



United States
Department of
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Office of
Analysis and
Evaluation

State Census of Income and Eligibility Verification System (IEVS) Procedures



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**STATE CENSUS OF INCOME AND ELIGIBILITY
VERIFICATION SYSTEM (IEVS) PROCEDURES**

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EXECUTIVE SUMMARY

Policy Context of the Study

To be eligible to receive Food Stamp Program (FSP) benefits, a household's income and assets must fall below specified levels. Unfortunately, if a person applying for food stamps provides incorrect information regarding income and assets at the time of application, or if later changes in a household member's circumstances are not reported, it is possible for households which are actually ineligible for the program to receive benefits and for eligible households to receive an incorrect amount of benefits. To minimize the number of incorrect payments made under the FSP, as well as the Aid to Families with Dependent Children (AFDC) and Medicaid programs, and to ensure high levels of accuracy and fiscal integrity, Congress established the Income and Eligibility Verification System (IEVS) under the Deficit Reduction Act of 1984. The purpose of IEVS is to reduce the number of incorrect payments made by requiring that states establish an automated system to compare information provided by applicants or persons already receiving benefits (recipients) to external sources of information.

Verifying client-reported information through IEVS involves two processes: matching and follow up. *Computer matching* is the automated process of matching lists of welfare program applicants and recipients to external databases to verify client-reported information. Once a match is established, that is, information regarding a food stamp, Medicaid, or AFDC recipient is found on an external database, a number of *follow-up* activities are required to complete the process. These activities include: (1) verifying the client-reported information used in the computer match; (2) verifying the information on the external database, which could involve contacting the client's bank or employer; (3) recomputing eligibility and benefits using information from the external database, if a discrepancy is verified; and (4) processing claims, disqualifying ineligible recipients, and investigating fraud.¹

Originally, states were required to follow up all cases matched to external data sources. In response to state agencies' concern that the costs of following up some matches exceed the benefits of identifying incorrect eligibility decisions and payment levels, interim amendments to the IEVS regulations were published for comment in February 1988, giving states the option to follow up only a subset of the *recipient* matched cases.² The process of selecting a subset of matched cases for follow up is known as *targeting*; the purpose of targeting is to increase the cost-effectiveness of IEVS computer matching by performing follow-up activities only for matches that are likely to lead to changes in eligibility status or benefit payment levels.

Purpose of the Study

To assist the states in developing targeting strategies, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) awarded a contract to Mathematica Policy Research, Inc. (MPR) to conduct a study of targeting strategies under IEVS regulations. The overall purpose of this study is to identify, develop, and test exemplary and cost-effective targeting strategies so that

¹These last activities (processing claims, disqualifying ineligible recipients, and investigating fraud) are not examined in this report.

²The regulations still requires that all *applicant* matched cases are followed up.

FNS can provide information and technical assistance to state Food Stamp Agencies (FSAs) on how they can implement cost-effective strategies. Specifically, the project seeks to achieve the following objectives:

- Develop a profile of the current targeting strategies used by the states.
- Assist three states in designing and implementing improved targeting strategies.
- Assess the cost-effectiveness of the improved targeting strategies in each of the three states in comparison to the procedures they previously were using. This analysis involves comparing the benefit savings and net costs resulting from the targeting with the benefit savings and net costs of the state's prior procedures.
- Prepare a technical assistance manual to be distributed to the states which will provide guidelines for developing cost-effective targeting strategies.

Purpose of the State Census and of this Report

To collect the information needed to develop the profile of current targeting strategies and to select the three test states, a census of the 50 states and the District of Columbia (referred to hereafter as the states) was conducted in May through July, 1991. The objectives of the State Census were to provide critical information for:

- *Providing background information on the current approaches to the matching, targeting, and follow-up processes used by the states, as well as their assessment of the cost-effectiveness of each of the databases used*
- *Ensuring that the targeting approaches included in the study meet the needs of most states. Consistent information is needed on the state's current targeting procedures to better assess what aspects of the mandated IEVS matching and follow-up processes states find beneficial versus those aspects that are burdensome and costly.*
- *Guiding the selection of states in which new targeting approaches will be developed and tested. Since the cost-effectiveness and feasibility of alternative targeting approaches appears to depend heavily on factors that vary from state-to-state, such as the degree of automation and organizational structure, it is important to select test states that can represent a group of states.*
- *Generalizing from the results of the approaches implemented in the test states to project the likely effects in other states. Since the cost-effectiveness of a given approach varies depending on factors such as the degree of automation, as mentioned above, consistent information on these factors for all states is needed to help states assess the relevance of the test results for their state.*
- *Assessing the interest of each state in participating in a test of the cost-effectiveness of alternative targeting approaches. Information collected by the Census provides an early indication of each state's interest in the test and of any impediments to*

participation as a test state, such as a major upgrade in their automated system scheduled for the same time period.

To achieve these objectives, the census collected information on (1) how FSP cases are managed, (2) the IEVS matching process, (3) IEVS targeting strategies and procedures, (4) IEVS follow-up procedures, and (5) the state's interest and ability to participate in the study as a test state.

This report fulfills the first objective of the Census listed above--to provide background information on the states' approaches to IEVS and their assessment of the cost-effectiveness of each of the databases used in matching--by summarizing information obtained through the State Census regarding states' approaches to matching, targeting, and follow up under IEVS, as well as state respondents' views regarding the cost-effectiveness of the external databases that current IEVS regulations mandate that states use in their computer matching (described below). The objective of this report is to provide a clear understanding of how states approach the different aspects of IEVS, and especially of the ways in which they have attempted to make the IEVS process cost-effective.

Summary of State Census Findings

Matching. In 1986, FSP regulations were amended to require states to implement computer matches through IEVS using specified data sources. The six data sources mandated by FSP regulations are:

1. *State Wage Information Collection Agency (SWICA) Data:* These data consist of wage information that employers whose employees are covered by Unemployment Insurance (UI) must report to the SWICA each quarter. They are three to six months old when the matches are conducted.
2. *Unemployment Insurance Monthly Benefit Data:* These data consist of information on benefits provided to UI recipients each month. They are at most one month old when the matches are conducted.
3. *Beneficiary Earnings Exchange Reports System (BEERS) Data:* These data consist of annual earnings information compiled from information on the IRS Form W-2. They can be up to 18 months old when the matches are conducted.
4. *Beneficiary Data Exchange (BENDEX) Title II Data:* These data consist of monthly information on Old Age and Survivor's Insurance (OASI) benefits, and other benefits provided under Title II of the Social Security Act (referred to hereafter as Title II benefits). They are at most two months old when the matches are conducted.
5. *State Data Exchange (SDX) Data:* These data consist of monthly information on Supplemental Security Income (SSI) benefits and are accessed through the State Data Exchange system. The SDX data are at most one week old when received by the states.

6. **Internal Revenue Service (IRS) Data:** These data consist of annual unearned income information, such as information on interest and dividends, compiled by the IRS from the IRS Form 1099. IRS data on the previous tax year is available to the states in late summer of the current year.

The first two data sources are maintained by state agencies, such as the Department of Employment Security, which in many states maintains both the wage and UI benefit data. States must obtain the BEERS, BENDEX,³ and SDX information from the Social Security Administration (SSA) and the unearned income information from the IRS. At the time of the State Census, all 51 states conducted matches with all of these databases, except for the BEERS and BENDEX files; three states were not currently matching with the BEERS file and one state was not matching with the BENDEX file.

In addition to implementing computer matches through IEVS using the above mandated data sources, over half the states conduct matches with other databases. The most frequently conducted non-mandated match is with the Division of Motor Vehicles; 10 states conduct this match. Matches are conducted by at least three states with the following files: vital statistics, Worker's Compensation, a neighboring state's welfare file, the state's own welfare files, the Public Employees Retirement or State Retirement file, the Child Support (Title IV) or Children and Family Services file, and the state wage file of neighboring state.

Targeting. As stated above, targeting is defined as the selection of a subset of matched cases for follow up. The purpose of targeting is to increase the cost-effectiveness of IEVS computer matching by performing follow-up activities only for matches that are likely to lead to changes in eligibility status or benefit payment levels. Most states (46) have implemented a targeting strategy for at least one of the mandated databases; in fact, the majority (39) target matched cases from at least three databases. The targeting strategies employed by the states vary by database; information on the extent of targeting for each database and the most frequently used strategies for each of the six mandated databases is provided below.

- **The SWICA Match.** Thirty-six states target cases from the SWICA match. The most common targeting strategy employed by the states for this database (used by 28 states) focuses on the size of any discrepancy found between reported earnings and earnings on the SWICA file; that is, follow-up is performed only for cases for which the earnings on the SWICA file differ from the earnings reported by the client by an amount greater than a specified threshold (referred to as a *discrepancy threshold*). This threshold varies substantially across the states.
- **The UI Match.** UI matched cases are targeted by 23 states. As with the SWICA file, the most commonly used targeting strategy for the UI matched cases (used by 13 states) is to use a discrepancy threshold; that is, follow-up activities are performed only for cases for which the discrepancy between the reported UI benefit amount and the amount on the UI file is greater than a specified amount.

³Both BEERS and Title II information can be obtained through the SSA's BENDEX system; throughout this report, the term BENDEX refers to only the Title II information.

Follow-Up. Findings from the State Census regarding follow-up procedures are discussed below.

- **Verification.** As discussed above, follow-up activities include verifying both the client-reported information used in the computer match and the information on the external database, which could involve contacting the client's bank or employer. In most cases, the eligibility worker assigned to a case performs the verification activities for that case. In 13 states, workers have been instructed to prioritize the order in which they perform verification on cases designated for follow-up for at least one of the mandated databases. For example, in four states, workers are instructed to give priority to cases that are active at the time the match information becomes available to them.
- **Monitoring.** Federal regulations require that the states complete follow-up procedures within 45 days of the receipt of the matched information.⁴ In every state, there is a monitoring process to determine whether cases designated for follow up have been resolved for at least some of the mandated databases; however, there is substantial variation in the degree and complexity of the monitoring processes across the states, and in some cases, across local offices within the same state. Estimates of how many cases are followed up in the 45-day time period varied widely from state to state (respondents from 20 states could not provide an estimate), but most state respondents thought that follow-up procedures are completed within 45 days for two-thirds to three-fourths of the cases designated for follow up.
- **Reporting.** Reports that describe the results of the follow-up process, or the status of actions taken on matched cases, are produced regularly in 36 states. For the most part, those reports are produced through an automated process at the state office. Information items presented in these reports include: the number of cases requiring follow-up, the number of cases resolved, the length of time it took to complete the follow up procedures, the number of cases with benefits reduced, and the number of cases closed or denied.

Perceived Cost-Effectiveness of the Mandated Databases. Respondents' comments regarding cost-effectiveness varied by database. The majority of respondents feel that the SWICA, UI, BENDEX, and SDX matches are cost-effective. For the most part, these matches were seen as providing relevant, timely information. The matches also appear to be relatively easy to conduct. In contrast, only six respondents feel that the BEERS match is cost-effective and 23 respondents feel that the IRS match is cost-effective. Respondents commented that the data in these files are too old to be of much use, and, in the case of the BEERS file, that the data duplicate information contained in the SWICA file. Several respondents did note that the information on the BEERS file that is unique to that file (that is, the information that does not duplicate information contained in the SWICA file) can be useful and that the IRS information can be helpful in identifying unreported assets of long-term care or nursing home patients receiving Medicaid. Thus, it appears that through

⁴If follow up is delayed because the state is waiting for information from collateral contacts (for example, the client's bank or employer), 20 percent of the cases can be followed up in more than 45 days.

implementing targeting strategies that concentrated on those aspects of the BEERS and IRS matches, the cost-effectiveness of those matches could be improved.

I. INTRODUCTION

A. POLICY CONTEXT OF THE STUDY

The Food Stamp Program (FSP) provides assistance to financially needy households nationwide. To be eligible for the FSP, a household's income and assets must fall below specified levels. If a household meets these eligibility criteria, it is entitled to food stamp benefits. However, if a person applying for food stamps provides incorrect information regarding household income and assets at the time of application, or if later changes in a household member's circumstances are not reported, it is possible for households which are actually ineligible for the program to receive benefits and for eligible households to receive an incorrect amount of benefits. Minimizing the number of incorrect payments is clearly important since payments made in error detract from the funds available to assist needy households, and may weaken public support for the program.

To ensure high levels of accuracy and fiscal integrity, Congress established the Income and Eligibility Verification System (IEVS) under the Deficit Reduction Act of 1984. The purpose of IEVS is to reduce the number of incorrect payments made in the Medicaid, Aid to Families with Dependent Children (AFDC), and Food Stamp Programs by requiring that states establish an automated system to compare information provided by applicants or persons already receiving benefits (recipients) to external sources of information.¹ That is, states are required to verify income and asset information provided by an applicant or recipient by comparing it with that provided by external sources, such as state wage information collection agencies, the Social Security Administration (SSA), and the Internal Revenue Service (IRS). *Computer matching* is the automated process of matching lists of welfare program applicants and recipients to external databases to verify client-reported

¹The IEVS regulations require states to conduct computer matches for all individuals in the household for which they can obtain a Social Security Number.

information. In 1986, FSP regulations were amended to require states to implement computer matches through IEVS using specified databases.²

The process of verifying client-reported income and asset information involves more than computer matching. Once a match is established (that is, information regarding a food stamp applicant or recipient is found on an external database), a number of *follow-up* activities are required to complete the process. These follow-up activities include: (1) verifying the client-reported information used in the computer match; (2) verifying the information on the external database, which could involve contacting the client's bank or employer; (3) recomputing eligibility and benefits using information from the external database, if a discrepancy has been verified; and (4) processing claims, disqualifying ineligible recipients, and investigating fraud.³ Much of the follow-up process is performed manually by an eligibility worker and is the most costly part of the process of verifying client-reported information.

The original IEVS regulations required state agencies to follow up all cases matched to external data sources. State agencies, however, expressed concern that the costs of following up some matches exceed the benefits of identifying incorrect eligibility decisions and payment levels. In response to this concern, interim amendments to the IEVS regulations were published for comment in February, 1988, giving state agencies the option to follow up only a subset of the *recipient* (those receiving benefits) matched cases, if the selection of this subset could be justified on cost-effectiveness grounds.^{4,5} The process of selecting a subset of matched cases for follow up is known as *targeting*.

²The final IEVS regulations are discussed in the February 28, 1986 *Federal Register*. The regulations became effective October 1986. The final IEVS regulations pertaining to the FSP are contained in 7 CFR, Parts 271-273; the regulations pertaining to the AFDC program are contained in 45 CFR, Parts 205-206; and the regulations pertaining to the Medicaid program are contained in 42 CFR, Parts 431 and 435.

³These last activities (processing claims, disqualifying ineligible recipients, and investigating fraud) are not examined in this report.

⁴The regulations still require that all matches of *applicant* cases are followed up.

⁵The interim IEVS targeting regulations pertaining to the FSP are contained in 7 CFR Part 272.

The purpose of targeting is to increase the cost-effectiveness of IEVS computer matching by performing follow-up activities only for matches that are likely to lead to changes in eligibility status or benefit payment levels.

The administrative burden to the states of the IEVS regulations, as well as ways to reduce that burden, has been the theme of various reports. As discussed below, this report stems from a project which focuses on assisting the states in developing cost-effective targeting strategies as a way to reduce this burden. Different perspectives on this topic can be found in reports by the American Public Welfare Association (APWA) (1989), the USDA's Office of Inspector General (OIG) (1990), and the U.S. General Accounting Office (GAO) (1990). The APWA report argues that the regulations do not give the states sufficient flexibility to conduct computer matching in the most cost effective way, while the GAO report focuses on the availability, or lack thereof, of the data needed to evaluate the effectiveness of the matching systems and the need for guidelines for the collection of these data. Finally, the OIG report presents the results of an audit conducted in five FNS regional offices, 33 state agencies, and one U.S. territory to determine the degree of monitoring by FNS and the degree of compliance by the states in effectively implementing the IEVS mandates. Among other findings, the audit identified large backlogs of uncleared IEVS matches in two state agencies. This finding could indicate that inadequate resources were assigned to the follow-up process or that the targeting strategies used in those states need to be redefined to reduce the number of cases requiring follow up.

B. PURPOSE OF THE STUDY

While states have implemented targeting strategies to some extent, these efforts have been limited by a lack of information regarding cost-effective strategies and of the resources to support studies that would identify such strategies. Therefore, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) awarded a contract to Mathematica Policy Research, Inc. (MPR) to conduct a study of targeting strategies under IEVS regulations. The overall purpose of

this study is to identify, develop, and test exemplary and cost-effective targeting strategies so that FNS can provide information and technical assistance to state Food Stamp Agencies (FSAs) on how they can implement cost-effective strategies.⁶ Specifically, the project seeks to achieve the following objectives:

- Develop a profile of the current targeting strategies used by the states.
- Assist three selected states in designing and implementing improved targeting strategies.
- Assess the cost-effectiveness of the improved targeting strategies in each of the three states in comparison to the procedures they previously were using. This analysis involves comparing the benefit savings and net costs resulting from the targeting with the benefit savings and net costs of the state's prior procedures.
- Prepare a technical assistance manual to be distributed to the states which will provide guidelines for developing cost-effective targeting strategies.

C. PURPOSE AND METHODOLOGY OF THE STATE CENSUS

To collect the information needed to develop the profile of current targeting strategies and to select the three test states, a census of the 50 states and the District of Columbia (referred to hereafter as the states) was conducted in May through July, 1991. The objectives of the State Census were to provide critical information for:

- *Providing background information on the current approaches to the matching, targeting, and follow-up processes used by the states, as well as their assessment of the cost-effectiveness of each of the databases used.*
- *Ensuring that the targeting approaches included in the study meet the needs of most states. Consistent information is needed on the states' current targeting procedures to better assess what aspects of the mandated IEVS matching and follow-up processes states find beneficial versus those aspects that are burdensome and costly.*

⁶Throughout the report, we refer to the state FSA as the state agency that administers the FSP. Typically, the agency responsible for administering the FSP is also responsible for administering the AFDC program, and in many cases, is responsible for administering the Medicaid program. The FSP tends to be administered by an agency such as the Division of Public Assistance in the Department of Social Services.

- *Guiding the selection of states in which new targeting approaches will be developed and tested.* Since the cost-effectiveness and feasibility of alternative targeting approaches appears to depend heavily on factors that vary from state-to-state, such as the degree of automation and organizational structure, it is important to select test states that can represent a group of states.
- *Generalizing from the results of the approaches implemented in the test states to project the likely effects in other states.* Since the cost-effectiveness of a given approach varies depending on factors such as the degree of automation, as mentioned above, consistent information on these factors for all states is needed to help states assess the relevance of the test results for their state.
- *Assessing the interest of each state in participating in a test of the cost-effectiveness of alternative targeting approaches.* Information collected by the Census provides an early indication of each state's interest in the test and of any impediments to participation as a test state, such as a major upgrade in their automated system scheduled for the same time period.

The State Census was conducted by MPR Research Analysts knowledgeable of IEVS regulations and procedures via telephone interviews using a structured protocol with state Food Stamp Agency staff. In most cases, the persons with whom the interviews were conducted were the individuals responsible for overseeing and coordinating the IEVS matches (called the IEVS Coordinator in some states). The interviewees were provided with a description of the study and a copy of the Census protocol before the interview took place so that they could be familiar with the study and prepare for the interview.

Although the Census protocol consisted of highly structured questions on IEVS procedures and state officials' perceptions regarding their efficacy, open-ended questions in the protocol gave the interviewers flexibility to more fully investigate certain topics with respondents when IEVS approaches varied substantially across states or when we were seeking their rationale for a particular IEVS strategy. (Appendix A contains the State Census protocol.) Specifically, the following questions were discussed with each state respondent:

- How are FSP cases managed? Is the management of FSP cases coordinated with the management of AFDC and Medicaid cases? (Section 1 of the protocol)

- What is the IEVS match process? What databases are used in IEVS computer matching? How cost-effective are the matches with each of the databases? How is the IEVS computer matching managed and coordinated in the state and between programs? (Section 2)
- Does the state currently employ a targeting strategy for any of the databases used in matching? If so, what is the targeting strategy for each of the IEVS databases? How is the targeting done, that is, is it an automated or manual process? Is the targeting done at the state level, local office level, or both? Has any cost-benefit analysis been done on the current or proposed strategies in the state? (Section 3)
- What is the exact process for following up on matched cases that have been designated for follow up? Who is responsible for performing the follow-up activities? Is there a monitoring process to determine whether cases designated for follow up have been resolved? How is the follow-up process managed and coordinated? (Section 4)
- What is the state's interest in participating in the study as one of the three test states? Are there any factors that would make it particularly easy or difficult to test new targeting strategies in the state? (Section 5)

D. PURPOSE AND ORGANIZATION OF REPORT

This report fulfills the first objective of the Census discussed in Section C--to provide background information on the states' approaches to IEVS and their assessment of the cost-effectiveness of each of the databases used in matching--by summarizing information obtained through the State Census regarding states' approaches to matching, targeting, and follow up under IEVS, as well as the state respondents' views regarding the cost-effectiveness of the external databases that current IEVS regulations mandate the states use in their computer matching (described in Chapter II). The objective of this report is to provide a clear understanding of how the states approach the different aspects of IEVS, and especially of the ways in which they have attempted to make the IEVS process cost-effective.

The remainder of the report is organized as follows. Chapters II, III, and IV describe the matching, targeting, and follow-up procedures and strategies currently used by the states. In Chapter III, the specific targeting strategies implemented by the states for each of the mandated databases are described. Chapter V addresses the cost-effectiveness of the mandated databases, both through

a summary of state respondent's comments, and a brief discussion of cost-effectiveness studies that the states have conducted.

II. MATCHING

In 1986, Food Stamp Program (FSP) regulations were amended to require states to implement computer matches through IEVS using specified data sources. The six data sources mandated by FSP regulations are:

1. ***State Wage Information Collection Agency (SWICA) Data:*** These data consist of wage information that employers whose employees are covered by Unemployment Insurance (UI) must report to the SWICA each quarter.
2. ***Unemployment Insurance Monthly Benefit Data:*** These data consist of information on benefits provided to UI recipients each month.
3. ***Beneficiary Earnings Exchange Reports System (BEERS) Data:*** These data consist of annual earnings information compiled from information provided on the IRS Form W-2.
4. ***Beneficiary Data Exchange (BENDEX) Data:*** These data consist of monthly information on Old Age and Survivors Insurance benefits, and other benefits provided under BENDEX of the Social Security Act.
5. ***State Data Exchange (SDX) Data:*** These data consist of monthly information on Supplemental Security Income (SSI) benefits, which is accessed through the State Data Exchange system.
6. ***Internal Revenue Service Data:*** These data consist of unearned income information, such as information on interest and dividends, compiled by the IRS from the IRS Form 1099.

The first two data sources are maintained by state agencies, such as the Department of Employment Security, which in many states maintains both the wage and UI benefit data. States must obtain the BEERS, BENDEX¹, and SDX information from the Social Security Administration (SSA) and the unearned income information from the IRS. In addition to implementing computer matches through IEVS using the above mandated sources, over half the states conduct matches with other databases. For example, several states match cases with information from the Division of Motor Vehicles.

¹Both BEERS and BENDEX information can be accessed through the SSA's BENDEX system; throughout this report, we use the term BENDEX to refer to only the Title II information.

In this Chapter, we describe the process by which states conduct their computer matching under IEVS. Section A describes the matching process for the six mandated databases, while Section B describes databases that are used in matching, but are not mandated. Section C addresses several issues related to the match process.

A. THE MATCH PROCESS

With the exception of three states, all states conduct matches with each of the six mandated databases.² Since variation among states' matching procedures is minimal, in this section we describe the most common matching procedure, noting any significant variations from this basic procedure. In addition, because some of the databases are typically matched together or in the same way, such as SWICA and UI data, we combine the descriptions of the matching processes for those databases.

1. The SWICA and UI Matches

Matching with the SWICA and UI files is done entirely at the state office in 27 states. In the remaining 24 states, both the state office and the local offices participate in the match process--in most cases (22 of the 24 states), the state office conducts a tape to tape match and the local offices have on-line access to the SWICA and UI files. The process involves the state FSAs sending a tape of cases identified for matching to the SWICA (typically the state's Department of Employment Security or Department of Labor) and to the agency responsible for administering UI benefits (if the state wage and UI files are not maintained by the same agency) and receives a tape(s) containing information on matched cases in return. Significant variations of this process include the following:

- In eight states for the SWICA match and 11 states for the UI match, the FSA receives a tape from the external agency of all cases on the other agency's files and the match is then done at the FSA,

²For the most part, these matches were only temporarily suspended, due to technical problems or problems associated with the increased workload produced by the match.

- In five states for the SWICA match and six states for the UI match, the two agencies' (FSA and Department of Employment Security) files are matched at a central computer center (no tapes are sent).

Since employers are required to report wages quarterly, state FSAs tend to match all ongoing cases with the SWICA file on a quarterly basis, after the SWICA has updated its files. FSAs tend to match all ongoing cases with the UI file monthly. In both cases, matches with applicants and new cases are conducted more frequently, usually either daily or weekly. When the matched information is received at the state FSA, the SWICA data tend to be three to six months old, and the UI data tend to be, at most, one month old.

Once the match is made, the matched information is generally processed at the state office (in seven states, the information is sent directly to the local offices). The information is sent to the local offices before being sent to the local offices for follow up, although via hard-copy reports (28 states), on-line alerts (messages that appear on the eligibility worker's computer screen) (13 states), or both (five states).

2. The BEERS and BENDEX Matches³

The BEERS and BENDEX files are both accessed through the SSA's Beneficiary Data Exchange (BENDEX). Typically, states send a tape once a month, containing the SSNs of new clients, and possibly applicants, to the SSA. The SSA matches those SSNs against their files and sends tapes back to the states with any matched information. (The states receive the BEERS and BENDEX information on separate tapes.) In addition, the SSA adds those SSNs to an "orbit" file which

³The descriptions of the BEERS, BENDEX, and SDX matches are based in large part on information we obtained from SSA representatives. Even though state respondents were asked several questions about these matches, their responses were often inconsistent with information provided to us by the SSA representatives. (For example, respondents from 20 states said that they send a tape to the SSA to initiate the SDX match, and we learned from the SSA that, for the most part, the SSA initiates the match by sending tapes with information on SSI recipients in the state to all of the states). Thus, we decided to explain the matching process as it was described to us by SSA representatives.

contains SSNs that were sent previously. If BEERS or BENDEX information regarding SSNs on the orbit file becomes available or changes, the SSA sends another tape with that information on it to the state. Thus, while the state FSA may send only one tape per month to the SSA, they could receive more than one tape back. At the time the states receive the matched BENDEX information, it is at most two months old. In contrast, the BEERS data can be up to 18 months old; the file is not completely updated for the previous calendar year until September or October of the current year.

Eleven states currently have access to the File Transfer Management System, through which they can conduct matches with both the BENDEX and SDX files (as well as other information) by means

of electronic file transmission (also called minitapes). However, only one state currently has

3. The SDX Match

Every week, the SSA sends each state a tape (or, if the state has access to the File Transfer Management System, an electronic file transmission--respondents from five states mentioned that they receive the information in this manner) containing SSI information for all SSI recipients in the state. (If the state has access to the File Transfer Management System, it receives information on SSI recipients three times per week.) The state FSA then matches that file against its file of welfare recipients, and makes the information available to the local offices, typically through hard-copy reports (20 states), on-line alerts (13 states), or both (6 states). At the time the state receives the SDX information from the SSA, it is at most one week old.

Respondents from seven states reported that local offices participate in the match process. Respondents from five of those states reported that the state office does not do a match with the entire file of welfare recipients, but makes the SDX information available to the local offices (via the automated system (three states) or by microfiche (two states). where the matches are initiated by eligibility workers. Matches are initiated by local office eligibility workers through the third-party-query system in the remaining two states.

4. The IRS Match

There is essentially no variation across states in terms of how the IRS match is conducted. The state FSAs send a tape of welfare cases to the IRS and the IRS sends back another tape of matched cases with unearned income information. Local offices never participate in this process. States typically do an annual match of their entire caseload once a year when the IRS data are updated (information for the prior tax year is available in late summer of the current year), and monthly matches of applicants, newly approved cases, or both.

When the matched information is received at the state office, it is generally processed there (with the exception of three states in which the information is sent directly to the local offices) and sent to the local offices via hard-copy reports (28 states), on-line alerts (14 states), or both (4 states).

B. NON-MANDATED DATABASES MATCHED UNDER IEVS

More than one-half of the states (31) conduct matches with at least one database not mandated under IEVS legislation and more than one-third conduct matches with at least two non-mandated databases.⁴ Illinois conducts matches with 17 databases. Excluding Illinois, the largest number of non-mandated databases matched is six (Florida and Maryland).

The most frequently conducted non-mandated match is with the Division of Motor Vehicles;⁵ 10 states conduct this match (see Table II.1). Matches are conducted by at least three states with the following files: vital statistics (6 states); Workers' Compensation (5 states); a neighboring state's welfare file (5 states, of which two states conduct matches with the welfare files of *two* neighboring states); the state's own welfare files (4 states); the Public Employees Retirement or State Retirement file (3 states); the Child Support (Title IV) or Children and Family Services file (3 states); and the state wage file of a neighboring state (three states, of which the District of Columbia matches with the wage files of *two* neighboring states, Maryland and Virginia).

Matches conducted by two states or less include the following:

- California and Illinois conduct matches with prison rolls to determine whether inmates are receiving food stamps.
- California and Illinois also conduct matches with state tax files (State Tax Agency or Department of Revenue's file). California uses this data in place of the older IRS data whenever possible, thus greatly reducing the state's need for the IRS match.
- Nebraska shares information with the Intertribal Council to ensure that Native Americans who receive commodities do not also receive food stamps. (This match is not automated.)
- Alaska conducts matches with two files regarding income sources unique to the state--the Alaska Longevity Bonus (income paid on a monthly basis to Alaska residents over a specified age) and the Permanent Fund Dividend (interest income on Alaska's Permanent Fund received annually by Alaska residents).

⁴Not all of these databases are used for income verification.

⁵In Massachusetts, a match is done with the Registry to check for motor vehicle ownership.

TABLE II.1

NON-MANDATED DATABASES MATCHED UNDER IEVS,
AS REPORTED BY CENSUS RESPONDENTS

Database	Number of States
DMV/Registry Match to Check for Motor Vehicles	10
Vital Statistics	6
Worker's Compensation	5
Neighboring State Welfare File	5
Own State's Welfare Files	4
PERA (Public Employees Retirement Association)/State Retirement	3
Child Support (Title IV)/Children and Family Services	3
Neighboring State Wage File	3
TDI (Temporary Disability Insurance)/State Disability Insurance	2
New Hires	2
Food Stamp Claims/Food Stamp Disqualifications	2
State Tax Agency/Department of Revenue	2
State Payroll	2
Lottery	2
Secretary of State's Office (Resource Ownership)	2
State or Local Prison Match	2
Out-of-State Unemployment Insurance	2
Foster Care	1
Service Vendor Payment	1
Bank Match	1
State Department of Rehabilitation Services	1
Chicago Board of Education	1
Job Training Partnership Act	1
IRS Employment Match	1
Chicago Park District	1

TABLE II.1, page 2 (continued)

Database	Number of States
Environmental Protection Agency Employees	1
Veteran's Administration	1
Commodities Match with Tribal Council	1
SSA Interstate Participation	1
Marriage Information from State Public Health Department	1
Low Income Energy Assistance	1
Federal Retirement	1
Active Pay	1
Alaska Longevity Bonus	1
Permanent Fund Dividend	1
Special Benefits (out of SWICA)	1
School Lunch and Breakfast Programs	1
Immigration and Naturalization Service	1
Baltimore City Schools	1

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

C. ISSUES RELATED TO THE MATCH PROCESS

This section also addresses three issues related to the match process: (1) coordination of the matching process across public assistance programs (FSP, AFDC, and Medicaid), (2) variations in matching procedures across local offices within a state, and (3) SSN validation.

1. Coordination of Matching Across Programs

Most states (45) coordinate the matching process for the Food Stamp, AFDC, and Medicaid Programs. That is, one tape containing SSNs for individuals participating in one or more of these programs is sent to the external agency, or if the FSA receives a tape from the external agency, one file is matched against the external agency's file.⁶ In three states (Arizona, Florida, and West Virginia), the matching process is coordinated only for the FSP and AFDC programs; Medicaid cases are matched separately. In Kentucky, although the matches are done at the same time (at least for food stamps and AFDC), they are separate matches. In Texas and North Carolina, the matching process is coordinated for some databases, but not for others. For example, in North Carolina, the matching process is coordinated across programs for all of the databases except the state wage and state UI databases.

2. Variation Across Local Offices

There is essentially no variation in the matching process across local offices in almost all of the states (47 states), primarily because matches are conducted at the state office. In three states, variation does exist in terms of the capabilities of the local offices to conduct matches. In Montana and Kansas, only a subset of the local offices have on-line access to the SWICA and/or UI files, and in Georgia, only local offices located close to a district SSA office have access to the third-party-query system (which allows SSA district offices to access the BENDEX and SDX information on-line). In New York, the procedure in New York City differs significantly from the rest of the state. In fact,

⁶That is, one SSN is matched for each individual regardless of how many programs in which he or she is participating.

New York City conducts matches with several non-mandated databases, such as the New York City Housing Authority's file, that are not conducted in the rest of the state.

3. SSN Validation

Before conducting the Census, we envisioned that states verified new SSNs by matching them with the SSA Numident file (which contains a list of names and respective SSNs) before matching them with the IEVS databases. (Alternatively, SSNs can be verified when they are matched to the IEVS SSA databases.) However, we found that while most states (44) do conduct a separate match with the Numident file for SSN verification, only seven states (Hawaii, Maine, Massachusetts, Montana, New Hampshire, North Dakota, and Utah) coordinate this process with the IEVS matching process. That is, in the remaining 37 states, the states periodically send tapes with new clients' SSNs to be matched with the Numident file, but the IEVS matches take place independently of that match--SSNs are matched with the IEVS databases regardless of whether they have been verified with the Numident file. In the seven states where the processes are coordinated, the states attempt to match only verified SSNs with the IEVS databases.

III. TARGETING

For this study, targeting is defined as the selection of a subset of matched cases for follow up. The purpose of targeting is to increase the cost-effectiveness of IEVS computer matching by performing follow-up activities only for matches that are likely to lead to changes in eligibility status or benefit payment levels.

This chapter describes the targeting that is currently being done by the states for the six mandated databases, as reported by the state respondents. The extent of targeting and the specific strategies employed are discussed in Section A, and the process of targeting is discussed in Section B. Section C describes targeting strategies respondents said they would like to implement in their states.

A. EXTENT AND METHODS OF TARGETING

Most states (46) have implemented a targeting strategy for at least one of the mandated databases, as seen in Table III.1 (all tables referred to in Chapter III are presented at the end of the chapter). In fact, the majority of states (39) target matched cases from at least three databases. The most frequently targeted databases are IRS (42 states), BEERS (37 states), and SWICA (36 states).¹ Although the actual strategies used by the states vary substantially, there are common types of strategies used for the different databases; these strategies are discussed below by database, and are presented in Tables III.2 through III.7.

Only five states (Louisiana, Mississippi, North Carolina, North Dakota, and Utah) have not implemented any targeting strategies. That is, in those states, workers follow up on all matched cases from the mandated databases. Reasons given by the respondents for not targeting were: (1) they

¹Strictly speaking, matched cases are targeted, not databases. For ease of presentation, however, we sometimes refer to "targeting the IRS database," for example, instead of "targeting matched cases from the IRS database."

want to keep the error rate as low as possible (Mississippi); (2) they are waiting for the Health Care Financing Administration (HCFA) to specify targeting rules so that the strategies they implement will satisfy all three agencies' (FNS, HCFA, and the Department of Health and Human Services) requirements (North Carolina); (3) their system is not sufficiently automated--they want to investigate targeting strategies when they have a more automated system (Louisiana); (4) the workers insist on seeing all of the information (North Dakota); and (5) the state is small and they have been able to process the workload by prioritizing the order in which cases are followed up (Utah). However, respondents from four out of the five states reported that their states do plan on implementing a targeting strategy in the future for at least one of the mandated databases. The respondent from the one state with no plans for targeting (Mississippi) stated that the state cannot accomplish their goal of keeping the error rate low if they implement targeting strategies.

1. The SWICA Match

The most common targeting strategy employed by the states for the SWICA database focuses on the size of any discrepancy found between reported earnings and earnings on the SWICA file (28 states), as seen in Table III.2; that is, follow up is performed only for cases for which the earnings on the SWICA file differ from the earnings reported by the client by an amount greater than a specified threshold, referred to as a *discrepancy threshold*.² The discrepancy thresholds used (per quarter) tend to fall into two ranges: \$2 to \$100 (6 states) and \$101 to \$300 (10 states).³ In New Hampshire, follow up is performed only for cases with discrepancies of \$2,000 or more.⁴

²Targeting is done at the case level in some states and at the individual level in other states; this chapter will refer to case-level targeting for simplification.

³Discrepancies are based on household or case income in some states and individual income in other states; thus, discrepancy levels are not perfectly comparable across states.

⁴For the three local offices closest to the state office, they follow up cases with discrepancies of \$1,500 or more.

When the states receive the matched information from the SWICA, the SWICA information is three to six months old. Of the states that target according to discrepancies between the SWICA and reported data, 25 compare the SWICA data to reported data for the same time period (that is, they go back in their files and retrieve the reported earnings information that refers to the period to which the SWICA data refer), while three compare the SWICA data to *current* reported information.

Other strategies, used by at least two states, include the following:⁵

- Follow up if there is a discrepancy between the name of the employer reported by the client and that on the SWICA file *or* if there is a change in the employer on the SWICA file (for example, if a new employer is listed for an individual) (six states)
- Follow up if there is a discrepancy or change with regard to the receipt of earnings (five states)
- Follow up if the earnings amount on the SWICA file is above a certain threshold (that is, there is a *tolerance threshold* for the SWICA amount--cases with earnings above that threshold are followed up) (four states)
- Follow up if the earnings on the SWICA file differ from the previous quarter's earnings by a certain amount (two states)
- Follow up if the case was active during the quarter to which the SWICA data refer (six states)
- Follow up if the case is active when the matched information becomes available (three states)

It is interesting to note for this database, as well as the others, that a number of states (12 for SWICA) use a compound targeting strategy based on more than one of the strategies discussed here. South Dakota, Arkansas, and Washington use at least four of the strategies discussed in this section as components in their overall targeting strategy for SWICA matched cases.

⁵Targeting strategies for any of the databases that do not fit into one of the categories are listed in Appendix B.

2. The UI Match

Twenty-three states target UI matched cases. Of those, 13 use a discrepancy between the reported UI benefit amount and the amount on the UI file. More than half of these states (eight) have implemented a discrepancy threshold of \$10 or less per month. Eight states follow up on a case if there is a discrepancy or change in the receipt of benefits. Two less common strategies are (1) to follow up if there is a change of a specified magnitude from the previous month in the amount of benefits on the UI file (two states), and (2) to follow up only if the case is active when the matched information becomes available (three states).

3. The BEERS Match

A common complaint about the BEERS data (discussed in more detail in Chapter V) expressed by the state respondents is that most of the data are not unique to BEERS--more up-to-date information can be obtained from the SWICA file for in-state employers. Consequently, the most common targeting strategy used by the states for the BEERS match (used by 27 of the 37 states that target BEERS matched cases) is to examine only data unique to BEERS--information on out-of-state earnings and/or certain types of earnings not represented on the SWICA file, such as pension, agricultural, and self-employment earnings. Two states (Indiana and New Jersey) impose another restriction on the out-of-state earnings they examine--they only follow up on out-of-state earnings from nearby or contiguous states.

Eight states use a discrepancy between reported earnings and the earnings amount on the BEERS file. A somewhat more common strategy (used by 10 states) is to use a tolerance threshold for the BEERS information--that is, to only follow up cases with earnings, as indicated on the BEERS file, greater than a certain threshold. Thus, while many states use a discrepancy threshold for SWICA matched cases, and few use a tolerance threshold, the opposite is true for BEERS matched cases. A possible reason for this is that to compare the BEERS data to reported information that refers to the same time period, states have to be able to go back into a history file

and construct reported earnings for the year to which the BEERS data refer for all matched cases. This requires an extensive history file since the BEERS data are often more than a year old at the time the match takes place. Thus, an easier and possibly more effective targeting scheme for these data is to examine only the BEERS information, as with a tolerance threshold.

Other targeting strategies for the BEERS matched information include the following:

- Follow up if the individual with earnings is older than a certain age (two states)
- Follow up only if the case was active for all or part of the period to which the BEERS data refer (three states)
- Follow up only if the case is active when the matched information becomes available (four states)
- Do not follow up any BEERS matched cases (one state)

4. The BENDEX Match

Less than half of the states (21) have implemented targeting strategies for the BENDEX data. Of those, the majority (17 states) use a discrepancy between reported Title II benefits and those listed on BENDEX file. Thirteen of the 17 states using a discrepancy have implemented a discrepancy threshold of \$24 or less per month.

Except for using a discrepancy, the targeting strategies used by the states for this database were difficult to categorize--the states tend to use strategies that are unique to that state. Two strategies mentioned by two states each are: (1) to follow up only if the client on BENDEX file is in current pay status--that is, he or she is currently receiving Title II benefits (District of Columbia and Michigan), and (2) to follow up only if the case is active when the matched information becomes available (Montana and Oklahoma).

5. The SDX Match

The SDX data are the least frequently targeted--only 15 states target the matches from this database. This is consistent with the fact that respondents from some states reported that the SDX

data were used for purposes other than income verification, such as determining eligibility for Medicaid. Twelve of the fifteen states that do target the SDX matches use a discrepancy, and more than half of the states that do (seven states), have implemented a discrepancy threshold of \$5 or less per month. As with the BENDEX data, targeting strategies for the SDX data other than using a discrepancy are difficult to categorize since they tend to be unique to the state.

6. The IRS Match

Most states use a targeting strategy for IRS matched cases; 42 of the 46 states that do any targeting target this match. When the states receive matched information from IRS (usually in July or August), the IRS information refers to the prior tax year. Thus, as with BEERS, it is much easier to use a tolerance than a discrepancy for the IRS information. In fact, only four states (Georgia, Illinois, Vermont, and West Virginia) use a discrepancy between IRS and reported unearned income amounts.

The predominant strategy for the IRS match is to use a tolerance threshold for one or more of unearned income types on the IRS file. Twenty states have implemented a tolerance threshold for interest income (three, for interest plus dividends); 15, for one or more unearned income amounts other than interest (or interest plus dividends); and eight, for total unearned income. Two states (Maryland and Nebraska) group all of the IRS unearned income amounts into two groups--one for income that indicates resource ownership and one for income that does not--and apply a different tolerance threshold to each of the two groups. Two other states (Arizona and Wyoming) apply one tolerance threshold to cases with elderly or disabled members and another to all other households, reflecting the different resource limits for the two groups.

Although using a tolerance is the principal strategy for the IRS match, four other strategies (excluding using a discrepancy) are used by at least four states, as described below:

- Use information unique to the IRS data; that is, eliminate duplicate information from other matches (nine states)

- Follow up only if the case was active all or part of the tax year to which the IRS data refer (four states)
- Follow up only if the case is active at the time the matched information becomes available (five states)
- Disregard specified unearned income amounts on the IRS file (for example, prior year tax refund) (eight states)

B. PROCESS OF TARGETING

In addition to asking state respondents (in the 46 states that target) to describe the specific targeting strategies that are implemented, we asked them to explain how and where the targeting is done, as well as how they decided upon the targeting strategies the state has implemented. The responses to these questions are described in this section.

1. How and Where Targeting Is Done

Several aspects of the targeting process were discussed with respondents, from automation to applicant targeting; each is discussed in turn below.

- **Automation.** The targeting process is completely automated for all databases targeted in 36 states, partly automated or automated for at least one database (and manual for at least one database) in four states (Alaska, Massachusetts, Nebraska, and Oregon), and manual for all targeted databases in six states (Georgia, Idaho, Kentucky, Nevada, New Hampshire, and West Virginia).
- **State Versus Local Office.** Targeting is done only at the state office for all databases in 40 states, and only at the local office for all databases in four states (Georgia, Kentucky, Nevada, and West Virginia). In Alaska, targeting is done at both state and local offices for the one database targeted (that is, one component of the targeting strategy is implemented at the state office and another is implemented at the local offices), and in Nebraska, the targeting for two of the three targeted databases is done at the state office, while the targeting for the third database is done at the local offices.
- **Variation Across Offices.** Only one state, New York, has different targeting rules for different parts of the state; New York City has different targeting rules than the rest of the state.
- **Targeting Rules for AFDC.** In 34 of the 46 states that target, the same targeting rules are used for the AFDC and Food Stamp Programs.

- **Applicant Targeting.** Although the IEVS regulations assert that all applicant cases should be followed up, respondents from twenty-two states reported that they target applicant, as well as ongoing, cases. The same targeting rules are applied to the two groups in 21 of those states; in the remaining state, applicant matches are targeted for only one database.

2. How States Decided Upon Their Targeting Strategies

The majority (31) of states that do targeting decided upon their strategy based on experience.

effective in their states, respondents from five said they did not know, and respondents from nine states said they did not think it would be cost-effective to change their targeting strategies.

Targeting strategies proposed by respondents in the 37 states in which it was felt that additional or new targeting strategies would be cost-effective are listed in Table III.8. The following five strategies were mentioned by four states each: (1) to use a different (higher) discrepancy threshold; (2) to introduce or change a tolerance threshold (two states specifically mentioned this strategy for the IRS match); (3) to eliminate certain matches (one state mentioned the BEERS match);⁶ (4) to use error-prone profiles; and (5) to follow up only on cases that were active during the period to which the external data refer *or* that had reported earnings for that time period (one state referred to the SWICA match, and one state referred to the BEERS match). Respondents from three states said that they would like to examine only data that are unique to the BEERS match (one respondent said BEERS and IRS). Other strategies mentioned by at least two state respondents were: (1) to start using a discrepancy, (2) to examine only certain types of IRS unearned income, and (3) to implement pre-inquiry screening or to not match applicants with one or more databases.⁷ Respondents from 12 states said that while they did think more or different strategies would be cost-effective, they did not know what those strategies would be.

⁶Technically, this is not a targeting strategy, as it does not fit the definition of targeting presented in the text; it is included in this discussion because it was provided in response to the question regarding proposed targeting strategies.

⁷See footnote 6, with regard to the third strategy.

TABLE III.1

DATABASES FOR WHICH STATES HAVE IMPLEMENTED TARGETING RULES

State	Number of Databases Targeted	Database(s) Targeted						
			SWICA	UI	BEERS	BENDEX	SDX	IRS
Alabama (AL)	5		X	X		X	X	X
Alaska (AK)	1							X
Arizona (AZ)	2				X			X
Arkansas (AR)	6		X	X	X	X	X	X
California (CA)	3		X		X			X
Colorado (CO)	6		X	X	X	X	X	X
Connecticut (CT)	4		X	X	X			X
Delaware (DE)	3		X		X			X
District of Columbia (DC)	3				X	X		X
Florida (FL)	6		X	X	X	X	X	X
Georgia (GA)	3		X		X			X
Hawaii (HI)	1							X
Idaho (ID)	2				X			X
Illinois (IL)	6		X	X	X	X	X	X
Indiana (IN)	3			X	X			X
Iowa (IA)	3		X		X			X
Kansas (KS)	4				X	X	X	X
Kentucky (KY)	2		X		X			
Louisiana (LA)	0							
Maine (ME)	3		X		X			X
Maryland (MD)	6		X	X	X	X	X	X
Massachusetts (MA)	3		X			X		X
Michigan (MI)	5		X	X	X	X		X
Minnesota (MN)	6		X	X	X	X	X	X
Mississippi (MS)	0							
Missouri (MO)	3		X	X				X
Montana (MT)	6		X	X	X	X	X	X
Nebraska (NE)	3		X		X			X

TABLE III.1 page 2 (continued)

State	Number of Databases Targeted	Database(s) Targeted						
			SWICA	UI	BEERS	BENDEX	SDX	IRS
Nevada (NV)	3				X	X		X
New Hampshire (NH)	1		X					
New Jersey (NJ)	4		X	X	X			X
New Mexico (NM)	1							X
New York (NY)	3		X		X			X
North Carolina (NC)	0							
North Dakota (ND)	0							
Ohio (OH)	3				X	X		X
Oklahoma (OK)	6		X	X	X	X	X	X
Oregon (OR)	3		X		X			X
Pennsylvania (PA)	5		X	X	X	X		X
Rhode Island (RI)	4		X	X		X	X	
South Carolina (SC)	5		X	X	X	X	X	
South Dakota (SD)	5		X	X	X		X	X
Tennessee (TN)	4		X	X	X			X
Texas (TX)	3		X	X				X
Utah (UT)	0							
Vermont (VT)	3		X		X			X
Virginia (VA)	3		X		X			X
Washington (WA)	5		X	X	X	X		X
West Virginia (WV)	3		X		X			X
Wisconsin (WI)	6		X	X	X	X	X	X
Wyoming (WY)	6		X	X	X	X	X	X
Number of States			36	23	37	21	15	42

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

NOTE: A blank cell in this table may denote one of two things: (1) the state conducts the match, but does no targeting; or (2) the state does not conduct the match. At the time of the State Census, three states were not matching with BEERS, and one state was not matching with BENDEX.

TABLE III.2

TARGETING STRATEGIES USED FOR THE SWICA MATCH

Targeting Strategy	States That Target SWICA Information																		
	AL	AR	CA	CO	CT	DE	FL	GA	IL	IA	KY	MA	MD	ME	MI	MN	MO	MT	NE
Discrepancy Between Reported and SWICA Amounts		X	X	X	X		X	X	X		X	X		X	X	X	X		X
Discrepancy Threshold (per quarter): ^a																			
\$1 or less																			
\$2 to \$100							X		X		X								
\$101 to \$300					X			X				X					X		X
\$301 to \$500														X	X				
\$501 to \$1,000			X	X												X			
Greater than \$1,000																			
Less than 10 percent																			
10 percent or more		X																	
Discrepancy or Change in Employer Name	X	X			X														X
Discrepancy or Change with Regard to Receipt of Earnings		X											X				X		
Tolerance Threshold for SWICA Amount																			
Follow Up if Change in Amount on SWICA File		X																	
Follow Up if Active During Period to which SWICA Data Refer																	X		
Follow Up if Active when Matched Information Becomes Available																		X	
Other Strategy						X				X									

TABLE III.2 page 2 (continued)

Targeting Strategy	States That Target SWICA Information																Number of States Using Strategy	
	NH	NJ	NY	OK	OR	PA	RI	SC	SD	TN	TX	VT	VA	WA	WV	WI		WY
Discrepancy Between Reported and SWICA Amounts	X	X	X	X	X		X	X	X		X	X		X	X	X	X	28
Discrepancy Threshold (per quarter): ^a																		
\$1 or less												X						1
\$2 to \$100								X						X		X		6
\$101 to \$300		X		X	X										X		X	10
\$301 to \$500																		2
\$501 to \$1,000											X							4
Greater than \$1,000	X																	1
Less than 10 percent							X											1
10 percent or more			X					X										3
Discrepancy or Change in Employer Name						X							X					6
Discrepancy or Change with Regard to Receipt of Earnings						X							X					5
Tolerance for SWICA Amount			X						X			X	X					4
Follow Up if Change in Amount on SWICA File										X								2
Follow Up Only if Active During Period to which SWICA Data Refer			X		X				X		X			X				6
Follow Up Only if Active when Matched Information Becomes Available											X			X				3
Other Strategy									X					X				4

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aDiscrepancy thresholds are based on case income in some states and individual income in other states. Thus, the thresholds are not perfectly comparable across states.

TABLE III.3

TARGETING STRATEGIES USED FOR THE UI MATCH

Targeting Strategy	States that Target UI Information																						Number of States Using Strategy	
	AL	AR	CO	CT	FL	IL	IN	MD	MI	MN	MO	MT	NJ	OK	PA	RI	SC	SD	TN	TX	WA	WI		WY
Discrepancy Between Reported & UI Amounts	X	X	X	X	X	X				X			X			X	X	X		X			X	13
Discrepancy Threshold (per month): ^a																								
Less than \$10	X	X		X	X								X				X						X	8
\$10 to \$100			X																					1
Greater than \$100										X								X		X				3
Less than 10 percent																X								
10 percent or more						X																		1
Discrepancy or Change in Receipt of Benefits		X						X			X			X	X		X		X			X		8
Follow Up if Change in Amount on UI File											X								X					2
Follow Up if Case is Active when Matched Information Becomes Available												X								X	X			3
Other Strategy		X			X		X	X	X									X		X	X			8

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aDiscrepancy thresholds are based on case income in some states and individual income in other states; thus, the thresholds are not comparable across states.

TABLE III.4

TARGETING STRATEGIES USED FOR THE BEERS MATCH

Targeting Strategy	States That Target BEERS Information																		
	AZ	AR	CA	CO	CT	DE	DC	FL	GA	ID	IL	IN	IA	KS	KY	MD	ME	MI	MN
Discrepancy Between Reported and BEERS Earnings Amounts									X		X				X				X
Discrepancy Threshold (per year): ^a																			
Less than \$500									X		X				X				
Between \$500 and \$1,000																			
\$1,000 or more																			X
Tolerance for BEERS Earnings Amount			X				X	X								X	X		
Tolerance Threshold (per year): ^a																			
Less than \$1,000								X											
\$1,000 to \$4,999																			
\$5,000 to \$9,999							X									X	X		
\$10,000 or more			X																
Consider Only Information Unique to BEERS (e.g., out-of-state earnings, pension, agricultural, and self employment income)	X	X	X	X	X	X	X					X	X	X		X	X	X	
Follow Up Only on Out-of-State Earnings for Nearby or Contiguous States												X							
Follow Up Only if Individual with Earnings is Older than a Specified Age													X						
Follow Up Only if Active All or Part of Period to which BEERS Data Refer																			
Follow Up Only if Active when Matched Information Becomes Available			X																
Do Not Use BEERS Information																			
Other Strategy		X	X							X									

TABLE III.4 page 2 (continued)

Targeting Strategy	States That Target BEERS Match																		Number of States Using Strategy
	MT	NE	NJ	NV	NY	OH	OK	OR	PA	SC	SD	TN	VA	VT	WA	WI	WV	WY	
Discrepancy Between Reported and BEERS Earnings Amounts								X						X			X	X	8
Discrepancy Threshold (per year): ^a																			
Less than \$500														X					4
Between \$500 and \$1,000																	X	X	2
\$1,000 or more								X											2
Tolerance for Earnings BEERS Amount		X			X	X							X	X					10
Tolerance Threshold (per year): ^a																			
Less than \$1,000						X							X						3
\$1,000 to \$4,999														X					1
\$5,000 to \$9,999																			3
\$10,000 or more		X			X														3
Consider Only Information Unique to BEERS (e.g., out-of-state earnings, pension, agricultural, and self employment income)	X	X	X		X		X	X	X	X	X	X		X	X	X		X	27
Follow Up Only on Out-of-State Earnings for Nearby or Contiguous States			X																2
Follow Up Only if Individual with Earnings is Older than a Specified Age											X								2
Follow Up Only if Active All or Part of Period to which BEERS Data Refer								X	X		X								3
Follow Up Only if Active when Matched Information Becomes Available	X					X					X								4
Do Not Use BEERS Information				X															1
Other Strategy									X						X				5

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aTolerance and discrepancy thresholds are based on case income in some states and individual income in other states; thus, the thresholds are not perfectly comparable across states.

TABLE III.5
TARGETING STRATEGIES USED FOR THE BENDEX MATCH

Targeting Strategy	States that Target BENDEX Information																				Number of States Using Strategy	
	AL	AR	CO	DC	FL	IL	KS	MD	MA	MI	MN	MT	NV	OH	OK	PA	RI	SC	WA	WI		WY
Discrepancy Between Reported & BENDEX Amounts	X	X	X		X	X	X	X	X		X		X	X	X		X	X	X	X	X	17
Discrepancy Threshold (per month): ^a																						
Less than \$5		X			X	X	X				X				X			X		X		8
\$5 to \$24	X								X				X						X		X	5
\$25 or more			X					X						X								3
10 Percent or More																	X					1
Follow Up Only if Client is in Current Pay Status				X						X												2
Follow Up Only if Active When Matched Information Becomes Available											X			X								2
Other Strategy	X	X			X		X	X							X	X			X			8

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aDiscrepancy thresholds are based on case income in some states and individual income in other states; thus, the thresholds are not perfectly comparable across states.

TABLE III.6
TARGETING STRATEGIES USED FOR THE SDX MATCH

Targeting Strategy	States that Target SDX Information															Number of States Using Strategy
	AL	AR	CO	FL	IL	KS	MD	MN	MT	OK	RI	SC	SD	WI	WY	
Discrepancy Between Reported and SDX Amounts	X	X	X	X	X	X	X	X		X	X	X			X	12
Discrepancy Threshold (per month): ^a																
Less than \$5		X		X	X	X		X		X		X				7
\$5 to \$24	X														X	2
\$25 or more			X				X									2
Less than 10 percent											X					1
Follow Up Only if Active When Matched Information Becomes Available									X							1
Other Strategy		X		X		X							X	X		5

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aDiscrepancy thresholds are based on case income in some states and individual income in other states; thus, the thresholds are not comparable across states.

TABLE III.7

TARGETING STRATEGIES USED FOR THE IRS MATCH

Targeting Strategy	States that Target IRS Information																						
	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID	IL	IN	IA	KS	ME	MD	MA	MI	MN	
Tolerance Threshold for IRS Interest Income Amount	X	X	X			X		X		X			X		X	X	X				X	X	
Tolerance Threshold for Interest Income: ^a																							
Less than \$50		X						X							X	X							
\$50 to \$99										X			X				X						
\$100 to \$199	X		X			X															X	X	
\$200 or more																							
Tolerance Threshold for IRS Interest + Dividends Amount									X														
Tolerance Threshold for One or More Unearned Income Amount(s) Other than Interest (or Interest + Dividends)	X	X	X	X						X					X	X						X	
One Tolerance Threshold for IRS Data Items Related to Income and One for Data Items Related to Resources																			X				
Tolerance Threshold for Total Unearned Income					X				X				X					X					X
Tolerance Threshold for Total Unearned Income (Interest included): ^b																							
Less than \$100																							
\$100 - \$199																		X					
\$200 - \$299					X																		
\$300 or more								X					X										X
Separate Tolerance Threshold for Elderly/Disabled			X																				
Consider Only Information Unique to IRS			X	X	X		X										X						
Follow Up Only if Active All or Part of the Period to Which the IRS Data Refer													X										
Follow Up Only if Active When Matched Information Becomes Available					X																		
Disregard Certain Types of Income (e.g., prior year tax refund)		X	X	X								X			X								
Discrepancy Between Reported and IRS Amounts											X			X									
Other Strategy				X																	X		

TABLE III.7 page 2 (continued)

Targeting Strategy	States that Target IRS Information																				Number of States Using Strategy
	MO	MT	NE	NV	NJ	NM	NY	OH	OK	OR	PA	SD	TN	TX	VT	VA	WA	WV	WI	WY	
Tolerance Threshold for IRS Interest Income Amount	X							X	X	X		X	X	X	X						20
Tolerance Threshold for Interest Income: ^a																					
Less than \$50									X												5
\$50 to \$99	X											X	X								6
\$100 to \$199								X		X					X						8
\$200 or more													X								1
Tolerance Threshold for IRS Interest + Dividends Amount				X																X	3
Tolerance Threshold for One or More Unearned Income Amounts Other than Interest (or Interest + Dividends)	X						X	X	X	X		X	X								15
One Tolerance Threshold for IRS Data Items Related to Income and One for Data Items Related to Resources			X																		2
Tolerance Threshold for Total Unearned Income		X				X										X					8
Tolerance Threshold for Total Unearned Income (Interest included): ^a																					
Less than \$100						X															1
\$100 - \$199		X																			2
\$200 - \$299																					1
\$300 or more																X					4
Separate Tolerance Threshold for Elderly/Disabled																				X	2
Consider Only Information Unique to IRS	X						X		X												8
Follow Up Only if Active All or Part of the Period to Which the IRS Data Refer	X											X	X								4
Follow Up Only if Active When Matched Information Becomes Available	X		X									X	X								5
Disregard Certain Types of Income (e.g., prior year tax refund)	X						X										X				8
Discrepancy Between Reported and IRS Amounts															X			X			4
Other Strategy					X		X				X						X		X		7

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aTolerance thresholds are based on case income in some states and individual income in other states; thus, the thresholds are not perfectly comparable across states.

TABLE III.8

**TARGETING STRATEGIES PROPOSED BY RESPONDENTS FROM STATES IN WHICH
ADDITIONAL OR DIFFERENT TARGETING STRATEGIES WOULD BE COST-EFFECTIVE**

Proposed Strategy	Number of States	State Abbreviations
Start Using a Discrepancy	2	IN, MT
Use a Different Discrepancy Threshold	4	GA, OK, SC, WV
Consider Only Information Unique to BEERS (or BEERS and IRS)	3	NY, ND, IN
Introduce or Change a Tolerance Threshold	4	AR, OK, PA, SC
Eliminate Certain Matches ^a	4	HI, NV, NM, SD
Use Error-Prone Profiles	4	NE, OH, TX, WA
Follow up Only Cases that Were Active During the Time Period to Which the External Date Refer or that Had Reported Earnings for that Time Period	4	ID, NY, SC, TX
Implement Targeting for More Databases	1	GA
Don't Follow Up on IRS Match for Medicaid Cases Not Subject to a Resource Limit	1	LA
Follow up Only IRS Matches that are Institutional Care Cases	1	NM
Examine Only Certain Types of IRS Unearned Income	2	LA, HI
Implement County-Level Targeting	1	CA
Do Not Follow Up Matches for Individuals Working for In-State Employers with Out-of-State Headquarters	1	IN
Replace BEERS and SWICA with Internet System ^a	1	DE
Implement Pre-Inquiry Screening/Don't Match Applicants with One or More Databases ^a	2	MI, NJ
Implement Changes to Automated System to Facilitate More Effective Targeting (e.g., augment system so that earnings can be examined at the individual, not case, level) ^a	1	WA
"Don't Know"	12	AK, CT, DC, FL, ME, MN, MO, NC, VT, VA, WI, WY

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aAlthough these strategies do not fit into the definition of targeting given in the report, they are included in this table because they were provided in response to the question regarding proposed targeting strategies.

IV. FOLLOW UP

In this chapter, we describe a major component of the IEVS process—the follow-up process. The follow-up process includes (1) checking that the client-reported information used in the computer match is valid, (2) verifying the information on the external database (this may include contacting the client's bank or employer), and (3) recomputing eligibility and benefits using information from the external database, if a discrepancy is verified. Under current IEVS regulations, follow-up activities must be completed within 45 days of the time the state receives the matched information (or conducts the match, if the match is done at the FSA). For each match, this time limit can be waived for 20 percent of the cases if the state is experiencing delays in receiving requested verification information from collateral contacts (for example, the client's bank or employer). The discussion in this chapter focuses on the process of (1) verifying the information on the external data source, as well as the client-reported information (Section A), (2) recomputing eligibility and benefits (Section B), and (3) monitoring and reporting follow-up procedures and results (Section C). The coordination and management of follow-up procedures are discussed in Section D.

A. VERIFICATION

Verification involves checking that the client-reported information used in the computer match is valid, and, if there is a discrepancy between the reported information and that on the external file, confirming that the external-file information is correct by contacting the client or a collateral contact (the client's employer or financial institution). In this section, we describe several aspects of the verification process (for example, who performs verification on cases designated for follow up) and discuss if, and how, states prioritize the order in which verification is performed on cases designated for follow up.

1. Process of Verification

Typically, the eligibility worker assigned to a case performs the verification activities for that case (44 states). In five states (District of Columbia, New Hampshire, New Jersey, Vermont, and Washington), state-level staff assigned to follow-up activities are involved in the verification process for at least one database. In Ohio and Oregon, the type of worker who performs verification varies considerably by local office.

Cases requiring follow up are transmitted to the staff responsible for the verification procedures by hard-copy reports (either reports of individual cases or listings of cases) (28 states) or on-line messages (for all databases--16 states).¹ In the remaining seven states, workers receive on-line messages for some of the databases and hard-copy reports for others. In six states, the process of transmitting the cases requiring follow up to the eligibility workers is coordinated so that they receive information on all of the match databases at the same time; in the rest of the states, workers receive information on cases requiring follow up separately for the different databases, at the time each match takes place.

There is automated support for the verification process in only 12 states: that is, in 12 states the

system generates letters to the client, or to the client's employer or financial institution. In only seven states does the system provide this support statewide and for all of the mandated databases; in the other five states, letters can be generated only for some databases or in some local offices. Verification procedures differ for applicants and ongoing cases in only two states, Florida and Nebraska, and these differences are relatively minor.²

¹In some states, the workers receive both on-line messages and hard-copy reports for some of the databases.

²This question ("Are the procedures for verification on applicant cases different than those for ongoing cases?") did not apply to all of the databases in several states where applicants are not matched to one or more of the mandated databases (typically the SSA and IRS databases) and in one state where applicant cases are not followed up for all of the match sources.

2. Prioritization of Verification

Most of the state respondents (38) reported that their state has no process for setting priorities for the order in which verification is performed on cases designated for follow up. In 13 states, however, workers are instructed to give priority to certain types of matched cases (for example, those with the largest dollar discrepancies) for at least one database when they perform verification activities (see Table IV.1).

In five of the 13 states (Idaho, New Jersey, North Carolina, Utah, and Washington), verification activities are prioritized for matched cases from only one or two databases, and the specific priority levels vary by database.³ Four out of five of those states have priority levels specifically for IRS matched cases, two prioritize the order in which verification is performed for SWICA matched cases, and one has priority levels specific to BEERS matched cases.

To an extent, the priority levels used by the states are similar to the targeting strategies described in Chapter III; however, while targeting reduces the number of cases designated for follow up, prioritizing defines only the order in which verification is performed on the cases that have been designated for follow up. Cases that are given priority in the order in which verification is performed include the following:

- Matched cases from specified databases (for example, UI or SWICA)
- Cases that are active at the time the match information becomes available to the workers performing verification
- Cases which have any, or a specified amount of, certain types of income. For example, in Connecticut, verification is performed for IRS matched cases with interest income greater than \$40 before it is performed for cases with interest income less than \$40.
- Nursing home cases (IRS match only). (Many state respondents said that the IRS match is most useful for identifying assets of clients in nursing homes, as discussed in Chapter V).

³Connecticut prioritizes verification by ranking the databases in order of importance *and* has priority levels specific to IRS matched cases.

TABLE IV.1

METHODS BY WHICH STATES PRIORITIZE THE ORDER IN WHICH VERIFICATION IS PERFORMED ON CASES DESIGNATED FOR FOLLOW UP

Priority is Given To:	States that Prioritize Verification												
	CA	CT	DC	ID	IN	NJ	NC	OH	OR	PA	SD	UT	WA
Matched Cases from Specified Databases		X	X					X					
Active Cases	X			X (BEERS and IRS matches)	X							X (SWICA match)	
Cases with Any, or Specified Amounts, of Certain Types of Income (e.g., interest or dividend income from IRS, self-employment, agricultural, or pension income from BEERS)		X (IRS Match)		X (BEERS and IRS matches)			X (IRS match) ^a					X (IRS match)	X (IRS match)
Cases with Higher Earnings from SWICA File						X (SWICA match)							
Nursing Home Cases												X (IRS match)	
Cases Not Required to Report Earnings Monthly												X (SWICA match)	
Cases Where Match Reveals Unreported Source of Income											X		
Cases with Largest Wages and Dollar Discrepancies										X			
Applicants/Cases Scheduled for Recertification												X (IRS match)	
Prioritization Levels Vary by Local Office									X				

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SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FSN/USDA by Mathematica Policy Research, Inc.

^aAnnual IRS match only.

- Cases not required to report their monthly earnings to the local food stamp office (SWICA match only)
- Cases where the match reveals an unreported source of income. For example, a match that shows positive earnings on the SWICA file and no reported earnings on the FSA file is verified before a match where both files show positive earnings, but the amounts are different.

The process of prioritizing cases for verification is automated in five states and manual in seven states (varying by county in California). In most states, this process is separate from designating cases for follow up (that is, targeting). An example of where targeting and prioritizing are part of the same process can be found in South Dakota where the computer system selects the cases that meet the targeting criteria at the same time that it identifies cases that require immediate follow up. South Dakota's computer system sends an alert to the eligibility workers' screens notifying them of cases that require follow up--alerts with an asterisk next to them indicate that the case needs to be followed up as soon as possible.

B. RECOMPUTING ELIGIBILITY AND BENEFITS

Once the client-reported and external data have been verified, and it has been determined that some aspect of the client-reported information is incorrect, the client's eligibility and benefit amounts must be recomputed based on the new information to determine the amount of over-(or under-) payments for the current month, and any previous months to which the changes apply. In 29 of the 51 states, the eligibility worker can use the certification system to do these calculations.⁴ In 22 states, the certification system retains both the original issuance information and the recomputed amounts.

⁴A few respondents said that, while their certification system could not be used for these calculations, they did have some automated support; for example, in at least one state the workers have access to a personal computer program (separate from the certification system) that could be used to recompute eligibility and benefit amounts.

C. MONITORING AND REPORTING

In this section, we describe if and how states monitor the follow-up process to ensure that cases that have been designated for follow up are resolved and whether the states produce reports that describe the results of the follow-up activities for cases matched by their systems.

1. Monitoring the Follow-Up Process

In every state, there is a monitoring process to determine whether cases designated for follow up have been resolved for at least some of the mandated databases in some local offices. In fact, in 48 of the 51 states, there is a monitoring process for all of the databases in every office (although the individual responsible for monitoring the follow-up process might vary by database or local office). In contrast, in two of the three remaining states, only a subset of the local offices have established monitoring processes, and in the third state, the follow-up process is monitored for only a subset of the match databases.

Below, we discuss several aspects of the follow-up process related to monitoring: (1) the individual(s) responsible for monitoring the follow-up process, (2) whether the monitoring process is automated, (3) the information that is recorded as a result of the follow-up process, and (4) the timeliness of the follow-up process (that is, on average, for how many cases are follow-up procedures completed in 45 days).

a. Individual(s) Responsible for Monitoring Follow Up

The individual responsible for monitoring the follow-up process can vary by local office or by database. In a few states, some databases are monitored at the central office while others are monitored at the local offices. In addition, more than one individual may be involved; in some states, there are three or four levels of responsibility in the monitoring process. Individuals (or groups of individuals) involved in the states' monitoring processes include the following:

- The local office supervisor (33 states)

- State office staff (27 states)
- District or regional staff (5 states)
- Management Evaluation Review staff (5 states). States must review each project area (which is usually a county) once in a three year period. For this review, the state does not have to review every office in the county. When a local office is reviewed, the offices ability to conduct follow-up procedures in a timely manner is examined.
- Quality Control reviewers (3 states)

b. Automation of Monitoring Process

In more than half of the states (28), the monitoring process is at least partly automated--that is, it involves recording case status in an automated file. In three states, the process is partly automated for some, but not all, of the databases, and in two states, the process is partly automated in some of the local offices. In only 18 states is the monitoring process completely manual.

c. Information Recorded as A Result of Follow Up

In 46 states, some information is recorded as a result of the follow-up process for all six databases (in four of those states, the information that is collected varies by database) and in another four states, information is collected for some of the mandated databases. Only one state respondent reported that no information on the result of the follow-up process is recorded for any of the databases. The following types of information regarding the follow-up process are recorded by at least 10 states (for at least one of the databases):⁵

- Case action or result of follow up (41 states)
- Length of time it took to complete follow-up procedures (24 states). This was defined in terms of either the staff hours spent on follow-up procedures (see below) or the date when follow up was completed (or date of action).
- Amount or incidence of over- (or under-) payment (18 states)

⁵These responses were given to the open-ended question "What information is recorded as a result of the follow-up?"

- Amount of (potential) savings or dollar amount of changes in eligibility or benefits (11 states)

As part of the follow-up process, information is recorded on the staff hours required to complete the process by the individuals responsible for follow up in only nine states.⁶ The information is collected for all databases in all local offices in only four of those states (Alabama, Ohio, Rhode Island, and South Dakota). In three states (Idaho, New Mexico, and Vermont), information on staff hours is recorded for selected databases, and in California and Illinois, it is recorded in only some local offices (only one office in California). In Texas, recording staff hours spent on follow up is optional for the workers, but is not routinely collected as part of the follow-up process.

d. Timeliness of Follow Up

As discussed above, federal IEVS regulations require that the states complete follow-up procedures within 45 days of the receipt of the matched information. If follow up is delayed because the state is waiting for information from collateral contacts, 20 percent of the cases can be followed in more than 45 days. When asked for what proportion of cases are follow-up procedures completed in the 45-day time period, more than one-third of the respondents (respondents from 20 states) said they did not know. Another five respondents separated their response into two parts—one estimate for IRS (or IRS and BEERS) and another for the other databases. In general, the degree of accuracy of the responses to this question varied substantially across states; some respondents reported precise figures calculated by their computer systems, while others guessed. In addition, it is not clear that all respondents measured the 45-day time period in the same way. It is likely that some began the 45-day count when the state received the matched information or conducted the

⁶This paragraph summarizes the responses to the questions "Is any information recorded by the staff doing follow up on the staff hours required to complete the follow-up process or other costs of follow up?" and "Is this information routinely collected as part of the follow-up process?" The information on the number of states that record information on the length of time it took to complete the follow-up process discussed above was compiled from responses to the open-ended question "What information is recorded about the result of the follow up?"

match while others began the 45-day count when the eligibility workers received the matched information for follow up.

Among the states that gave an estimate for all of the databases, the percentage of matched cases for which follow up is completed within 45 days ranges from 11 percent to 100 percent, with an average of 73 percent. Among the states that gave two responses to this question, the proportion of IRS (or IRS and BEERS) cases for which follow up was completed on time ranged from 36 to 90 percent, with an average of 67 percent (one respondent said he did not know), and the proportion for the other databases ranged from 75 to 90 percent, with an average of 83 percent (three respondents said they did not know).⁷

2. Reporting the Results of the Follow-Up Process

Reports that describe the results of the follow-up process, or the status of actions taken on matched cases, are produced regularly in 36 states (in four of those states, reports are produced only for certain databases). For the most part, those reports are produced through an automated process (29 states) and at the state office (32 states).⁸ The most common time schedule of producing the reports is monthly (25 states).

Typically, the information contained in these reports is presented by database; at least six states also disaggregate the results by match source (for example, IRS or SWICA). Information items that are included in the reports of at least 10 states include the following:⁹

⁷The respondent from one state did not know the proportion of cases for which follow up is completed within 45 days for any of the databases, but felt that the proportion of "delinquent" cases, that is, those for which follow-up procedures are not completed in the 45-day time period, would be higher for IRS than the other databases.

⁸In Washington, reports are produced through a joint effort of the state and local offices and the process of producing those reports has both an automated and a manual component. In Michigan and Wyoming, reports are produced at both the state and local offices. These counts include these states.

⁹These responses were given to the open-ended question "What information is contained in those reports (that describe the status of actions taken on cases matched by the system)?"

- Number of matched cases (16 states)
- Number of cases sent for follow up (13 states)
- Number of cases resolved (or for which follow-up procedures were completed) (14 states)
- Length of time to complete follow up (15 states). (For example, the report might indicate the percentage of cases designated for follow up completed within 45 days or it could list the number of cases followed up by certain time intervals--30 days, 45 days, 60 days, etc.).
- Number of cases requiring no further action (10 states)
- Number of cases with benefits reduced or number of cases with overpayments (18 states)
- Number of cases closed or denied (19 states)

D. COORDINATION OF AND VARIATION IN FOLLOW-UP PROCEDURES

In this section, we describe the responses to the following two questions: (1) "Is the follow-up process for the FSP coordinated with the process for AFDC?" and (2) "Is there any variation in the match follow-up procedures across local offices?"

1. Coordination of Follow-Up Procedures Across Programs

In most states (40), respondents reported that the follow-up process for the FSP is coordinated with the process for AFDC, which means that follow-up procedures are conducted by the same staff for the two programs. In another six states, the coordination of follow-up procedures between the two programs varies by local office. In Oregon, the follow-up procedures for the databases for which follow up is performed by the state office are coordinated between the FSP and AFDC, otherwise, coordination varies by local office.

2. Variation in Follow-Up Procedures Across Local Offices

Respondents in only eight states said that there is variation in follow-up procedures across local offices. However, respondents in several other states noted that while the *procedures* do not differ

across local offices, the way in which the follow-up procedures actually are implemented in the local offices may vary by office.

V. COST-EFFECTIVENESS OF MATCHES WITH MANDATED DATABASES

In conducting the Census, we made an effort to learn (1) if the respondents think each of the mandated matches is cost-effective, (2) if the state has done a study of the cost-effectiveness of the match, and (3) why or why not the match is perceived to be cost-effective.¹ If the respondent stated that the state had done a cost-effectiveness study, we requested that it be sent to us. In this chapter, we present our findings regarding the three questions listed above (Section A) and briefly summarize the cost-effectiveness studies that we received (Section B).

A. PERCEIVED COST-EFFECTIVENESS

Respondents' comments regarding the cost-effectiveness of the mandated databases are summarized in this section separately by database. The discussion for each database is separated into two parts: the first paragraph reports the answers to the questions "Do you think the match with this database is cost-effective?" and "Have you done a study on the cost-effectiveness of this match?", while the remainder of the discussion summarizes respondents' comments regarding why or why not they think the match is cost-effective.

1. The SWICA Match

As seen in Table V.1, the majority of the state respondents feel that the SWICA match is cost-effective.² Eleven states had done studies on the cost-effectiveness of the SWICA match; 73 percent (eight states) of the respondents for these states said that the match was cost-effective.

¹In each case, we discussed the cost-effectiveness of the *match* with the respondent, not of targeting that is done on the match information.

²The respondent from Michigan feels that the SWICA match is cost-effective for ongoing cases, but not for applicant cases.

TABLE V.1

PERCEIVED COST-EFFECTIVENESS OF IEVS-MANDATED DATABASES

Match Database	Number of States That Said Match is:			Number of States that Have Done a Cost-Effectiveness Study of the Match	Of the States that Have Done a Study, Percent of Respondents that Said the Match is Cost-Effective
	Cost Effective	Not Cost Effective	Don't Know		
SWICA	41 ^a	4	6	11	73%
UI	40	4	7	10	70
BEERS	6	37	5	18	11
BENDEX	34	9	6	19	74
SDX	36	6	9	17	94
IRS	23 ^b	20	8	31	55

SOURCE: Tabulations of data from Census of State Agencies on their IEVS procedures conducted for FNS/USDA by Mathematica Policy Research, Inc.

^aThe respondent from Michigan said that the SWICA match is cost-effective for ongoing cases, but not for applicant cases.

^bThe respondent from Missouri stated that the annual IRS match is cost-effective, but the monthly matches (for applicants and new cases) are not.

Several respondents felt that this was the best, or most effective, match. However, some state respondents were not as enthusiastic and identified what they see as problems with the match. Specific comments, mentioned by at least four respondents are listed below:

- Unreported earnings is the most common source of QC errors.
- The match is responsible for closing many cases.
- The data are very accessible/inexpensive to use.
- The match is most effective for FSP cases, since they are more likely to have earnings, and is least effective for Medicaid cases.
- When the states receive these data they tend to be three to six months old.³ While several respondents commented that they like this match because the data are timely and/or accurate, others feel the data were too old. Because of the time lag with the data, they cannot be used to determine current eligibility. However, the match can be useful for identifying past overpayments. One respondent stressed the ineffectiveness of these data for applicants because of the time lag in the data, while another said that, because FSP recipients change jobs quite often, when they get these data, they are already out-of-date.

2. The UI Match

The UI match equals the SWICA match in popularity--respondents from 40 states feel the match is cost-effective. Only four state respondents think the UI match is not cost-effective, while respondents from seven states said they were not sure. Ten respondents reported having done a study on the cost-effectiveness of the UI match; of these, 70 percent (seven states) also said the match is cost-effective.

The most common statement regarding this match (mentioned by respondents from more than 10 states) was that the data are very timely. Presumably, this is important because, unlike the SWICA

³Respondents from 35 states said that when this match is done, the SWICA data are approximately three to six months old.

data, this information can be used in eligibility determination. When states receive these data, they are usually less than one month old.⁴

Another positive feature of this match (mentioned by at least five state respondents) is that the UI data do not require further verification since the states are acquiring the information from the source agency (the agency that pays the benefits). Thus, the data can be used immediately, with no further action required of the workers performing follow up. In addition, respondents from at least three states mentioned that the data are very accessible and easy to use.

As with the SWICA data, two respondents stated that this match is more effective for FSP cases than AFDC or Medicaid cases since FSP clients would be more likely to receive UI.

3. The BEERS Match

The BEERS match is by far the least popular--respondents from only six states feel that the match is cost-effective. In only 11 percent (two of 18 states) of the states which had done cost-effectiveness studies on BEERS did the respondents believe that the match is cost-effective.

The respondents' comments on this match tended to be quite negative; one respondent referred to the match as "a loser" and another said the match is "completely worthless." The overwhelming response to why or why not they think the match is cost-effective, given by almost half of the respondents, is that the data are too old to be useful. In addition, most of the data provided in the BEERS file duplicate those provided in the SWICA match (mentioned by more than 10 states respondents). Finally, respondents from five states stated that, the data are difficult and time-consuming to verify; thus, the costs of follow up are high. As mentioned above with regard to targeting, the respondent from Nevada said that, while the state does conduct this match, they do not use the matched data.

⁴Respondents from 25 states said these data were at most one week old when the match is conducted, while respondents from another 21 states said the data were between one and four weeks old.

- These data are useful for the elderly and disabled, or Medicaid-recipient, population (that is, those eligible for SSI).
- Three respondents stated that a major use of these data, if not the only use, is for issuing Medicaid cards.
- These data do not require worker verification.
- The data are timely. (When the states receive the SSI information from the SSA, the data are about one week old.)
- The match is easy and inexpensive. (The SSA sends a tape of SSI recipients to the states and the matches are done at the state FSAs.)
- Respondents from the two food stamp cash out states said the data were useful for identifying clients incorrectly receiving both SSI and food stamps.

6. The IRS Match

Slightly less than half of the state respondents believe that the IRS match is cost-effective. The respondents in just over half of the states that have done a cost-effectiveness study of this match believe it is cost-effective. It is interesting to note that, according to the respondents, more states (31 states) have done cost-effectiveness studies of this match than any of the other matches. Presumably this is due to the requirement in the Computer Matching and Privacy Protection Act of 1988 that the states have formal agreements with the IRS regarding the computer matching that is done with the IRS data--one aspect of that agreement, which is not mandated, is that each state prepare an annual cost-effectiveness analysis of the IRS match. Those studies are used by the IRS as input to its annual cost-effectiveness study of the IRS matches, required by the 1988 Computer Matching Act.⁵

One-quarter of the respondents stated that the IRS match is useful for Medicaid cases; in particular, many of these states mentioned that the IRS match is very helpful for long term care or

⁵The SSA is required by the 1988 Computer Matching Act to prepare an annual cost-effectiveness study of the BEERS, BENDEX and SDX matches. This year was the first year that the SSA asked the states to do a cost-effectiveness analysis of those matches (for the 1990 calendar year) as input to SSA's annual report. The IRS has been asking the states to do cost-effectiveness analyses of the IRS match for several years.

nursing home patients. The unearned income information included on the IRS file is very useful in identifying clients with unreported assets--this is especially helpful for the long-term-care population. Several respondents said that it is rare to discover unreported assets, but when they do, the amount of the assets tends to be significant.

The two most common (mentioned by at least five respondents) "complaints" about these data were: (1) the data are old (data for the previous tax year are available in July or August of the current year), and (2) the security requirements (for example, keeping the IRS matched information in a locked cabinet) impose a large administrative burden.

B. STATE COST-EFFECTIVENESS STUDIES

As discussed above, during the Census interviews, MPR interviewers requested that the respondents send any cost-effectiveness studies that had been done on the IEVS matches. We received studies from 13 states.⁶ The findings of these studies are presented in Table V.2, as well as our evaluation of the level of sophistication of the study (that is, low, moderate, high). The categorization of cost-effectiveness studies by level of sophistication was based on the following criteria:

- If the study covered more than the IRS data, attempted to construct a statistically valid comparison group of cases (that is, cases with similar characteristics that are not matched), and estimated the costs and benefits of matching by comparing cases matched to the IEVS database with the comparison group cases, then it was considered to be of *high* sophistication.
- If no comparison group of cases was constructed, but the costs of conducting IEVS matches and the reduction of FSP and/or AFDC benefits resulting from the match process were carefully and comprehensively estimated, then the study was considered to be of *moderate* sophistication.

⁶We also received a study of alternative targeting strategies for the SWICA match from California. It is not included in this discussion or Table V.2 since it does not address the cost-effectiveness of the overall match. The study found that it is more cost-effective to follow up only on large, rather than small, discrepancies between reported income and income from the SWICA file.

TABLE V.2
SUMMARY OF STATE COST-EFFECTIVENESS STUDIES

State	SWICA		UI		BEERS		BENDEX		SDX		IRS		Level of Sophistication
	Cost Effective	Not Cost Effective											
Arkansas		X		X	X ^a		X ^a		X			X	High
Colorado												X	Low
Florida								X	X			^c	Low
Georgia							X			X		X	Low
Hawaii						X					X		Moderate
Kansas							X		X				Low to Moderate
Louisiana						X						X	Low
Missouri	X		X				X		X		X		Moderate to High
Rhode Island						X		X				^b	Moderate
South Dakota		X		X		X		X				X	High
Texas							X		X			^c	Low
Washington						X						X	High
Wyoming										^b		^b	Low

SOURCE: Cost-effectiveness studies sent to Mathematica Policy Research, Inc. by state Food Stamp Agencies.

NOTES: The categorization of cost-effectiveness studies by level of sophistication was based on the following criteria: (1) if the study covered more than the IRS data, attempted to construct a statistically valid comparison group of cases (that is, cases with similar characteristics that are not matched), and estimated the costs and benefits of matching by comparing cases matched to the IEVS database with the comparison group cases, then it was considered to be of high sophistication; (2) if no comparison group of cases was constructed, but the costs of conducting IEVS matches and the reduction in FSP and/or AFDC benefits resulting from the match process were carefully and comprehensively estimated, then the study was considered to be of moderate sophistication; and (3) if the study provided only the data required by the IRS for the use of its data, or it estimated costs and benefits in an apparently incomplete and undocumented manner, or both, then the study was considered to be of low sophistication.

^aThe BEERS and BENDEX files were considered together in these states; thus, the cost-effectiveness evaluation refers to the combination of the two files.

^bWe could not determine the results of the study from the materials sent to us.

^cTwo studies were sent: one concludes the IRS match is cost effective and the other concludes it is not.

- If the study provided only the data required by the IRS for the use of its data, or it estimated costs and benefits in an apparently incomplete and undocumented manner, or both, then the study was considered to be of *low* sophistication.

The most striking conclusion from Table V.2 is the inconsistency across states in their findings regarding the cost-effectiveness of the various matches. Even among studies with the same level of sophistication, there is no consensus regarding cost-effectiveness. One can therefore conclude that these studies are very sensitive to the methodology used (that is, how costs and benefits were defined and measured) and the characteristics of the specific state (for example, composition of caseload, sophistication of automated system). There are similarities in the results of the studies, however; most often the BENDEX and SDX matches are found to be cost-effective, while the BEERS and IRS matches are found to be cost-ineffective.

It is interesting to note that only three states, Arkansas, Missouri, and South Dakota, have evaluated the cost-effectiveness of the SWICA and UI matches. (Only Missouri found the matches to be cost-effective.) The states are asked by the IRS and the SSA to submit cost-effectiveness information to SSA and IRS on those matches (BEERS, BENDEX, SDX, and IRS) as input to the annual cost-effectiveness studies required of the IRS and SSA, but they are not requested to do cost-effectiveness analyses of the SWICA and UI matches. Thus, states that have done studies of those matches exhibit an interest in examining the cost-effectiveness of IEVS above and beyond what is requested of them.

REFERENCES

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APPENDIX A
STATE CENSUS PROTOCOL

INCOME AND ELIGIBILITY VERIFICATION SYSTEM (IEVS) TARGETING STUDY

CENSUS PROTOCOL

A. INTRODUCTION

Good (morning/afternoon), (RESPONDENT). This is (NAME) of Mathematica Policy Research (MPR); I am calling in reference to a study that we are doing for the Food and Nutrition Service (FNS) on the Income and Eligibility Verification System (IEVS). By this time you should have received a letter from Harold Beebout (dated _____) describing the study, as well as a copy of the protocol for a State Census that we will be conducting as part of the study. Have you received the letter and the Census protocol? *(If respondent has not received a copy of the protocol, arrange for him/her to receive one.)*

As was stated in the letter, the purpose of the study is to identify, develop, and test exemplary and cost-effective matching/targeting methods and strategies. Our goal is to provide information and technical assistance to the state Food Stamp Program agencies on how they can improve those strategies. *(If respondent received the letter and is familiar with the study, do not go over the following paragraph.)*

There are four main elements to the study:

- We will compile information on matching/targeting strategies used by the states. This will involve conducting telephone interviews with representatives of the 50 states and the District of Columbia.
- FNS will select three states and MPR will assist those states in introducing new matching/targeting strategies.
- We will conduct a cost-effectiveness analysis on each of these new strategies comparing them with the procedures they were previously using.
- Using information gained from the cost-effectiveness analysis, we will prepare a technical assistance manual on matching/targeting that will be distributed to the 50 states and the District of Columbia.

I am calling you in reference to the first element of the study; the latter three elements will be conducted after the State Census has been completed. As you can see, the protocol contains five sections; the first contains questions regarding the staff structure for assistance programs, the second, third, and fourth cover the matching, targeting, and follow-up processes, respectively, and the fifth section attempts to gauge your state's interest in participating in a test of improved targeting methods. I was told by (STATE DIRECTOR'S NAME) that you would be able to answer (Section ?/all) of

the Census protocol. Have you looked over the protocol and do you feel that you can address the material that you have been designated to cover? Is this a convenient time to go over those questions? *(If no, arrange for a more convenient time to conduct the interview.)*

SECTION 1: STAFF STRUCTURE FOR ASSISTANCE PROGRAMS

First I would like to discuss how FSP cases are managed.

1.01a Do the same workers handle eligibility for the FSP, AFDC, and Medicaid?

- YES (GO TO 1.02) 1
- NO 2
- VARIES BY LOCAL OFFICE 3

1.01b Who handles eligibility determination for each of the three programs?

1.02 Is the (automated) system that is used to determine or record eligibility and benefit determination for the FSP also used to determine or record eligibility and benefit determination for AFDC and Medicaid? Please explain.

- YES 1
- NO 2

1.03 How are cases assigned to the eligibility workers?

- RANDOMLY 1
 - ALPHABETICALLY 2
 - BY GEOGRAPHIC REGION 3
 - BY SSN 4
 - VARIES BY LOCAL OFFICE 5
 - OTHER (PLEASE SPECIFY) 6
-

1.04 On average, how many cases does each eligibility worker handle? _____

(Prompt for an average or norm, if it varies by county.)

1.05 Is the eligibility worker who performs the intake functions for a case responsible for managing that case the entire time that the case is active or are your workers specialized? Specifically, is the eligibility worker who performed the intake functions for a case, or a specialized worker, responsible for the following functions?

(Prompt for an average or norm, if it varies by local office.)

	<u>Eligibility worker</u>	<u>Specialized worker (specify case mgr.)</u>	<u>Ongoing Unit</u>	<u>Other (specify)</u>
a. Initial eligibility certification	1	2 _____	3	4 _____
b. Ongoing supervision	1	2 _____	3	4 _____
c. Recertification	1	2 _____	3	4 _____
d. Match verification follow-up	1	2 _____	3	4 _____

(If specialized workers are responsible for any of these functions, probe for who performs the overall management of the case.)

SECTION 2: IEVS MATCH PROCESS

For this study, we are defining computer matching as the automated process of identifying information on external data sources that pertains to a welfare case. A match occurs when information on a welfare case is available from an external data source. This includes checking to see if the match is valid by verifying the Social Security number (SSN). *(Be sure that the respondent understands that you are talking about an identity match and not an income item comparison.)*

A. SCOPE OF MATCH PROCESS

2.01a What databases are cases matched to under IEVS? *(Prompt: does the list include other states' databases?)*

WAGE DATA FROM THE STATE WAGE INFORMATION
COLLECTION AGENCY (SWICA) 1

STATE UI BENEFIT DATA 2

WAGE DATA FROM SSA (BEERS) 3

TITLE II BENEFIT DATA FROM SSA 4

SSI BENEFIT DATA FROM SSA (SDX) 5

UNEARNED INCOME DATA FROM IRS 6

OTHER (PLEASE SPECIFY) 7

2.01b Are all of those used for income verification (as opposed to verifying other information pertaining to eligibility, such as ownership of a car)? *(If no, note those databases that are used for income verification.)*

YES 1

NO 2

2.02	Is there a separate preliminary match of FSP files with the SSA Numident file, or are SSNs verified when the FSP files are matched with other SSA files?	
	SEPARATE MATCH	1
	NO SEPARATE MATCH..... (GO TO PART B)	2
2.03	At what point in the matching process does that match take place?	
	NOT COORDINATED WITH IEVS	1
	AT APPLICATION	2
	OTHER	3

B. MATCH PROCEDURES FOR EACH DATABASE

Now I'm going to ask for some details about identity matching under IEVS, the automated process you use to identify records on external files that correspond to individuals on the FSP files.

I will ask several questions about each of the databases you use for income verification. For each question, I want to get answers to that question for every database before moving on to the next question. *(Enter answers for questions 2.04 - 2.18 in attached coding sheet by database.)*

- 2.04 Are matches with this database of on-going cases performed centrally by a state agency or do local offices participate in the match process?
- 2.05 How do you initiate the process of getting data from the external database?
- 2.06 Does that differ for on-going cases versus applicants?
- 2.07 How often does STATE acquire data from this source? *(For IRS and possibly other databases, differentiate between monthly update matches and the annual batch match.)*
- 2.08 *(Do not ask for IRS and SSA databases.)* How much time passes between the last period covered by the external data and the time STATE acquires the file? *(If this depends on the month data sent, note month.)*

CODING SHEET

	State Wage Data (SWICA)	State UI Benefit Data	Wage Data from SSA (BEERS)	SSA Title II Benefit Data	SSI Benefit Data from SSA	Unearned Income Data from IRS		
2.04	Central 1							
	Local 2							
	Both 3							
2.05	Send tape 1							
	Receive tape 2							
	On-line inquiry, state 3							
	On-line inquiry, external 4							
	Receive electronic transmission ... 5							
	Orbit file 6							
	Other 7							
2.06	Yes 1							
	No 2							

CODING SHEET

	State Wage Data (SWICA)	State UI Benefit Data	Wage Data from SSA (BEERS)	SSA Title II Benefit Data	SSI Benefit Data from SSA	Unearned Income Data from IRS		
2.10	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3
2.11	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3	Batch process 1 On-line 2 Other 3
2.12	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)
2.13								
2.14	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)	Yes 1 No 2 (Go to 2.16)

CODING SHEET

	State Wage Data (SWICA)	State UI Benefit Data	Wage Data from SSA (BEERS)	SSA Title II Benefit Data	SSI Benefit Data from SSA	Unearned Income Data from IRS		
2.15								
2.16 (Do not ask for IRS and SSA databases)	Name 1 SSN 2 Birth date 3 Other 4	Name 1 SSN 2 Birth date 3 Other 4	Name 1 SSN 2 Birth date 3 Other 4	Name 1 SSN 2 Birth date 3 Other 4
2.17	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6	Tape 1 On-line inquiry .. 2 Hard-copy reports 3 Electronic file transmission ... 4 Match done at FSA 5 Other 6
2.18	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4	Send directly 1 Process first 2 Hard copy 1 On-line inquiry .. 2 On-line alert 3 Other 4

- 2.09 *(Do not ask for IRS and SSA databases.)* Does the external agency provide data on its entire file, or only cases that are identified by the FSA for matching? *(If entire file, go to 2.12)*
- 2.10 How is this list of on-going households constructed for matching?
- 2.11 How is the list of applicant households constructed for matching?
- 2.12 Is there any automated "screening" of on-going cases based on case characteristics before they are sent to the external agency for matching? (e.g., only cases being recertified, only cases with reported income) *(If no, go to 2.16).*
- 2.13 What characteristics are used in screening?
- 2.14 Are there any differences in the screening processes for recipients and applicants?
- 2.15 Please describe those differences.
- 2.16 *(Do not ask for IRS and SSA databases.)* What data elements are used to establish the identity matches between FSA and the external file?
- 2.17 How are matched cases reported back to the FSA?
- 2.18 When the matched data are received, what does the FSA do with those records? (e.g., the output received from the external agency is passed directly on to the local office, the data are added to a central match database that is then used as a source for outputting match information to eligibility staff based on all available match information, processing is done at the state agency to output information on this database only).

2.19 Which of the databases that you are using in computer matching are cost-effective? Please explain. (Prompt for the cost-effectiveness of each of the mandatory IEVS databases. Inquire as to whether the estimate of cost-effectiveness includes the cost of staff time. Request relevant documents if available.)

	<i>COST EFFECTIVE</i>	<i>STUDIES DONE?</i>
WAGE DATA FROM SWICA	YES... 1 NO... 2	YES... 1 NO... 2
STATE UI BENEFIT DATA	YES... 1 NO... 2	YES... 1 NO... 2
WAGE DATA FROM SSA (BEERS)	YES... 1 NO... 2	YES... 1 NO... 2
TITLE II BENEFIT DATA FROM SSA	YES... 1 NO... 2	YES... 1 NO... 2
SSI BENEFIT DATA FROM SSA (SDX)	YES... 1 NO... 2	YES... 1 NO... 2
UNEARNED INCOME DATA FROM IRS	YES... 1 NO... 2	YES... 1 NO... 2
OTHER (PLEASE SPECIFY)	YES... 1 NO... 2	YES... 1 NO... 2

COMMENTS:

2.20	Is the matching process for the FSP coordinated with the matching processes for AFDC and/or Medicaid?	
	YES, FSP/AFDC/MEDICAID	1
	YES, FSP/AFDC	2
	NO (GO TO 2.22)	3
2.21	How are those processes coordinated?	
2.22	Who supervises or manages the computer matching operations for the FSP? (<i>Prompt for the name and agency/office.</i>)	
2.23a	Is that person/agency responsible for matches for the three programs?	
	YES (GO TO 2.24a)	1
	NO	2
2.23b	Who supervises or manages the computer matching operations for the other two programs (AFDC and Medicaid)?	
2.24a	Is that person/agency (designated in Question 2.22) responsible for managing the matching with all of the external databases that are accessed?	
	YES (GO TO 2.25a)	1
	NO	2
2.24b	Who are the individuals responsible for managing the computer matching operations with each of the external databases that are accessed and how is that process organized?	

2.25a What agency unit developed the computer software that performs matching in STATE?

2.25b Is that unit part of the state Food Stamp Agency?

YES (GO TO 2.26) 1

NO 2

2.25c What is its affiliation?

2.26 Is there any variation in the computer matching operations for the FSP across local offices?
For example, do any counties match with a neighboring state's welfare case files?

VARIATION (DESCRIBE) 1

NO VARIATION 2

SECTION 3: IEVS TARGETING PROCESS

For this study, we define targeting as the selection of a subset of matched cases for follow-up verification. In this section, we will discuss the targeting procedures that STATE is currently using.

3.01 Are all on-going matched cases from each of the IEVS matches followed up by FSA staff in STATE, or only selected, or targeted, cases?

- ALL 1
- SELECTED (GO TO 3.05) 2

3.02 What is STATE's rationale for following up on all matches rather than a targeted subset?

3.03 Does STATE plan on implementing a targeting strategy for any of the specific databases used for IEVS?

- YES (GO TO 3.14) 1
- NO 2

3.04 What has that decision been based on? *(Prompt for whether any studies have been done. If so, please describe.)*

******* GO TO 3.17, skipping questions on targeting *******

(Questions 3.05 - 3.13 apply to states that target followup.)

3.05 For which IEVS databases do you apply a targeting rule?

WAGE DATA FROM THE STATE WAGE INFORMATION COLLECTION AGENCY (SWICA)	1
STATE UI BENEFIT DATA	2
WAGE DATA FROM SSA (BEERS)	3
TITLE II BENEFIT DATA FROM SSA	4
SSI BENEFIT DATA FROM SSA (SDX)	5
UNEARNED INCOME DATA FROM IRS	6
OTHER (PLEASE SPECIFY)	7

3.06 What are the specific targeting rules for each of the databases you just mentioned? *(Prompt for the FSA-file and external-file data elements involved.)*

- (1) _____
- (2) _____
- (3) _____
- (4) _____
- (5) _____
- (6) _____
- (7) _____
- (8) _____

(Clarify that each targeting rule is applied independently--that is, none apply to a combination of the external databases. If a combination of state databases is involved in a targeting rule, clarify which databases are involved, and when the targeting is done in relation to when new information is available from the different databases involved--that is, is the targeting done only when new information is available from all of the databases involved?)

Now I want to talk about how the targeting rule for the state wage database (maintained by the SWICA) is implemented. Later I will give you a chance to describe any differences between the targeting process for this database and the processes for the other IEVS databases.

3.07a *(Only ask 3.07a and 3.07b if targeting involves an income item comparison.)* Is the income data defined at the individual level or the food stamp household level on the two files? Do you have income information on more than one individual in the household on the FSA-file?

3.07b Do you attempt to use reported income information that applies to the same time period as the source data? If so, please explain.

- YES 1
- NO 2

3.08 Is the targeting process in STATE an automated, manual, or combination process?

- AUTOMATED 1
- MANUAL 2
- COMBINATION 3

3.09 Is the targeting process conducted at the state level, local office level, or both?

- STATE 1
- LOCAL 2
- BOTH 3

3.10 *(Ask only if targeting is a combination of automated and manual processes.)* You have indicated that the targeting process is a combination of automated and manual processes. Could you describe the manual component of the targeting process and how it differs from the automated component? To what degree is worker judgement involved in the targeting process?

3.11 *(Ask only if targeting is done at both the state and local office levels.)* Could you describe the component of the targeting process that is done at the state office and how it differs from the local office component?

3.12 How was the targeting selection criterion for this database decided upon? *(Prompt for the agencies/divisions involved.)*

3.13 Do the questions we just went through about the targeting process for the SWICA data differ substantially for the other databases STATE used in matching? *(Prompt for differences with each of the mandatory IEVS databases in terms of whether the process is automated and whether it is done at the state level.) (If yes, explain.)*

YES 1
NO 2

3.14	Has any cost-benefit analysis been conducted on the effectiveness of your current or proposed targeting strategies? <i>(Ask for a copy of the study.)</i>	
	YES	1
	NO (GO TO 3.17)	2
3.15	Was (will) that study (be) based on actual benefit savings and costs of follow-up?	
	YES	1
	NO (GO TO 3.17)	2
3.16	Are you currently collecting that data and is it potentially available?	
	YES	1
	NO	2
3.17	Do you think that additional or different targeting strategies would be cost-effective in STATE?	
	YES	1
	NO (GO TO 3.19)	2
3.18	What are those strategies?	
3.19	Are all <u>applicant</u> matched cases followed up on by FSA staff in STATE, or only selected or targeted cases?	
	ALL (GO TO 3.22)	1
	SELECTED	2
3.20	Is the targeting process for applicant matched cases the same as you just described for on-going matched cases?	
	YES (GO TO 3.22)	1
	NO	2

3.21 How does the targeting process for applicant matched cases differ from that for on-going matched cases?

3.22 For each database you match against, do you use the same targeting rules for the FSP and AFDC program?

YES 1

NO 2

3.23 Is there any variation across local offices in the targeting rules that are used?

YES (DESCRIBE) 1

NO 2

SECTION 4: IEVS FOLLOW-UP PROCESSES

Now I want to focus on the process by which staff (1) verify client-reported information found to be different from that in the external data source, and (2) recompute eligibility and benefits with information from the external data sources. In addition, I want to discuss whether the follow-up process is monitored and how the process is coordinated.

A. VERIFICATION

First, I would like to talk about verification procedures. To get an idea of what these procedures are, let's talk about the verification process for the match with the state wage database maintained by the State Wage Information Collection Agency (SWICA).

The following discussion about verification procedures refers to the procedures that are used for on-going cases, not applicant cases. Later we will talk about whether the procedures differ for the two types of cases.

- 4.01 Who carries out the verification on cases designated for follow-up?
 - ELIGIBILITY WORKERS 1
 - SPECIAL STAFF ATTACHED TO ELIGIBILITY UNITS 2
 - SPECIAL UNIT STAFF 3
 - OTHER (PLEASE SPECIFY) 4

- 4.02 Do the individuals who are responsible for verification receive the information on which cases should be followed up separately for each database that is used in matching or do they receive that information from all of the databases at the same time?
 - SEPARATELY 1
 - SAME TIME 2
- 4.03 How are cases requiring verification transmitted to staff responsible for those procedures?
 - HARD-COPY LISTINGS 1
 - HARD-COPY REPORTS ON EACH INDIVIDUAL CASE 2
 - ON-LINE MESSAGES 3
 - OTHER (PLEASE SPECIFY) 4

4.04	Is there any process for setting priorities for the order in which verification is performed on those cases designated for follow-up?	
	YES	1
	NO (GO TO 4.10)	2
4.05	Is the setting of priorities for verification done as part of the same process which selects cases for follow-up, or a separate process?	
	SAME PROCESS	1
	SEPARATE PROCESS	2
4.06	Is priority-setting for verification a manual or an automated process?	
	MANUAL	1
	AUTOMATED (GO TO 4.08)	2
4.07	Who examines the cases slated for verification and sets priorities?	
4.08	Are there <u>written</u> priority rules?	
	YES	1
	NO	2
4.09	How are the different levels of priority defined? <i>(Prompt for any data elements from the FSA file and/or external files that are used in establishing priorities.)</i>	
4.10	Is there any automated support for the verification process? For example, does the system generate letters to employers or financial institutions?	
	AUTOMATED SUPPORT	1
	NO AUTOMATED SUPPORT	2

- 4.11 Does the state have written procedures or guidelines for the verification process?
- YES 1
- NO (GO TO 4.13) 2
- 4.12 Who is responsible for developing and updating those verification procedures?
- 4.13 Are the procedures for verification different for other databases? (*Prompt for differences among other income databases--BEERS, SDX, UI; assets information from IRS; other state databases*)
- YES 1
- NO 2

(If NO, do not ask questions 4.01 -4.12 for any other databases.)

(If YES, depending on the respondent's answer, you may need to ask the above questions for some or all of the other databases. If the process is only slightly different for another database, take notes on the difference(s) and do not ask the above questions for the other databases.)

- 4.14 Are the procedures for verification on applicant cases different than those for on-going cases?
- YES 1
- NO (GO TO 4.16) 2
- 4.15 How do the procedures for applicants differ from those for on-going cases?

B. RECOMPUTING ELIGIBILITY AND BENEFITS

Now I would like to briefly talk about recomputing eligibility and benefits.

- 4.16 Can eligibility staff use the certification system to recompute eligibility and benefits month-by-month for a defined past period?
- YES 1
- NO 2
- 4.17 Does the certification database retain both the original issuance information and the new data and benefit amounts?
- YES 1
- NO 2

C. MONITORING AND REPORTING

Finally, I would like to talk about the monitoring and reporting of the follow-up process.

- 4.18 Is there a monitoring process to determine whether cases slated for follow-up have been resolved?
- YES 1
- NO (GO TO 4.22) 2
- VARIES BY LOCAL OFFICE 3
- 4.19 Who is responsible for monitoring the follow-up process?
- 4.20 Is the process completely manual, or does it involve recording case status in an automated file?
- COMPLETELY MANUAL 1
- PARTLY AUTOMATED 2

- 4.21 What information is recorded about the result of the follow-up? (e.g., case action, length of time it took to complete the follow-up procedures)

 - 4.22 Is any information recorded by the staff doing follow-up on the staff hours required to complete the follow-up process or other costs of follow-up?
 - YES 1
 - NO (GO TO 4.24) 2

 - 4.23 Is this information routinely collected as part of the follow-up process?
 - YES 1
 - NO 2

 - 4.24 On average, for what proportion of cases are follow-up procedures completed in the 45-day time period?

 - 4.25 Are reports produced regularly that describe the status of actions taken on cases matched by this system?
 - YES 1
 - NO (GO TO 4.30) 2

 - 4.26 How are those reports produced?
 - AUTOMATED 1
 - MANUALLY 2
 - OTHER (PLEASE SPECIFY) 3
-

4.27 Where are they produced?

STATE OFFICE	1
LOCAL OFFICE	2
OTHER (PLEASE SPECIFY)	3

4.28 What information is contained in those reports? (e.g., database matched, number of matches, number of cases followed-up on, number of cases for which eligibility or benefit amount was changed)

4.29 What is the schedule or frequency of the reports?

WEEKLY	1
MONTHLY	2
QUARTERLY	3
OTHER (PLEASE SPECIFY)	4

4.30 Is it possible for you to provide me with the following information for each of the external databases used in income verification?

YES	1
NO (GO TO 4.32)	2

- (1) The ratio of the number of matched cases to the number of FSA cases sent to the external source agency
- (2) The ratio of the number of cases selected for follow-up to the number of matched cases

- (3) The ratio of the number of cases validated and verified to the number of cases selected for follow-up

4.31 To what time period(s) do these data refer?

D. COORDINATION AND MANAGEMENT OF FOLLOW-UP PROCEDURES

4.32 Is the follow-up process for the FSP coordinated with the process for AFDC? (*Prompt whether follow-up for the FSP is conducted by the same staff as for the AFDC program.*)

YES 1

NO 2

4.33 Is there any variation in the match follow-up procedures for the FSP across local offices?

YES 1

NO 2

SECTION 5: POTENTIAL STATE INTEREST IN TEST OF IMPROVED TARGETING METHODS

As you are aware, FNS is planning to test new IEVS targeting approaches in three states. Mathematica Policy Research will provide technical assistance in developing the targeting approaches, as well as assistance in designing and testing the software required to implement the targeting approaches. The test states will be responsible for implementing the new targeting approaches including coding the software changes and recording data on verification outcomes and costs. Every effort will be made to design the test so that the verification burden on eligibility workers is not increased.

5.01 Do you think STATE would be interested in participating in a test/evaluation of improved targeting methods?

YES 1

NO 2

5.02 The cost of participating may depend on whether the state is currently changing its matching system or targeting methodology; is STATE currently doing major systems development related to computer matching under the FSP, AFDC program, or the Medicaid program?

YES 1

NO 2

5.03 Are you aware of any factors that would make it particularly easy or difficult to test new targeting strategies in STATE? Please explain.

APPENDIX B

**OTHER TARGETING STRATEGIES
REPORTED BY CENSUS RESPONDENTS**

**OTHER TARGETING STRATEGIES REPORTED BY
CENSUS RESPONDENTS**

SWICA

Delaware

- If the FSA file shows one employer and DOL lists one employer then assume it's the same and don't follow up. Follow up if DOL shows two or more employers.

Iowa

- Don't follow up if the individual who has wages is age 13 or under.

South Dakota

- Don't follow up if the individual is under age 18 and a full time student.
- Don't follow up if recipient is pending (due to on-line query of applicants).

Washington

- Don't follow up closed grant cases receiving medical extensions of 4, 6, 9, or 12 months.
- Don't follow up newly opened cases with a prospective budget code (P1, P2, F2).
- Don't follow up persons with a SSN claim number (that is, individuals who are receiving benefits on spouse's SSN).

UI

Arkansas

- Follow up if recipient missed a check.
- Follow up if recipient was working part time.
- Follow up if person is new to the system.

Florida

- Don't follow up if amount on external file is *less than or equal to* reported amount.

Indiana

- Don't follow up if individual did not receive a UI payment in the prior month.

Maryland

- Follow up only if client has more than four weeks left to receive UI and no UI benefits were reported by the client for the current month.

Michigan

- Don't follow up if the individual is not receiving UI when the matched information comes back, or has not received UI for the last 60 days.

South Dakota

- Don't follow up if recipient is pending (due to on-line query for applicants and new household members).
- Don't follow up if UI benefits are less than \$130.

Texas

- Follow up if case and client are active now *and* during the UI benefit month.

Washington

- Don't follow up persons with an SSN claim number.

BEERS

Arkansas

- Don't follow up if information is already known (that is, the new data on BEERS matches the information on the FSA history file).

California

- Follow up if there are multiple SSN's for an individual.

Idaho

- Follow up if the case was open 4 months or longer and pension and earned income were greater than \$999.
- Follow up if the case was closed 6 months or less and pension and earned income were greater than \$999.

Pennsylvania

- Follow up only if case is active within same calendar year with no earned income adjustment during that time.

Washington

- Don't target cases with pension amounts on M-form equal to or greater than the BEERS amount.
- Don't follow up if a subpoena is not returned or if payer will not respond to subpoenas.
- Don't follow up if sex, date of birth, or name are not matched.
- Don't follow up cases for which IRS address is wrong or EIN number is all 9's.
- Don't follow up cases with income types "Federal" and "Military".
- Don't follow up individuals with a SSN claim number.
- Don't follow up on Food Stamp recipients also receiving Refugee Assistance or a state grant.

BENDEX

Alabama

- Follow up if the BENDEX file has a different county mailing address than the food stamp check mailing address.
- Follow up if there is any change to black lung benefits, Railroad status, premium payer (Medicare), dual entitlement indicator, triple entitlement, SSN, or direct deposit indicator.
- Follow up if the communication code has another state code or an accretion conflict with another state.

Arkansas

- Only follow up conflicts dated within the last year.

Florida

- Don't follow up if amount on external file is *less than or equal to* reported amount.

Kansas

- Follow up changes in benefits or status that affect eligibility.

Maryland

- Follow up if discrepancy in receipt.

Oklahoma

- Follow up only active cases

Pennsylvania

- Follow up if external file shows change from payment to nonpayment or vice versa or information indicates buy-in premium payer has changed.

Washington

- Don't follow up if DSHS files indicate "eligible" for SSI and SSA indicates "not eligible".
- Don't follow up if the reported amount is *greater than* the amount on external file.

SDX

Arkansas

- Follow up food stamp recipients that don't receive SSI income.
- Don't follow up if SSI doesn't increase by more than \$1.00.

Florida

- Don't follow up if amount on external file is *less than or equal to* reported amount.

Kansas

- Don't follow up information based on Medicaid status.
- Follow up if any information differs from the current file.
- Follow up if any change in payment status.

South Dakota

- Follow up if no SSI income is shown for the individual.

Wisconsin

- Follow up SSI recipients that also receive Food Stamps or AFDC.

IRS

Arkansas

- Don't follow up if interest income is from the U.S. Department of the Treasury.

- Don't follow up on interest if payer's account number and TIN are the same as reported for the previous year.

Massachusetts

- Don't follow up if worker has already been notified of bank account.

New Jersey

- Don't follow up if computer-generated resource amount is below \$1,000.

New York

- Don't follow up if sum of selected unearned income items is \$50 or less (\$100 or less in New York City).

Pennsylvania

- Follow up if the sum of certain document types exceeds \$75.

Washington

- Don't follow up if a subpoena is not returned or if payer will not respond to subpoenas.
- Don't follow up cases on First Steps program.
- Don't follow up cases for which IRS address is wrong or EIN number is all 9's.
- Don't follow up individuals with a SSN claim number or duplicate SSN.
- Don't follow up when one-time distributions were received prior to eligibility.

Wisconsin

- All income types including dividends are grouped into five types and each group is divided into four case groups (nursing home, non nursing home, open during the tax year, and not open during the tax year). Tolerance thresholds are set for each of these 20 categories.