THROUGH EXPEDITED SERVICE AND REGULAR PROCEDURES

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,789)	Regular Applicants (n =1,061)	Expedited Applicants (n = 1,348)	Regular Applicants (n = 1,086)
Households With Wage Earners				
$\bar{X}$	14.1%	29.6%*	12.2%	28.5%*
S.E.	1.8	2.1	1.6	1.9
Households Receiving Public Income Transfers				
$\bar{X}$	14.3%	55.4%	10.9%	53.6%
S.E.	2.3	2.9	2.2	2.5
Households Receiving Unemployment Compensation				
$\bar{X}$	2.8%	12.5%*	2.5%	12.0%*
S.E.	0.6	1.6	0.4	1.9
Households Receiving Social Security				
$\bar{X}$	2.1%	15.2%	0.9%	13.0%
S.E.	0.6	1.6	0.4	1.9
Households Receiving Public Assistance				
$\bar{X}$	8.1%	31.1%	7.1%	31.0%
S.E.	2.0	2.2	1.9	2.6
Households Receiving AFDC				
$\bar{X}$	4.1%	17.8%*	3.2%	20.3%*
S.E.	1.2	1.9	1.1	2.5

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

*The proportion of Expedited Households was significantly different from the proportion of Regular Applicant Households at a .05 level.

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- Unemployment Compensation. Only 2.5 percent of expedited households during the Post-OBRA'82 period were receiving unemployment compensation. In contrast, 12 percent of regular applicant households were receiving unemployment compensation.

- Social Security. During the Post-OBRA'82 period only 0.9 percent of expedited households were receiving Social Security. In comparison, 13.0 percent of regular applicant households were receiving Social Security; and

- Households Receiving AFDC. During the Post-OBRA'82 period 3.2 percent of expedited households were receiving AFDC compared to 20.3 percent of regular applicant households.

2.3.6 Coupon Allotments

Because they had less income, expedited households tended to receive larger coupon allotments than did regular applicants. As shown in Exhibit 2-9 the monthly coupon allotment for expedited households was $135.43 during the Post-OBRA'82 period compared to an average of $116.91 for regular applicant households. The per capita benefit for expedited households was $67.55 during the Post-OBRA'82 period compared to $43.11 for regular applicant households.

2.3.7 Participation in the Food Stamp Program

Continuation Beyond the Initial Month of Participation. One of the concerns that motivated this study was that applicants could take advantage of the postponed verification provision; that is, receive food stamps for the first month and then fail to return for the full verification process required in order to receive food stamps beyond the first month. However, as shown in Exhibit 2-10 the study findings do not support this. The large majority, 90.4 percent of expedited households in the Post-OBRA'82 period, continued beyond the first month (thereby completing the full verification process).

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EXHIBIT 2-9

BENEFIT CHARACTERISTICS OF APPLICANT HOUSEHOLDS RECEIVING FOOD STAMPS THROUGH EXPEDITED SERVICE AND REGULAR PROCEDURES

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,756)	Regular Applicants (n =1,047)	Expedited Applicants (n = 1,327)	Regular Applicants (n = 1,072)
Prorated Coupon Allotment				
$\bar{X}$	$75.17	$62.45*	$81.65	$68.39*
S.E.	4.02	5.59	4.27	3.50
Monthly Coupon Allotment				
$\bar{X}$	$131.75	$106.88*†	$135.43	$116.91*†
S.E.	6.47	2.81	6.99	3.01
Per Capita Benefit				
$\bar{X}$	$63.92†	$37.91†*	$67.55†	$43.11*
S.E.	1.29	0.90	0.85	1.13

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

†The mean of Pre-OBRA'82 Households was significantly different from the mean of Post-OBRA'82 Households at a .05 level.

*The mean of Expedited Households was significantly different from the mean of Regular Applicant Households at a .05 level.

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EXHIBIT 2-10

PERCENT OF EXPEDITED HOUSEHOLDS CONTINUING BEYOND THE INITIAL MONTH

	PRE-OBRA'82 (October 1981-January 1983) (n = 1,609)	POST-OBRA'82 (February 1983 - May 1984) (n = 1,164)
Continued Participation Beyond the Initial Month		
$\bar{X}$	86.5%†	90.4%†
S.E.	1.5	1.5

†The proportion of continuing Pre-OBRA'82 Expedited households was significantly different from the proportion of continuing Post-OBRA'82 Expedited households at a .05 level. However, this difference lost statistical significance when controls were included in the regression model reported on page B-23.

Day of Application. There was no difference between expedited and regular applicants in terms of the day of the month they applied for food stamps. The mean for both groups was the fourteenth day of the month, and the distribution of application days was unchanged between the Pre-OBRA'82 and the Post-OBRA'82 periods (as shown in Exhibit 2-11).

Length of Participation. Expedited cases received food stamps for a significantly shorter length of time than regular households. Expedited households that applied during the Post-OBRA'82 period participated an average of 5.4 months during the sixteen months from February 1983 through May 1984. Regular applicant households that applied during the Post-OBRA'82 period participated an average of 6.6 months during the same time period.

History of Prior Participation. This study found that 31.1 percent of expedited cases and 25.8 percent of regular applicants during the Post-OBRA'82 period had at least one earlier spell of participation in the Food Stamp Program between October 1981 and January 1983. These proportions were significantly different from one another. Expedited households had significantly shorter periods of earlier participation spells than regular applicants. Expedited households that applied during the Post-OBRA'82 period

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EXHIBIT 2-11

PARTICIPATION CHARACTERISTICS OF APPLICANT HOUSEHOLDS RECEIVING FOOD STAMPS THROUGH EXPEDITED SERVICE AND REGULAR PROCEDURES

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,789)	Regular Applicants (n =1,061)	Expedited Applicants (n = 1,347)	Regular Applicants (n = 1,085)
Number of Participation Spells 1979-1984				
$\bar{X}$	2.1	1.9	2.0	1.8*
S.E.	.18	.10	.19	.09
Participation Months During the 16 Month Pre/Post OBRA'82 Period				
$\bar{X}$	4.5	6.0*	5.4	6.6*
S.E.	.31	.19	.31	.26
Application Day				
$\bar{X}$	14.9	14.4	14.1	14.8
S.E.	.28	.41	.33	.24

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

*The mean of Expedited Households was significantly different from the mean of Regular Applicant Households at a .05 level.

participated an average of 1.5 months over the 16 months from October 1981 through January 1983 compared to 2.5 months for regular households.

Reasons for Eventual Case Closure. Expedited cases were eventually closed for reasons that were generally similar to the pattern of closure found amount regular applicant households:

- 64.3 percent of expedited cases were eventually closed because the household did not reapply or requested a termination of benefits. This was significantly higher than the proportion of regular applicant cases (54.2 percent) that were eventually closed for these reasons;

- 10.4 percent of expedited cases, compared to 12.5 percent of regular applicant cases, were eventually closed because they failed to provide verification;

- 3.7 percent of expedited cases were eventually closed because of excess income or resources; this was significantly lower than the proportion of closures (7.4 percent) among regular applicant households attributed to excess income; and

- 7.7 percent of expedited cases, compared to 7.3 percent of regular applicant cases, were eventually closed because they had moved or could not be located.

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SECTION THREE

ADMINISTRATIVE ISSUES RELATED TO EXPEDITED CASES

3.1 OVERVIEW AND SUMMARY

According to the requirements of the Omnibus Budget Reconciliation Act of 1982 (OBRA'82) expedited applications for food stamps are to be processed within five calendar days (a change from the previous limit of three working days). In order to meet the expedited time frame, normal verification of household circumstances may be postponed, prior to issuance of initial benefits. On the other hand, under the expedited service provisions food stamps may not continue beyond the first month unless full verification is completed. As described in Section One, current eligibility criteria for expedited service require that households have less than $150 in gross monthly income and no more than $100 in liquid assets.

This Section provides information on how local offices administer the expedited caseload. It addresses processing time, verification practices, compliance with eligibility criteria and error proneness of expedited cases.

The results show that the mean processing time for expedited cases was 7.0 calendar days, and 58.7 percent of expedited cases were processed within the required five calendar day limit. However, on average expedited cases were processed almost three times faster than nonexpedited cases. It was also found that about two-thirds of all expedited cases were fully verified.

In addition to lack of compliance with the required expedited timeframe, findings showed two types of mistakes made in processing food stamp applicants. Nationally, 15.7 percent of approved applicants were eligible for expedited service but were not processed under expedited service procedures; and a much lower percentage, 1.3 percent of applicants, received expedited service (and postponed verification) but exceeded the expedited service eligibility limits.

Analyses of error data showed that expedited cases are no more likely to be error prone than the nonexpedited caseload. Nevertheless, interview and questionnaire data showed that State and local respondents continue to voice concerns about potential abuse of expedited service as well as recommendations for procedural changes.

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3.2 PROCESSING TIME AND VERIFICATION PRACTICES

3.2.1 Processing Time

During the Post-OBRA'82 period the mean processing time for expedited cases was 7.0 calendar days. When calculated in terms of working days, average processing time was just over five working days. As shown in Exhibit 3-1 there was little change between the Pre and Post OBRA'82 period in terms of processing time. When viewed in terms of compliance, it can be seen that 58.7 percent of expedited cases were processed within five calendar days during the Post-OBRA'82 period.[1]

Yet while local offices were not able to meet the five calendar day processing limit for all cases, expedited service did succeed in substantially reducing processing time compared to the average processing time for regular food stamp applicants. It took regular applicants a mean of 19.8 calendar days in the Post-OBRA'82 period (and 19.2 days in the Pre-OBRA'82 period) to receive food stamps; the processing of expedited cases (7.0 calendar days) was over two and one half times faster. Thus, current procedures do succeed in accelerating the process of providing food stamps.

The reduction in processing time due to expedited service appeared to be particularly great in large offices (as shown in Exhibit 3-2). In large offices, regular applicants were processed in a mean of 22.2 calendar days compared to 7.1 calendar days for expedited cases. In moderate and small size offices, the mean processing time was 14.1 calendar days for regular applicants compared to 6.3 calendar days for expedited service cases.

3.2.2 Verification Practices

Our review of casefile information showed that in 65.3 percent of expedited households in the Post-OBRA'82 period (and 66.9 percent in the Pre-OBRA'82 period), full verification was received before food stamps were issued. In nearly all offices, workers attempted to complete full verification whenever possible. This was apparently done

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[1] Indeed, one frequent complaint of eligibility workers is that the new processing requirement did not reduce workload if someone applied at the end of the week.

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EXHIBIT 3-2

PROCESSING CHARACTERISTICS OF APPLICANT HOUSEHOLDS BY OFFICE SIZE

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants	Regular Applicants	Expedited Applicants	Regular Applicants
PROCESSING TIME IN CALENDAR DAYS:				
Large Size				
$\bar{X}$	7.5*	21.9[a]	7.1*	22.2[a]
S.E.	.8	3.5	1.0	2.9
n	(790)	(469)	(641)	(505)
Moderate Size				
$\bar{X}$	6.5*	13.7[a]	6.3*	14.1[a]
S.E.	1.0	1.7	.9	1.4
n	(476)	(282)	(347)	(278)
Small Size				
$\bar{X}$	6.1*	13.0[a]	6.3*	14.1[a]
S.E.	.6	1.4	.7	2.3
n	(404)	(174)	(265)	(167)
PROCESSING WITHIN 5 CALENDAR DAYS:				
Large Size				
$\bar{X}$	60.6%*	23.8%	58.3%*	18.9%[a]
S.E.	4.9	6.5	5.3	5.4
n	(790)	(469)	(641)	(505)
Moderate Size				
$\bar{X}$	61.6%*	32.7%	60.6%*	26.1%
S.E.	6.2	6.9	9.4	5.8
n	(476)	(282)	(347)	(278)
Small Size				
$\bar{X}$	66.2%*	29.5%	58.4%*	30.4%[a]
S.E.	3.1	5.0	3.6	6.8
n	(404)	(174)	(265)	(167)

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

*The mean value or proportion of Expedited Households was signficantly different from that of Regular Applicant Households at a .05 level.

[a]The mean value of Large offices was significantly different from that of Moderate size or Small offices at a .05 level.

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both to prevent error and to reduce office workload by permitting cases to be certified for longer than the initial month.

EXHIBIT 3-3
PERCENT OF EXPEDITED APPLICANTS COMPLETING FULL VERIFICATION

CHARACTERISTIC	PRE-OBRA'82 (October 1981-January 1983) (n = 1,609)	POST-OBRA'82 (February 1983 - May 1984) (n = 1,164)
Completed Full Verification Before Initial Issuance		
$\bar{X}$	66.9%	65.3%
S.E.	3.5	6.1

Fully verified expedited households were processed in about the same length of time as expedited households for which verification was postponed. During the Post-OBRA'82 period, the average processing time was 6.9 calendar days for expedited cases that were fully verified, compared to 7.1 calendar days for expedited cases receiving postponed verification; 60.1 percent of expedited cases where verification was postponed, were processed within five calendar days (as shown in Exhibit 3-4).

The postponement of verification appeared unrelated to continued participation in the Food Stamp Program; 91.7 percent of expedited households that were fully verified, compared to 88.0 percent of households where verification was postponed, continued receiving food stamps beyond the initial month.

There were no significant differences between the demographic characteristics of expedited cases that received or did not receive postponed verification, in terms of income, assets, household size, and composition. However, expedited households that were fully verified were more likely to have participated in the Food Stamp Program before (and thus may have known to bring to the intake interview the documentation needed to complete full verification). Fully verified expedited cases in the Post-OBRA'82 period had an average of 2.2 spells of prior participation between October 1981 and May 1984 compared to 1.5 spells for expedited households where verification was postponed.

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EXHIBIT 3-4

PROCESSING CHARACTERISTICS OF EXPEDITED HOUSEHOLDS RECEIVING POSTPONED VERIFICATION AND EXPEDITED HOUSEHOLDS RECEIVING FULL VERIFICATION

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Postponed Verification (n = 443)	Full Verification (n = 1,227)	Postponed Verification (n = 300)	Full Verification (n = 953)
Processing Time in Calendar Days				
$\bar{X}$	7.4	7.1	7.1	6.9
S.E.	0.72	0.84	0.74	0.97
Processed Within 5 Calendar Days				
$\bar{X}$	61.3%	61.1%	55.8%	60.1%
S.E.	3.6	5.0	3.5	6.1
Continued Participation Beyond Initial Month				
$\bar{X}$	80.8%†	89.1%	88.0%†	91.7%
S.E.	1.8	2.1	3.0	1.3

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtraccting or adding the product of the standard error (S.E.) time 1.96.

†The proportion of Pre-OBRA'82 Households was significantly different from the proportion of Post-OBRA'82 Households at a .05 level.

*The proportion for Expedited Households where verification was Postponed was significantly different from the proportion for Expedited Households who completed Full Verification at a .05 level.

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3.3 MISTAKES IN PROCESSING THROUGH EXPEDITED SERVICE

3.3.1 Compliance with Expedited Service Provisions

During the Post-OBRA'82 period (as shown in Exhibit 3-5), 86.7 percent of expedited households met the eligibility criteria to receive such services--monthly gross income of less than $150 and liquid assets of no more than $100. This was not significantly different from the proportion (89.2 percent) of expedited households during the Pre-OBRA'82 period that met the previous requirement of zero net income.

The Section which follows discusses the characteristics of two types of mistakes related to expedited service: (1) households that were clearly designated as receiving expedited processing even though they did not meet the eligibility requirements for that service, and (2) households that were eligible for but did not receive expedited service. These characteristics are shown in Exhibits 3-6 to 3-9 at the end of this Section.

3.3.2 Households That Received But Were Ineligible for Expedited Processing

During the Post-OBRA'82 period, 13.3 percent of households that were clearly designated in the casefile as receiving expedited service exceeded either the $150 gross income or the $100 liquid assets limit. Most of these cases (93.9 percent) were fully verified and were eligible for regular food stamps. These cases may have been "administratively expedited" because they were thought to be in urgent need of food stamps.

Approximately 3.9 percent of households that received expedited service, or 1.3 percent of all applicants, may have represented mistakes on the part of local offices; these cases both exceeded the eligibility limits for expedited service, and did not receive full verification before receiving food stamps for the first month.[2] Nearly all (95.2 percent) of these cases, however, continued receiving food stamps beyond the first month, thereby completing the full verification process that was required in order to receive a second month of benefits. It should be noted that it was a clear advantage to households to be expedited since their average processing time was 7.3 calendar days compared to 19.6

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[2] The sample size of this group (n = 37) was too small to support statistical analysis to develop a profile of these cases.

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EXHIBIT 3-5

COMPLIANCE WITH EXPEDITED SERVICE PROVISIONS

CHARACTERISTIC	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,771)	Regular Applicants (n =1,029)	Expedited Applicants (n = 1,333)	Regular Applicants (n = 1,043)
Eligible Under the Zero Net Income Test				
$\bar{X}$	89.2%	16.7%*†	90.0%	21.3%*†
S.E.	2.4	2.4	2.4	1.8
Zero Net Income and Processed Within 3 Working Days				
$\bar{X}$	47.8%	5.0%*	47.2%	4.9%*
S.E.	4.7	1.6	4.3	1.5
Eligible Under the Gross Income and Liquid Asset Test				
$\bar{X}$	78.5%	15.2%*	86.7%	15.7%*
S.E.	1.7	2.2	2.9	1.7
Eligible Under the Post-OBRA'82 Tests and Processed Within 5 Calendar Days				
$\bar{X}$	49.7%	5.5%*	51.1%	4.0%*
S.E.	3.3	1.5	4.0	1.3

Notes: The lower and upper bounds of the 95% confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

†The mean of Pre-OBRA'82 Households was significantly different from the mean of Post-OBRA'82 Households at a .05 level.

*The mean of Expedited Households was significantly different from the mean of Regular Applicant Households at a .05 level.

calendar days for applicants processed through the regular application process (as shown in Exhibit 3-6).

The proportion of households that received but were ineligible for expedited service was not significantly different during the Post-OBRA'82 period (13.3 percent) than it was during the Pre-OBRA'82 period when 10.8 percent of expedited households failed to meet the zero net income test. The proportion (3.1 percent) of ineligible expedited households that did not complete full verification before receiving food stamps was not significantly different from the proportion of such cases (3.9 percent) in the Post-OBRA'82 period.

Household Composition. In terms of household composition (as shown in Exhibit 3-7), households that received but were ineligible for expedited processing often had more dependents than the eligible expedited group:

- Elderly and Disabled Households -- 10.2 percent of the ineligible expedited households had elderly or disabled members compared to 3.7 percent of the eligible expedited households;

- Households with Children -- 53.1 percent of the ineligible expedited households contained children compared to only 37.2 percent of eligible expedited households; and

- Female Headed Households with Children -- 36.0 percent of ineligible expedited households were composed of a single female head with children, compared to 18.7 percent of the eligible expedited households.

Income Characteristics. As shown in Exhibit 3-8, the households that received but were ineligible for expedited service had considerably less income than the households that were processed under regular application procedures:

- Poverty Level -- ineligible expedited households had gross income that placed them at 47 percent of the poverty level, compared to 72 percent of the poverty level for regular applicant households;

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EXHIBIT 3-6
PROCESSING CHARACTERISTICS OF ELIGIBLE EXPEDITED HOUSEHOLDS, INELIGIBLE EXPEDITED HOUSEHOLDS, ELIGIBLE HOUSEHOLDS WHO WERE NOT EXPEDITED, AND REGULAR APPLICANT HOUSEHOLDS IN THE POST-OBRA'82 PERIOD

CHARACTERISTIC		EXPEDITED		NONEXPEDITED	
		1 Eligible (n=1,164)	2 Ineligible (n=151)	3 Eligible (n=159)	4 Regular (n=884)
Processing Time in Calendar Days	$\bar{X}$	6.9	7.3	19.4	19.6
	S.E.	0.73	1.60	3.18	2.36
Processing Within 5 Calendar Days	$\bar{X}$	59.1%	57.5%	25.6%	20.6%
	S.E.	4.1	6.8	7.0	3.1
Completed Full Verification Benefit Receiving Initial Benefits	$\bar{X}$	65.4%	70.7%	-	-
	S.E.	6.7	6.0		
Continued Participation Beyond the First Month	$\bar{X}$	90.5%	93.9%	-	-
	S.E.	1.7	2.9		

Notes:

1 = Eligible Expedited Households are cases in the Post-OBRA'82 period who were eligible and received expedited processing. Eligibility was defined as having less than $150 in monthly gross income and no more than $100 in liquid assets.

2 = Ineligible Expedited Households received expedited processing even though they exceeded the eligibility requirements.

3 = Eligible Nonexpedited Households received regular processing even though they met the eligibility requirements for expedited service.

4 = Regular Households exceeded the eligibility criteria for expedited service and received regular processing.

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EXHIBIT 3-7
COMPOSITION OF ELIGIBLE EXPEDITED HOUSEHOLDS, INELIGIBLE EXPEDITED HOUSEHOLDS, ELIGIBLE HOUSEHOLDS WHO WERE NOT EXPEDITED, AND REGULAR APPLICANT HOUSEHOLDS IN THE POST-OBRA'82 PERIOD

CHARACTERISTIC	EXPEDITED		NONEXPEDITED	
	1 Eligible (n=1,164)	2 Ineligible (n=151)	3 Eligible (n=159)	4 Regular (n=884)
Elderly and Disabled Households				
$\bar{X}$	3.7%	10.2%	6.5%	20.1%
S.E.	0.6	4.6	2.3	1.6
Households With Children				
$\bar{X}$	37.2	53.1	45.0	71.8
S.E.	3.6	3.4	5.9	2.0
Households With Female Heads and Children				
$\bar{X}$	18.7%	36.0%	22.2%	34.3%
S.E.	2.7	4.0	4.1	2.7

Notes:

1 = Eligible Expedited Households are cases in the Post-OBRA'82 period who were eligible and received expedited processing. Eligibility was defined as having less than $150 in monthly gross income and no more than $100 in liquid assets.

2 = Ineligible Expedited Households received expedited processing even though they exceeded the eligibility requirements.

3 = Eligible Nonexpedited Households received regular processing even though they met the eligibility requirements for expedited service.

4 = Regular Households exceeded the eligibility criteria for expedited service and received regular processing.

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EXHIBIT 3-8
ECONOMIC CHARACTERISTICS OF ELIGIBLE EXPEDITED HOUSEHOLDS, INELIGIBLE EXPEDITED HOUSEHOLDS, ELIGIBLE HOUSEHOLDS WHO WERE NOT EXPEDITED, AND REGULAR APPLICANT HOUSEHOLDS IN THE POST-OBRA'82 PERIOD

CHARACTERISTIC		EXPEDITED		NONEXPEDITED	
		Eligible (n=1,164)	Ineligible (n=151)	Eligible (n=159)	Regular (n=884)
Monthly Gross Income	X	$18.53	$263.60	$36.23	$475.47
	S.E.	2.77	12.31	4.80	9.54
Monthly Net Income	X	$2.06	$89.14	$7.22	$290.30
	S.E.	.90	9.47	2.97	11.72
Liquid Assets	X	$3.18	$48.77	$ 4.37	$76.54
	S.E.	0.54	11.43	1.20	9.86
Households With Wage Earners	$\bar{X}$	9.4%	31.2%	8.5%	32.3%
	S.E.	1.6	5.2%	2.6	2.1
Households Receiving Unemployment Compensation	$\bar{X}$	1.0%	13.2%	3.4%	14.0%
	S.E.	0.5	6.5	1.3	1.7
Households Receiving Welfare	$\bar{X}$	4.0%	28.4%	12.5%	34.3%
	S.E.	1.5	6.5	3.8	2.3
Monthly Earned Income	$\bar{X}$	$9.15	$111.89	$6.99	$226.56
	S.E.	1.45	15.74	3.23	12.26
Monthly Unearned Income	$\bar{X}$	$9.38	$151.71	$29.24	$248.92
	S.E.	2.39	16.14	4.97	10.28

Notes: An explanation of groups can be found in notes at the bottom of Exhibit 2-22.

- Gross Monthly Income -- during the month of application, ineligible expedited households reported $263.60 in gross income. While this was substantially more than the income of eligible expedited cases ($18.53) it was also considerably less than the income of $475.47 reported by regular applicant households;

- Earnings -- 31.2 percent of ineligible expedited households contained a wage earner. While this was similar to the proportion among regular applicants (32.3 percent), the amount of these earnings was considerably lower. Ineligible expedited households reported an average of $111.89 in earned income compared to $226.56 among regular applicants. (By comparison, only 9.4 percent of eligible expedited households contained wage earners, and their average earned income was $9.15); and

- Unearned Income -- 13.2 percent of ineligible expedited households received unemployment compensation and 28.4 percent received public assistance. While these rates are similar to those for the regular applicants, the total amount of unearned income was considerably less. Ineligible expedited households reported $151.71 in unearned income compared to $248.92 among regular applicants.

This characterization of ineligible expedited cases, having lower income than regular applicants and more children or elderly members than eligible expedited households, again suggests that they may have been "administratively expedited" as a way to assist households in particular need.

3.3.3 Households That Were Eligible But Did Not Receive Expedited Service

Nationally 15.7 percent of approved applicants in the Post-OBRA'82 period eligible for expedited service were not processed under expedited service procedures. This is similar to the proportion of households (16.7 percent) that did not receive expedited service even though they had zero net income during the Pre-OBRA'82 period. While these households eventually suffered no loss in benefits (since initial benefit amounts were retroactive to the application date), it did take them considerably longer to receive food stamps (19.4 calendar days compared to 7.0 days for the expedited households).

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A comparison (shown in Exhibits 3-6 to 3-9) of eligible cases in the Post-OBRA'82 period that did not receive expedited processing to those eligible cases that were expedited found that the two types of households were similar in size and family composition. The eligible cases that did not receive expedited processing had more income (the mean gross monthly income was $36.23 a month compared to $18.53 for the eligible expedited groups). This was largely due to differences in unearned income; eligible households that did not receive expedited processing received an average of $29.24 a month in unearned income compared to $9.38 among the expedited group. Similarly 12.5 percent of eligible households that did not receive expedited processing compared to 4.0 percent of households that were expedited were receiving some form of public assistance at the time of application.

3.4 ERROR PRONENESS OF EXPEDITED CASES

3.4.1 Background

Since the introduction of expedited service provisions, there has been concern that cases processed in an accelerated manner are especially prone to fraud and error. The relative lack of initial verification allowed under these provisions has been one of the reasons for the persistent questions regarding program integrity.

This study has shown, however, that the majority (two thirds) of expedited cases are fully verified prior to certification. In addition, the large majority of expedited cases (90 percent) continue to receive food stamps beyond the initial certification month thus completing verification that may have been postponed. These findings indicate that participation without verification is less common than presumed for expedited cases. Therefore, they provide no strong basis for expecting the majority of expedited cases to be more error prone.

In order to investigate the issue of error proneness of expedited cases, quality control (QC) field reviews were conducted on a random sample of expedited cases selected from all applicants for food stamps during July 1984 within a stratified random sample of 60 local food stamp offices. As described in Section One, 950 expedited cases were selected for review from daily logs maintained by local office staff. Preliminary review showed that 191 of these cases were misclassified and were not actually approved expedited cases receiving food stamps in July. Field reviews were then attempted for the

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EXHIBIT 3-9
BENEFIT CHARACTERISTICS OF ELIGIBLE EXPEDITED HOUSEHOLDS, INELIGIBLE EXPEDITED HOUSEHOLDS, ELIGIBLE HOUSEHOLDS WHO WERE NOT EXPEDITED, AND REGULAR APPLICANT HOUSEHOLDS IN THE POST-OBRA'82 PERIOD

CHARACTERISTIC		EXPEDITED		NONEXPEDITED	
		1 Eligible (n=1,164)	2 Ineligible (n=151)	3 Eligible (n=159)	4 Regular (n=884)
Monthly Coupon Allotment	$\bar{X}$	$137.38	$131.41	$136.85	$114.26
	S.E.	7.05	8.63	8.96	3.27
Per Capita Benefit	$\bar{X}$	$68.89	$57.89	$68.04	$38.84
	S.E.	0.82	1.30	1.13	0.99

Notes:

1 = Eligible Expedited Households are cases in the Post-OBRA'82 period who were eligible and received expedited processing. Eligibility was defined as having less than $150 in monthly gross income and no more than $100 in liquid assets.

2 = Ineligible Expedited Households received expedited processing even though they exceeded the eligibility requirements.

3 = Eligible Nonexpedited Households received regular processing even though they met the eligibility requirements for expedited service.

4 = Regular Households exceeded the eligibility criteria for expedited service and received regular processing.

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remaining 759 cases. Of these cases, 12 percent or 89 cases were unable to be located for review, 5 percent or 35 cases refused to cooperate with field reviewers, and 3 percent or 25 cases were unable to be reviewed because the case record was missing or for other miscellaneous reasons. No data are available on characteristics of these missing cases to assess potential non-response bias. In summary, the completion rate for attempted field reviews was 80 percent resulting in a final analysis sample of 610 cases.

As in the rest of this study, the definition of an expedited case is based on the local office designation whenever possible. Cases which the local office clearly singles out (usually on the basis of income and assets eligibility) for accelerated processing were therefore selected for quality control field reviews. As this study has shown, the majority of these cases were fully verified and/or were not processed within five calander days. However, for quality control purposes a more restricted definition of expedited is normally used. Only expedited cases receiving postponed verification and processed within the expedited timeframe are usually considered "expedited." Therefore variances discovered in such a case can be excluded and will not contribute to error due to the "expedited" status of the case. All other expedited cases, (i.e., those designated as such by the local agency but fully verified or exceeding the processing standard) are considered as regular cases during the normal quality control review and no variances are waived.

In this study the use of the more restricted definition of "expedited" would have resulted in too few cases to support the statistical analysis of error rates.[3] Therefore the local office designation was used. All cases designated as expedited by the local office were included in the sample for field reviews regardless of whether they had received postponed verification or had been processed in five days. All sampled expedited cases were then reviewed as regular cases (i.e., no variances were excluded because of postponed verification).

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[3]Of the 1234 expedited cases sampled during July 1984 for which data were available, only 132 cases, or about 11 percent, had postponed verification and were processed within the expedited timeframe. Even fewer of these cases are available among the random subsample selected for QC reviews.

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3.4.2 Findings

Exhibit 3-10 shows payment error rates for expedited food stamp cases in July 1984 compared to the average U.S. National rate for Fiscal Year 1984. Six percent of the value of all food stamp allotments issued to expedited cases were in error while 7.7 percent of the value of all allotments issued to households receiving food stamps during Fiscal Year 1984 were in error. This difference was not statistically significant indicating that error rates for expedited cases should be considered about the same as for regular cases. Thus expedited cases do not result in more losses due to error than the regular food stamp caseload. As mentioned earlier, the majority of expedited cases are fully verified. That is in terms of verification practices expedited cases are largely treated as regular cases. This may in large part explain the findings of no difference in error rates between expedited and regular cases.

It is possible that an error analysis for a restricted sample of expedited cases, i.e., those having had postponed verification and processed within five days, would produce findings different from those reported here. However, due to the low incidence of such cases, approximately 2-3 percent of all applicants, this issue could not be addressed within the scope of this study.

Exhibit 3-11 shows case and dollar error rates and the type of error: overissuances or underissuances. Rates for expedited cases in July 1984 are compared to U.S. National rates for Fiscal Year 1984 (October 1983 - September 1984). This comparison is useful to examine both the level and the pattern of errors in the expedited versus regular caseload. In terms of cases in error, the regular food stamp caseload has almost twice the incidence of error as found in expedited cases; 23.4 versus 12.1 percent. For both the regular food stamp caseload and expedited cases, the majority of these errors are overissuances. However, the regular food stamp caseload has relatively more underissuance error cases than the expedited caseload.

In terms of dollars issued in error, the large gap seen between the number of expedited and regular cases in error is lessened, but the regular caseload still exceeds the expedited caseload. For the regular caseload 10.9 percent of all dollars were issued in error while 6.9 percent of all expedited food stamp dollars were issued in error. This finding is consistent with the fact that average allotments for expedited cases are significantly higher than regular cases since expedited households have less income. The pattern of

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EXHIBIT 3-10

Payment Error Rates for Expedited Food Stamp Cases in July 1984 Compared to Average U.S. National Rate for Fiscal Year 1984

Characteristic	Expedited Cases*	All Cases**
Reported payment error rate	6.0	7.7
Regressed payment error rate	---	8.7

*/Based on quality control field reviews for a sample of 610 cases receiving expedited service during July 1984.

**/U.S. national average QC rates for Fiscal Year 1984.

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EXHIBIT 3-11

Comparison of Food Stamp Quality Control Findings for Expedicted Cases with Findings for All Food Stamp Cases

	Cases		Dollars	
	Expedited (July 1984)	**All** (Oct.-Sept. 1984)	**Expedited** (July 1984)	**All** (Oct.-Sep. 1984)
Completed Sample Reviews	610	67,778	$886,269	$6,616,739
% in error	12.1	23.4	6.9	10.9
Overissuances[1]	10.0	16.3	6.0	8.6
Underissuances	2.1	7.1	1.0	2.3

SOURCES: The expedited rates were estimated from a special quality control review sample containing 610 expedited cases. The U.S. National data are from the Food Stamp Quality Control Executive Overview Fiscal Year 1984, published in March 1986.

NOTE: All means and proportions are weighted; sample sizes are unweighted.

[1]Includes overissuances and issuances to ineligibiles.

dollars in error is the same for both regular and expedited cases; the large majority of dollars in error are overissuances rather than underissuances.

Exhibit 3-12 shows the distribution of variances for all cases in the expedited sample in terms of the program factors as well as the source, participant or agency, of the variance. The distribution of variances for Fiscal Year 1984 U.S. National data are also included for comparison. The major areas leading to variances for regular cases are deductions and income, 39 and 35 percent respectively, with the non-financial area producing 16 percent of variances. For expedited cases, as in regular cases, the area of income is a major cause of variances, 41 percent, but deductions lead to variances much less so, only 17 percent. For expedited cases the non-financial and resource areas are slightly more likely to lead to variances than in regular cases. The source of variances is split almost equally for expedited and regular cases; 52 or 50 percent are attributed to participants while 48 or 50 percent are attributed to the agency.

In summary, quality control error data show that overpayment error rates for expedited cases are no different than for regular cases. Generally speaking, the pattern of types of payment errors as well as program factors leading to variances and source of variance shows considerable similarity across expedited and regular cases. This supports the position that the same causal factors may be leading to error in all of the caseload including expedited cases.

3.5 OPINIONS REGARDING EXPEDITED SERVICE

3.5.1 Background

The most frequent concerns regarding expedited service in the Food Stamp Program have been that it constitutes an undue administrative burden, that it leads to error, and that it actually may be unnecessary. This point of view was reported by the General Accounting Office (GAO) in their 1982 study of expedited service.[4] According to GAO, State officials reported wanting to modify or eliminate expedited service as a federal mandate. It is important to point out, however, that the GAO findings resulted from

[4]U.S. General Accounting Office. Expedited Service in the Food Stamp Program. CED-82-59, March 15, 1982.

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EXHIBIT 3-12

Distribution of Variances for Expedited Service QC Cases[1]

Program Factor	Total Frequency	Percent	By Source: Participant #	Participant %	Agency #	Agency %	U.S. National Comparison October - September '84
Non-financial[2]	23	22%	16	15%	7	7%	16%
Resources	10	10%	7	7	3	3%	7%
Income	42	41%	28	27%	14	14%	35%
Deductions	17	17%	3	3%	14	14%	39%
Other[3]	11	10%	0		11	10%	3%
Total	**103**	**100%**	**54**	**52%**	**49**	**48%**	**100%**
	U.S. National Comparison October - September '84			50%		50%	

[1]Variances occur in a case when information verified by the QC reviewer, as of the review date, differs from information used at the time of most recent certification action or when policy has been misapplied for individual elements of eligibility and basis of issuance. Not all variances will result in a case being in error. However, only variances occurring in error cases are reported and included in the above table. There can frequently be more than one variance in a case with no clear indication as to which of these is most significant for analysis and/or corrective action. Therefore, the State agency is not required to identify a primary variance contributing to error, nor to allocate dollar losses among variances in a case.

[2]The non-financial area includes variances detected in one or more of the following: work registration, citizenship, residency, household size and composition, or social security enumeration.

[3]The other area includes variances resulting from arithmetic mistakes, transcriptions, etc.

respondents in only four States and were prior to the legislative changes in the expedited service provisions.

In order to discover the current national viewpoint of food stamp officials and eligibility workers, this study collected interview data from officials in all States and the District of Columbia. Questionnaire data were collected from local food stamp officials and eligibility workers in a nationally representative sample of 60 local food stamp offices. These survey activities are described in Section 1.4.4 The following Section describes the survey findings that relate specifically to opinions and recommendations for change.

3.5.2 Findings

Exhibit 3-13 displays how three groups of respondents, State and local officials and eligibility workers (EWs), answered questions related to their perception of expedited service. When asked, "Do you think the relative lack of verification leads to abuse by clients?" 56 percent of all respondents thought it did. This opinion was much more common among eligibility workers (71 percent) compared to State officials (43 percent). When asked, "Do you think most expedited recipients are truly in immediate and serious need of food stamps?" 84 percent of all respondents agreed that there was a true need. Eligibility workers were relatively less convinced of the need (72 percent) compared to State officials (90 percent). Thus although expedited service still raises concern regarding possible abuse, the large majority of respondents believe recipients of expedited service are genuinely needy.

When asked, "If expedited service were eliminated do you think needy people would be less likely to receive timely food stamps?" the majority of all respondents did not think eliminating expedited service would result in less timely receipt of food stamps. But about one-third of all respondents thought it would create this problem. When asked how the elimination of expedited service might affect program administration, responses were somewhat mixed depending upon which respondent group answered. The most frequent response was that its elimination would simplify administration, however, 38-44 percent of local officials and eligibility workers felt it would neither simplify nor complicate program administration and 6-17 percent of all respondents felt the elimination of expedited service would complicate program administration.

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EXHIBIT 3-13

Opinions/Recommendations of State and Local Administrators and Eligibility Workers Regarding Expedited Service

QUESTION	RESPONDENT TYPE	PERCENTAGE RESPONDING: YES	NO	DON'T KNOW
Do you think the relative lack of verification leads to abuse by clients?	STATE	43	53	4
	LOCAL	54	44	2
	EWs	71	29	0
Do you think most expedited recipients are truly in immediate and serious need of food stamps?	STATE	90	8	2
	LOCAL	89	9	2
	EWs	72	28	0
If expedited service were eliminated do you think needy people would be less likely to receive timely food stamps?	STATE	40	60	0
	LOCAL	38	62	0
	EWs	33	67	0

QUESTION	RESPONDENT TYPE	SIMPLIFY	NEITHER SIMPLIFY NOR COMPLICATE	COMPLICATE	DON'T KNOW
How would the elimination of expedited service affect program administration?	STATE	76	16	8	0
	LOCAL	43	38	17	2
	EWs	50	44	6	0

		ELIMINATE ALTOGETHER	KEEP IT THE WAY IT IS	KEEP IT BUT MAKE CHANGES	DON'T KNOW
If it were up to you what would you do?	STATE	20	23	57	0
	LOCAL	14	43	41	2
	EWs	24	33	32	11

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When asked, "If it were up to you what would you do?" less than a quarter of all respondents recommended eliminating expedited service, about a third would keep it the way it is, and the majority of all respondents would keep it but make changes. The most frequent change recommended by State respondents was to increase the processing time for expedited cases. The second most frequent recommendation was to require full verification.

It seems apparent that State and local respondents, while not fully opposed to expedited service provisions, continue to voice some concerns about the expedited service procedures themselves, namely, the relatively short timeframe and the postponement of verification.

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SECTION FOUR

EFFECTS OF THE LEGISLATIVE CHANGE

4.1 OVERVIEW AND SUMMARY

In order to limit eligibility for expedited service to the most needy households and to reduce administrative burden, the Omnibus Budget Reconciliation Act of 1982 (OBRA'82) prescribed new eligibility requirements and processing time standards. As of February 1, 1983, households applying for food stamps had to meet strict gross income and asset eligibility criteria to qualify for expedited service -- less than $150 in gross monthly income and no more than $100 in liquid assets. This was a change from the previous provisions when eligibility was based on zero net monthly income. OBRA'82 also extended processing time for expedited service from three working days to five calendar days.

This section provides information on how the OBRA'82 changes affected the number and characteristics of households receiving expedited service. The study also assessed whether processing time and verification practices changed and to what extent other impacts occurred. The descriptive data on administrative characteristics of expedited cases are included in Section III, and the multivariate analyses of administrative impacts are included in Appendix B.

This study found that nationally about 34 percent of all food stamp applicants receive expedited service. This rate of utilization is 4.1 percentage points lower than it was prior to OBRA'82, and multivariate analyses show that about two-thirds of the observed decline can be attributed to the legislative change.

Both descriptive and multivariate analyses confirmed that the legislative changes tightened eligibility for expedited service and affected the economic characteristics of the expedited caseload. Monthly gross income and liquid assets of expedited households in the Post-OBRA'82 period were significantly lower than Pre-OBRA'82. The distribution of income and assets among expedited households, however, was, and is, so sharply skewed toward zero that changes in eligiblity criteria can result in only moderate effects on the proportion of applicants eligible for expedited service. As an additional indication of legislative impact, this section demonstrates how characteristics of that portion of

the caseload affected by the legislative change (households with zero net income but whose monthly gross income was $150 or more or whose liquid assets were more than $100) differ from that portion of the caseload still eligible under both old and new sets of eligibility requirements.

Both descriptive and multivariate analyses showed that the implementation of OBRA'82 had little impact on the non-economic characteristics of the expedited population. Also, contrary to expectations, the legislative changes had no significant influence on the administration of expedited cases as measured by processing time, verification practices and compliance with expedited service provisions.

4.2 CHANGES IN THE PROPORTION OF HOUSEHOLDS RECEIVING EXPEDITED SERVICE

4.2.1 Observed National Changes

This study estimated that nationally during the Post-OBRA'82 period, about 34 percent of all food stamp applicants received expedited service. This proportion represents a decline of 4.1 percentage points in the number of applicants receiving expedited service. During the Pre-OBRA'82 period, before the implementation of the new regulations, approximately 38.1 percent of the different households that applied for and were approved to receive food stamps were expedited. The decline of 4.1 percentage points in the proportion of expedited applicants (from 38.1 percent to 34.0 percent) was statistically significant and can be interpreted as the observed decline in expedited applicants. As described below, to determine the portion of this observed decline due to the legislative change, it was necessary to conduct multivariate statistical analyses.

The drop in the proportion of expedited applicants following the implementation of new procedures appeared to be significantly greater in small and moderate size offices than it was in large offices. The proportion of expedited cases appeared to drop 2.7 percentage points (from 39.9 percentage to 37.3 percent) in large offices, compared to drops of 7.9 percentage points in moderate size offices (from 34.1 percent to 26.2 percent) and in small offices (from 33.1 percent to 25.2 percent). While suggestive, these findings should be interpreted with caution, since the number of offices in each size category (n=20) in which cases were clustered was small.

During the study period there was also a significant decline in the proportion of expedited applicants as a proportion of the entire unduplicated food stamp caseload (comprised of both approved applicants and ongoing cases). During the Post-OBRA'82 period, applicants receiving expedited service represented approximately 19.2% of the unduplicated food stamp caseload of 14.1 million different households. This decrease of 3.6 percentage points from 22.8 percent during the Pre-OBRA'82 period was also statistically significant.

4.2.2 Seasonal Trends

Exhibit 4-1 shows changes over the course of the study in the proportion of new cases in the Food Stamp Program receiving expedited service. As can be seen, there was a steady increase in the proportion of expedited households during the Pre-OBRA'82 period from 35.4 percent in the first four months (October 1981 - January 1982) to 41.4 percent during the last four months of the Pre-OBRA'82 period (October 1982 - January 1983). Following the date for national implementation of the new regulations, there was a drop in the proportion of expedited households to 36.6 percent of all approved applicant households during the first four months of the Post OBRA'82 period (February - May 1983) and 32.9 percent in the next twelve months.

These trends indicate that the drop in the proportion of expedited households cannot be explained by seasonality. When we excluded the four month periods adjacent to the implementation date and look at comparable months, the drop in the proportion of expedited households is still evident. There was a drop of 3.7 percentage points between the first twelve months of the Pre-OBRA'82 period to 32.9 percent during the period containing the same set of months at the end of the Post-OBRA'82 period. This drop is similar in magnitude to the decrease of 4.1 percentage points in the proportion of expedited households observed over the entire sixteen month Pre- and Post-OBRA'82 periods. Regression analyses also support the conclusion that the drop in the proportion of expedited service cases was not influenced by seasonality. These analyses found that controlling for seasonality did not effect the estimated impact of the expedited service regulation changes.

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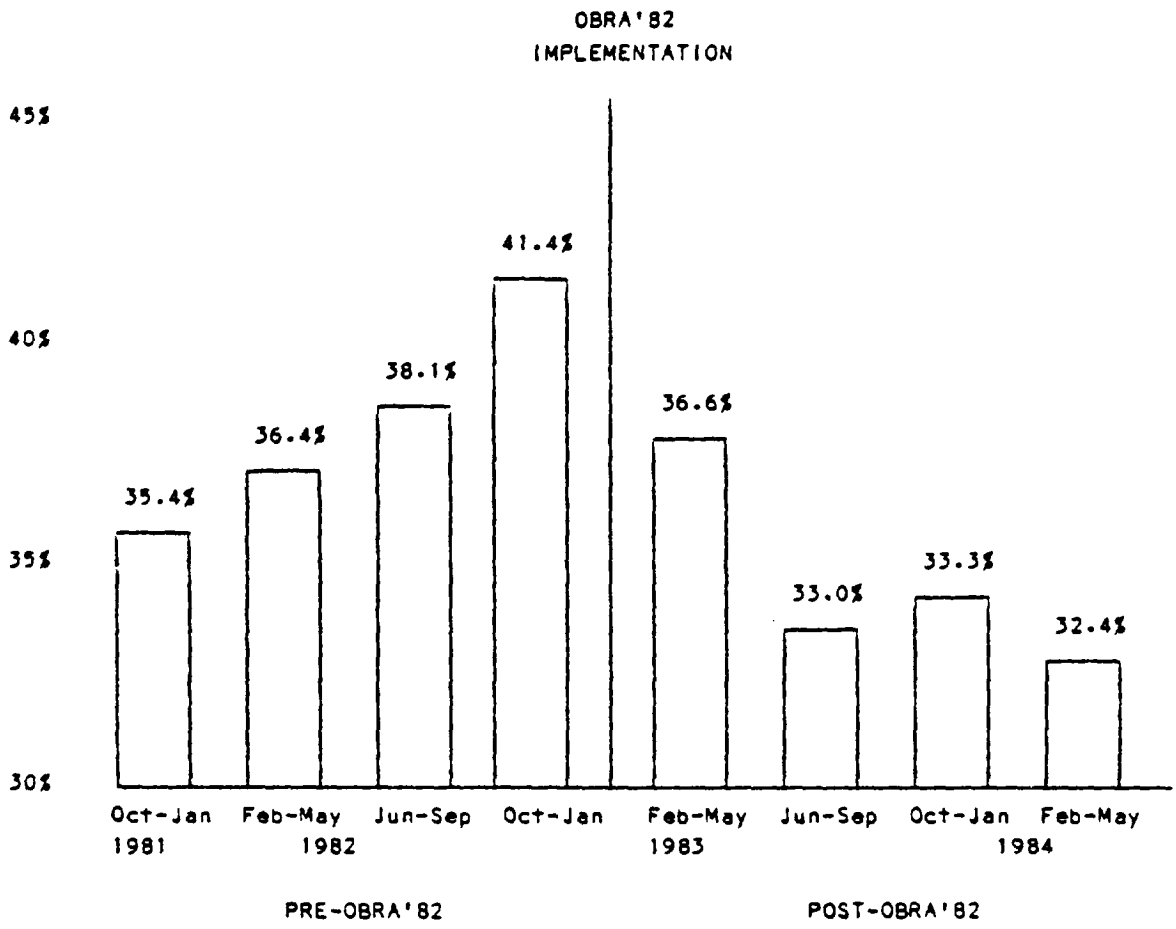
EXHIBIT 4-1

CHANGES IN THE PERCENT OF APPLICANTS WHO WERE EXPEDITED



SOURCE: These percentages were estimated with an applicant casefile abstraction data base containing 5,284 observations.

4.2.3 Economic Conditions

On the other hand, there appeared to be a relationship between the local unemployment rates faced by the food stamp applicants and the proportion of expedited cases. The average local county unemployment rate for sampled sites rose from 9.2 percent at the beginning of the study (October 1981 - January 1982) to 11.6 percent just before OBRA'82 implementation (October 1982 - January 1983) and then declined to 9.2 percent at the end of the study period (February - May 1984).

4.3 EFFECTS OF THE LEGISLATIVE CHANGE

4.3.1 Decreased Use of Expedited Service

The descriptive analyses above indicate evidence of declining proportions of expedited applicants after the legislative changes were implemented. Multivariate regression based models were used to determine how much of this observed change was due to the legislative changes. The multiple variable models controlled for such factors as changing State and local area economic conditions and shifts in the demographic composition of the caseload that may otherwise confound the estimates. For example, the revised expedited service regulations were implemented at the peak of the recent recession. Improving economic conditions after implementation partially explain the observed reduction in the number of expedited service applicants after the regulation changes.

Models of the probability of receiving expedited service were estimated with the 5,284 observations in the 1981-1984 casefile data base. Appendix B provides the specification of the models and detailed findings. The results show that about 62 percent (2.9 percentage points) of the observed 4.7 percentage point reduction in the probability of receiving expedited service is due to the OBRA'82 legislation after including controls potentially confounding this effect.[1] The remaining 1.8 percentage point reduction was

[1] In Section 4.2.1, we described a reduction following the implementation of OBRA'82 regulations of 4.1 percentage points in the proportion of different applicant households who received food stamps through expedited service procedures. That figure was based on analysis of data from a stratified random sample of 25,782 casefiles. The estimated 4.7 percentage point reduction in the probability of receiving expedited service, described above, was based on the analysis of a subsample of 5,284 casefiles from which detailed information on household characteristics was abstracted. The two estimates are not significantly different, and the discrepancy that exists between them may be ascribed to differences in the two samples on which they were based.

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due to, and about evenly divided between, the shifting demographic composition of the sample and the changing State and local economic conditions between the two periods.

Contributing to the shifting demographic sample composition effects are differences between the Pre- and Post-OBRA'82 samples in household monthly income, geographic location, elderly household members, season of the year in which the unit applied, and processing time. Changing monthly State unemployment rates as a ratio of the prior 12-month lagged monthly unemployment rate, and changing welfare costs and caseloads are the State economic condition measures controlled in the model.

The estimated OBRA'82-related 2.9 percentage point net reduction in the proportion of approved applicants receiving expedited service is a net estimate averaged over population subgroups affected by the regulation changes and represents a relatively small impact on the total caseload. It translates into approximately 376,000 fewer cases between the two periods (about 282,000 on an approximate annualized basis). Another estimated 219,000 cases (164,000 on an annualized basis) dropped from the expedited service caseload for reasons unrelated to the OBRA'82 expedited service regulation changes.

4.3.2 Tightening of Eligibility Requirements

The OBRA'82 legislative changes effectively tightened eligibility for expedited service. When we considered all households in the Pre-OBRA'82 period that had zero net income, it was found that 12.4 percent had $150 or more in gross monthly income; 8.0 percent had liquid assets in excess of $100; and 13.8 percent would have failed at least one of these tests. In contrast, only 3.5 percent of households meeting the gross income and liquid assets test would have been ineligible under the previous zero net income test. The multiple variable models of expedited service household characteristics described in Appendix B confirm that OBRA'82 legislation targeted this service on lower income, lower asset households.

The changes in income and assets of expedited households between the Pre- and Post-OBRA'82 periods can be seen from the following descriptive findings: The switch to a

$150 gross income limit significantly reduced the monthly gross income of expedited cases. The average monthly gross income of expedited applicants during the Post-OBRA'82 period was $50.82 compared to $62.31 for expedited applicants during the Pre-OBRA'82 period. The introduction of a $100 liquid asset limit significantly reduced the liquid assets of expedited households. During the Post-OBRA'82 period, expedited service households had a mean of $9.18 in liquid assets compared to a mean of $31.96 during the Pre-OBRA'82 period before the liquid asset tests was introduced.

4.3.3 Limitations on Legislative Impact

As discussed earlier, after the change to a $150 gross income and $100 liquid asset tests, the proportion of applicants receiving expedited service dropped 4.1 percentage points. Descriptive and multivariate analysis of income and asset data help explain the magnitude of the change observed following the introduction of new eligibility requirements. First, net income, gross income and liquid assets are closely related so that 87.6 percent of food stamp households with zero net income had less than $150 in gross income and 92.0 percent had $100 or less in liquid assets.

Second, (as shown in Exhibit 4-2) the income and asset distributions of expedited food stamp households are sharply skewed toward zero. During the Post-OBRA'82 period, 69.2 percent of expedited applicants had no gross income during the month they applied, and 90.0 percent had no net income. (Similarly, during the Pre-OBRA'82 period 66.7 percent of expedited households reported no gross income, and 89.2 percent reported no net income during the month they applied).

The distribution of liquid assets was also highly skewed toward zero; 82.1 percent of expedited cases in the Post-OBRA'82 period had no liquid assets, compared to 74.9 percent of expedited cases in the Pre-OBRA'82 period, before the liquid assets requirement was introduced. The skewness of the liquid assets distribution was evident with regular food stamp applicants as well; during the Post-OBRA'82 period 62.3 percent of regular applicants had no liquid assets and 86.9 percent had no more than $100 in liquid assets.

Because of the skewness of these distributions, changes in the gross income and liquid assets requirements had (and will have) only moderate impact on the proportion of applicants eligible for expedited service. For example, the imposition of a liquid asset

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EXHIBIT 4-2

DISTRIBUTION OF EXPEDITED AND REGULAR APPLICANT HOUSEHOLDS ON NET INCOME, GROSS INCOME, AND LIQUID ASSETS

CHARACTERISTICS	PRE-OBRA'82 (October 1981 - January 1983)		POST-OBRA'82 (February 1983 - May 1984)	
	Expedited Applicants (n = 1,771)	Regular Applicants (n = 1,020)	Expedited Applicants (n = 1,333)	Regular Applicants (n = 1,043
NET MONTHLY INCOME	Cumulative %	Cumulative %	Cumulative %	Cumulative %
0	89.2	16.7	90.0	21.3
$ 1 - 49	91.4	22.3	93.3	27.0
$ 50 - 99	94.1	31.0	95.4	36.7
$100 - 149	95.3	38.0	96.7	43.3
$150 - 199	96.6	48.4	97.8	52.4
$200 - 299	98.1	63.7	98.6	66.0
$300 - 399	98.9	76.2	99.2	76.9
$400 - 499	99.6	84.6	99.7	85.6
$500+	100	100	100	100
GROSS MONTHLY INCOME				
0	66.7	12.3	69.2	10.9
$ 1 - 49	70.6	12.5	72.5	11.5
$ 50 - 99	77.2	14.2	79.7	14.5
$100 - 149	83.6	16.3	87.7	16.8
$150 - 199	88.8	19.6	92.0	21.6
$200 - 299	94.7	38.4	96.2	39.3
$300 - 399	97.6	53.1	98.0	57.1
$400 - 499	98.9	68.1	99.1	67.7
$500 - 599	99.6	78.0	99.5	76.9
$600 - 699	100	85.7	99.8	84.7
$700+	100	100	100	100
LIQUID ASSETS				
0	74.9	66.4	82.1	62.3
$ 1 - 49	90.6	83.1	95.3	82.2
$ 50 - 99	92.2	86.7	97.3	86.9
$100 - 149	94.9	89.3	98.8	89.8
$150+	100	100	100	100

test of $50 rather $100 would have eliminated about 2 percent of Post-OBRA'82 expedited cases. The liberalization to a $150 liquid assets limit would make about 3 percent of regular applicant households eligible for expedited processing.

This picture is similar for changes in gross income requirements. The introduction of $100 rather than $150 as a gross income requirement would eliminate about 8 percent of Post-OBRA'82 expedited cases. Similarly the adoption of a more liberal $200 limit would increase the number of regular applicant households eligible for expedited service by about 5 percent.

4.4 CHARACTERISTICS OF HOUSEHOLDS AFFECTED BY THE CHANGE IN EXPEDITED SERVICE ELIGIBILITY REQUIREMENTS

The change in expedited service regulations was intended to target expedited service to those households with lower assets and income. In order to help assess the extent to which the OBRA'82 changes accomplished that objective, this Section describes the characteristics of the households that were affected by the change. Specifically, this Section describes the characteristics of households that were affected by the change in eligiblity requirements--households with zero net income but with monthly gross income of $150 or more or with liquid assets more than $100. This affected group is compared to households that were eligible for expedited service under both old and new sets of eligibility requirements. These groups were defined on income and asset characteristics, rather than actual receipt of expedited service. To increase sample sizes, groups were aggregated for the entire study period from October 1981 through May 1985.[2]

For the sake of comparability these findings (shown in Exhibits 4-3 to 4-5 in this Section) also include the group of households that should have been processed under regular procedures under either set of eligibility criteria.

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[2]This procedure resulted in (1) a sample of 480 affected households that satisfied only the zero net income requirement, (2) a sample of 2,666 households that satisfied both the old and new eligibility reuqirements for expedited service, and (3) a sample of 1,783 households that exceeded both sets of eligibility requirements and so would have been processed under regular procedures.

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4.4.1 Household Composition of Affected Households

The households eliminated from eligibility for expedited processing (i.e., households that only met the zero net income requirement) tend to be distinctly different in composition from households that met both the previous and the new eligibility limits (as shown in Exhibit 4-3). The affected households tend to be larger and to have more children:

- Household Size. Households affected by the limits were significantly larger (mean = 2.4 members) than households that remained eligible (mean = 2.1 members). Affected households were significantly smaller than households that were only eligible for regular processing (mean = 3.2 members);

- Elderly and Disabled Households. 17.7 percent of the affected households, compared to 3.8 percent of households that remained eligible, contained elderly or disabled members;

- Households With Children -- 53.8 percent of the affected households had children, compared to 39.4 percent of households that met both old and new eligibility requirements;

- Households With Female Heads -- 52.6 percent of affected households were headed by women, compared to 40.3 percent of households that remained eligible for expedited service; and

- Households With Female Heads and Children. On the other hand, the change in eligibility requirements did not appear to affect female headed households with children; 21.9 percent of affected households and 19.5 percent of households eligible under both requirements were comprised of a female household head and children. (In comparison 34.9 percent of regular applicant households were comprised of female household heads and children).

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EXHIBIT 4-3

COMPOSITION OF HOUSEHOLDS MEETING BOTH THE PRIOR AND NEW ELIGIBILITY REQUIREMENTS FOR EXPEDITED SERVICE, HOUSEHOLDS MEETING ONLY THE OLD NET INCOME TEST, AND HOUSEHOLDS MEETING NEITHER REQUIREMENT

CHARACTERISTIC	Both Eligible (n = 2,665)	Net Only Eligible (n = 480)	Neither Eligible (n = 1,783)
Elderly and Disabled Households			
$\bar{X}$	3.8%	17.7%[a]	22.2%
S.E.	0.6	4.2	2.3
Households With Children			
$\bar{X}$	39.4%	53.8%[a]	74.7%[b]
S.E.	2.8	3.8	1.6
Households With Single Parents and Children			
$\bar{X}$	23.1%	28.0%	39.8%[b]
S.E.	2.9	1.6	2.1
Households With Female Heads			
$\bar{X}$	40.3%	52.6%[a]	58.7%
S.E.	2.9	4.0	3.9
Households With Single Female Heads and Children			
$\bar{X}$	19.5%	21.9%	34.9%[b]
S.E.	2.9	1.5	2.1

Notes: An explanation of groups is provided in the notes following Exhibit 2-19.

[a]Net Only households were significantly different from Both Eligible households at a .05 level.

[b]Net Only households were significantly different from Neither Eligible households at a .05 level.

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4.4.2 Economic Characteristics of Affected Households

As expected, the tightening of eligibility requirements affected households with earnings and households that received various sources of unearned income (as shown in Exhibit 4-4). In comparison to households that remained eligible under both sets of criteria affected households tended to be:

- More Apt to Contain Wage Earners -- 27.3 percent of affected households contained wage earners compared to 9.4 percent of households that remained eligible. The average monthly earned income of affected households was $69.61 compared to $7.40 among households that remained eligible;

- More Apt to Receive Unearned Income. Affected households had an average of $119.23 in monthly unearned income compared to $114.45 among households that remained eligible. On the other hand, the unearned income of households only eligible for regular processing under both sets of criteria was $257.22;

- More Apt to Receive Unemployment Compensation -- 6.4 percent of affected households, compared to 1.1 percent of households that remained eligible, were receiving unemployment compensation. (In comparison 15.4 percent of households only eligible for regular food stamp processing were receiving unemployment compensation);

- More Apt to Receive Social Security and SSI -- 10.1 percent of affected households were receiving Social Security and 8.0 percent were receiving SSI. Virtually none of the households that remained eligible for expedited service were receiving either Social Security or SSI. (In comparison, 16.5 percent of households only eligible for regular processing were receiving Social Security and 9.6 percent were receiving SSI); and

- More Apt to be Receiving Public Assistance and AFDC -- 25.3 percent of affected households were receiving some form of public assistance and 10.8 percent were receiving AFDC. In contrast, only 5.0 percent of households that remained eligible were receiving some form of public assistance and

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EXHIBIT 4-4

ECONOMIC CHARACTERISTICS OF HOUSEHOLDS MEETING BOTH THE PRIOR AND NEW ELIGIBILITY REQUIREMENTS FOR EXPEDITED SERVICE, HOUSEHOLDS MEETING ONLY THE OLD NET INCOME TEST, AND HOUSEHOLDS MEETING NEITHER REQUIREMENT

CHARACTERISTIC	Both Eligible (n = 2,666)	Net Only Eligible (n = 480)	Neither Eligible (n = 2,783)
Gross Monthly Income			
$\bar{X}$	$18.84	$188.85[a]	$485.90[b]
S.E.	2.00	12.31	8.05
Liquid Assets			
$\bar{X}$	$3.51	$138.60[a]	$69.35[b]
S.E.	0.34	17.62	7.73
Monthly Earned Income			
$\bar{X}$	$7.40	$69.61[a]	$228.69[b]
S.E.	1.10	12.58	9.53
Monthly Unearned Income			
$\bar{X}$	$11.45	$119.23[a]	$257.22[b]
S.E.	2.14	12.87	7.58
Households With Wage Earners			
$\bar{X}$	9.4%	27.3%[b]	33.2%
S.E.	1.6	3.5	1.6
Households Receiving Unemployment Compensation			
$\bar{X}$	1.1%	6.4%	15.4%[b]
S.E.	0.3	3.0	1.4

Notes: An explanation of groups is provided in the notes following Exhibit 2-19.

[a]Net Only households were significantly different from Both Eligible households at a .05 level.

[b]Net Only households were significantly different from Neither Eligible households at a .05 level.

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only 1.5 percent were receiving AFDC. (Among households only eligible for regular processing, 35.2 percent were receiving some form of public assistance, and 22.8 percent were receiving AFDC).

Benefits. Finally (as shown in Exhibit 4-5), affected households received an average of $62.45 in per capita food stamp benefits. This was somewhat less than the per capita benefits ($67.15) of households that remained eligible and significantly more than the per capita benefits ($35.50) of households that were only eligible for regular processing.

The change in eligibility criteria affected larger households and households more apt to contain children or elderly members than households that remained eligible for expedited service. Affected households were more apt to contain wage earners and be receiving public income transfer payments. These findings, are consistent with multivariate analyses reported in Appendix B. On the other hand, the number of such affected households was sufficiently small so as not to significantly alter the overall composition of the caseload that continued to be eligible for expedited service.

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EXHIBIT 4-5

BENEFIT CHARACTERISTICS OF HOUSEHOLDS MEETING BOTH THE PRIOR AND NEW ELIGIBILITY REQUIREMENTS FOR EXPEDITED SERVICE, HOUSEHOLDS MEETING ONLY THE OLD NET INCOME TEST, AND HOUSEHOLDS MEETING NEITHER REQUIREMENT

CHARACTERISTIC		Both Eligible[1] (n = 2,625)	Net Only Eligible[2] (n = 472)	Neither Eligible[3] (n = 1,775)
Monthly Coupon Allotment	$\bar{X}$	$132.62	$142.57	$108.38[b]
	S.E.	6.41	7.38	2.47
Per Capita Benefits	$\bar{X}$	$67.16	$62.45[a]	$35.50[b]
	S.E.	0.66	2.45	0.84

Notes: This table shows the characteristics of the following three groups of food stamp households over the 32 month study period from October 1981 through May 1984. The classification used in this table was based on income and asset characteristics rather than on actual receipt of expedited service.

[1]Both Eligible. Applicant households who received food stamps and met both the previous (net income of zero) and the new eligibility requirements for expedited service (monthly gross income of less than $150 and liquid assets of no more than $100).

[2]Net Only Eligible. Applicant households who received food stamps and had zero net income but exceeded the new eligibility requirements for expedited service (monthly gross income of less than $150 and liquid assets of no more than $100). This group illustrates the characteristics of households denied expedited processing by the implementation of the OBRA'82 eligibility requirements.

[3]Neither Eligible. Applicant households who received food stamps and would have been ineligible of processing under expedited service under either set of regulations. These households had a monthly net income greater than zero and either $150 or more in monthly gross income or more than $100 in liquid assets.

[a]Net Only households were significantly different from Both Eligible households at a .05 level.

[b]Net Only households were significantly different from Neither Eligible households at a .05 level.

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APPENDIX A
SAMPLING METHODOLOGY

A.1 SAMPLING RATIONALE

The sampling approach for this study was devised to deal with the absence of national counts on the Food Stamp Program (FSP) applicant population. The study objectives required national estimates of number and characteristics of FSP applicants and participants. For weighting sample values to population estimates, one would like a value (N_a) for the total size of the national population of FSP applicants and a similar value (N_p) for FSP participants. These would be needed for each of the types of applicant groups for which national estimates were to be produced.

There is no source at the national, State, or local levels for the value of N_a. The only source for the value N_p is the database maintained by FNS' Management Information Division. For this study there were two problems with these data. First, States are the only reporting units for which data are available for the entire year. Therefore, for these data to be useful in weighting, States would have had to be utilized as the primary sampling unit. Second, since this project required national estimates for longer than a one month period we would have had to sum across the various months of data maintained by the Management Information Division. However, the value for total national FSP participation (N_p) arrived at in this fashion reflects duplicated cases (or participation-months). This is so because a case is counted in the monthly database totals for each month in which the case participates. Cumulative totals across months would, therefore, reflect duplicated cases, and consequently, would not be useful for estimating numbers and characteristics of unique FSP households (unduplicated cases). Our approach to sampling was developed specifically to contend with the absence of suitable values for the total national number of applicants (N_a) or participants (N_p). This approach is described in the sections that follow.

A.2 DEVELOPING A UNIVERSE LIST OF LOCAL FOOD STAMP OFFICES

This survey of food stamp households used local food stamp offices as primary sampling units (PSUs). Local offices were used because this avoided the introduction of an additional level of clustering (e.g., an office within a project area) and thus helped to increase the precision of estimates within resource constraints that dictated a 60 site study.

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The following definition was used in developing a universe list of local offices:

> A local office is, at a minimum, a self-contained work unit (1) that exists within one of the 48 continental States or the District of Columbia and (2) that consists of at least one supervisor and a number of staff who process FSP applications and determine the eligibility of applicants for FSP participation.

States were contacted and asked to provide a universe listing of the offices in their States according to this standard definition and (in multi-office project areas where data were not otherwise available from the statistical summary of operations) FSP participation for the months of January, April, July, and October, 1983.

In several Western States, there were single office project areas that would not have been included in the universe list because, under this definition of an office, the supervisor was located in another county. In order to ensure that all project areas were included in our sample frame, a decision was made to list as one office the home office in which a supervisor was located, plus the satellite offices in which the supervisor's staff were outstationed. This adjustment was made in Idaho, Kansas, Montana, Nevada, North Dakota, and Texas. This ensured that all geographical project areas could have been selected into the sample. When one such "circuit rider" office was selected in the final sample, data were collected from all offices served by the supervisor.

A.3 STRATIFICATION OF OFFICES

Local FSP offices were allocated to one of twelve strata. These strata were the product of two variables--geographic region and size of office. The sample was limited to the 48 coterminous States, and the District of Columbia. The four geographic strata were:

- East. Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Maryland, New Jersey, New York, Pennsylvania, District of Columbia, West Virginia and Delaware.

- South. Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, Arkansas, Louisiana, Oklahoma, and Texas.

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- Midwest. Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

- West. Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, California, Oregon, and Washington.

The office-size stratification was defined by dividing all offices into thirds in terms of average monthly FSP household participation. There were three categories:

- Small Offices. These included local FSP offices in which average monthly FSP household participation ranged between 3 and 659 households. The mean rate of monthly FSP participation of these offices was 333 households.

- Moderate Size Offices. These included local FSP offices in which average monthly FSP household participation ranged between 660 and 1,899 households. The mean number of households participating in the FSP each month was 1,166.

- Large Offices. These included local FSP offices in which the average monthly FSP household participation ranged between 1,900 and 62,931 households. The mean number of households participating monthly in these offices was 3,045.

For single-office project areas, participation data for the months of January, April, July, and October was obtained from the FSP Statistical Summary of Operations. Data on individual offices within multi-office project areas was obtained by contacting State program staff (and when necessary sub-State regional offices or county welfare departments).

In a small number of instances (approximately two percent of offices) data on office size could not be obtained by the time deadline for drawing the sample. In those cases, a proxy indicator of office size was used to place offices into strata. This indicator was

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the total average monthly household participation in the project area divided by the total number of FSP offices in the project area.[1]

Thus, each office-size category within each of the four geographic regions was defined as a separate stratum. Subsequent analyses assuming stratified random sampling of local offices indicated that this stratification procedure cut in half the variance of national estimates of the total number of expedited cases, compared to what the variance would have been under a simple random sample design.

A.4 SELECTION OF OFFICES

The number of offices selected from a stratum (e.g., large Eastern offices, small offices in the South) was proportionate to the number of offices represented by that stratum (though a minimum of two offices was selected in each stratum in all instances). The total number of offices in each stratum is shown in Exhibit A-1. Within each stratum, offices were randomly selected. The total sample was clustered within sixty randomly

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EXHIBIT A-1

DISTRIBUTION OF THE UNIVERSE OF LOCAL FOOD STAMP OFFICES

OFFICE SIZE	EAST	MIDWEST	SOUTH	WEST	TOTAL
LARGE	304	239	436	199	1,178
(1,900+)	8.5%	6.7%	12.2%	5.6%	32.9%
MODERATE	164	279	622	141	1,206
(660-1,899)	4.6%	7.8%	17.4%	3.9%	33.7%
SMALL	64	535	381	213	1,193
(659 or less)	1.8%	15.0%	10.6%	5.9%	33.3%
TOTAL	532	1,053	1,053	533	3,577
	14.9%	29.4%	40.2%	15.5%	100%

EXHIBIT A-2

DISTRIBUTION OF THE SAMPLED OFFICES

OFFICE SIZE	EAST	MIDWEST	SOUTH	WEST	TOTAL
LARGE	5	4	7	4	20
MODERATE	3	5	10	2	20
SMALL	2	9	6	3	20
TOTAL	10	18	23	9	60

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A.5.1 Mapping and Enumeration of Storage Units

Field staff were instructed to locate all of the food stamp files in the local office and, if applicable, food stamp files stored in other locations that contained food stamp participants between October 1981 and May 1984. The field staff drew a map of the physical layout of the storage units and described each storage unit by its contents. A storage unit was defined as "the smallest unit containing a group of FSP casefiles." Examples of a storage unit include a file drawer, an open tray containing casefiles, a box of microfiche, a stack of casefiles beside a worker's desk, the space between vertical dividers in a 12-foot long storage cabinet, and a binder of computer printout. Maps were drawn to portray all storage locations.

A.5.2 Counting and Estimation of the Total Number of Casefiles

Storage units whose contents were to be counted were randomly selected. A total of 8,171 storage units out of 16,519 storage units (approximately 50 percent) were sampled in the sixty offices.

The number of storage units to be sampled in an office was determined through an allocation scheme whereby we sampled the population of storage units in small offices, and a minimum of 125 storage units in all offices. We sampled a somewhat higher number of storage units in small offices and a somewhat lower number of storage units in a large office, than if the number of units selected were a constant fraction of storage units across all offices.

Field staff were sent a list of randomly selected storage units. Field staff then counted the number of casefiles in each sampled storage unit. The mean number of casefiles in sampled storage units was multiplied by the total number of storage units in an office to estimate the total number of casefiles in an office.[2]

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[2] In three offices, we obtained a universe count based on computerized or file card listings of cases that were closed and stored off-site. In another office we obtained a universe listing of open cases. In those instances, we only counted casefiles in the portion of the office where computerized listings were not available. The estimate of total casefiles was then created by adding the universe from the computerized listings to the estimate of the number of casefiles in the portion of the office that was not computerized. In one office, sampling was done completely from computerized listings.

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A.5.3 Preliminary Casefile Sampling

Within each sampled storage unit, field staff were assigned a random number start point and then selected every nth casefile after that (when they reached the end of the storage unit they returned to the beginning of the storage unit and continued sampling until the start point was reached again). The fraction for n was such that in an office where 125 storage units were selected (the modal office), we expected to sample three casefiles from the average storage unit. This number was selected because it optimized the precision/time tradeoff between increasing the number of casefiles and the number of storage units to be sampled.

By adopting the procedure of randomly selecting storage units and then taking a constant fraction of cases within them, we ensured a random sample of all the cases in the office. (If alternatively, we had selected a set number of cases from all storage units we would risk overrepresenting cases from small storage units, for example, units with public assistance cases, since these casefiles are thicker than the casefiles of non-public assistance cases.)

In all, a total of 25,782 casefiles were sampled. A mean of 430 casefiles was sampled in all offices with a sample of 937 casefiles in the largest office.

A.5.4 Classifying Cases

Preliminary data were abstracted from the 25,782 casefiles in order to classify them into the following groups:

(1) Pre-OBRA'82 Expedited Applicants. Households that applied for food stamps and received expedited service between October 1, 1981 and January 31, 1983;

(2) Pre-OBRA'82 Nonexpedited Applicants. Households that applied for and were approved to receive food stamps under regular FSP provisions between October 1981 and January 1983;

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(3) Pre-OBRA'82 Ongoing Expedited Participants. Households that applied for and received expedited service prior to October 1981 and had spells of participation continuing through or beyond October 1981;

(4) Pre-OBRA'82 Nonexpedited Ongoing Participants. Households that applied for food stamps under regular FSP provisions prior to October 1981 and had spells of participation continuing through or beyond October 1981;

(5) Post-OBRA'82 Expedited Applicants. Households that applied for food stamps and received expedited service between February 1, 1983 and May 31, 1984;

(6) Post-OBRA'82 Nonexpedited Applicants. Households that applied for and were approved to receive food stamps under regular FSP provisions between February 1983 and May 1984;

(7) Post-OBRA'82 Ongoing Expedited Participants. Households that applied for food stamps and received expedited services prior to February 1983 and had spells of participation in FSP continuing through February 1983 or beyond;

(8) Post-OBRA'82 Ongoing Nonexpedited Participants. Households that applied for food stamps under regular FSP provisions prior to February 1983 and had spells of participation in FSP continuing through February 1983 or beyond; and

(9) Ineligible Cases. Cases that were not be included in the study. (e.g., households that were from another office or that did not receive food stamps anytime during the 32 month study period from October 1, 1981 through May 31, 1984).

A.5.6 Sampling Cases to Evaluate Household Characteristics

A stratified random subsample of cases was subsequently selected from each of six categories of cases from which casefile information on household characteristics was to

be abstracted.[3] Data elements included household composition, economic circumstances, processing time, and benefit amount, and participation history. These data were abstracted from the application form for the applicant groups (and from a randomly selected recertification form for the ongoing participants). If a household had more than one opening during a sixteen month period, the application from which data was abstracted was randomly selected.

The number of cases by cell selected from each office was determined in the following manner. First, a target for the total number of cases to be selected from each cell was set at the beginning of the study. Originally, we aimed to select 2,400 expedited applicants, and 2,000 regular applicants--equally divided between the Pre-OBRA'82 and the Post-OBRA'82 periods. In a given office, the number of cases to select from a particular cell was then set to reflect a constant fraction of such cases estimated to exist in each office. The fraction for each cell was set to approximate the target number for the study. Once the number of cases for selection was determined, cases were randomly selected for casefile abstraction. The final numbers of cases varied somewhat from the target number because a minimum of four cases was selected from all offices, and we oversampled cases in small offices in order to complete data collection in such locations rather than await completion of preliminary data abstraction in all sites. The final number of cases abstracted by cell is shown in Exhibit A-3.

Finally, the sampling procedures provide valid national estimates of <u>unduplicated</u> household participation in the Food Stamp Program. Under the approach we used, a household was counted one time if it participated at any time during the sixteen month Pre-OBRA'82 period. Unduplicated household participation data are distinctly different from data on "participation months" that would be generated by summing data across months in FNS' <u>Statistical Summary of Operations.</u> For example, a definition of

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[3]Households were stratified into expedited and nonexpedited applicants or ongoing participants during the sixteen months before or after February 1, 1983 (pre and post OBRA'82). The data from ongoing food stamp participants are not included in this report. Ongoing cases were stratified on the basis of whether they originally were expedited or not and whether they participated pre or post OBRA'82. The same types of information were collected from ongoing participants as from the applicant groups, but the source of these data was a randomly selected recertification period. The information on ongoing participants can be combined with the applicant data to provide a description of the entire unduplicated food stamp caseload.

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EXHIBIT A-3

NUMBER OF 1981-1984 APPLICANTS IN THE HOUSEHOLD CHARACTERISTIC SAMPLE

	PRE-OBRA'82 (October 1981 - January 1983)	POST-OBRA'82 (February 1983 - May 1984)	TOTAL
Expedited Applicants	1,789	1,348	3,137
Regular Applicants	1,061	1,086	2,147
Total	2,850	2,434	5,284

participation months would count "ten months" of participation of a household that received food stamps for ten months and one month for a household that left after the first month. The unduplicated household definition would count each of these households once, thus providing data on the number of different households that participated in the Food Stamp Program.

A.6 PROCEDURES FOR CALCULATING NATIONAL ESTIMATES OF TOTALS, PROPORTIONS AND OBRA'82 IMPACTS

Data gathered during the preliminary casefile sampling effort at each of the sixty local food stamp offices was used in estimating the population of casefiles at each office. Also obtained during the preliminary casefile sampling effort were statistics on the percentage representation among the casefiles sampled for each of the first eight categories of cases listed in Section A.5.4, above.

Subsequently the estimates of the national population and proportions for each of the eight categories of cases and the associated variances were calculated with data assumed to be collected in a stratified two stage cluster design. For national estimates with the preliminary casefile abstraction data the third stage sampling of households within sampled storage units was not directly incorporated in the estimates. Rather, the estimates used storage-level data on the total casefiles within each of the eight categories for the second stage calculation components.[4]

For our preliminary reports, the extra costs incurred from incorporating a full three-stage procedure in our estimates did not warrant the expected benefit in terms of improved variance estimates. As discussed in Section A.5 above, the third stage resulted in selection of a small number of files (about three on average) in each of a relatively large number of storage units. This coupled with the intentional spreading of the samples to guard against unusual samples, and the arbitrary numbering of the storage units for

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[4]For the preliminary national estimates, the proportions of the storage unit casefiles in each of the eight cells were constant across all storage units in a sampled office. Only the storage unit sizes varied across units within the same office. This "constant proportion" simplification also imparts a downward bias to the two-stage variance estimates of totals and proportions in each cell.

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sampling purposes, suggest that our two stage approximations were adequate estimators for our purposes.

To illustrate the method used to estimate totals and proportions in each of the eight categories and the associated variances of these estimates, define:

M_h = total number of local food stamp offices in the hth stratum, (h = 1,....,12)

m_h = number of local food stamp offices sampled in the hth stratum

N_{hi} = total number of storage units in i^{th} office in h^{th} stratum (or hi^{th} office for h=1,...12; i=1,...60)

n_{hi} = number of sampled storage units in the hi^{th} office

Y_{hj} = number of casefiles in j^{th} storage unit in office hi

$a_{hi}(c)$ = number of sample casefiles in c^{th} category in office hi (c = 1,...,9)

f_{hi} $=n_{hi}/N_{hi}$ = second stage sampling rate

F_h $= n_h/M_h$ = first-stage sampling rate

W_{hij} $= F_h{-1} * f_{hi}{-1}$ = weight for hij^{th} unit

$$a_{hi} = \sum_{c=1}^{9} a_{hi}(c)$$

$$\hat{Y}_{hij}(c) = \frac{a_{hi}(c)}{a_{hi}} Y_{hij}$$ = estimated number of casefiles in hij^{th} storage unit in c^{th} cell

Exhibit A-4 illustrates the first stage sampling rates by stratum.

In a stratified two-stage cluster design the SESUDAAN software computes ratio estimates for domain-g of means, proportions, and totals of the general form:

$$R(g) = \sum_{h=1}^{H} \sum_{i=1}^{m_h} \sum_{j=1}^{n_{hi}} W_{hij} D_{hij}(g) Y_{hij} \Big/ \Big[\sum_{h=1}^{H} \sum_{i=1}^{m_h} \sum_{j=1}^{n_{hi}} W_{hij} D_{hij}(g) \Big]$$

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EXHIBIT A-4

DISTRIBUTION OF THE POPULATION (3577) OF LOCAL FOOD STAMP OFFICES AND NUMBER OF OFFICES SAMPLED ACROSS TWELVE STRATA

GEOGRAPHIC REGION:	OFFICE SIZE: LARGE	MEDIUM	SMALL
EAST	(1) Pop. of Offices = 304 # Sampled Offices = 5	(2) Pop. of Offices = 164 # Sampled Offices = 3	(3) Pop. of Offices = 64 # Sampled Offices = 2
MIDWEST	(4) Pop. of Offices = 239 # Sampled Offices = 4	(5) Pop. of Offices = 279 # Sampled Offices = 5	(6) Pop. of Offices = 535 # Sampled Offices = 5
SOUTH	(7) Pop. of Offices = 436 # Sampled Offices = 7	(8) Pop. of Offices = 622 # Sampled Offices = 10	(9) Pop. of Offices = 381 # Sampled Offices = 6
WEST	(10) Pop. of Offices = 199 # Sampled Offices = 4	(11) Pop. of Offices = 141 # Sampled Offices = 2	(12) Pop. of Offices = 213 # Sampled Offices = 3

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where

Y_{hij} = the sample value measured or defined for sample member-j in unit-hi,

or alternatively

Y_{hij} = 1, if sample member-hij has the characteristics of interest; 0, otherwise,

and $D_{hij}(g)$ = 1, if sample member-hij is a member of domain-g, g=1,2,...,G; 0, otherwise.

Defining $\hat{Z}_{hij}(g)$ for each sample member as follows:

$$\hat{Z}_{hij}(g) = W_{hij}D_{hij}(g)[Y_{hij} - \hat{R}(g)]/\hat{D}(g),$$

where

$$\hat{D}(g) = \sum_{h=1}^{H} \sum_{i=1}^{m_h} \sum_{j=1}^{n_{hi}} W_{hij}D_{hij}(g).$$

the Taylor variance approximation for $\hat{R}(g)$ is:

$$Var[\hat{R}(g)] = \sum_{h=1}^{H}(1-F_h)m_h\, s^2_h[Z(g)] + \sum_{h=1}^{H} F_h \sum_{i=1}^{m_h} (1-f_{hi})n_{hi}\, s^2_{hi}[Z(g)],$$

with

$$s^2_{hi}[Z(g)] = \sum_{j=1}^{n_{hi}} [\hat{Z}_{hij}(g) - \hat{Z}_{hi.}(g$$

where

$$\hat{Z}_{hi.}(g) = \sum_{j=1}^{n_{hi}} \hat{Z}_{hij}(g)/n_{hi} = \hat{Z}_{hi+}(g)/n_{hi},$$

and

$$s^2_h[\hat{Z}(g)] = \sum_{i=1}^{m_h} [\hat{Z}_{hi+}(g) - \hat{Z}_{h.+}(g)]^2/(m_h-1),$$

with

$$\hat{Z}_{h.+}(g) = \sum_{i=1}^{m_h} [\hat{Z}_{hi+}(g)/m_h.$$

The variance expression for $\hat{R}(g)$ is an approximation for two reasons. First, the higher order terms in the Taylor series expansion of $F(X,Y) = \hat{R} = Y/X$ are ignored in the variance expression. Second, sample estimates of means, variances, and covariances replace population values in the approximated Taylor series expression below (the

expansion less higher order terms):

$$\text{Var } \widehat{(R)} = (1/M_x^2)\ [\text{Var } (Y) + (M_y/M_x)^2 \text{ Var } (X) - 2\ (M_y/M_x) \text{ Cov } (X,Y)]$$

where M_x and M_y are population means. Cov (X,Y) is the population covariance of X and Y, and Var (X) and Var (Y) are population variances of X and Y.

The SESUDAAN software was used to produce ratio estimates of the general form $\Sigma wx/\Sigma w$ where w is the weight and x is a random variable. It provided national estimates of total casefiles in each of the eight categories listed in Section A.5 above and reported in Exhibit 2-2 of the text. For these estimates, $Y_{hij}(c)$ replaced Y_{hij} in the generalized R(g) and Var (R(g)) expressions above.[5]

The RATIOEST software (Shah 1981) produces ratio estimates of the general form $\Sigma wx/\Sigma wy$ where w are sample weights and x and y are random variables. The Taylor approximation for the variance of the ratio estimator has the same general form as Var R(g) above. It provided estimates of the national proportions of expedited applicant casefiles in pre-and post-OBRA'82 periods reported in Exhibit 2-1 of the text.

In the numerator of the ratio estimator $\hat{Y}_{hij}$ (1) replaces Y_{hij} in the expressions for the pre-OBRA'82 period, and $\hat{Y}_{hij}$ (5) is used for the post-OBRA'82 period. In the denominator, $\hat{Y}_{hij}(1) + \hat{Y}_{hij}(2)$ and $\sum_{c=1}^{4} \hat{Y}_{hij}$ (c) are used in the pre-OBRA'82 period. In the post-OBRA'82 period $\hat{Y}_{hij}(5) + \hat{Y}_{hij}(6)$ and $\sum_{c=5}^{8} Y_{hij}$ (c) are used in the denominator. When just the two components are summed in the denominator, expedited applicants as a proportion of all new applicant cases are estimated. When the four

[5]The software modifies these estimators to produce totals rather than means of the national population in each category.

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components are summed in the denominator, expedited applicants as a proportion of all unduplicated FSP households are estimated.

Statistical Estimates with the Casefile Abstraction Sample

The bulk of the statistical analyses for this report was performed with the casefile abstraction sample of 5,284 approved applicant households for the period 10/81 through 5/84.

In estimating means, proportions, and differences in these statistics for population subgroups, the SESUDAAN software was again utilized. With the abstraction data, a stratified two-stage cluster design was used for the estimates. The formulas for the ratio estimator R(g) and its variance, Var R(g) , are identical to those reported above, but the second stage sampling unit is the applicant household rather than the storage unit. To clarify,

$$\hat{N}_{hi} = \hat{Y}_{hi} * \left[\frac{a_{hi}(1) + a_{hi}(2) + a_{hi}(5) + a_{hi}(6)]}{a_{hi}} \right] =$$

estimated total number of applicant households in the "hith" office.

$$\hat{Y}_{hi} = \frac{N_{hi}}{n_{hi}} \sum_{j=1}^{n_{hi}} Y_{hij} = \text{estimated number of casefiles in office h.}$$

(NOTE: N_{hi} and n_{hi} are the population and sample counts of storage units for office h_i as before.)

$b_{hi}(c)$ = number of sample abstraction casefiles in category c in office hi

$n_{ni} = b_{hi}(1) + B_{hi}(2) + b_{hi}(5) + b_{hi}(6)$ = sample number of applicant households in the casefile abstraction sample i in office hi

$$W_{hij}(c) = F_h^{-1} * \frac{\hat{N}_{hi}(c)}{b_{hi}(c)} = \text{the applicant household weight for } c=1,2,5,6 \text{ applicant groups}$$

$$N_{hi}(c) = \hat{Y}_{hi} * \frac{a_{hi}(c)}{a_{hi}} = \text{the estimated number of applicant households in category c in office hi.}$$

Revised n_{hi}, N_{hi}, and W_{hij} (c) values above replace respective n_{hi}, N_{hi}, and W_{hij} components in the ratio and variance estimator equations above. The sample weights for the abstraction cases vary by applicant category (expedited/nonexpedited and pre-/post-OBRA'82). This captures the different sampling rates within each of these applicant strata within each hith office.

The stratified two-stage ratio and variance estimators in our report approximate the actual sample design utilized to select our abstraction sample. In effect, the estimators incorporate simple random sampling (SRS) of applicant casefiles within each cluster (local office) in the second sampling stage. In reality storage units within each office were selected using SRS in the second stage, and then the third stage applicant households were selected by a double sampling technique. Our estimators are approximations (1) because of the Taylor series assumptions discussed above, and (2) because the second stage selection of storage units and the nesting of the final casefile selection within the preliminary casefile sample chosen in the third stage within each storage unit are not explicitly incorporated in the statistical procedures.[6]

Intuitively this simplifying assumption of second stage SRS of applicant casefiles for the abstraction sample seems reasonable. Nearly half of the storage units in the sampled offices were included in our second stage sample. Our third stage selection of the preliminary casefile sample averaged only about three casefiles in each of a relatively large number of second stage units. Finally, the double sampling of these third stage units to produce our abstraction sample produced, on average, less than one casefile per sampled storage unit. This spreading of the third stage sample over a large number of sampled second stage storage units suggests that the second stage storage unit clustering effects on the variance estimates are not large. Whatever effect there may have been would have been offset to some degree had we also explicitly accounted for the stratified sampling selection of the final abstraction sampled from the 25,782 third stage casefile sample.

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[6]We also note that there is another source of variation due to the presence of an estimated second stage population total (N_{hi}) in our estimators that has not been explicitly accounted for.

By making the substitutions for the second stage sampling rates and the revised weights described above, the software produces national estimates of means and proportions for various continuous and categorical variable characteristics (Y_{hij}) of the applicant abstraction population. Such estimates are reported extensively in Section Two of the text.

We also report mean and proportion differences for domains defined by one variable with two levels (expedited/nonexpedited or Pre-OBRA'82/Post-OBRA'82) for population subgroups. The ratio estimator for this difference

has the following general variance expression

$$\mathrm{Var}\,[\hat{\Delta}(g_1 - g_2)] = \mathrm{Var}\,[\hat{R}_1(g_1)] + \mathrm{Var}\,[\hat{R}_2(g_2)]$$

$$- 2\,\mathrm{Cov}\,[\hat{R}(g_1)\,\hat{R}(g_2)]$$

In SESUDAAN the following linearization

$$\hat{S}_{hij}\,(g_1 g_2) = \hat{Z}_{hij}\,(g_1) - \hat{Z}_{hij}\,(g_2)$$

replaces the original linearized variate Z_{hij} (g) to provide variance estimates of the difference expression with the same variance estimator described previously.

$$\mathrm{Var}\,[\hat{\Delta}(g_1 - g_2)] = \mathrm{Var}\,[\hat{S}\,(g_1 g_2)]$$

The following t statistic is used to test the estimated mean or proportion differences for statistical significance:

$$t = \frac{\hat{\Delta}\,(g_1 - g_2)}{\sqrt{\mathrm{Var}\,[\hat{\Delta}(g_1 - g_2)]}}$$

<u>Frequency Distributions:</u> The cumulative frequency distributions reported in Section Two of the text were estimated with the RTIFREQS software described in Shah (1982). These estimates also incorporate an "approximated" stratified two-stage cluster sample design for the casefile abstraction sample as described previously. Weighted row and column frequencies and percentages are calculated as follows:

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d_{hijrc} = 1 if applicant household h_{ij} belongs to row r and column c
(r = 1,2,...R; c = 1,2,...C)

$$f_{rc} = \sum_h \sum_i \sum_j d_{hijrc} W_{hij}$$

$$f_{r\cdot} = \sum_c f_{rc}$$

$$f_{\cdot c} = \sum_r f_{rc}$$

$$P_{rc} = \frac{100\ f_{rc}}{f_{r\cdot}} \quad \text{or} \quad \frac{100\ f_{rc}}{f_{\cdot c}}$$

Variance estimates for f_{rc}, $f_{\cdot c}$, $f_{r\cdot}$, and P_{rc} were also produced but were not reported in the text.

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APPENDIX B

MULTIVARIATE REGRESSION MODELS

B.1 DESCRIPTION OF THE PROBABILITY OF RECEIVING EXPEDITED SERVICE MODEL

A model of the probability of receiving expedited service was estimated with the casefile abstraction data for approved applicants during the 32 month study period between October 1, 1981 and May 31, 1984. The statistical approach used was appropriate for samples collected with complex, multi-stage sample designs. Estimated coefficients, variances, and hypothesis tests were produced with Taylorized weighted least squares approximations.[1]

Outcomes: The outcome investigated with the full casefile applicant sample was:

1. The probability that an applicant household receives expedited services, defined as,

   ES = 1 if approved applicant received expedited service at application

   = 0 otherwise

External Influences: The independent variables in the model consisted of both external influences on the food stamp household cases and selected case characteristics themselves. The primary external influence investigated was that of the OBRA'82 expedited service regulation changes. Two alternative legislative impact specifications used in the models are described below.

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[1] The SURREGR software package is discussed in Shah and Holt (1982). Preliminary model testing was conducted with ordinary least squares (OLS). In addition, a logistic regression was also fitted for the categorical expedited service classification variable. Only the Taylorized weighted least squares results are reported in the text.

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1. The OBRA'82 impact averaged over all population subgroups: The key OBRA'82 legislative impact variable in this model specification was a binary-coded

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LA1*OBRA'82 = 1 if household has liquid assets under $101 and is a Post-OBRA'82 applicant

= 0 otherwise

LA2*OBRA'82 = 1 if household has liquid assets between $101 and $250 and is a Post-OBRA'82 applicant

= 0 otherwise

OBRA'82 = 1 if a Post-OBRA'82 applicant

= 0 otherwise

The income and asset cut-off points for these variables were purposely chosen at (and moderately above) the Post-OBRA'82 ceilings for expedited service eligibility. To interpret the legislative impacts in this model, consider the equation

$$Y = B_0 + B_1 \text{ OBRA'82} + B_2 \text{ GY1*OBRA'82} + B_3 \text{ GY2*OBRA'82} + B_4 \text{ LA1*OBRA'82} + B_5 \text{ LA2*OBRA'82} + B_6 Z + e$$

where Y is the outcome variable

Z is a vector of other explanatory variables

B_j (j=0, 1,...6) are coefficients

and e is a residual term.

Exhibit B-1 illustrates the legislative impact estimates in this model disaggregated by income and liquid assets of the household. These coefficients measure the change (mean difference) in the outcome variable between the Post-OBRA'82 periods for the appropriate population subgroup net of the other control variables in the model. The coefficient for the OBRA'82 dummy variable in the model (B_1) is the legislative impact for households with liquid assets above $250 and gross monthly income in excess of $300. The other four OBRA'82-related coefficients in the model (B_2...B_5) measure the <u>differences</u> in the OBRA'82 legislative impact between the highest income or liquid asset class

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EXHIBIT B-1

OBRA'82 LEGISLATIVE IMPACT COEFFICIENTS DISAGGREGATED BY HOUSEHOLD GROSS MONTHLY INCOME AND LIQUID ASSETS

	Gross Monthly Income		
Liquid Assets	Under $150	$150 to $300	Over $300
Under $101	$B_1 + B_2 + B_4$	$B_1 + B_3 + B_4$	$B_1 + B_4$
$101 to $250	$B_1 + B_2 + B_5$	$B_1 + B_3 + B_5$	$B_1 + B_5$
Over $250	$B_1 + B_2$	$B_1 + B_3$	B_1

NOTE: The coefficients in each cell represent the mean difference in the probability of receiving expedited services between the Post-OBRA'82 and Pre-OBRA'82 period net of other control variables in the model. The full model appears at the bottom of p. 3-6 of the text. The empirical estimates are reported in Exhibit 3-5 below.

and either the lowest or middle income or asset class. For example, B_5 measures the difference in the legislative impact between the middle and the highest liquid asset groups regardless of the household's income level.[2]

Other non-OBRA'82 external influences specified in the model include:

3. State and local unemployment rates: Exhibit B-2 illustrates that average State unemployment rates confronting food stamp applicants over the 32 month study period peaked at the time the new expedited service regulations were implemented and fell steadily thereafter. This economic cycle roughly corresponds to the time pattern of expedited service participation among applicants that is also illustrated in the exhibit. Differences in expedited service participation between the Pre- and Post-OBRA'82 period may be due to shifting from the downhill to uphill portion of the business cycle independently of the OBRA'82 regulation changes or other changes between the years. Logarithmic ratios of current monthly State unemployment rates to 12-month lagged rates were used in the model to control for these economic conditions.[3]

   The log ratio specification in the model is defined as follows:

   B_{ur} $\log (UR_t/UR_{t-12})$

   where B_{ur} is the regression coefficient for the log ratio variable.

   UR_t is the State unemployment rate in the month and year of application (period t).

---

[2]A fully interactive model was not specified in which differences in legislative impacts between asset groups are also dependent on gross income levels (and vice versa).

[3]In our preliminary models estimated with ordinary least squares regression (OLS), we also experimented with current levels and one month logarithmic first differences for both county and State unemployment rates and employment levels. The 12-month logarithmic differences for the State unemployment rates produced the strongest control in terms of statistical signficance and proved to be relatively insensitive to the set of other explanatory variables in the model.

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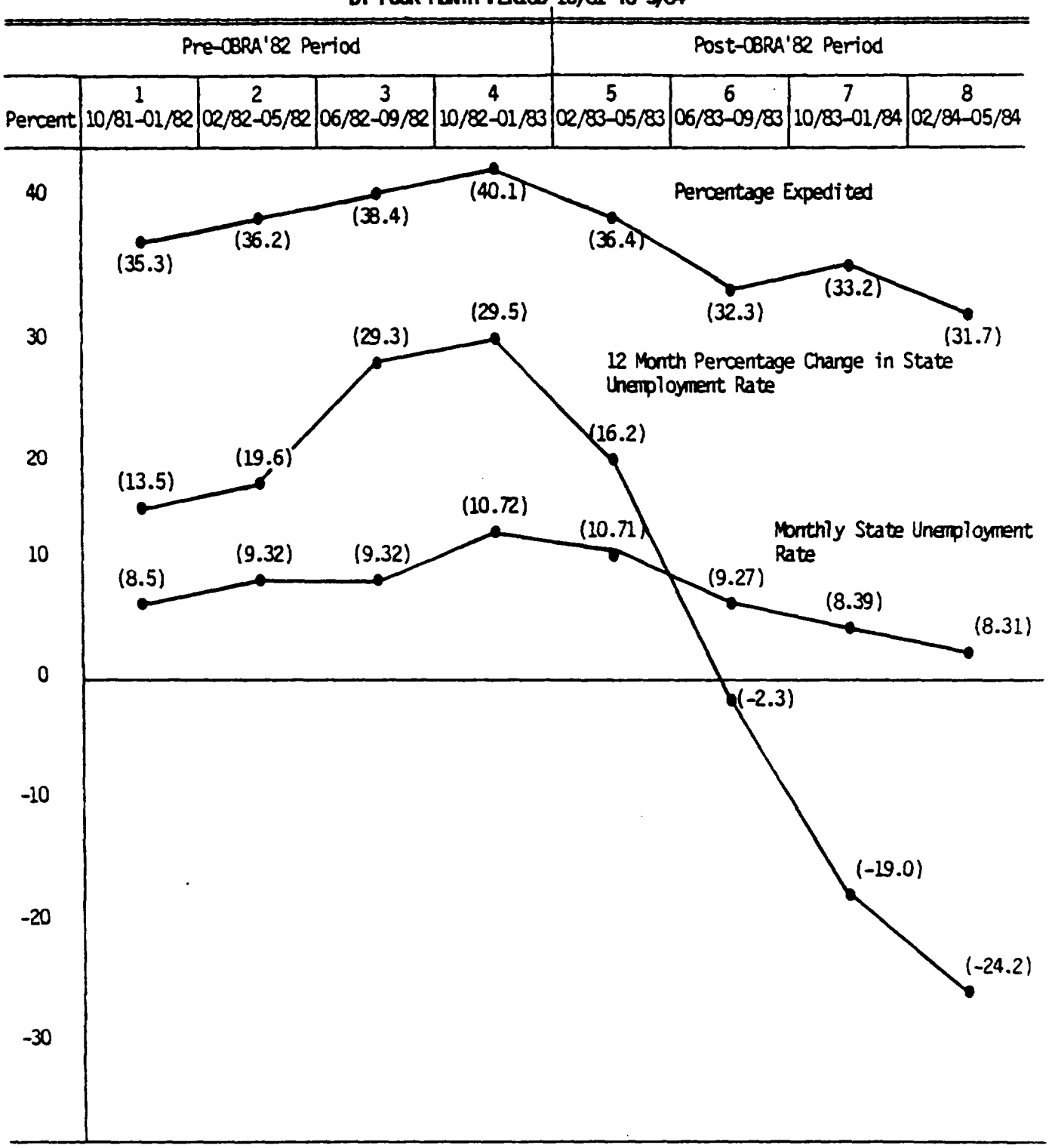
EXHIBIT B-2

PERCENT OF EXPEDITED APPLICANTS, UNEMPLOYMENT RATES, AND 12 MONTH PERCENTAGE CHANGES IN UNEMPLOYMENT RATES BY FOUR MONTH PERIOD 10/81 TO 5/84



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UR_{t-12} is the State unemployment rate 12 months prior to the application date.

If the coefficient is positive-valued as expected, then rising State unemployment rates contribute to higher probabilities of expedited service among applicants within the State. Declining State unemployment rates would contribute to lower probabilities of expedited service among applicants within the State. The log ratio specification thus enables us to differentiate impacts of rising and falling employment conditions on the outcome variable with a single explanatory variable.

This specification means that the current monthly level of the State unemployment rate relative to its level in the same month a year before is the factor that contributes to explaining expedited service participation. If the State or local economy is receding (as in the Pre-OBRA'82 period with current unemployment rates higher than the previous year), then the probability that a new applicant receives expedited service is expected to be greater, other things constant, than if the State or local unemployment rates are declining. Exhibit B-2 also illustrates that this 12-month lag effect does indeed measure the direction of change in the business cycle.

4. Quarterly AFDC payments and monthly State AFDC caseloads: The descriptive analyses in Section Two above suggest a strong negative correlation between the probability of receiving expedited service and both the amount of AFDC income received by an applicant household and whether or not the household receives AFDC. Changes in State AFDC payment levels and/or caseloads between the Pre- and Post-OBRA'82 period can affect expedited service participation rates independently of expedited service regulation changes and other influences. These controls also capture interstate variations in AFDC payment levels at a point in time.[4]

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[4]Specifying only one of the two State AFDC measures would mostly capture influences of State economic conditions since these are correlated with State AFDC rolls and expenditures. Average State AFDC payments (per household) were not constructed since the time periods for the data did not correspond, and monthly caseload data were not transformed into quarterly measures to construct quarterly average payments.

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Exhibit B-3 shows that average AFDC payments over the two periods were slightly higher in the Post-OBRA'82 period. This difference is probably due in large part to cost of living adjustments in the program.

Caseload Characteristics' Influences: In addition to factors that are external to the food stamp applicant household, caseload characteristics were also specified in the models as additional controls. Section Two reported demographic profiles of expedited service households that differed from those of regular households due to income, assets, households composition, and other components. Changes in the expedited service applicant population's characteristics between the Pre-and Post-OBRA'82 periods may also bias estimates of regulation revision impacts unless proper controls for these changes are included in the models. Although substantial demographic shifts in this population were not expected, unintended profile differences are possible when selecting samples from two different time periods. The case characteristics included in the models are:

5. Household size (in logarithmic form): The logarithmic form was adopted because the influence of an additional household member on the probability of receiving expedited services declines as the household size increases. Such a nonlinear effect of household size was expected, particularly in the Post-OBRA'82 period. The gross monthly income and liquid asset ceilings did not vary with household size, and became more restrictive for larger households. The log specification allows for a positive relationship between household size and the expedited probability (when the coefficient is positive-valued), but imposes a decreasing marginal influence of household members on this probability as the unit size increases.

6. Household composition (categorical for only adults aged 18 or older in the unit; both parents present and at least one child under 18 years; single parent with at least one child under 18 years; and for presence of at least one person 60 years or older in household).

7. Gross monthly income (categorical for under $150, $150-300, and over $300 in the probability of expedited services model).

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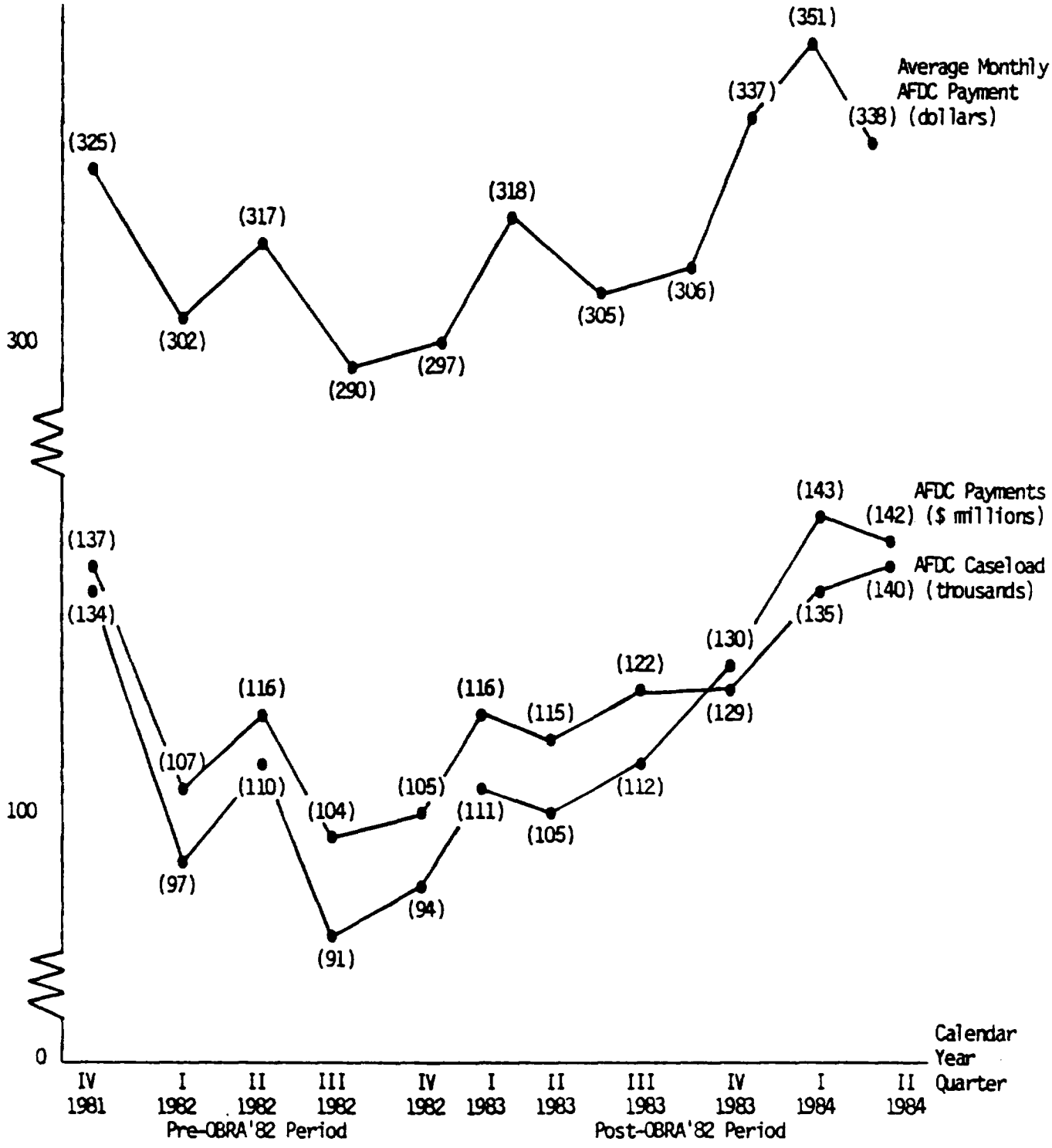
EXHIBIT B-3

AFDC PAYMENTS, CASELOADS, AND AVERAGE MONTHLY PAYMENTS
BY CALENDAR-YEAR QUARTER 10/81 TO 6/84



8. Liquid assets (categorical for under $101, $101-250, and over $250 in the expedited service probability model).

9. Seasonality (categorical variables for application date in the spring (March-May), winter (December-February), fall (September-November), or summer (June-August) quarter).

10. Geographic location (categorical variables for combinations of FNS regions: Northeast and Mid-Atlantic; Southeast; Midwest and Southwest; and Western and Mountain Plains).

B.2 FINDINGS FOR THE PROBABILITY OF RECEIVING EXPEDITED SERVICE MODEL

B.2.1 OBRA'82 Impacts

Exhibit B-4 reports the estimated regression coefficients for the impacts of the OBRA'82 expedited service regulation changes under three separate models. The first model contains only the OBRA'82 "dummy" variable and estimates a 4.7 percentage point decline in the probability that a new applicant case will receive expedited service between the two periods.[5]

The second column reports the simple OBRA'82 dummy variable impact estimate in a model including all the control variables listed above. Controlling for changing economic conditions, State welfare payments and caseloads, and case characteristics reduces the estimated impact of the OBRA'82 expedited service legislation from a 4.7 percentage point decline in the "gross effects" model to a "net" 2.9 percentage point decline in the expanded model. The combined effect of these controls reduces the OBRA'82 impact estimate by about 38 percent of its estimated gross effect. The "net" impact estimate remains statistically significant at the 10 percent level.

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[5]The gross impact coefficient estimate is algebraically and empirically equivalent to a weighted mean difference between the probability of receiving expedited services in the Post-OBRA'82 and Pre OBRA'82 periods estimated with the casefile applicant abstraction data.

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EXHIBIT B-4

ESTIMATED GROSS AND NET OBRA'82 IMPACT REGRESSION COEFFICIENTS IN THE PROBABILITY OF RECEIVING EXPEDITED SERVICE MODELS

OBRA SPECIFICATION	Gross Effect Model	Net Effect Model	Disaggregated Net Effect Model
Year-OBRA'82 Dummy	-.047**	-.029*	-.092***
Liquid Asset/OBRA Interactions			
Under $101 (LA1*OBRA'82), ($B_4$)	N/A	N/A	.091**
$101-$250 (LA2*OBRA'82), (B_5)	N/A	N/A	.019
Gross Income/OBRA Interactions			
Under $150 (GY1*OBRA'82), ($B_2$)	N/A	N/A	-.023
$150-$300 (GY2*OBRA'82), (B_3)	N/A	N/A	-.063*
Model	**	***	***
R^2	.002	.468	.469
Design Effects-OBRA'82 Coefficient	2.333	1.585	1.291[a]

SOURCE: Estimated with the food stamp applicant casefile abstraction sample containing 5,284 households..

NOTE: The mean of the expedited service binary-coded dependent variable is 0.354. The regression models in the last two columns contain an expanded set of non-OBRA'82 control variables. The non-OBRA'82 coefficients in the disaggregated net effect model are reported in Exhibit 3-6.

The OBRA'82 dummy variable coefficient in column 3 estimates the legislative impact for the high income, high liquid asset group. The B_4 and B_5 coefficients estimate the difference in the legislative impact between the respective low and middle asset groups and the high asset group irrespective of income level. The B_2 and B_3 coefficients estimate the difference in the legislative impact between the respective low and middle income groups and the high income group regardless of the liquid asset level.

*Indicates statistically significant at the .10 level.
**Indicates statistically significant at the .05 level.
***Indicates statistically significant at the .01 level.

a/ Calculated as the mean design effect for the five OBRA'82-related regression coefficients. Design effects are the ratio of the coefficient variance estimate accounting for the multi-stage sample design to the variance estimate under ordinary least squares and simple random sampling.

N/A is not applicable.

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Disaggregated OBRA'82 Impacts: The last column of Exhibit B-4 disaggregates the OBRA'82 impact estimate among cases by liquid asset and gross income level. The coefficient estimates for the OBRA'82 interaction terms indicate that, even though there was only a weak average net reduction in the proportion of expedited service applicant households, considerable variation in this effect exists across households depending on their liquid assets and gross income. In particular, cases with assets above the $100 ceiling and gross income over the $150 ceiling in the Post-OBRA'82 period are less likely to receive expedited service than comparable Pre-OBRA'82 households.

To illustrate this further, Exhibit B-5 reports the estimated OBRA impacts disaggregated by liquid asset and gross income levels as the empirical counterpart to Exhibit B-1. Cases with both gross income and liquid assets below the OBRA'82 ceilings reduce their chances of receiving expedited service by 2.4 percentage points after the regulation changes although this probability remains above 70 percent in our model for the "average" case below the asset and income ceilings in the Post-OBRA'82 period. But if liquid assets exceed $100, then this probability declines by between 9.6 and 11.5 percentage points, holding gross income constant (below $150). If gross income rises to between $150 and $300 and liquid assets remain under the $100 ceiling, then the probability declines by 6.4 percentage points. If gross income exceeds $300 the chances for expedited service are virtually the same both before and after the regulation changes--our model estimates this probability to be about 6 percent (using mean values of non-asset and non-income variables). Cases with both liquid assets and gross incomes in excess of the ceilings are between 7.3 and 15.5 percentage points less likely to receive expedited services after the new provisions were implemented than before. In the Post-OBRA period and, using mean values as above, the model estimates very low probabilities of cases above the ceilings receiving expedited services--8.4 and 6.3 percent for units with gross monthly incomes between $150 and $300 and at the middle and highest asset levels, and zero probabilities for the highest income groups at these two asset levels.

Thus the "average" net OBRA'82 impact on the probability of receiving expedited service of 2.9 percentage points, when disaggregated by income and liquid assets, ranges between virtually no effect whatsoever (for low asset, high income cases) to a 15.5 percentage point decline (for high asset cases with gross income between $151 and $300).

The regulation changes clearly "work" in the sense of targeting expedited services relatively more on low asset, low gross income cases.[6] That the overall impact of the

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EXHIBIT B-5

ESTIMATED OBRA'82 IMPACT PERCENTAGE POINT REDUCTIONS IN THE PROBABILITY OF RECEIVING EXPEDITED SERVICES, BY GROSS INCOME AND LIQUID ASSET LEVEL

	Gross Income		
Liquid Assets	Under $150	$150 to $300	Over $300
Under $101	-2.4	-6.4	-0.1
$101 to $250	-9.6	-13.6	-7.3
Over $250	-11.5	-15.5	-9.2

SOURCE: Estimated with the food stamp applicant casefile abstraction sample containing 5,284 households.

NOTE: Results are based on regression coefficient estimates in the disaggregated net effect model reported in Exhibit 3-4.

The estimated percentage point decline for the high income, high asset group (B_1) is statistically significant as is the estimated reduction in the percentage point decline (B_4) between the low and high asset groups. The estimated 6.3 percentage point increase in the legislative impact between the middle income and high income groups (B_3) is statistically significant at the 10 percent level.

provisions was not stronger and more negative-valued is due to the fact that so few food stamp applicant cases have liquid assets in excess of $100 when they apply for stamps--only 9.7 percent of the cases during the 32 month study period had liquid asset stocks over $100 at application. Also, the number of Pre-OBRA'82 expedited service cases meeting the zero net monthly income criterion was only 5.82 percentage points greater than those meeting the $150 gross monthly income ceiling.

B.2.2 Other Effects

Exhibit B-6 reports the other coefficients in the model containing OBRA'82 impacts disaggregated by liquid assets and gross income level. These consist of both categorical and continuous variables. In the former case, coefficients represent deviations from omitted categories indicated in the exhibit.

Gross Monthly Income: A strong negative correlation between gross household income and expedited service recipiency is implied by the regulations both before and after the OBRA'82 revisions. Nevertheless, as the discussion of compliance in Section Three suggests, the correlation is not a perfect one. The data show "expedited" units with gross incomes in excess of the ceilings and "regular" units under the ceilings in the Post-OBRA'82 period, so this measure was not expected to be a totally dominant one in our model. It is instead intended to capture the targeting of expedited services on the neediest members of the food stamp population. In the Pre-OBRA'82 period, the probability a food stamp household receives expedited service increases by 67.5 percentage points if its gross monthly income is below $150, and by 16.6 percentage points if its income is between $150 and $300, relative to a case with income greater than $300.

Liquid Assets: Food Stamp households in need of emergency expedited services are unlikely to have large asset balances in their checking, savings, and cash accounts. Although our disaggregated OBRA'82 impact model reported above shows that the regulation changes created a strong negative relationship between liquid asset level and

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[6]In 18 offices, we found no designation of expedited service in the casefiles, so we used the Pre- and Post-OBRA'82 income and asset rules to identify expedited cases. To the extent that these offices did not implement the rules in this way, the OBRA'82 impact results may be slightly biased to some unknown degree.

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EXHIBIT B-6

ESTIMATED NON-OBRA'82 IMPACTS ON THE PROBABILITY OF RECEIVING EXPEDITED SERVICES

Independent Variable/Statistic	Statistical Significance/ Coefficient Values
Log Household Size	.006
Composition--two parent with children	-.036
single parent with children	-.052**
one or more members age 60+	-.078**
Log (Monthly State Unemployment Rate t) / (Monthly State Unemployment Rate t-12)	.022
Log Quarterly State AFDC Payments	-.047
Log Monthly State AFDC Caseload	.059
Household Gross Monthly Income--Under $150	.675**
$150 to $300	.166**
Household Liquid Assets--Under $101	.008
$101 to $250	.002
Region--Atlantic/Northeast	-.059
Southeast	-.060
Midwest/Southwest	-.039
Seasonality--Spring	-.027
Fall	-.027
Winter	-.009
Intercept	.305
Mean-Dependent Variable	.354
Model	***
R^2	.469

SOURCE: Estimated with the food stamp applicant casefile abstraction sample containing 5,284 households.

NOTE: OBRA'82-related impact coefficients from this regression are reported in the last column of Exhibit B-4. The SURREGR software did not provide hypothesis test results for categorical variables represented by more than one regressor. Such F tests could not readily be calculated using marginal R^2 values from omitting a set of regressors with the Taylorized weighted least squares results. Omitted categories are: all-adult units (household composition), income over $300, assets over $250, Mountain Plains/Western Region, and summer season.

*Indicates statistically significant at the .10 level.
**Indicates statistically significant at the .05 level.
***Indicates statistically significant at the .01 level.

receiving expedited service in the Post-OBRA'82 period, our results in Exhibit B-6 demonstrate that there was no statistically significant liquid asset relationship in the Pre-OBRA'82 period.

State Economic Conditions: The regression coefficient reported in Exhibit B-6 for the monthly State unemployment rate measure has the expected sign but is weak in magnitude and not statistically significant. The State AFDC payment and caseload regression coefficient estimates are also not statistically significant and are relatively weak in magnitude.[7]

Geographic Location: The geographic region identifier serves two functions. It controls for potentially spurious OBRA'82 impacts by selecting relatively more of the Post-OBRA'82 sample from regions with relatively less expedited service (although the sample design for the casefile abstraction data should safeguard against such a problem). The other role it serves is to purge the State economic environmental effects of their geographic influences. The State unemployment rate and welfare measures capture influences of both State economic conditions and geographic location. Adding geographic region to the model helps to purge the State economic condition impacts in the unemployment rate and welfare measures of their geographic effects. We emphasize that the sample of applicant casefiles was not designed to provide regionally representative results. Thus any regional estimates in the models are to be viewed with extreme caution. The estimated geographic effects reported in Exhibit B-6 are fairly large in magnitude but are also not statistically significant.[8]

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[7]The coefficients for these continuous economic environment variables are not readily meaningful from the results in Exhibit B-6. Converted to elasticities, defined as the ratio of the percentage change in the probability of receiving expedited service to the associated percentage change in each measure, these external economic and welfare efects range between .061 and .167 in absolute value--elasticity values falling between zero and one in absolute value are inelastic and above one, elastic. These relatively inelastic estimates are evaluated at the mean probability of receiving expedited service.

[8]One possible explanation for the lack of significant findings for the geographic and State economic variables is the collinearity between them. In the preliminary OLS models however this was not the case as the economic effects were statistically significant both with and without the geographic variables in the model. Relatively large design effects for these coefficient estimates tend to make them statistically insignificant in the Taylorized weighted least squares regressions. The reason that the design effects are large is that these geographic-related variables are relatively homogeneous within each cluster (local office).

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Household Size and Composition: As discussed above, the expedited service regulation changes were more restrictive for large applicant households by specifying fixed income and asset ceilings, rather than ones that were a positive function of unit size. Although average expedited service household size did not decline significantly between the Pre- and Post-OBRA'82 periods, its presence in a multiple variable model is warranted rather strongly on these theoretical grounds. Including household size in the model also enables us to interpret the model's income and asset coefficients independently of their (positive) relationship with unit size.

The expedited service population described in Section Two contains few children and few elderly members. Although there was only weak evidence that there were changes in these characteristics of the expedited population between the two study periods, their

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B.3 DESCRIPTION OF MODELS OF SELECTED CHARACTERISTICS OF HOUSEHOLDS RECEIVING EXPEDITED SERVICE

The objective in this Section is to examine the influence of OBRA'82 expedited service regulation changes on characteristics of expedited service cases, net of other non-OBRA'82 related influences. These include (as before) State economic conditions and caseload profile components that may also have changed over the two periods.

Outcomes: The household characteristic outcomes analyzed with just the expedited service applicants include:

- The probability that full verification of items required by federal regulations (identify, residency, alien status, gross non-exempt income, medical expenses, utility expenses, and Social Security Number) was postponed prior to issuing the initial monthly allotment;
- The probability that the expedited service household continued to receive benefits after the first month;
- The unprorated monthly coupon allotment;
- The probability that the household contains at least one person 60 years or older;
- Household liquid assets (cash on hand plus checking and savings account balances);
- Household monthly gross income; and
- Processing time in calendar days between application and issuance dates.

For three of these household characteristic outcomes (continuing benefits, gross monthly income, and liquid assets), a significant difference was found between the Pre- and Post-OBRA'82 expedited service applicant populations in the descriptive results reported in Section Two above. A sampling of four other household characteristic variables was

included to investigate whether the absence of controls in the descriptive models may have caused an otherwise statistically significant estimated OBRA'82 impact relationship (in a multiple variable model) to become statistically insignificant. Two dependent variables related to office procedures (calendar day processing time and a postponed full verification "dummy" variable), and two household demographic characteristic variables (the initial monthly food stamp allotment amount and a binary-coded variable for the presence of an elderly person in the unit) were selected to examine the possibility of a "bias toward zero" in the simple descriptive models' OBRA'82 impact estimates. The foremost member in this group was the allotment variable. Since the descriptive results verified a reduction in the gross income of expedited cases between the two periods, it was puzzling that the same results did not also verify an increase in the monthly allotments over the same time period.

From an office procedural standpoint, the full verification and processing time variables were included since the new OBRA'82 regulations touched on both areas. Also three of these four additional characteristic outcome variables (processing time, monthly allotment, and presence of an elderly member) were significant determinants distinguishing regular from expedited households. Models of such characteristics can contribute to understanding related characteristics distinguishing expedited from non-expedited households. In general, however, we expected the additional non-OBRA'82 explanatory variables specified in these models to be correlated with the expedited household characteristic dependent variables and the OBRA'82 time dummy--conditions which create the potential for a specification bias in the simple bivariate descriptive results reported in Sections two and three.

<u>Independent Variables:</u> The primary independent variable of concern is the OBRA'82 time dummy distinguishing Post-OBRA'82 expedited service applicants from Pre-OBRA'82 expedited applicants. The coefficient for this variable is interpreted as the legislative impact of the regulation changes on the specific characteristic of expedited households net of other non-OBRA'82 influences included in the model.

The other independent variables in the characteristics' model are the same as the non-OBRA'82 related controls in the expedited probability model with the following exceptions:

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- Household gross monthly income and liquid assets are speci form, rather than as the categorical step function variables in the previous model; and

- Controls specified in the characteristics' outcome equations but not in the expedited service probability model include categorical variables for (1) race/ethnicity, (white, black, Hispanic, and other); (2) presence of at least one earner in the household; and (3) office size: large (average monthly participation of 1,900 households or more), medium (660 to 1,899 households) or small (fewer than 660 households). The descriptive results in Section two did not verify that these additional controls were related to the probability of a case receiving expedited services, so they were omitted from our expedited probability models reported above. The possibility that these controls could be related to both the expedited household characteristic dependent variables and the OBRA'82 time dummy variable warranted their inclusion in these models. To the extent such relationships exist, omitting them from the set of controls would not produce consistent estimates of the net OBRA'82 impact.

B.4 FINDINGS FOR THE EXPEDITED SERVICE HOUSEHOLD CHARACTERISTIC OUTCOME MODELS

Exhibit B-7 reports the results of our models of selected household characteristics for expedited service cases. Each column of the Exhibit refers to one of the seven separate characteristics that are selected as the dependent variables in the models. Both continuous and categorical dependent and explanatory variables are specified in the equations. The first row reports the "gross" estimated impact of the regulation changes. This is the regression coefficient in a simple model containing only the OBRA "time" dummy distinguishing the Post-OBRA'82 from the Pre-OBRA'82 period and is interpreted as the mean difference in the characteristic of interest between the periods. The second row reports the same regression coefficient in a multiple variable model controlling for other household characteristics and State economic and welfare conditions and is interpreted as the mean difference net of other influences on the outcome variable specified in the model. Statistically significant regression coefficients for these other control variables are reported in the remaining rows of the table.

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EXHIBIT B-7

MODELS OF EXPEDITED SERVICE HOUSEHOLD CHARACTERISTICS

Independent Variable/Statistic	Postponed Full Verification	Continuing Benefits	Processing Time in Calendar Days	Household Gross Monthly Income	Liquid Assets	Monthly Payment	Presence of Members 60 Years or Older
Year-OBRA'82 Dummy (Gross Effects Model)	.0158	.0377*	-.2406	-11.4832***	-21.8609***	3.5438	.0087
Year-OBRA'82 Dummy (Net Effects Model)	-.0117	.0024	.0493	-10.9417**	-20.3551***	10.1111***	.0276***
Log (Monthly State Unemployment Rate t) / (Monthly State Unemployment Rate t-12)	.0252	-.0987***	-.0535	16.2763	-6.0736	3.3690	.0695***
Log Quarterly State AFDC Payments	.1432	.0448	-.4608	33.8080**	-12.2412*	-7.1004***	.0178
Log Monthly State AFDC Caseload	-.0599	-.0494	-.1633	-27.0738	15.8618*	5.7800	-.0216
Household Gross Monthly Income	-.0001	.0001	.0100***	N.A.	.0218	-.1055***	.0002***
Household Liquid Assets	.0002**	-.0002*	.0025	.0187	N.A.	-.0054	.0001***
Log Household Size	-.0053	.0012	-.4187	30.2310***	6.9826	142.4200***	.0018
Composition--two parent with children	.0201	-.0018	-.3461	-14.3382	19.5497	-3.9384	-.0540**
single parent with children	.0227	-.0117	.3619	11.6369	-4.2621	-15.6260***	-.0589***
one or more members age 60+	.0475	.0826***	.7502	55.4693***	49.1890**	-6.9963	N.A.
Region--Atlantic/Northeast	.0156	.0579*	2.4481	36.8439**	-9.5957	5.4937	.0205
Southeast	-.0003	.1024**	.4019	25.3482**	-14.2101*	-5.3574**	.0579***
Midwest/Southwest	-.0312	.0283	-1.7482*	41.0036***	-19.2920***	-.9407	.0452***
Presence of One or More Earners	-.0255	.0409**	-.8593	147.6364***	13.2858	7.2853***	-.0283**
Office Size--Large	-.1365	.0276	1.0588	-2.9176	-17.3864*	.6422	.0193*
Medium	-.2429**	.0146	-.1576	-7.0775	-15.2339	-2.0711	.0122
Race/Ethnicity--White	.1382	-.0287	.9253	24.8248*	-2.1084	-7.1019***	.0008
Black	.1486	.0351	2.5080*	36.0842**	-21.9603*	-7.2695**	.0210
Hispanic	.0515	.0076	-.4990	9.0060	-11.5884	-4.9888	.0114
Intercept	-1.5058	.5871	14.9557	-321.6433	93.2694	134.6116	-.0930
Mean-Dependent Variable	.3334	.8821	7.0774	57.1803	22.0826	133.5562	.0361
Model	***	***	***	***	***	***	***
R^2	.0009	.0371	.0607	.2676	.0403	.8283	.0452

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EXHIBIT B-7 (Continued)

SOURCE: Estimated with the food stamp applicant casefile abstraction sample containing 3,137 households receiving expedited service.

NOTE: The SURREGR software did not provide hypothesis test results for categorical variables represented by more than one regressor. Such F tests could not readily be calculated using marginal R^2 values from omitting a set of regressors with the Taylorized weighted least squares results. Omitted categories are: all adult units (household composition), Mountain Plains/Western region, small offices, and other races.

The regression coefficient for the OBRA'82 dummy variable coefficient in the "gross effects" model is interpreted as the estimated mean difference in the outcome variable without controlling for other potentially confounding influences on this difference. The OBRA'82 coefficient in the "net effects" model is the estimated mean difference controlling for (net of) these other influences.

Dependent variables for the first two columns and the last column are categorical binary-coded variables. The other four dependent variables are all continous variables.

*Indicates statistically significant at the .10 level.
**Indicates statistically significant at the .05 level.
***Indicates statistically significant at the .01 level.
N.A. is not applicable

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B.4.1 OBRA'82 PROCESS OUTCOMES

Three of the seven outcome/characteristics variables are of interest from a program operations' standpoint. These three "process" outcomes are reported in the first three columns of Exhibit B-7. Only in the case of the second outcome, the probability an expedited service case receives a benefit in the period following the initial month's allotment, was there a "gross" estimated impact of the OBRA'82 regulation changes close to statistical significance at the five percent level (p=.0572). Without controls in the model, Post-OBRA'82 expedited service households were estimated to be 3.8 percentage points more likely to continue receiving payments following their initial monthly benefit, but this effect vanishes in the multiple variable model.

Both gross and net OBRA'82 impact estimates in the models for calendar day processing time and for the probability that an expedited service case had full verification postponed before receiving the initial month's allotment were weak and statistically insignificant. The expansion to a five calendar day processing period was expected to reduce the proportion of expedited cases not receiving full verification prior to benefit issuance. Since calendar processing time did not change over the two periods, and since local offices were not required to undertake full verification of expedited cases, these results are not surprising.

B.4.2 Other OBRA'82 Outcomes

The gross income and liquid asset ceilings imposed in the OBRA'82 regulation changes targeted expedited service on lower income, low asset households. Both the direct and net effect estimates in columns four and five of Exhibit B-7 for gross income and liquid assets verify that this targeting was indeed successful.

The last two columns show monthly allotments and the probability that at least one elderly person will be present in the unit. The estimated gross OBRA'82 effects for these outcomes are relatively weak and statistically insignificant, but both effects become stronger and highly significant in the expanded model containing a full set of control variables. Apparently the confounding effects omitted from the gross impact model tend to offset fully the underlying "net" OBRA'82 impact. So when the controls are added to the model, a stronger, statistically significant OBRA'82 impact estimate emerges.

The positive estimated net OBRA'82 impact on monthly allotments is consistent with the strong negative OBRA'82 impact estimate on gross households income. This effect may also be partly attributed to the increases both in the Thrifty Food Plan and in the standard and combined shelter and dependent care deductions in the Post-OBRA'82 period.

The positive net OBRA'82 impact estimate on the probability of having an elderly person in the unit reported in Exhibit B-7 runs counter to the expected impact of the regulation changes on these units. This result may be due to a shift in the composition of the expedited service samples between the two periods that was not adequately controlled in the model.

B.4.3 TECHNICAL NOTES

Missing Data: In the preliminary regression analyses for the probability of expedited service, observations with missing values for one or more of the following variables were omitted from the estimates:

- application date (year, month, or day);
- months of participation during the combined Pre- and Post-OBRA'82 period;
- calendar-day processing time;
- working-day processing time;
- gross monthly income; and
- liquid assets.

The majority of the 786 cases dropped from these regressions failed to report complete application (105) or issuance (381) date information. Most of the remainder did not report liquid asset information (149). After considerable data cleaning and editing, only one unit had missing data for gross monthly income in our sample. The participation months variable was constructed with reported opening and closing dates for each spell of food stamp participation during the study period. Any unit with either zero months of participation or a missing value for this recoded variable (two cases) was omitted from the preliminary regressions.

To test whether the omission of these observations biased our preliminary regression results, a model for missing observations was estimated. The dependent variable was

binary-coded to indicate whether or not an observation was "missing." The dependent variables contained household characteristics reported by all sample cases and included:

- household size;
- seasonality;
- presence of elderly person in unit;
- marital status of head and presence of children in unit;
- geographic region;
- local office size;
- race/ethnicity of head; and
- the OBRA time dummy.

The "missing data" model was estimated with the full sample of 5,284 cases. None of the independent variables in the regression equation were statistically significant, so we concluded that omitting these observations did not bias our model estimates.

The 15 percent reduction in sample size from missing observations does, however, affect the efficiency of our model estimates. To improve efficiency without losing the consistency property of our estimates, we substituted unweighted mean values of the missing variables in our models[9] and re-estimated the final equations reported above with the full sample of 5,284 observations. As expected, regression coefficient estimates changed only slightly; but estimated generalized standard errors of the OBRA coefficient estimates declined by up to fourteen percent in some cases when the full sample was used.

The preliminary regression models of expedited household characteristics included the same screens as above and also removed observations with missing values for:

- net monthly income, and
- monthly "nonprorated" coupon allotments.

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[9]The explanatory variables with missing values requiring unweighted mean values included the seasonality "dummies" and the binary-coded liquid asset, calendar-day processing time, and gross income variables.

The combined effect of these screens reduced our sample of expedited approved applicants from 3,137 to 2,692, a loss of 445 cases representing about 14 percent of our total expedited sample.

We re-estimated the preliminary characteristics outcome equations by using unweighted sample mean values for missing independent variables in the final models. Including the full sample of 3,137 expedited cases had little impact on the coefficient estimates but once again reduced the estimated generalized standard errors of the OBRA'82 coefficients by as much as fourteen percent.

Alternative Model Specifications: The process by which the final expedited service probability model was selected involved several phases of model testing that were not fully described above. The results of the descriptive statistical analyses with SESUDAAN software were used to indicate which household characteristics were important in distinguishing expedited from nonexpedited households. Any such characteristics which also changed significantly between the Pre- and Post-OBRA'82 period were included as explanatory variables in our preliminary model testing. Omitting any of these variables from the model could have produced biased estimates of the OBRA'82 impact coefficients. As it turned out, this phase of the model building process was fairly straightforward. The final model reported in the text includes all of the individual household characteristic variables specified in our preliminary models.[10]

The initial models did include a time trend variable. Both linear and logarithmic trends were investigated, but in neither case was the trend coefficient statistically significant in the expedited probability equation.

There was considerable testing for local area economic influences on the probability that an approved applicant received expedited service. In addition to the twelve month log ratio of the State-level monthly unemployment rate, the monthly AFDC caseload, and the quarterly AFDC payment level variables selected for the final model, we tested:

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[10] All preliminary regression models were estimated with ordinary least squares and omitted the missing observations discussed above.

1. Quarterly State earnings, unemployment isurance (UI) payments, and non-UI transfers. These data were provided on tape by the Bureau of Economic Analysis, U.S. Department of Commerce. County-level data were also available but only on an annual basis. Logarithmic levels of contemporaneous values and log ratios of one and two quarter lags for each of these State-level economic measures were tested but without any satisfactory results in the preliminary models.

2. Monthly State and county unemployment rates and employment levels. Logarithmic values of contemporaneous monthly State and county unemployment rates and employment levels were examined. Both logarithmic ratios of one month and twelve month lags for each measure were tested before the final selection. These data were provided on tape by the Bureau of Labor Statistics, U.S. Department of Labor.

3. Four-period one-period and two-period logarithmic ratio lags in the quarterly State AFDC payments data and the monthly State AFDC caseload data. These data were provided in hard copy form by the Office of Family Assistance, U.S. Department of Health and Human Services.

Another local area measure that was tested in the preliminary models was local office size, one of our stratifying variables for the first stage selection of primary sampling units. This measure was weak and statistically insignificant in the preliminary expedited service regression models.

Alternative OBRA impact specifications were examined in the initial expedited probability models. The first to be tested was a simple OBRA impact dummy specification and its interaction with a time trend variable indicating the number of days since the beginning of the Pre-OBRA'82 period (10/1/81) that a case applied for food stamps. Although the overall trend coefficient estimate for the combined periods was statistically insignificant (as discussed above), the trend in the Pre-OBRA'82 period was positive and statistically significant, and negative-valued and statistically insignificant in the Post-OBRA'82 period. The disaggregated OBRA'82 impact specification reported in the text explains why this trend change occurred (by relating it to the regulation revisions), so it was selected instead as the final OBRA'82 impact specification.

We also tested the expedited probability model with continuous measures for household

gross income and liquid assets. The OLS coefficients for these continuous income and asset measures were negative-valued and statistically significant.

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The reason we chose a discontinuous "step function" specification for these variables in the final model is that efforts to disaggregate the OBRA impact by liquid asset and household income level in the continuous model version were not as satisfactory. We introduced linear spline variables with "knots" at the Post-OBRA'82 ceilings for liquid assets and income of the form...

$$L1 = \{\max\ 0, \text{liquid assets} - \$100\}$$
$$G1 = \{\max\ 0, \text{gross monthly income} - \$150\}.$$

The coefficients for these spline variables indicate the change in the income or asset "slope" estimator once the ceiling is reached. The OBRA'82 impact "dummy" variable was interacted with each of the income and asset variables, including the splines, but the results were disappointing. None of the OLS liquid asset coefficients were statistically significant, and the spline coefficents had the wrong sign (positive-valued). The OLS spline coefficients for gross income were statistically significant but also had the wrong sign (positive-valued).

The "best" OBRA'82 impact specification in the "continuous" income/asset variable model was just a simple OBRA'82 impact dummy plus its interaction with the liquid asset variable. Neither OLS coefficient estimate was statistically significant, but the interaction term coefficient was significantly negative-valued (as expected) in a logistic regression. The Taylorized version of this model with SURREGR software produced statistically insignificant OBRA'82 impact coefficient estimates. In general the discontinous stepwise function specification for the liquid asset and monthly income variables produced more satisfactory results and enabled us to disaggregate the OBRA'82 impact by income and asset level as reported in the text for the final SURREGR regression models.

Our preliminary OLS models of household characteristics did not include any explanatory variables that were not reported in the final models in the text. We did examine models with certain subgroups of independent variables excluded before choosing the final model specification.

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APPENDIX C

FINDINGS FROM THE JULY 1984 APPLICANT SAMPLE

C.1 RESEARCH DESIGN

An independent sample of July 1984 applicants was selected from the stratified random sample of 60 local FSP offices which served as primary sampling units for the 1981-1984 casefile survey. Staff in these offices maintained a log of all new applicants[1] for food stamps during the month of July 1984. This log indicated whether an applicant household was processed under expedited or nonexpedited procedures. The sixty local FSP offices logged a total of 8,307 new applicants during the month of July 1984.

During the following month, a stratified random subsample of 3,427 of these applicants' casefiles (1,326 expedited and 2,101 nonexpedited) were subsequently reviewed five to six weeks after the initial application date.[2] Data were abstracted from casefiles and administrative records to determine the following:

- What proportion of applicants were (1) approved, (2) denied, or (3) still pending;

- What proportion of cases had some of their verification requirements postponed;

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[1] New applicants were defined as households applying for food stamps for the first time or former participants applying after a break of at least one month in program participation.

[2] The allocation of cases across strata was such that the study selected nearly all expedited applicants and approximately one out of every five nonexpedited cases. A minimum of 12 applicants were selected from each office and in four of the larger offices random sampling of expedited cases was employed. In eleven of the offices the logs did not always indicate whether a case was expedited or not. In those sites, a random sample (approximately one out of every four applicants) was selected and a determination of expedited status was made on the basis of the subsequent processing of those cases.

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- What proportion of expedited cases continued their food stamp participation beyond the initial month; and

- The processing times and benefits amounts for these various types of cases.

The sections below highlight the major findings from the July 1984 applicant sample. Program data indicate that the number of food stamp cases is lower in the summer months than at other times of the year. Yet despite this difference, the findings from [redacted] confirm the 1981-1984 casefile findings reported in the main body of this report.

C.2 RESEARCH FINDINGS

C.2.1 Utilization of Expedited Service

Exhibit C-1 shows the subsequent status of households that applied for food stamps during July 1984. Of these households, 72.9 percent were approved to receive food stamps; 22.9 percent were denied benefits; and 4.2 percent were still pending at the time of the follow-up completed thirty days or more after the initial application.

Approximately 35.2 percent of approved households were processed through expedited service. The proportion of cases receiving expedited service was 38.5 percent in large

approval, compared to 9.4 working days for regular applicants. Issuance was also accelerated for expedited cases. It took expedited cases an average of 1.7 working days for approval through issuance compared to 3.2 working days for regular applicants.

C.2.3 Postponed Verification

In July 1984, 81.1 percent of expedited cases completed full verification before receiving their initial benefits (as shown in Exhibit C-6). Processing times were nearly identical for both groups (as shown in Exhibit C-7). Only 3.0 percent of expedited cases received postponed verification and did not continue beyond the initial month.

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EXHIBIT C-1
CHARACTERISTICS OF JULY 1984 FSP APPLICANTS

CHARACTERISTIC	EXPEDITED APPLICANTS (n = 1,326)	REGULAR APPLICANTS (n = 1,335)	DENIALS (n = 694)	PENDING CASES (n = 72)	TOTAL APPLICANTS (n = 3,427)
National Population					
$\bar{X}$	120,000	227,000	109,000	20,000	476,000
S.E.	25,400	32,400	22,300	9,600	86,200
Proportion of All Applicants					
$\bar{X}$	25.2%	47.7%	22.9%	4.2%	100%
S.E.	1.8	2.4	1.5	1.4	
Proportion of Approved Cases					
$\bar{X}$	35.2%	74.8%	-	-	-
S.E.	2.1	1.8			
Application Day					
$\bar{X}$	13.6	14.8	14.2	22.3	14.7
S.E.	0.36	0.52	0.62	1.32	0.40

Note: This table provides national estimates of the subsequent case status of households who applied for food stamps during July 1984. These estimates were based on a stratified random sample of 3,427 casefiles from the population of 8,307 applicants for food stamps during July 1984 within a stratified random sample of sixty local food stamp offices.

The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

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EXHIBIT C-2
RECEIPT OF EXPEDITED SERVICE FOR APPLICANTS DURING JULY 1984

CHARACTERISTIC	OFFICE SIZE		
	Large (n = 1,415)	Moderate (n = 680)	Small (n = 414)
PROPORTION OF ALL APPLICANTS:			
Expedited			
$\bar{X}$	26.6%*	24.4%	16.4*
S.E.	2.0	4.4	2.2
Regular			
$\bar{X}$	44.1%*	53.4%	61.1%*
S.E.	2.3	4.0	4.4
Denials			
$\bar{X}$	25.3%*	18.3%	15.9%*
S.E.	1.9	2.5	1.8
Pending			
$\bar{X}$	3.9%	3.8%	6.5%
S.E.	1.8	1.7	4.0
PROPORTION OF APPROVED CASES:			
Expedited			
$\bar{X}$	38.5%*	31.6%	21.7%*
S.E.	2.2	5.1	2.6

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

*The proportion in Large offices was significantly different from the proportion in Small size offices at a .05 level.

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EXHIBIT C-3
PROCESSING TIME IN CALENDAR DAYS FOR
APPROVED JULY 1984 FSP APPLICANTS

CHARACTERISTIC		EXPEDITED APPLICANTS (n = 1,326)	REGULAR APPLICANTS (n = 1,335)	TOTAL APPROVALS (n = 2,661)
Processing Time from Application to Issuance in Calendar Days	$\bar{X}$	6.1*	15.9	12.4
	S.E.	0.63	1.31	0.97
Processed Within 5 Calendar Days	$\bar{X}$	59.1%*	21.1%	31.2%
	S.E.	1.2	0.9	0.8
Calendar Days from Application to Approval	$\bar{X}$	5.1*	12.8	10.1
	S.E.	0.60	1.39	1.09
Calendar Days from Approval to Issuance	$\bar{X}$	2.5*	4.3	3.7
	S.E.	0.23	0.44	0.34

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

*The mean or proportion for Expedited Households was significantly different from the mean or proportion for Regular Applicant Households at a .05 level.

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EXHIBIT C-4
PROCESSING TIME IN WORKING DAYS FOR APPROVED JULY 1984 FSP APPLICANTS

CHARACTERISTIC		EXPEDITED APPLICANTS (n = 1,326)	REGULAR APPLICANTS (n = 1,335)	TOTAL APPROVALS (n = 2,661)
Processing Time from Application to Issuance in Working Days	$\bar{X}$	4.6*	11.6	9.1
	S.E.	0.43	0.93	0.68
Processed Within 5 Working Days	$\bar{X}$	81.4%*	32.7%	45.5%
	S.E.	2.9	1.0	1.1
Working Days from Application to Approval	$\bar{X}$	3.9*	9.4	7.5
	S.E.	0.41	1.00	0.78
Working Days from Approval to Issuance	$\bar{X}$	1.7*	3.2	2.6
	S.E.	0.18	0.34	0.24

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

*The mean or proportion for Expedited Households was significantly different from the mean or proportion for Regular Applicant Households at a .05 level.

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EXHIBIT C-5
PROCESSING CHARACTERISTICS OF APPROVED JULY 1984 APPLICANTS BY OFFICE SIZE

CHARACTERISTIC		Expedited Applicants	Regular Applicants
PROCESSING TIME IN CALENDAR DAYS:			
Large Size Office	$\bar{X}$	6.2*	17.5[a]
	S.E.	.81	1.74
	n	(832)	(555)
Moderate Size Office	$\bar{X}$	5.6	12.1[a]
	S.E.	.43	1.86
	n	(306)	(375)
Small Size Office	$\bar{X}$	6.3	14.6[a]
	S.E.	1.14	1.24
	n	(100)	(228)
PROCESSING WITHIN 5 CALENDAR DAYS:			
Large Size Office	$\bar{X}$	60.8%*	25.3%[a]
	S.E.	8.0	4.4
	n	(892)	(604)
Moderate Size Office	$\bar{X}$	64.7%*	38.3%[a]
	S.E.	5.8	3.9
	n	(320)	(417)
Small Size Office	$\bar{X}$	69.3%*	31.8%
	S.E.	6.4	11.5
	n	(114)	(314)

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

[a]The mean value or proportion for Large offices was significantly different from the mean value or proportion in Small or Moderate size offices at a .05 level.

*The mean value or proportion of Expedited Households was significantly different from that of Regular Applicant Households at a .05 level.

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EXHIBIT C-6
SUBSEQUENT PARTICIPATION OF APPROVED EXPEDITED APPLICANTS WHO APPLIED DURING JULY 1984

CHARACTERISTIC		EXPEDITED APPLICANTS (n = 1,326)
Returning for (or Initially Completing) Full Verification	$\bar{X}$	95.7%
	S.E.	1.2
Continuing Beyond Initial Month	$\bar{X}$	94.6%
	S.E.	1.2
Receiving Postponed Verification	$\bar{X}$	18.9%
	S.E.	4.2
Receiving Postponed Verification and Not Continuing Beyond Initial Month	$\bar{X}$	3.0%
	S.E.	0.8

Note: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) times 1.96.

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EXHIBIT C-7
PROCESSING TIME FOR APPROVED EXPEDITED APPLICANTS DURING JULY 1984 WHO RECEIVED OR DID NOT RECEIVE POSTPONED VERIFICATION

CHARACTERISTIC		POSTPONED VERIFICATION[a] (n = 222)	FULL VERIFICATION[b] (n = 1,012)
Application to Issuance in Calendar Days	$\bar{X}$	6.2	6.1
	S.E.	0.7	0.6
Processed Within 5 Calendar Days	$\bar{X}$	59.5%	59.0%
	S.E.	2.0	1.5
Application to Approval in Calendar Days	$\bar{X}$	5.6	5.0
	S.E.	1.1	0.6
Approval to Issuance in Calendar Days	$\bar{X}$	2.4	2.5
	S.E.	0.4	0.3
Application to Issuance in Working Days	$\bar{X}$	4.8	4.6
	S.E.	0.5	0.4
Processed Within 5 Working Days	$\bar{X}$	76.8%	76.4%
	S.E.	3.8	2.8
Application to Approval in Working Days	$\bar{X}$	4.3	3.8
	S.E.	0.7	0.4
Approval to Issuance in Working Days	$\bar{X}$	1.5	1.8
	S.E.	0.3	0.2

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

[a]Expedited Households for whom full verification was postponed.

[b]Expedited Households who completed full verification.

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EXHIBIT C-8
REASONS FOR DENIALS TO JULY 1984 FSP APPLICANTS

CHARACTERISTIC	DENIALS OF INITIAL[a] APPLICATIONS (n = 660)	DENIALS TO[b] RETURNING CASES (n = 51)
Denial for Excess Income or Resources		
$\bar{X}$	22.7%	18.5%
S.E.	2.6	5.2
Denial for Failure to Provide Verification		
$\bar{X}$	34.0%	57.7%
S.E.	5.7	12.9
Denied at Household Request		
$\bar{X}$	14.5%	15.2%
S.E.	3.1	10.6
Denial--Other Reason or Unspecified		
$\bar{X}$	28.8%	9.1%
S.E.	6.5	6.3

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

[a]This column shows applicants during July 1984 who were denied benefits.

[b]This column shows applicants during July 1984 who were approved to receive food stamps under the provisions of expedited service and who were subsequently denied participation for a later month.

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EXHIBIT C-9
BENEFIT CHARACTERISTICS OF APPROVED JULY 1984 FSP APPLICANTS

CHARACTERISTIC		EXPEDITED APPLICANTS (n = 1,289)	REGULAR APPLICANTS (n = 1,292)	TOTAL APPROVALS (n = 2,581)
First Month Allotment				
	$\bar{X}$	$84.26	$81.58	$82.36
	S.E.	5.05	3.10	3.14
Subsequent Month's Allotment				
	$\bar{X}$	$126.85	$121.00	$122.75
	S.E.	7.16	3.29	2.64
Initial Issuance Amount				
	$\bar{X}$	$87.93	$86.00	$86.64
	S.E.	4.84	3.60	3.35

Note: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

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EXHIBIT C-10
CERTIFICATION AND AUTHORIZATION LENGTH OF APPROVED JULY 1984 FSP APPLICANTS

CHARACTERISTIC	EXPEDITED APPLICANTS (n = 1,265)	REGULAR APPLICANTS (n = 1,300)	TOTAL APPROVALS (n = 2,565)
Initial Certification Length in Days			
$\bar{X}$	154.7*	204.7	187.2
S.E.	18.0	11.8	12.9
Initial Authorization Length in Days			
$\bar{X}$	126.8*	186.2	165.4
S.E.	15.7	14.4	14.4
Ongoing Certification Length in Days			
$\bar{X}$	172.7	136.5	168.7
S.E.	27.4	23.4	24.8

Notes: The lower and upper bounds of the 95 percent confidence interval may be calculated by taking the mean and subtracting or adding the product of the standard error (S.E.) time 1.96.

*The mean of Expedited Households was significantly different from the mean of Regular Applicant Households at a .05 level.

APPENDIX D

ANALYSIS OF THE 1981 OBRA LEGISLATIVE CHANGE TO PRORATION OF INITIAL MONTH'S FOOD STAMP BENEFIT

4.1 BACKGROUND, OBJECTIVES, AND METHODOLOGY

4.1.1 The Proration Provision

The Omnibus Budget and Reconciliation Act of 1981 (OBRA'81)[1] required that food stamp benefits for the initial month of application be prorated from the day of application. After an applicant is determined eligible, food stamp benefits are paid from the date of application. Prior to the requirement to prorate the initial month's benefits, FSP participants received a full month's allotment even if they applied near the end of the month. Under the new rules, the amount of an applicant's initial month's benefits is now dependent on the date the application is filed. Effectively, every day that passes from the first of the month until an application is filed reduces the applicant's initial month's benefits by 1/30.

The proration requirement, which was implemented on October 1, 1981, was expected to help restrain the growth of the Food Stamp Program and achieve program savings.

4.1.2 Study Objectives

This section provides an estimate of the savings that can be attributable to proration. It also investigates whether there was a shift toward earlier application dates in response to the introduction of the proration requirement. It was of interest to investigate whether applicants responded to the administrative change by altering their application patterns. Such behavioral change would reduce the dollar savings originally anticipated from the proration provision.

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[1] The proration provisions were legislated as part of the 1981 Omnibus Budget Reconciliation Act - Public Law 97-35. These regulations were published as an Interim rule in the Federal Register, Vol. 46, No. 172, on Friday, September 4, 1981 and as a final rule (with minor revisions) in Vol. 47, No. 94, on Friday, May 14, 1982. The proration provisions based on the Interim rule were to be implemented no later than October 1, 1981. The provisions as modified in the final rule were to be implemented upon publication (May 14, 1982).

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4.1.3 Methodology

The investigation of proration was addressed in this study of expedited service because both provisions directly affect applicants to the Food Stamp Program. The expedited service study was specifically designed to collect new data on a nationally representative sample of food stamp applicants and thus was also well suited to study the proration provision.

The analyses in this section used the 1981 - 1984 casefile sample data collected for the study of expedited service in the Food Stamp Program. The findings are based on estimates of the number of applicant households from a systematic random sample of 25,782 casefiles from a stratified random sample of sixty local food stamp offices. The characteristics of applicant households (e.g., application date and benefit amount) came from a random subsample of 5,284 of those casefiles from the sixty local food stamp offices. The details of the sampling and data collection approach are described in Section One and Appendix A.

4.2 ESTIMATED DOLLAR SAVINGS

4.2.1 Total Savings

The dollar savings associated with the introduction of the proration provision were substantial. These savings are estimated to be approximately $377 million in Fiscal Year 1982, and $461 million in Fiscal Year 1983.

4.2.2 Estimation Procedures

Estimates of dollar savings were calculated on the basis of four pieces of information: (1) the distribution of applications across days of the month; (2) the monthly benefit amount issued to applicant households; (3) the unduplicated number of different households that applied for and received food stamps during a given year; and (4) the average number of new openings of different food stamp households over the course of a year.

- Distribution of Applications. The distribution of food stamp applications across days of the month among cases opened between October 1981 and May 1984 is

shown in Exhibit D-1. As can be seen, there was some tendency for a higher number of applications during the early part of the month; 38.9% of new applications were made during the first ten days of the month while 26.1% were made during the last ten days, and 12.7% of new applications were made in the first three days. On the whole, however, applications for new cases were fairly well distributed across the course of the month. (This is in contrast to recertification activity which peaks during the first week of each month.) The distribution of the application dates was very similar in Fiscal Year 1982 and in Fiscal Year 1983. The mean application date for new application cases was 14.3 days into the month during Fiscal Year 1982, and 14.8 days into the month during Fiscal Year 1983.

- Monthly Coupon Allotment Amount. The average monthly coupon allotment for applicant households that were approved to receive food stamps was $122.76 in Fiscal Year 1983 and $113.42 in Fiscal Year 1982. The daily benefit in FY'83 was $4.04 ($122.76/30.4 days), so that each new applicant household (applying 14.8 days after the start of the month) would have received $59.79 more in coupons if the proration provision had not been in effect.

- Number of Different Applicant Households Who Received Food Stamps. It was estimated that nationally 6,318,000 different households applied for and received food stamps in FY'83. (In FY'82 it was estimated that 6,423,000 different households applied for and received food stamps.)

- Multiple Spells of Participation. Savings due to proration are a function of the number of openings during the course of a year. During FY'83 applicant households in the sample had an average of 1.22 openings during the course of the year. Hence, it is estimated that there were a total of about 7,708,000 openings during FY'83 (6,318,000 different households x 1.22 openings). During FY'82 applicant households had an average of 1.10 openings so that total openings were about 7,065,000.

- Calculation of Savings. The estimation of savings attributable to proration was calculated by multiplying daily coupon allotment by the average delay in application date to estimate the average savings for each opening — the amount of the coupon allotment that would have been granted had benefits been paid

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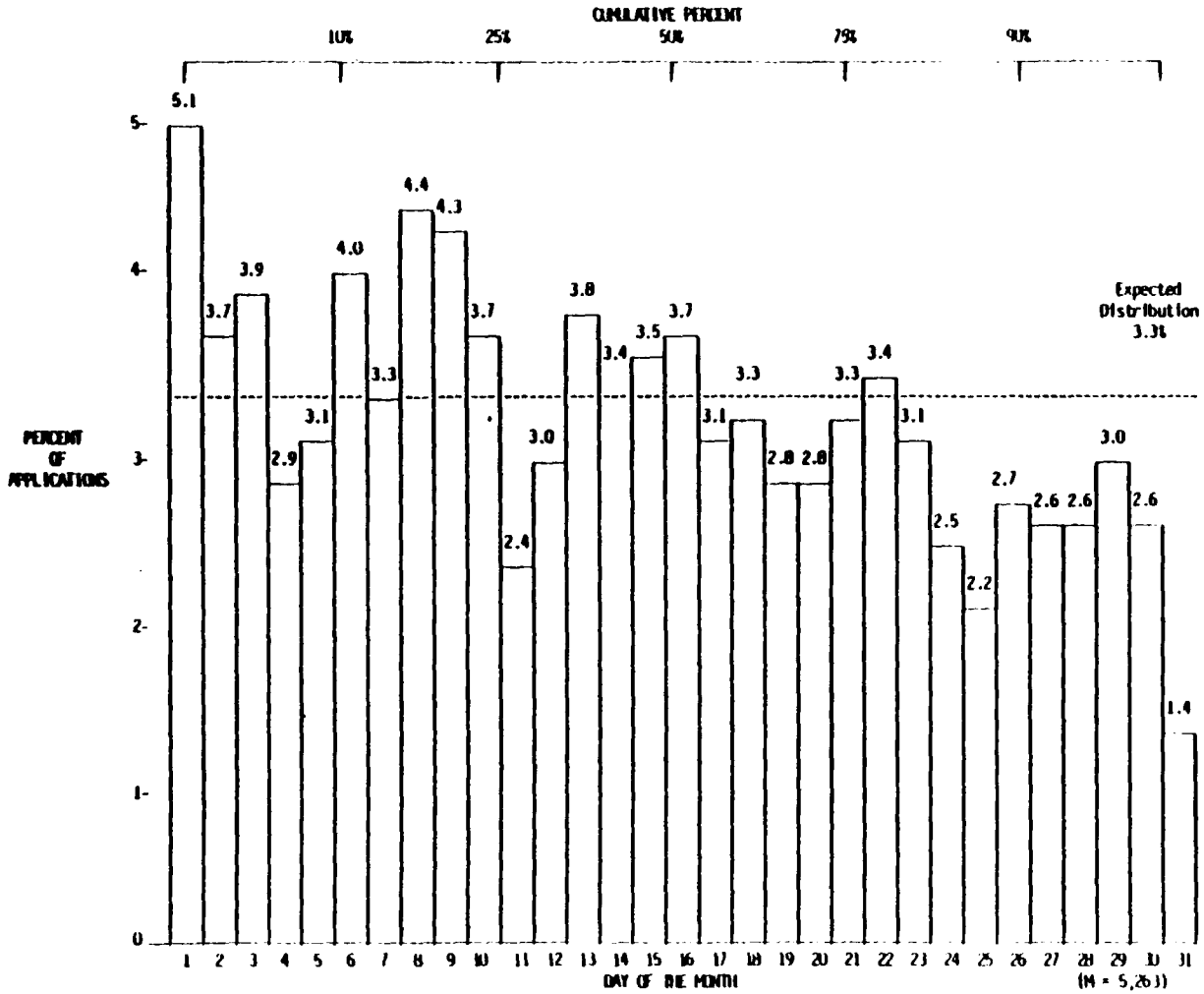

Exhibit D-1: DISTRIBUTION OF FOOD STAMP APPLICATIONS ACROSS THE COURSE OF A MONTH
(October 1981 Through May 1984)

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from the first of the month. Average savings per opening were then multiplied by the total number of openings during the fiscal year to estimate total dollar savings attributable to the proration provision. In total, then, it was estimated that the implementation of the proration provision saved approximately $377 million in FY'82 and $461 million in FY'83.[2]

Savings were calculated in the following manner:

	FY'82	FY'83
Step One: Calculation of Average Savings		
Mean Delay before Filing Application	14.3 days	14.8 days
Daily Coupon Allotment	x $3.73	x $4.04
SAVINGS PER OPENING	$53.34	$59.79
Step Two: Estimation of Total Openings		
National estimate of the approved unduplicated total of applicant households	6,423,000	6,318,000
Mean Openings during the Fiscal Year	x 1.10	x 1.22
TOTAL OPENINGS IN THE FISCAL YEAR	7,065,000	7,708,000
	x $53.34	x $59.79
ESTIMATED TOTAL SAVINGS	$376,860,000	$460,860,000

[2]The sampling approach used in this study, which took a large number of casefiles from a relatively small number of offices, yielded fairly precise national estimates about mean household characteristics. The estimates for application date (S.E. = 0.27), monthly benefit amount (S.E. = $3.61), and average savings per opening (S.E. = $1.93) were relatively precise. (Hence, these estimates might be reasonably applied to other national data on number of FSP openings.) Estimates of totals, however, require considerably larger sample sizes than estimates of mean values to reach the same level of relative precision. This fact, coupled with the constraint of clustering within just 60 local food stamp offices, meant that the estimate for the total number of openings (S.E. = 881,000) was less precise. Accordingly, the true savings accounted for due to proration were estimated (at a .05 confidence level) to lie between $355 million and $565 million in FY'83.

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4.3 SHIFTS IN APPLICATION

We investigated whether there might have been a shift in application dates that would have reduced the dollar savings attributable to the introduction of proration. Such a shift might have come about if applicants began to apply earlier in the month after the introduction of proration, since every day of additional delay would mean the loss of a day's benefits. This study did not collect data from a representative sample of applicants prior to 1981, and so cannot definitively assess whether there was a shift from the pattern of application dates prior to 1981. However, the evidence that is available argues against such a shift.

4.3.1 Changes Over Time

There was no evidence that the distribution of applications across days of the month changed over the course of the study. In the sixteen months from October 1981 through January 1983 the mean date of application was 14.6 days into the month; and in the second half of this study period the mean application date was 14.5 days into the month. Nor did there appear to be evidence for a trend in the four month intervals following the implementation of the proration requirement. For instance, between February and May 1982, the average application occurred 13.9 days into the month compared to 14.1 days into the month between February and May 1983 and between February and May 1984.

4.3.2 Changes in Households With Multiple Spells of Participation

Households with More than One Opening. We examined the possibility that a shift toward earlier applications might have occurred among households who had more than one spell of participation. Such households might have learned from experience that benefits were prorated, and thus might have applied earlier in the month the next time they needed food stamps. The evidence, however, did not support this. Approximately forty percent of sampled households had more than one spell of participation. In this group the mean opening date of the latest spell was 13.2 days into the month; the mean opening date of the previous spell of participation was 13.3 days into the month. Hence, these households did not appear to have changed their behavior by applying earlier in the month.

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Households with Openings Before and After the Implementation of Proration. Approximately fifteen percent of households with a spell of FSP participation after October 1981 also had a spell of participation that opened in 1979 or 1980, before the implementation of proration. There was no shift among these households toward earlier applications following the introduction of proration. The mean application date of these households was 13.0 days into the month for the spell that opened in 1979 - 1980, and 13.9 days into the month for the spell from which casefile data was abstracted between October 1981 and May 1984. The evidence suggests that there was no shift in application dates in response to the introduction of the proration provision.

*U.S. Government Printing Office : 1987 -180-917/60176