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ADMINISTRATIVE COSTS IN THE WASHINGTON STATE FOOD STAMP CASHOUT DEMONSTRATION

JUNE 1993

Nathan Young
Regina Yudd

The Urban Institute
2100 M Street, N.W.
Washington, D.C. 20037
(202)833-7200

This report is one of a series from the Evaluation of the Washington State Family Independence Program conducted by The Urban Institute under contract from the Washington State Legislative Budget Committee. Opinions expressed are those of the authors and do not necessarily reflect the positions of Washington State officials, The Urban Institute, or its sponsors.

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EXECUTIVE SUMMARY

The Food Stamp Program (FSP) is the major nutrition assistance program in the United States and one of the largest sources of federal funds for poor households. Throughout the years, people have debated about the form in which food assistance should be offered--coupons or cash. Coupon supporters argue that coupons ensure that the benefit is used for its intended purpose. Cash supporters argue that cash is simpler, reduces stigma, and gives households more control over their total budgets.

The Food and Nutrition Service of the U.S. Department of Agriculture (FNS) has sponsored several research projects to examine the cash alternative to food stamps, including the Washington State demonstration, which cashes out food stamp benefits as part of a larger welfare reform initiative, the Family Independence Program (FIP).

The full evaluation of FIP is being conducted by The Urban Institute. The evaluation is based on a comparison design including 10 research sites, of which 5 implemented FIP (treatment sites) and 5 continued the regular AFDC/food stamp program (comparison sites). All components of the evaluation, including two cashout studies, are based on these 10 research sites. Local welfare offices in Washington State are called Community Service Offices (CSOs). The 10 research sites include 16 CSOs.

This report estimates the impact of the cashout system on the administrative costs of delivering FSP benefits in Washington State. The estimates are based on the marginal costs/savings associated with specific administrative activities in the cash system compared to

those in the regular coupon system. The other cashout study assesses the impact of cashout on household food expenditures and consumption, and on nutrient availability.

In order to meet the objectives of the study, the Urban Institute documented the administrative activities conducted under both systems, the amount of time staff spent on specific activities, and the costs of that time. The task (activity) analysis was based on (1) state Office of Work Load Analysis time estimates by task, (2) an Administrative Cost survey administered to 49 CSO staff in the research sites, and (3) state level interviews with 13 Department of Social and Health Services and State Treasurer's Office staff who were involved in the two systems. The interviews were conducted between April 1 and September 30, 1991.

In order to produce accurate estimates of the impact of cashout itself on administrative costs, the estimation procedure takes into account (1) the FIP context in which cashout was implemented, (2) distinctions between routine and special circumstance program activities, and (3) distinctions between activities that are the same versus those that are different under the coupon and cashout systems.

To make it possible to generalize the evaluation results to other contexts, activities in the coupon and check systems in Washington State are divided into four major categories:

- Authorization (application, expedited initial benefits, and ID distribution costs; holding and redirecting benefits; and disbursement/mailing of Food Coupon Authorization cards (FCAs) and checks).[1]

- Issuance (disbursement/mailing of coupons, duplicate issuance)

1/ The Food Stamp Program nationwide generally uses an Authorization to Purchase (ATP) cards. The recipient document in Washington State is now known as a Food Coupon Authorization (FCA) card, formerly referred to as an ATP card.

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- Daily reconciliation
- Monthly reconciliation

The basic methodology employed in this study is a cost function analysis. Cost in logical functional categories are built up from a large set of discrete activities arranged in these four categories and estimated through the following sequence:

- document all administrative activities at the state and local levels for both systems, by type of staff conducting the activity.
- Measure the time (minutes) required each time an activity was performed.
- Measure the number of times (frequency) an activity was performed per month.
- Compute the time per month for each activity (time multiplied by frequency).
- Compute the cost of each activity based on staff costs of performing it.

Administrative costs were included in the analysis when there was some clear difference between the two systems in either frequency of performance or the unit cost per case. If an activity served both AFDC and food stamp delivery purposes under the cashout system, but was specific to the AFDC system under the coupon system, it was included in the costs of each system to ensure comparability.

Cashing out food stamps produced considerable overall administrative savings. The coupon system cost an estimated $7.05 per case per month, compared to $5.21 for the cash system--for an overall savings of $1.84 per case per month. The largest source of savings was in the disbursement of checks rather than coupons, saving $1.14 per case per month. This is because the food stamp benefit under the cash system was included in the AFDC check. The only additional

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issuance cost was the cost of preparing and including in the check envelope the issuance letter informing the client of the food stamp benefit amount.

The detailed components of the overall administrative cost/saving are as follows:

Authorization

- Application, expedited benefits, and ID costs: savings of $0.52 per case per month.
- Holding and redirecting benefits: net cost of $0.66 per case per month. Including this whole amount as a cost of cashout probably leads to an understatement of the cashout savings, because the increased holding and redirecting of benefits was due primarily to FIP caseworker initiatives that were not related to cashout per se.
- Disbursement/mailing of FCAs and checks: savings of $0.20 per case per month.

Issuance

- Disbursement/mailing of coupons: savings of $1.14 per case per month.
- Duplicate issuance: savings of $0.51 per case per month.
- Daily reconciliation: savings of $0.05 per case per month.
- Monthly reconciliation: savings of $0.08 per case per month.

A series of simulations was undertaken, using these evaluation results, to estimate how cashout would affect the costs of the Food Stamp Program in Washington State. The estimated savings were measured against a baseline scenario under which all food stamp households in the state received coupons.

The first comparison is with a system under which all FIP households in Washington State are in a cashout system, but the rest of the food stamp caseload stays on coupons. The estimated

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total monthly savings relative to baseline is $62,703, or $0.45 per case. (The savings per case cashed out is $2.47.)

The second comparison is with a system under which all FIP and non-FIP AFDC/food stamp households are in a cashout system. The estimated total savings relative to baseline is $173,625, or $1.25 per case. (The savings per case cashed out remains at $2.47.)

The third comparison is with a system under which all food stamp households in the state are in a cashout system. The estimated total savings relative to baseline is $243,136, or $1.75 per case. (The savings per case cashed out falls to $0.74, because new checks would be necessary for all food stamp cases not already on cash welfare assistance.)

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I. INTRODUCTION

The Food Stamp Program (FSP) is the major nutrition assistance program in the United States and one of the largest sources of Federal funds for poor households. From its inception, the primary purpose of the food stamp program has been to assure that eligible households are able to maintain a minimally nutritious diet. The targeting of food stamp benefits on food and nutrition has historically been accomplished by giving eligible households coupons, which they can use to purchase food in retail establishments.

Throughout the years, people have debated about the form in which food assistance should be offered. Those who favor the use of coupons claim this is an efficient and direct way to assure that the benefits provided are used only for food and not diverted to other purposes. The coupon system is one way to encourage adequate nutrition for participating households, and at the same time provide a feasible way for the federal government to maintain accountability and program integrity. An alternative to the coupon system involves providing eligible households with cash in the amount of their food stamp benefit. Proponents of the cash approach claim that this method is simpler and less expensive to administer, reduces the stigma attached to receiving food stamps, and provides households with more control over their total resources and expenditures.

The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture has sponsored a number of research projects to examine the cash alternative to food stamps. The Food Stamp Supplemental Security Income (SSI) Elderly Cashout Demonstration in a number of counties, and the Nutritional Assistance Program (NAP) in Puerto Rico, have evaluated the

effects of food stamp cashout on food intake and expenditures and on administrative costs.[1] These studies suggest that the cashout system reduces administrative costs and does not detrimentally affect food intake and nutrition. The previous cashout projects provided valuable information, but since they were focused on unique population groups their findings cannot be generalized to the total food stamp population.

In order to obtain more generalizable information about the effect of a cashed out system, FNS has sponsored four additional cashout demonstrations: two in Alabama, one in San Diego, and one in Washington State.[2] The Washington State demonstration and the Alabama ASSETS demonstration include the cashing out of food stamps as part of larger welfare reform initiatives. The other two demonstrations test the cashout model without other welfare changes.

This report presents estimates of the administrative costs of the Food Stamp Cashout Program in Washington State. It is the first of two studies on the Washington State cashout system; the second report addresses the impact of the cashout program on household food expenditures, consumption and nutrient availability. Both of these reports are part of the

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1/ Blanchard, Lois et al. Food Stamp SSI/Elderly Cash Out Demonstration Evaluation. Report submitted to the Food and Nutrition Service, U.S. Department of Agriculture. Princeton, N.J.: Mathematica Policy Research, 1982. Beebout, Harold et al. Evaluation of the Nutrition Assistance Program in Puerto Rico--Volume II: Effects on Food Expenditures and Diet Quality. Report submitted to the Food and Nutrition Service, U.S. Department of Agriculture. Washington, D.C.: Mathematica Policy Research, 1985.

2/ Ohls, James et al. The Effects of Cashout on Food Use by Food Stamp Program Participants in San Diego. Draft report to the Food and Nutrition Service, U.S. Department of Agriculture. Washington, D.C.: Mathematica Policy Research, 1992. Fraker, Thomas et al. The Evaluation of the Alabama Food Stamp Cashout Demonstration. Report to the Food and Nutrition Service. Washington, D.C.: Mathematica Policy Research, 1992.

Urban Institute's ongoing five-year evaluation of the Washington State Family Independence Program (FIP), a state-initiated alternative to the Aid to Families with Dependent Children (AFDC) program.

The rest of Chapter 1 describes the FIP program, including the cashout system within it; the overall FIP evaluation; and the study objectives and analytic framework of the administrative cost study of the cashout system.

Chapter 2 presents a detailed description of the coupon and check systems as they operate in Washington State. This information is useful for understanding the complexity of the systems and provides background for understanding and applying the cost estimates provided in this paper. Chapter 3 describes the data collection and analysis and presents the comparative estimates of the administrative costs of the coupon versus cash system.

A. The Family Independence Program

In May 1987, the Washington State Legislature enacted the Family Independence Program, which was intended to replace the federal-state AFDC program. In December of that year the U.S. Congress authorized the state to operate FIP as a five-year demonstration with necessary waivers from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. Since all AFDC recipients are categorically eligible for food stamps, FIP's alternative to AFDC also affected the food stamp program. FIP covers only households that would otherwise be eligible for AFDC; thus, it does not include nonwelfare food stamp households.

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The general goal of FIP is to more effectively reduce poverty among children and dependence on welfare among families. In order to reach this goal, FIP provides enhanced employment and training opportunities for all recipients on a voluntary basis, offers supportive services such as child care, and targets special services on pregnant and parenting teenagers and young persons up to age 22. The following other programmatic features of FIP are particularly relevant to this report:

- **Integration of Income and Food Assistance.** Instead of receiving a check for income assistance and coupons representing food stamps, AFDC-eligible families under FIP receive one monthly check for their combined income and food benefit amount. This reflects the food stamp cashout provision.

- **Work and Training Cash Incentives.** Recipients who participate in approved training or education or who are employed receive financial incentives or bonuses in addition to their regular monthly benefit. The incentives are for an additional percentage of their AFDC benchmark standard--5 percent for education or training, 15 percent for part-time employment and 35 percent for full-time employment. The FIP incentives are treated the same as income assistance in calculating the food benefit.

- **Case Coordination.** FIP's services are delivered through an integrated case coordination system in each local welfare office (called Community Service Offices or CSOs). A designated case coordinator is responsible for a case from the point of initial intake and eligibility determination. The typical public assistance delivery model assigns cases to different work units in the CSO depending on whether the case is a new application or an ongoing continuing case.

- **Simplified Enrollment Procedures.** The FIP process for determining eligibility for public assistance (income and food assistance) represents a simplification of the procedures used under the regular AFDC and food stamp program. The application form was shortened, the amount of required documentation and verification was reduced, and the prescreening activity that had served mainly to identify persons in crisis who would qualify for expedited food stamps was expanded to a more comprehensive pre-application service to allow early identification of immediate family needs.

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Cashout refers to the feature of FIP in which food assistance benefits as well as income assistance benefits are included in the recipients' monthly checks (sometimes referred to as warrants).[3] Under FIP as it currently operates, eligible food stamp recipients who also receive income assistance under regular AFDC eligibility rules receive their food assistance and financial assistance in the form of a combined FIP/food assistance check. This is in sharp contrast to the regular welfare system, under which recipients receive food stamp coupons for food assistance and AFDC checks for cash welfare assistance.

B. The Evaluation of FIP

The FIP evaluation is based on a comparison site design including 10 research sites. The research sites are listed in the Appendix A. Five groups of CSOs that implemented FIP (treatment sites) have been matched with five groups of CSOs that, for evaluation purposes, did not introduce FIP into their welfare systems (comparison sites). All components of the evaluation are based on these ten research sites. FIP research sites cashed out the food stamp benefit; non-FIP research sites maintained the regular coupon system under the FSP.[4]

Thus, estimating the effect of the cashout system involves distinguishing between observed differences among sites attributable to FIP more generally and differences that can appropriately be attributed to the cashout model itself.

3/ A warrant is a check payable to the client and drawn on a state account.

4/ The evaluation of FIP as a whole includes four interrelated components: (1) a client impact study, (2) a client interview survey focusing on the perceptions clients have about the program and their post-program experiences, (3) a cost-benefit study, and (4) a process study.

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C. Study Objectives and Analytic Framework

The goal of this study is to develop administrative cost estimates of the two operational systems in place in Washington State for delivering food assistance--the coupon and the cash (or check) systems--and to estimate the total costs to Washington State if the cashout policy were extended to other FSP participants. In particular, the study addresses the following research questions:

- What administrative costs or savings are attributable to the Washington State food stamp cashout system?
  - (a) What would the total and per-case administrative costs of the FSP have been in the absence of cashout?
  - (b) What were the total and per-case administrative costs of the cashout system?
- What would the administrative costs be if all food stamp/public assistance (AFDC) cases in the state received cash instead of coupons?
- What would the administrative costs be if all food stamp cases (public assistance as well as non-public-assistance) in the state received cash instead of coupons?

The estimates are based on the marginal costs/savings associated with specific administrative activities in the cash system compared to those in the regular coupon system.

The principal hypotheses investigated in this study are based on the simple observation that a food coupon system is more complex than a system that issues checks. Because the coupon system is structured to allow alternative methods of delivery, a number of decisions are required at the local level to determine the method of delivery. The coupon system also requires

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daily and monthly manual process of recording and balancing transactions and ongoing storage of and security for the stock of coupons. The check system is presumably simpler because it operates through the check payment system already in effect for AFDC (and used also for FIP). In addition, the reconciliation of checks issued and checks cashed is done electronically (by computer process). Therefore, the following hypotheses are posited:

- The administrative costs of delivering food stamp benefits under the check system are lower than under the coupon system.
- The administrative costs under the check system are lower than under the coupon system, especially where benefits for multiple programs are concerned, because once the cost of producing a check has been incurred, the addition of the food assistance benefit amount adds only a small amount to total administrative costs.
- The administrative costs will be higher for coupons, especially in the areas of issuance and periodic reconciliation.

In order to meet the objectives of the study, the Urban Institute documented the administrative activities conducted under both systems, the amount of time staff spent on specific activities and the costs of that time. The task (activity) analysis is based on (1) an Administrative Cost Survey (ACS) administered to 49 local CSO staff in the research sites, (2) state-level interviews with 13 Department of Social and Health Services (DSHS) and State Treasurer's Office staff who were involved with the two systems, and (3) DSHS Office of Workload Analysis time estimates by task. The ACS and state-level interviews were conducted during the period April through September 1991.

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II. THE WASHINGTON STATE FOOD ASSISTANCE SYSTEMS: CHECKS VERSUS COUPONS

A few points are especially important in understanding the Washington State cashout provision. First, cashing out food stamps was introduced as part of the overall FIP welfare reform effort; some activities in CSOs changed because of FIP, some changed because of cashout. Second, FIP--and therefore the cashout provision--applies only to public assistance cases receiving food stamps; non-public-assistance food stamp cases continue to receive coupons. Third, many activities in the regular coupon system and in the new check system are applicable to all applicants and recipients, but some are relevant for only a portion of the caseload or represent exceptions to the general procedures.[5] Fourth, in both systems some administrative activities occur at the local CSO level, others at the state level.

Finally, many aspects of the overall service delivery system are similar for both the regular FSP and the cashout alternative. The intake and eligibility determination process are identical, the same forms are used, the same verification is required, and benefit levels are based on the same criteria (income, household size). The primary differences between the two systems occur in the manner in which benefits are issued. Benefit issuance for income assistance (FIP and AFDC) and for food assistance in both the coupon and cash systems rely on information in the agency's central computerized data file. Active ongoing cases receive their monthly benefits based on a monthly "warrant roll" that is produced by the computerized

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5/ Exceptions to routine operations include such activities as processing coupons or checks returned to the CSO because they could not be delivered, or replacing recipient identification cards.

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system. In addition, a "daily run" is produced to process initial, supplemental, or replacement benefits.

Thus, estimating the marginal administrative costs of the new check system must consider (1) the FIP context within which cashout is being implemented, (2) distinctions between routine processing activities for all cases versus exceptional activities for some cases, and (3) distinctions between activities that are essentially the same in the two systems versus those that are different. This chapter describes the processing systems used in the food stamp program in Washington State. It then defines the administrative activities and tasks included in the administrative cost estimates that appear in Chapter 3.

A. The Routine Coupon and Check (Cash) Systems

To make it possible to use the results in this study to evaluate benefit delivery systems in other contexts, activities in the coupon and check systems in Washington State are divided into four major categories:[6]

- **Authorization.** Activities initiated by the application for food assistance that must be conducted prior to receipt of food assistance benefits, as well as activities involved with periodic recertification of continued eligibility. Authorization also includes delivery of "authorizing" documents such as checks or FCAs, and identification (ID) cards, as well as activities related to FCAs that are held at the state's or the client's request.[7]

6/ The cost estimates in the next chapter are reported in terms of these four categories. Authorization is subdivided into three additional categories, and issuance into two additional categories--subdivisions appropriate for the specific issuance systems encountered in this study.

7/ The Food Stamp Program nationwide generally uses an Authorization to Purchase (ATP) cards. The recipient document in Washington State is now known as a Food Coupon Authorization (FCA) card, formerly referred to as an ATP card.

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- **Issuance.** Activities associated with the actual delivery or distribution of food assistance to the recipient. This category also includes activities related to lost/stolen checks or coupons and replacing those items as appropriate.

- **Daily Reconciliation.** Activities associated with reviewing and recording daily transactions and maintaining and balancing records about the stock of coupons.

- **Monthly Reconciliation.** Activities associated with reconciliation of state and federal accounts and with management information reports required monthly for FNS.

The next two sections describe the coupon and check delivery systems in terms of these four activity categories. Figure II.1 illustrates the overall operation of the coupon and check systems in Washington State.

The Coupon System

Initial authorization to receive food assistance benefits under the coupon system is initiated by the application for assistance, and includes activities such as determining the need for expedited food stamp benefits and conducting the application appointment. Under the coupon system, the recipient and worker then determine how the coupons will be delivered: direct mail of coupons to a recipient address or direct mail of an FCA to a recipient address. If the coupons are to be delivered by mailing an FCA to the household, then the authorization process also

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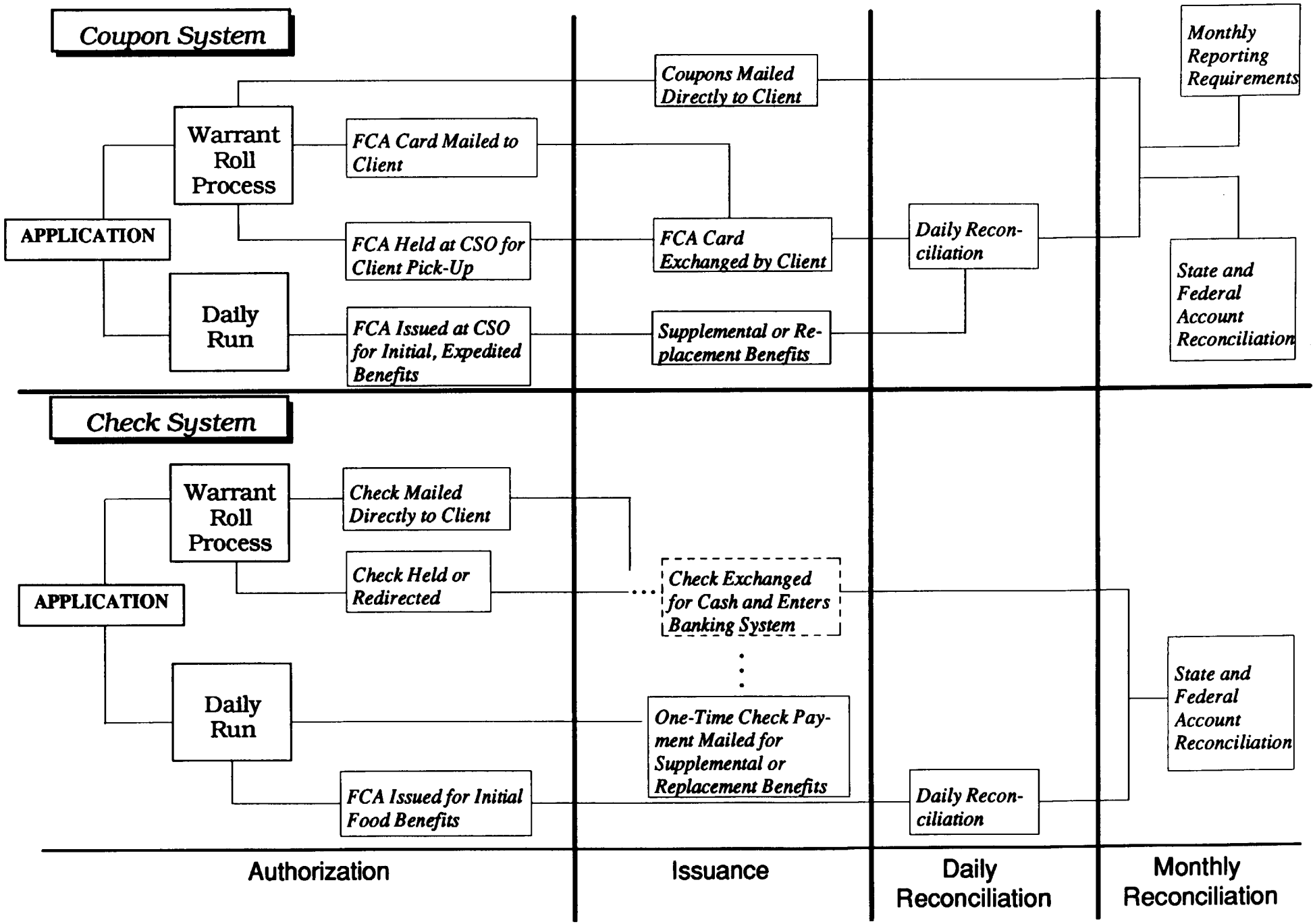
Figure II.1
Comparison of the Coupon and Check Systems



receive stamps through the FCA process. The application and benefit authorization is then communicated to the state data files via a computer terminal hooked up to the Washington Interactive Terminal Input System (ITIS) computer system in the DSHS/Information Systems Services Division (ISSD). ISSD software in the form of the Warrant Roll process then calculates both initial and ongoing benefit amounts. (For initial benefit calculation for recipients receiving expedited benefits, see below.)

The issuance process for food coupons is driven by the direct mail versus FCA card decision made during the authorization stage. For households who receive coupons directly through the mail, the ISSD software prints mailing labels, and a single state-level Direct Mail Unit (DMU) retrieves food stamp coupons from bulk storage and mails them directly to recipients. For households who receive food coupons through the FCA card method, the ISSD software prints the FCA and another mail unit, the DSHS mailroom, mails the FCA cards to recipients. Recipients can then exchange to FCA card for coupons at one of three types of redemption sites: CSOs, selected post offices, or contracted facilities (Check-Marts) throughout the state.

At the CSO, the process of coupon management is actually a series of related tasks. The daily reconciliation occurs at the beginning or ending of the work day, when staff balance changes in coupon inventories with the appropriate authorizing documents. CSO staff are required to order, receive and tally coupons, and to tally and return to the state any FCAs redeemed at the CSO. They must also fill out a 'Batch Control Header' daily, recording how many FCAs were redeemed and the total benefit amount reflected. This information is entered by computer to the state data file for eventual reconciliation to identify FCAs for which coupons

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were never redeemed. Designated CSO staff must also order food stamp coupons from the vault and request additional coupons from the storage facilities when the supply runs low. At the state level staff are responsible for (1) receipt of food stamps from the U.S. Department of Agriculture storage facilities, (2) coupon storage (including insurance), and (3) transportation of stamps from Washington State storage facilities to local CSOs. These activities are contracted out to security firms in the area.

The Check (Cash) System

The check system for food stamp benefit issuance is much simpler than the coupon system, because the food stamp program reporting requirements are largely bypassed and the food stamp benefit amounts are added to the regular AFDC check. The application and periodic recertification processes for the cashout system are similar to the processes described above for coupons. However, no IDs have to be issued, and there is no equivalent to the cost of delivering FCAs. Recipients under the cash system receive checks directly through the mail (as an addition to their AFDC check amount), which they then exchange for cash at any bank or check-cashing facility. Once the check has been cashed and has entered the national banking system, it is reconciled through an electronic process.

B. Exceptions to the Routine Process

Exceptions to the routine and systematic processes described above, which add to administrative activities and responsibilities in both the coupon and check systems, are handled through the Daily Run.

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Expedited Benefits. Most new applicants are eligible to receive benefits for the month in which they apply (i.e., expedited benefits). The warrant roll process will not make these benefits available until a fixed time in the month, however, which fails to satisfy FSP requirement that the waiting period for expedited benefits not exceed five days. Initial food benefits in these cases are provided by the local CSO in the form of a manually issued FCA and are redeemed at the food stamp window at that office. FIP cashout did not change this system for expedited initial benefits.[8]

Requests for Supplemental Benefits. These are cases where the recipient feels that the benefit amount was computed with incomplete or inaccurate information and thus is less than the amount they are entitled to. In this situation, the recipient will contact the CSO and, if necessary, will be scheduled for an appointment at the CSO. If the caseworker judges that a mistake has been made, an adjustment is made through the daily run.

Undelivered FCAs, Coupons or Checks. These are cases in which the routine system was unable to deliver the FCA or check to the recipient address in the data system. All DSHS payment envelopes print the return address of the case-originating CSO. Thus, the processing of any undelivered FCAs or checks is the responsibility of the case-originating CSO. Undelivered coupons are returned to the stock of coupons at the state Direct Mail Unit.

Replacement FCAs and ID cards. Lost FCA and ID cards are replaced at the CSO level.

8/ In July 1990 7,173 out of a total of 112,343 FCAs or coupons were given to clients through the local CSO, rather than being mailed directly to the recipients. In addition, about 10 percent of the food stamp cases had their regular benefits held for pick-up at the CSOs or requested that they be sent to a new CSO or a new address.

Affidavits. When recipients report that their FCAs, coupons, or checks were lost, stolen or never received, an affidavit is taken by their caseworker and signed by the recipient (in the case of coupons that were never received, the recipient must sign in the presence of a notary). CSO or Direct Mail Unit records are then checked to ascertain whether the client was mailed an FCA, coupon or check, and, if so, whether the benefit was registered as returned undelivered. If the information in the affidavit turns out to be correct, recipients are entitled to replacement benefits, either coupons or cash, depending on the system. FIP follows the same regulations as the food stamp program for reviewing and replacing benefits.

Holds and Redirects. Holds and redirects apply to cases where a decision is made not to mail the FCA or check to the mailing address of the recipient. Holds and redirects occur for two basic reasons. The first reason is a problem with the recorded address. Either the envelope is returned to DSHS or the client notifies the caseworker that the check should be held. The second and more common reason is that benefits are held at the CSO until the client supplies the caseworker with missing information, for example, supporting documentation that was promised in the initial interview but not provided within a stipulated time period.

The estimates of the administrative cost/savings of the cashout system presented in this report are based on cost differences associated with the administrative activities required to operate the two systems. These cost differences were estimated by identifying the detailed administrative functions associated with the administrative processes just described and systematically measuring the costs of each. Chapter 3 discusses the data and methodology used and presents the findings.

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III. ESTIMATING ADMINISTRATIVE COSTS

This chapter describes the data and estimation methods used in the analysis and presents estimates of the administrative costs incurred with the coupon delivery system and the cashout system.

The basic methodology employed in this study, as noted, is a cost function analysis. In cost function analysis, costs in logical functional categories are built up from a large set of discrete activities. Matching the description of the coupon and check systems described in Chapter II, the functions or administrative tasks used in this study were arranged in four categories: authorization, issuance, daily reconciliation, and monthly reconciliation.

The administrative costs of the food assistance coupon and cashout systems were estimated through the following sequence:

- Document all administrative activities at the state and local levels for both systems, by type of staff conducting the activity
- Measure the amount of time required each time a specific activity was performed (i.e., minutes per unit of activity)
- Measure the number of times per month each activity was performed (i.e., frequency)
- Compute the minutes per month for each activity (amount of time per activity times frequency)
- Compute the cost of each activity based on the amount of time and the salary costs of staff performing the activity.

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A. Data and Estimation

Administrative functions were identified through five sources: (1) a review of the state Local Office Procedures Manual, (2) the state's definitions of tasks in the Office of Workload Analysis, (3) a special functional time analysis survey of local staff, the Administrative Cost Survey, (4) semi-structured interviews with relevant state staff, and (5) a review of previous FNS-funded studies that also included workload analyses.[9]

The Administrative Cost Survey developed for this study and administered in the local CSOs was the primary source of cost information. Through the survey, local staff were asked to estimate the average amount of time in minutes that they spent on each activity and the number of times they performed that activity in a typical month. Interviews with selected state staff with administrative responsibilities (such as disbursement of coupons, mailing, and storage) provided most of the cost data about state-level activities. (Data collection procedures are described in Appendix B.)

Administrative activities were included in the analysis based on whether there was some clear difference between the two systems in either frequency of performance or the unit cost per case. Table III.1 lists all local-level administrative tasks and Table III.2 lists all state-level tasks included in the cost measurement. These tables also indicate what type of staff perform the activity (local financial worker, local clerk) and in which of the four general functional categories the activity falls (i.e., authorization, issuance, daily reconciliation, or monthly

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9/ Impact of the Electronic Benefits Transfer System on the Food Stamp Program. Report to the Food and Nutrition Service, U.S. Department of Agriculture. Cambridge, MA: Abt Associates, 1987.

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TABLE III.1

CSO FOOD STAMP PROGRAM ACTIVITIES BY FUNCTIONAL COST CLASSIFICATION

CSO Authorization Activities	Type of Benefit	Staff
Manual issuance of initial or replacement ID	Coupons	Clerical
Computer issuance of initial or replacement ID	Coupons	Clerical
Ordering and control of blank ID cards. Control and processing of returned ID cards	Coupons	Clerical
Processing manual request for initial FCA	Coupons	Clerical
Processing request for replacement of lost or stolen FCAs based on affidavit	Coupons	Clerical
Placing holds and redirects	Coupons	Clerical
Releasing holds and redirects	Coupons	Clerical
New Client - Application and form completion of DSHS 12-05	Coupons	Financial
New Client - Providing Information on Food Stamps	Coupons	Financial
New Client - Screening for expedited benefits	Coupons	Financial
New Client - Determining benefit delivery system	Coupons	Financial
New Client - Appointment Completion	Coupons	Financial
Issue Replacement ID card: Lost, stolen or additional authorization	Coupons	Financial
Providing information or taking complaints on IDs, FCAs and coupons at any time other than new client appointment	Coupons	Financial
Placing hold/redirect on FCAs or coupons for any other reason than those specified above	Coupons	Financial
Releasing hold/redirect on FCAs or coupons for any reason	Coupons	Financial
Processing manual request for FCAs[a]	Checks	Clerical
Placing holds and redirects on checks	Checks	Clerical
Releasing holds and redirects on checks	Checks	Clerical
New Client - Application and form completion	Checks	Financial
New Client - Provide information on checks	Checks	Financial
New Client - Screening for expedited benefits	Checks	Financial
New Client - Determine benefit delivery	Checks	Financial
New Client - Appointment completion	Checks	Financial
Providing information on cashing and receipt of checks	Checks	Financial
Placing hold/redirect for any other reason than those specified above	Checks	Financial
Releasing hold/redirect on checks for any reason	Checks	Financial

CSO Issuance Activities	Type of Benefit	Staff
Answering all client and case-worker inquiries about delayed benefit receipt	Coupons	Clerical
Processing request for replacement of lost or stolen coupons based on affidavit	Coupons	Clerical
Receiving and inventory control for mail - returned coupons	Coupons	Clerical
Receiving and inventory control for client - returned coupons	Coupons	Clerical
Opening food stamp window	Coupons	Clerical
Closing food stamp window	Coupons	Clerical
Issuing food stamp coupons to client from window for all redemptions of FCAs or affidavits	Coupons	Clerical
Lost, stolen, delayed benefits - Receiving client calls	Coupons	Financial
Lost, Stolen, Delayed Benefits - Appointment preparation, form completion, appointment completion	Coupons	Financial
Supplemental benefits - Taking calls from clients	Coupons	Financial
Supplemental Benefits - Appointment preparation, form completion, appointment completion	Coupons	Financial

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TABLE III.1 (Cont.)

CSO FOOD STAMP PROGRAM ACTIVITIES BY FUNCTIONAL COST CLASSIFICATION

CSO Issuance Activities (continued)	Type of Benefit	Staff
Duplicate food stamp issuance - Identifying and taking action on duplicate issuance, investigate fraudulent issuance	Coupons	Financial
Answering all client and case-worker inquiries about delayed FIP benefit receipt	Checks	Clerical
Processing request for replacement of lost or stolen warrant based on affidavit	Checks	Clerical
Opening food stamp window [a]	Checks	Clerical
Closing food stamp window [a]	Checks	Clerical
Opening and closing reception windows for any check transactions	Checks	Clerical
Issuing checks to client from window	Checks	Clerical
Issuing food stamp coupons to client from window for all redemptions of FCAs or affidavits [a]	Checks	Clerical
Lost, stolen, delayed checks - Receive client calls	Checks	Financial
Lost, stolen, delayed checks - Appointment preparation, form completion, appointment completion	Checks	Financial
Supplemental Benefits - Taking calls from clients	Checks	Financial
Supplemental Benefits - Appointment preparation, form completion, appointment completion	Checks	Financial
Duplicate Check Issuance - Identifying and taking action on duplicate issuance, investigating fraudulent issuance	Checks	Financial

CSO Daily Reporting Activities	Type of Benefit	Staff
Ordering, receiving and tallying food stamp coupons from armored car service	Coupons	Clerical
Returning redeemed FCA cards to state	Coupons	Clerical
Processing returned undelivered FCA cards	Coupons	Financial
Receiving and inventory control for mail - returned checks	Checks	Clerical
Receiving and inventory control for client - returned checks	Checks	Clerical
Ordering, receive and tallying food stamp coupons from armored car service[a]	Checks	Clerical
Returning redeemed FCA cards to state [a]	Checks	Clerical
Processing returned undelivered checks	Checks	Financial

CSO Monthly Reconciliation Activities	Type of Benefit	Staff
Completing monthly reports on coupon issuance, FCA and affidavits redemption	Coupons	Clerical
Monthly review of DSHS 7-02A	Coupons	Financial
Completing monthly reports on coupon issuance, FCA and affidavits [a] redemption	Checks	Clerical
Monthly review of DSHA 7-02A		

[a] These activities are done under cashout in connection with initial expedited benefits

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Table III.2

State Activities By Functional Cost Classification

State Authorization Activities	Type of Benefit
Mailing cost state - Issued FCAs	Coupons
Mailing cost CSO - Issued FCAs	Coupons
Printing cost state - Issued IDs	Coupons
Mailing cost state - Issued IDs	Coupons
Printing checks	Checks
Printing remittance letter	Checks
Mailing check and remittance letter and associated postage	Checks
Printing and processing hold and redirect notifications	Coupons and checks
State Issuance Activities	
Printing mailing labels	Coupons
Storage, transportation, rent and labor, food stamp direct mail unit	Coupons
Postage for regular mail coupon deliver	Coupons
Postage for certified mail coupon delivery	Coupons
State Monthly Reconciliations Activities	
State - issue FCA reconciliation	Coupons
CSO - Issue FCA reconciliation	Coupons
Bank records reconciliation[1]	Checks

[1]In the estimation, these minor costs for the check system are included under authoriztion expenses.

management information reporting). A more detailed list of the administrative tasks appears in Appendix B.

Time and Frequency Estimation

The key factors in developing the cost estimates were the amount of staff time spent on each activity and the frequency with which each activity was performed.

Table III.3 shows the median frequency an activity was reported and the median number of minutes taken to accomplish that activity. Medians were used instead of means to minimize the weight of a few outliers (outliers occur more frequently in reported frequency than in reported minutes per occurrence of the activity).

Estimating the frequency with which each activity was performed depends on the activity. A few administrative activities are performed only once a month (e.g., completing monthly management reports on coupon issuance) per CSO and the amount of time required is the same each month regardless of caseload. In Table III.3 the frequency of these activities appears as a standard number (e.g., 1.0), indicating the mean number of times per month the activity is performed per office in which it is performed. For example, "returning redeemed FCA cards to the state" happens once a month in coupon CSOs (1.0 frequency for AFDC-clerical 14) and once a month in cashout CSOs (1.0 frequency for FIP-clerical 12), even though many more FCAs are redeemed in coupon than in cashout CSOs.

For most administrative activities, in contrast, frequency depends on the number of cases (e.g., completing application forms, handling problems or requests for supplemental benefits). The median frequency per case was based on the average monthly caseload for

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TABLE III.3

LOCAL CSO ADMINISTRATIVE COST SURVEY
ESTIMATED FREQUENCY AND TIME PER ACTIVITY

Worker Type And Activity Code	CSO Frequency (per month unless otherwise specified)	Median Time Per Activity (minutes)	Task Name
AFDC Clerical - 01	.80 per new applicant	4.0	Manual issuance of food stamp ID
AFDC Clerical - 02	.20 per new applicant	4.0	Computer issuance of food stamp ID
AFDC Clerical - 03	1.0	1.7	Ordering and control of blank food stamp ID cards. Control and processing of returned food stamp ID cards
AFDC Clerical - 04	.80 per new applicant	3.0	Manual generation of initial FCA
AFDC Clerical - 05	.07 per new applicant	1.5	Answering all client and case-worker inquiries about delayed benefit receipt
AFDC Clerical - 06	a	14.7	Processing request for replacement of lost or stolen FCAs based on affidavit
AFDC Clerical - 07	a	23.1	Processing request for replacement of lost or stolen coupons based on affidavit
AFDC Clerical - 08	.0043 per case	15.0	Receiving and inventory control of mail-returned coupons
AFDC Clerical - 09	.0013 per case	8.5	Receiving and inventory control of client-returned coupons
AFDC Clerical - 10	21.2 + .00438 per redemption up to 1,000 + .0097 per redemption over 1,000	12.5	Opening food stamp window
AFDC Clerical - 11	20.9 + .01436 per redemption over 1,000	25.0	Closing food stamp window
AFDC Clerical - 12	1.0 per FCA redeemed	3.25	Issuing food stamp coupons to client from window for redeemed FCAs or affidavits
AFDC Clerical - 13	5.7	55.0	Ordering, receiving and tallying food stamp coupons from armored car service
AFDC Clerical - 14	1.0	17.5	Returning redeemed FCA cards to state
AFDC Clerical - 15	1.0	92.0	Completing monthly reports on coupon issuance, FCA and affidavits redemption
AFDC Clerical - 16	.21 per case	0.8	Placing holds and redirects
AFDC Clerical - 17	.21 per case	1.0	Releasing holds and redirects

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TABLE III.3 (CONT.)

LOCAL CSO ADMINISTRATIVE COST SURVEY
ESTIMATED FREQUENCY AND TIME PER ACTIVITY

Worker Type And Activity Code	CSO Frequency (per month unless otherwise specified)	Median Time Per Activity (minutes)	Task Name
FIP Financial - 01	1 per new applicant	15.0	New client - Application and form completion
FIP Financial - 02	1 per new applicant	3.0	New client - Providing information on checks
FIP Financial - 03	1 per new applicant	18.0	New client - Screening for expedited benefits
FIP Financial - 04	1 per new applicant	20.0	New client - Appointment completion
FIP Financial - 05	.112 per case	9.0	Lost, stolen, delayed checks - Receiving client calls
FIP Financial - 06	.020 per case	26.3	Lost, stolen, delayed checks - Appointment preparation, form completion, appointment completion
FIP Financial - 07	.034 per case	10.0	Supplemental benefits - Taking calls from clients
FIP Financial - 08	.025 per case	20.0	Supplemental benefits - Appointments preparation, form completion, appointment completion
FIP Financial - 09	.020 per case	13.5	Processing returned undelivered FIP warrants
FIP Financial - 10	.020 per case	3.0	Monthly review of DSHS 7-02A
FIP Financial - 11	.041 per case	30.0	Duplicate warrant issuance - Identifying and taking action on duplicate issuance, investigating fraudulent issuance
FIP Financial - 12	.22 per case	15.0	Placing hold/redirect for any other reason than those specified above
FIP Financial - 12	.22 per case	15.0	Releasing hold/redirect on FIP warrants for any reason

[a] Not applicable. The time is per affidavit. The number of affidavits comes directly from data provided by the CSOs to the state office.

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TABLE III.3 (CONT.)

LOCAL CSO ADMINISTRATIVE COST SURVEY
ESTIMATED FREQUENCY AND TIME PER ACTIVITY

Worker Type And Activity Code	CSO Frequency (per month unless otherwise specified)	Median Time Per Activity (minutes)	Task Name
AFDC Financial - 01	1 per new applicant	27.5	New Client - Application and form completion of DSHS 12-05
AFDC Financial - 02	0.75 per new applicant	3.0	New Client - Providing information on food stamps
AFDC Financial - 03	1 per new applicant	2.0	New Client - Screening for expedited benefits
AFDC Financial - 04	1 per new applicant	7.0	New Client - Determining benefit delivery system
AFDC Financial - 05	1 per new applicant	10.0	New Client - appointment completion
AFDC Financial - 06	0.10 per case	6.0	Lost, Stolen, Delayed Benefits - Receiving client calls
AFDC Financial - 07	0.05 per case	17.5	Lost, Stolen, Delayed Benefits - Appointment Preparation, Form Completion, Appointment Completion
AFDC Financial - 08	0.034 per case	7.0	Supplemental Benefits - Taking calls from clients
AFDC Financial - 09	0.025 per case	22.5	Supplemental Benefits - Appointment preparation, form completion, appointment completion
AFDC Financial - 10	0.019 per case	10.0	Processing returned/undelivered FCA cards
AFDC Financial - 11	0.019 per case	3.0	Monthly review of DSHS 7-a
AFDC Financial - 12	0.014 per case	90.0	Duplicate food stamp issuance - Identifying and taking action on duplicate issuance, Investigating fraudulent issuance
AFDC Financial - 13	0.013 per case	4.0	Lost, Stolen or additional authorization - Issuing replacement ID card
AFDC Financial - 14	.21 per case	15.0	Placing hold/redirect on food stamp FCAs or coupons for any other reason than those specified above
AFDC Financial - 15	.21 per case	15.0	Releasing hold/redirect on food stamp FCAs or coupons for any reason

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TABLE III.3 (CONT.)

LOCAL CSO ADMINISTRATIVE COST SURVEY
ESTIMATED FREQUENCY AND TIME PER ACTIVITY

Worker Type And Activity Code	CSO Frequency (per month unless otherwise specified)	Median Time Per Activity (minutes)	Task Name
FIP Clerical - 01	1 per new applicant	5.0	Processing manual request for initial FCAs
FIP Clerical - 02	.05 per case	12.5	Answering all client and case-worker inquiries about delayed FIP benefit receipt
FIP Clerical - 03	.12 per case	7.25	Processing request for replacement of lost or stolen warrant based on affidavit
FIP Clerical - 04	.13 per case	3.0	Receiving and inventory control for mail-returned checks
FIP Clerical - 05	.001 per case	5.0	Receiving and inventory control for client-returned checks
FIP Clerical - 06	21.4 + .00438 per redemption up to 1,000 + .0097 per redemption over 1,000	14.6	Opening food stamp window
FIP Clerical - 07	20.9 + .01436 per redemption over 1,000	3.33	Closing food stamp window
FIP Clerical - 08	.1534 per case	7.5	Opening and closing reception windows for any check transactions
FIP Clerical - 09	.1534 per case	2.0	Issuing checks to client from window
FIP Clerical - 10	1 per redeemed FCA	3.3	Issuing food stamp coupons to client from window for all redemptions of FCAs or affidavits
FIP Clerical - 11	1.5	22.5	Ordering receiving and tallying food stamp coupons from armored car service
FIP Clerical - 12	1.0	15.0	Returning redeemed FCA card to state
FIP Clerical - 13	1.0	71.9	Completing monthly reports on coupon issuance, FCA

activities related to all cases and on the average number of applicants per month for activities related in new cases. For some activities, the median frequency per case is obvious; for example, filling out an intake application occurs once per new applicant. For other activities it was necessary to compute a median frequency based on the staff survey. For these activities, each staff's reported frequency was multiplied by the number of workers in the CSO who performed the activity. The result was then divided by the relevant caseload figure (average monthly caseload or average number of new cases per month). These adjusted measures of frequency per respondent were then used to calculate the median frequency for each activity across all coupon research sites and all cashout research sites. The median frequency was then calculated across all cashout and all coupon research sites.

The median number of minutes spent on each activity was computed from the times reported by each staff member who performed the activity in the coupon CSOs and each staff member who performed the activity in the cashout CSOs.

Cost Estimation

The time and frequency estimates per activity were then converted into costs. The first level of cost aggregation was by activity within each group of CSOs. Total time per activity for each CSO was calculated by multiplying the median amount of time per activity by the number of times each was performed in a month. The result was an estimate of the total CSO time for each of the discrete activities.

Next, time per case estimates were calculated for CSOs using the coupon method and for CSOs using the check method. The separate time estimates per activity for cashout CSOs

were totalled, as were the time estimates per activity for the coupon CSOs. These time totals were then divided by the average monthly caseloads for cashout and coupon sites, respectively. This provided a set of time-per-case estimates. Costs were calculated by multiplying time per case by the January 1991 hourly wage rate for the applicable worker category.

In the final step of the cost calculation, activities were cross-classified by seven functional categories (the authorization category was divided into three subcategories and the issuance category was divided into two subcategories), and by a two-way classification based on whether the activities were shared between AFDC and food stamp or specific to food stamps. This resulted in a total of 14 possible cost categories for each specific activity under the cashout system and 14 under the regular coupon system. Per-case costs were calculated by summing over all activities in each designated category (according to detail presented earlier in Table III.1). State-level per-case costs were then added into the appropriate functional categories, resulting in the tabular analysis and simulation models discussed in the following two sections.

B. Overall Administrative Cost Comparisons: Coupons vs. Checks

Table III.4 presents cost estimates for the coupon and check systems, as well as an estimate of the actual monthly savings per case cashed out.[10] As the right-hand column

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10/ Fixed costs, such as rent for the Direct Mail Unit and CSO costs due to maintaining an open Food Stamp Window every day, were not included in the cost comparisons, since these costs were unaffected by the FIP cashout. In any case, estimates suggest that total fixed costs are no more than 5 percent of total administrative costs.

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indicates, the check system costs less to administer than the coupon system. Monthly net savings for every cashed-out FIP participant were estimated at $1.84. Using $7.05 ($4.06 + $0.73 + $2.26) as the base administrative cost of the coupon system for AFDC/food stamp recipients yields a savings of 27 percent for the check system over the coupon system. Most of the savings ($1.14 per case) result from savings on coupon disbursement. FCA disbursement costs were reduced by $0.20 per FIP case. Other cost savings included $0.52 per case due to reduced FCA and ID handling[11] and $0.51 per case in duplicate issuance costs.[12] The processing of holds and redirects increased costs by an estimated $0.66 per case.[13]

A distinction is made in Table III.4 between "joint" and "direct" activities.[14] A joint activity is an activity that serves a public assistance and a food stamp purpose. For example, an individual who moves may contact her financial worker to request that her benefits be redirected. When this occurs the redirect request is almost always placed on both food stamp benefits and AFDC benefits. Thus, the calls to clients, client appointments, follow-up

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11/ This may also reflect changes occurring at the time of the FIP demonstration in the intake and screening process.

12/ Overall duplication issuance costs were lower under the check system even though the costs attributable jointly to AFDC and FSP were higher, presumably reflecting the fact that FIP food benefits would not be issued separately from FIP income benefits.

13/ The major factor influencing the hold and redirect increase under the check system is the increase in CSO clerical activity attributed to an increased incidence of holds and redirects. Under FIP--possibly made necessary because the wide range of activities under FIP and the differential rewards associated with them required more frequent contact with CSO workers. This meant FIP recipients were more likely to have to go to the office to obtain their checks.

14/ This distinction should not be confused with actual accounting practices, which may require that costs be allocated and documented on an on-going basis.

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TABLE III.4
FIP Food Stamp Cashout Demonstration
(cost per household per month)

Activities	Coupon System Costs			Check System Costs		Cost Difference (Coupon System - Check System)
	Direct FSP	Direct AFDC[1]	Joint FSP/AFDC	Direct FSP	Joint FSP/AFDC	
AUTHORIZATION						
Application, Expedited Benefits and ID Costs	$1.44			$0.92		$0.52
Holding and Redirecting Benefits			$2.26		$2.92	($0.66)
Disbursement/Mailing of FCAs and Checks	$0.23[2]	$0.26		$0.03	$0.26	$0.20
ISSUANCE						
Disbursement/Mailing of Coupons	$1.21[3]			$0.07		$1.14
Duplicate Issuance	$1.05	$0.28			$0.82	$0.51
DAILY RECONCILIATION	$0.05			$0.00		$0.05
MONTHLY REPORTING	$0.08	$0.19			$0.19	$0.08
TOTAL DELIVERY SYSTEM	$4.06	$0.73	$2.26	$1.02	$4.19	$1.84

[1]To preserve comparability, direct costs for AFDC activities under the coupon system are only included when those activities are subsumed under joint activities under the check system.

[2]This figure is calculated using observed proportions of direct FCA/coupon issuance in coupon sites.

[3]This figure is based on observed proportions of (i) over the counter FCA redemption, (ii) regular mail coupon delivery, (iii) certified mail coupon delivery. In Washington State the least cost private sector charge for redeeming an FCA card was $1.40.

processing, and the other activities that accomplish benefit redirection are shared between the two programs (and indeed with any other public benefit programs in which the individual may participate). A direct activity serves only one program--such as the forms, information, and procedures instituted to insure that needy households receive expedited food stamp benefits within the next five-day period.

Consideration of joint activities is an important issue in comparing the coupon and check food stamp benefit delivery systems. The coupon system is dominated by separable activities and costs. FCAs are mailed separately from AFDC checks, benefits are replaced separately for the two programs, and control and reconciliation systems are separate. Activities directly attributable to food benefit delivery under the coupon system account for over 62 percent of the total costs. The feature of the Washington State cashout design that is most important for administrative costs is that cashout enables food stamp benefits to be included in the welfare check distribution system. Under the check system, therefore, most food benefit activities are absorbed in the system designed to deliver other forms of income assistance. This closer integration reduces the proportion of total costs directly attributable to food benefit delivery under the check system to 21 percent.

A detailed discussion of each of the activity categories reported in Table III.4 is discussed below. The "joint" cost issue is addressed further as relevant.

Authorization

Authorization is made up of three types of activities: activities that are instituted by the process of applying for benefits, activities that serve to grant access to benefits through the

hold/redirect system, and activities that provide a document to recipients authorizing them to receive a specific benefit amount.

Application, expedited benefits, and ID costs are primarily local CSO costs. These costs were estimated by (i) calculating average cost per new AFDC/ food stamp applicant, (ii) calculating total cost over all applications, (iii) dividing by total AFDC/food stamp caseload. The instrument and interview were designed to isolate the activities within the application process that were related exclusively to the food stamp program. In the comparison of administrative costs between the coupon and cashout systems, simple per-case cost difference was used. The check system resulted in an estimated $0.52 reduction in application, expedited benefits, and ID costs over the coupon system. Most of this reduction was related to costs of IDs.

Holding and redirecting benefits are also primarily local CSO costs. Most holds occur due to requirements that recipients supply more information to maintain eligibility. For both coupon and check recipients, processing holds and redirects are joint AFDC/food stamp activities, since, as noted, a hold is almost never placed just on the food or just on the welfare part of the benefit. Although holding and redirecting benefits is a joint activity, the estimated frequency of holds and redirects per case were different in the check and coupon sites. Since under both a coupon system and a check system holding and redirecting benefits is a joint AFDC/food stamp activity, the net cost difference under the two systems is the simple per-case cost difference. This category of costs increased by $0.66 per case under the check system.

Should this difference be included in the cashout cost comparison? There are two possible reasons why not. First, cost differences in hold and redirect activities are unlikely to be attributable to changes in the food stamp benefit delivery system alone. Second, and more important, the act of holding benefits is not used primarily to facilitate delivery of benefits to clients. Most of the activity is designed to bring the clients in to the caseworker. For example, costs for placing holds include mailing notification letters to clients; costs for releasing holds include meeting with clients to fill information gaps or reconcile apparent differences between client and caseworker information. In the Administrative Cost Survey, these activities could not be separated from activities more strictly associated with benefit delivery. Excluding holds and redirects from the cost comparison increases the overall cost savings of the check system relative to the coupon system from $1.84 to $2.50 per case per month.

Disbursing FCAs or checks is primarily a state-level function. In Washington State, almost 60 percent of all coupon recipients receive their benefits by receiving an FCA card through the mail and redeeming it for stamps at the official outlets. We defined disbursement of FCAs and checks as an authorization rather than an issuance activity, because FCAs and checks authorize the client to receive coupons or cash money. FCA disbursement, including printing and mailing the FCA or issuing the FCA to the client through the local CSO, is a direct food stamp activity. It does not affect and is unaffected by participation in other programs such as AFDC. The check transaction under the cashout system, on the other hand, is a joint activity, because the process of printing, mailing and reconciling of a combined public assistance/food stamp check combines AFDC and food stamp benefits. A direct cost in authorizing food benefits through the check system is printing and stuffing into the check

envelope the "FIP remittance letter," which tells the client the proportion of the check that represents food stamp benefits (costs $.02 per case). Releasing checks directly to clients is another component of the check disbursement process. The administrative cost savings of cashout in disbursement/mailing of authorizing documents is estimated at $0.20 per case.

Issuance

Issuance cost is subdivided into two categories, costs associated with coupon disbursement and costs associated with the issuance of replacement and supplemental benefits, called "duplicate issuance."

Disbursing coupons is accomplished by four alternative techniques in Washington State. The first method is direct, regular mail. In this method, a special purpose state-level unit, the DMU (direct mail unit), receives mailing labels, and stuffs and mails coupons to the recipient's designated address. The second method is direct, certified mail. About half of all mail disbursements are sent certified, meaning the postal carrier is required to obtain a signature from the recipient. This is done to reduce potential mail theft. It is much more expensive than ordinary mail in terms of postage, but somewhat less expensive in terms of duplicate issuance. These two methods are used about equally, and the differential costs are considered in the cost estimates presented in Table III.4. The third method is use of the FCA card to redeem stamps at the local CSO office. In Washington State a food stamp window is dedicated to this use. To operate a food stamp window implies many different tasks: ordering and transporting coupons, storing coupons at the CSO, counting and stocking the window with coupons in the morning, issuing coupon books through the day, and finally balancing the

remaining stock of coupons with received FCAs in the evening. Every CSO had at least one food stamp window opened every business day. In large CSOs with high volumes of FCA redemption, additional windows were opened in the first period of the month when most clients receive their coupons.

The fixed costs of food stamp windows, mainly the costs of the space, are not included in the estimation. They are very small in relation to the total costs of disbursement/mailing and virtually the same for the coupon and cash systems, even though use of the windows varies substantially by system. The fourth and fifth methods are use of the FCA card to obtain coupons through a state-contracted Check-Mart and post office, respectively.

The costs of coupon disbursement/mailing under the coupon system depend on the proportion of clients who receive food stamp coupons by each of these five methods. The costs reported in Table III.4 reflect the observed proportions of food stamp delivery for all methods in the coupon sites, which are similar to the proportions for Washington State as a whole. Savings in disbursement/mailing under the cashout system are estimate to be $1.14 per case. The only coupon disbursement costs incurred under the cash system involve the initial benefit for expedited benefit cases.

Duplicate food stamp issuance is necessary when FCAs, coupons, or checks are lost or stolen, or when a benefit amount has been ascertained as incorrect and a supplemental benefit issued. Reported losses result in clients filling out affidavits noting the nature of the loss, which are signed in the presence of a notary, and manual reissuance of an FCA or check. Supplemental benefits are issued when a client has an abrupt adverse change in circumstances or when an authorization, coupon, or check amount is identified that is too low for the

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circumstances of the client. Both cases are covered by the term duplicate issuance. Since duplicate issuance has the potential for fraud, controls are extensive, including monthly review of all instances of duplicate issuance.

Two categories of duplicate issuance activities are considered in the cost estimation. The first consists of activities initiated because of the form of the benefit. For example, AFDC coupon households have a higher probability of suffering a mail loss of either their food stamp benefits or their AFDC checks than do cashout AFDC households, since the cashout households receive only one envelope a month while the AFDC coupon households receive two. Under the standard coupon delivery system, benefit loss and the resulting benefit redemption process is a direct food stamp cost that is simply eliminated with the combined check system.[15] The second category consists of joint AFDC/food stamp activities, which are largely unaffected by whether the recipient receives one benefit or two.

The primary effect of the cashout was to make duplicate issuance less common by combining the separate food benefit with an already existing check benefit. The secondary effect was to make duplicate issuance activities more efficient, since control systems for checks are simpler and more automated. Together, these two effects produce costs in the cashout system of $0.82 per FIP case versus $1.33 per AFDC/food stamp case, a savings of $0.51.

Daily reconciliation of benefits is a process that occurs at any organization that redeems FCAs for coupons. It is a process that also occurs in the banking system when checks are redeemed for cash. In the second case, however, the costs of this activity are borne by the

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15/ It is assumed that the probability of mail loss is unaffected by the amount of the check.

banking system and are not included in the cost estimate reported here. Cost savings in the cashout system amount to $0.05 per case.

Monthly reconciliation occurs at a number of different levels. For the coupon system, monthly reconciliation costs include the $0.08 per case spent by the CSOs in preparation of their monthly reports for FNS. (State-level monthly reporting costs are included in FCA disbursement costs under authorization). For the check system, monthly reporting costs for the local CSOs are zero. The $0.19 joint costs reflect estimated Washington State Treasury costs in reconciling AFDC checks. These Treasury costs (since they are already incurred because of AFDC check reconciliation needs) were not affected by the inclusion of a food stamp benefit in the check. Additional direct costs incurred by DSHS costs for reconciling checks (which appear to be less than $0.02 per food assistance checks) are not separable from disbursement costs for food assistance check and are included under authorization. Estimated cost savings for monthly reporting under the check system are $0.08 per case per month.

C. Simulations of Various Cashout Alternatives

Simulations were conducted to examine the cost impacts of cashing out food stamp benefits. Four separate scenarios were simulated, the results of which are summarized in Table III.5. These were conducted to place the FIP findings into a broader policy content, generalizing to full-scale operations.

In the baseline scenario, costs are allocated as if all public assistance and non-public-assistance food stamp recipients in Washington State received FCAs and redeemed their FCAs

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TABLE III.5
Statewide Costs and Cost Savings under Alternative Cashout Scenarios
(per month)

SIMULATIONS	Application, Expedited and ID	Hold and Redirects	Disburse FCAs and Checks	CSO Redemption of FCAs	Duplicate, Supplemental Replacement	Daily Reconciliation	Monthly Reports	Total
TOTAL COSTS								
Baseline Simulation:								
All FS Households Receive FCAs and Redeem at CSO	$169,032	$315,132	$37,753	$148,608	$256,740	$16,715	$9,321	$953,301
FIP Cashout Simulation:								
FIP Households Receive Cashed-out FS Benefits	$161,438	$315,540	$33,657	$125,119	$233,285	$13,841	$7,718	$890,598
AFDC/FS FIP Cashout Simulation:								
FIP and AFDC/FS Households Receive Cashed-out FS Benefits	$146,815	$316,327	$35,587	$79,889	$188,119	$8,307	$4,632	$779,676
Total Cashout Simulation:								
All FS Households Receive Cashed-out FS Benefits	$124,865	$317,507	$68,515	$0	$199,278	$0	$0	$710,165
COST PER CASE								
Baseline Simulation:								
All FS Households Receive FCAs and Redeem at CSO	$1.21	$2.26	$0.27	$1.07	$1.84	$0.12	$0.07	$6.84
FIP Cashout Simulation:								
FIP Households Receive Cashed-out FS Benefits	$1.16	$2.26	$0.24	$0.90	$1.67	$0.10	$0.06	$6.39
AFDC/FS FIP Cashout Simulation:								
FIP and AFDC/FS Households Receive Cashed-out FS Benefits	$1.05	$2.27	$0.26	$0.57	$1.35	$0.06	$0.03	$5.60
Total Cashout Simulation:								
All FS Households Receive Cashed-out FS Benefits	$0.90	$2.28	$0.49	$0.00	$1.43	$0.00	$0.00	$5.10
TOTAL COST SAVINGS RELATIVE TO BASELINE								
FIP Cashout Simulation:								
FIP Households Receive Cashed-out FS Benefits	$7,594	($408)	$4,096	$23,489	$23,455	$2,874	$1,603	$62,703
AFDC/FS FIP Cashout Simulation:								
FIP and AFDC/FS Households Receive Cashed-out FS Benefits	$22,217	($1,195)	$2,166	$68,719	$68,621	$8,408	$4,689	$173,625
Total Cashout Simulation:								
All FS Households Receive Cashed-out FS Benefits	$44,167	($2,375)	($30,762)	$148,608	$57,462	$16,715	$9,321	$243,136
COST SAVINGS PER CASE RELATIVE TO BASELINE								
FIP Cashout Simulation:								
FIP Households Receive Cashed-out FS Benefits	$0.05	$0.00	$0.03	$0.17	$0.17	$0.02	$0.01	$0.45
AFDC/FS FIP Cashout Simulation:								
FIP and AFDC/FS Households Receive Cashed-out FS Benefits	$0.16	($0.01)	$0.02	$0.49	$0.49	$0.06	$0.03	$1.25
Total Cashout Simulation:								
All FS Households Receive Cashed-out FS Benefits	$0.32	($0.02)	($0.22)	$1.07	$0.41	$0.12	$0.07	$1.75

at the local CSO.[16] That is, all food stamp cases in the state (a) receive coupons, and (b) receive their coupons by means of obtaining an FCA mailed from the state office and then redeeming the FCA in the local CSO.

The second scenario estimates the impact of cashing out food benefits to all FIP cases in the state (not just those in the five FIP research sites covered by the cashout demonstration) while continuing to provide coupons to AFDC recipients in non-FIP sites. In July of 1991, 23,954 households (in evaluation and non-evaluation sites) received FIP food benefits. This scenario assumes that the remaining 115,360 food stamp households continued to receive their benefits in the form of an FCA and transacted their FCAs at their local CSO.

The third scenario assumes that the food stamp cashout provision is expanded to include all 70,080 AFDC/food stamp recipients in Washington State, which include all FIP households as a subgroup.

The fourth and final scenario is a full cashout, which assumes that checks replace stamps for all food stamps recipients in Washington State, including those who do not receive cash welfare benefits through FIP or AFDC.

In the baseline simulation, total administrative costs in the disbursements of food benefits were estimated to be $953,301. This resulted in a per-case cost for public assistance and non-public assistance households of $6.84.[17]

16/ This is a simplification of reality. Although most food stamp recipients in Washington State do receive their benefits in this manner, a minority receive them by mail. This simplification has no measurable impact on costs, however, because direct mail of coupons costs virtually the same as FCA redemption at a CSO Check-Mart because half the coupon mailings use certified mail.

17/ This included fixed costs of FCA redemption but did not include costs for the DMU because the scenario assumed that all FCAs were redeemed at the CSO.

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In the second simulation--in which food stamp benefits were cashed out for the 23,954 FIP cases--total costs were reduced to $890,598. The estimated per-case costs, calculated over all 139,314 food stamp units in Washington State, were reduced to $6.39, yielding per case savings of $0.45. The savings per case cashed out under this scenario was $2.45 (not shown).

In the third simulation, 70,080 AFDC households were simulated to receive checks. Total costs were reduced to $779,676. This resulted in a per case cost of $5.60, yielding per case savings of $1.25. Savings per case cashed out remained the same as in the second simulation because the model makes no substantive distinction between regular AFDC households and FIP households.

In the final simulation, a hypothetical full cashout, all food stamp recipients (both public assistance and non-public-assistance) are assumed to receive cashed out benefits. Total costs were reduced to $710,165, yielding per-case savings of $1.75. Savings per case cashed out are reduced to $0.74, (not shown) however, both because hold and redirect costs and the cost of disbursing FCAs and checks rise in the simulated scenario, and because the final group are not receiving cash welfare assistance (since they are not on public assistance), necessitating printing and issuance of additional checks.

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APPENDIX A

RESEARCH SITES

LOCAL COMMUNITY SERVICE OFFICES AND OLYMPIA OFFICES

The food stamp cashout demonstration in Washington State was conducted as part of the overall evaluation of the Washington State Family Independent Program. The following local welfare offices, called community service offices (CSOs) are included in the overall FIP evaluation and in this cashout study. The Administrative Cost Survey (ACS) was administered to staff in these CSOs.

Regular AFDC/Food Stamp Coupon System:

- King South CSO
- Pierce West CSO
- Shelton CSO
- Yakima CSO
- Yakima-Kittitas CSO
- Okanogan CSO
- Federal Way Branch Office

FIP/Cashout Sites:

- Everett CSO
- Skykomish Valley CSO
- Spokane North CSO
- Moses Lake CSO
- Burien Branch Office
- West Seattle Branch Office
- Goldendale Branch Office
- White Salmon Branch Office
- Stevenson Branch Office

Additional cost information was obtained through reports, written correspondence, and personal and telephone interviews with staff at the following Washington State offices:

- DSHS Division of Income Assistance
- DSHS Office of Information Services
- DSHS Office of Workload Analysis
- DSHS Direct Mail Unit
- DSHS Mailroom
- Office of the State Treasurer

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APPENDIX B

DATA COLLECTION PROCEDURES

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APPENDIX B

DATA COLLECTION PROCEDURES

The Administrative Cost Survey (ACS) provided the basis for all estimates of the local-level (CSO) costs of operating the coupon and warrant systems. The ACS procedures were based on preliminary interviews with FNS and DSHS staff, on a review of DSHS documents, and on a review of previous studies of food stamp delivery. ACS respondents were selected based on their responsibilities with respect to performing food-stamp-related tasks. For each of the activities performed, each respondent was asked to estimate the amount of time spent on the activity each time it was performed and the frequency at which the activity is performed during a given month and related clarifying information.[17]

Table B.1 presents a summary of all activities included in the ACS, along with brief descriptions of each. Codes that begin with AC refer to activities of clerical staff in regular AFDC/FSP sites, those beginning with AF refer to activities of workers (income maintenance staff) in AFDC/FSP sites, those beginning with FC refer to activities of clerical workers in FIP/cashout sites, and those beginning with FF refer to activities of financial workers in FIP/cashout sites.

In November of 1989, Urban Institute staff met with FNS staff and DSHS staff to discuss the operation of the food assistance delivery systems in Washington State. DSHS staff provided the Urban Institute with extensive supporting documentation on the food assistance

17/ A copy of the ACS for financial and clerical staff is available upon request from the Urban Institute.

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TABLE B.1
ADMINISTRATIVE ACTIVITIES AND TASKS INCLUDED IN THE LOC

FIP FNS ADMINISTRATIVE COST SURVEY AFDC/CSO: CLERICAL STAFF		
Code	Task Name	Activities
AC01	1. Manual issuance of FS-ID for initial or replacement.	Receive and process 12-07, type 12-04 and distribute FS-ID to client(**time per each manually issued FS-ID**)
AC02	2. Computer issuance of FS-ID for initial or replacement.	Based on receipt of Special Request form enter request for ID into ITIS system.(**time per each ITIS request for FS-ID**)
AC03	3. Ordering and control of blank FS-ID cards. Control and processing of returned FS-ID cards.	Inventory management of Food Stamp ID cards.(**time per month, an estimate of the total for all of the staff in your office**)
AC04	4. Process manual request for initial FCA.	Receive and process 12-05(**time per each 12-05 received with request for initial FCA**)
AC05	5. Answering all client and case-worker inquiries about delayed benefit receipt.	Answering questions from clients or other staff members about when issuance normally occurs, possibility of hold or redirects etc...(**time per month, for yourself and a separate total for all other clerical staff involved in this work**)
AC06	6. Process request for replacement of lost or stolen FCAs based on affidavit.	Process affidavit (including notary's time) for replacement of Food Coupon Authorizations. [Do not include time issuing coupons at counter](**time per each affidavit issued**)
AC07	7. Process request for replacement of lost or stolen coupons based on affidavit.	Process affidavit (including notary's time) for replacement of Food Stamp Coupons. [Do not include time issuing coupons at counter.](**time per each affidavit issued**)
AC08	8. Receiving and inventory control for mail-returned coupons.	(**time per each set of coupon books returned**)
AC09	9. Receiving and inventory control for client returned coupons.	Processing client returns of coupons due to excess or damaged issuance. Includes recording on daily tally, completion of FNS-135, retreiving, duplicating and filing.(**time per each client return of coupons**)
AC10	10. Opening Food Stamp Window. Please note how often this occurs in a typical month in column VI. For example, if two windows are open for 5 days, and one window is open for eighteen days, and windows are opened only once a day...please write out (2 x 5) + (1 x 18).	Retreiving coupons, logs and documents for drawer, unlocking vault, taking inventory.(**time for each window per day**)
AC11	11. Closing Food Stamp Window.	Filing documents, completing daily tallies of FCAs and affidavits redeeemed and coupons issued, balancing coupon drawers, returning negotiables to vault.(**time for each window per day**)
AC12	12. Issuing Food Stamp Coupons to client from window for all redemptions of FCAs or affidavits.	Time spent examining ID, obtaining client signature, counting out books.(**time per transaction**)
AC13	13. Order, receive and tally Food Stamp Coupons from armored car service.	Record transfer on FNS-300.(**time per each transfer of Food Stamps Received**)
AC14	14. Return redeemed FCA cards to state.	Tally FCA cards, complete FCA Batch Control Header, box and mail redeemed FCA cards.(**time per each day FCA cards are boxed and mailed**)
AC15	15. Complete monthly reports on Coupon issuance, FCA and affidavits redemption.	Complete Food Coupon accountability report (FNS-250), Issuance reconciliation report (FNS-46), Food Coupon Destruction Report (FNS-471)(**time per month, for yourself and a separate total for all other clerical staff involved in this work**)
AC16	16. Place holds and redirects.	Process requests for holds and redirects. Receipt and control of held or redirected FCAs or coupons.(**time per hold or redirect placed**)
AC17	17. Release holds and redirects.	Processing and distribution to either client or by mail of all held or redirected food stamp benefits.(**time per hold or redirect released**)
AC18	18. Processing of monthly Review and Control of Negotiables for all Food Stamp Negotiables.	Retrieving files, making ready, coordinating with other staff, distributing and filing documents.(**time per month, for yourself and a separate total for all other clerical staff involved in this work**)
AC19	19. Answering client or staff inquiries on food stamp benefit use and procedures.	(**time per month, for yourself and a separate total for all other clerical staff involved in this work**)

TABLE B.1 (Cont.)
ADMINISTRATIVE ACTIVITIES AND TASKS INCLUDED IN THE LOCAL STAFF SURVEY

FIP FNS ADMINISTRATIVE COST SURVEY AFDC/CSO: CLERICAL STAFF		
Code	Task Name	Activities
AF01	1. New Client - Application and form completion of DSHS 12-05	Collecting and Reviewing Forms (DSHS 12-05) for Food Stamp Benefits, completion of all items governing regular food stamp eligibility and benefit amount. **(time per each new public assistance client)**
AF02	2. New Client- Provide Information on Food Stamps	Discuss use of coupons, Food Stamp IDs and FCA cards.**(time per each new public assistance client)**
AF03	3. New Client-Screening for expedited benefits	Screen for eligibility for expedited benefits, - only include time for form processing.**(time per each new public assistance client)**
AF04	4. New Client- Determine benefit delivery system	Assign clients to coupon mail delivery, FCA mail delivery, or FCA office pick-up. Includes reviewing documentation, questioning client, time for decision, form completion. **(time per each new public assistance client)**
AF05	5. New Client- Appointment Completion	Food Stamp form photo-copying, filing and staff coordination**(time per each new public assistance client)**
AF06	6. Lost, Stolen, Delayed Benefits - Receive client calls	Receive calls from clients about **food stamp** benefit problems, or contacts from other staff about benefit problems, make appointments or reassure, notate file**(time per each public assistance client call or staff contact about lost, stolen or delayed FCAs or coupons)**
AF07	7. Lost, Stolen, Delayed Benefits- Appointment Preparation- Form Completion- Appointment Completion	Obtain and review file and forms, and get client from reception.Discuss with clients, make changes to M-Forms, coordinate with other staff, photocopying and filing Food Stamp Forms.**(time per each request for replacement food stamp benefits resulting in a change to the M-Form)**
AF08	8. Supplemental Benefits- Take calls from clients	Take calls from clients about insufficient Food Stamp benefits, make appointments**(time per each public assistance client call or staff contact about need for supplemental food stamp benefits)**
AF09	9. Supplemental Benefits- Appointment Preparation- Form Completion- Appointment Completion	Obtain and review forms, receive public assistance client from reception. Discuss with client, make changes to M-Form, complete 12-05. Coordinate with other staff, photocopying and filing food stamp forms.**(time per each request for replacement food stamp benefits resulting in a change to the M-Form)**
AF10	10. Process Returned Undelivered FCA cards	Form Completion, case investigation and followup appointment with clients.**(time per each FCA card returned)**
AF11	11. Monthly review of DSHS 7-02A	Monthly review of Registration and Control of Negotiables List - Include only time spent on Food Stamp Benefits.**(your usual time per month)**
AF12	12. Duplicate Food Stamp Issuance- Identify and take action on duplicate issuance- Investigate fraudelent issuance	Identify duplicate issuance from DSHS-702A, direct changes to benefit delivery **(including holds and redirects)**, form completion (per case of duplicate issuance)**(time per each duplicate issuance)**
AF13	13. Issue Replacement ID card: Lost, Stolen or additional authorization	Receive call from client, make appointment, get ready, see client, form completion (12-05 or 2-392), coordinate with staff, filing and copying**(time per each replacement Food Stamp ID card issued)**
AF14	14. Provide Information on Food Stamp IDs, FCAs and Coupons at any time other than new client appointment, or complaints regarding lost, stolen or delayed FCAs or Coupons.	Speaking to client by phone, discussions during regular appointments, special appointments to deal with problems, coordinating with staff.**(your usual time per month)**
AF15	15. Place hold/redirect on Food Stamp FCAs or coupons for any other reason than those specified above	Form completion, client appointment, client calls, staff coordination, retreiving files, filing documents, photo-copying, notification: includes redirects to other CSO**(time per each food stamp hold/redirect placed for reasons other than identified duplicate issuance)**
AF16	16. Release hold/redirect on Food Stamp FCAs or coupons for any reason	Form completion, staff coordination, client appointment, client calls, retreiving files, filing documents, photo-copying, notification**(time per each hold/redirect released)**
AF17	17. Food Stamp Recertifications	Includes reviewing documentation, questioning client, form completion. **(time per food stamp recertification appointment)**

TABLE B.1 (Cont.)
ADMINISTRATIVE ACTIVITIES AND TASKS INCLUDED IN THE LO

FIP FNS ADMINISTRATIVE COST SURVEY AFDC/CSO: CLERICAL STAFF		
Code	Task Name	Activities
FC01	1. Process manual request for initial FCA.	Receive and process 12-05 for FIP clients for eligible for expedited benefits**(time per each 12-05 received with request for initial FCA)**
FC02	2. Answering all client and case-worker inquiries about delayed FIP benefit receipt.	Answering questions from clients or other staff members about when issuance normally occurs, possibility of hold or redirects etc...**(time per month, for yourself and a separate total for all other clerical staff involved in this work)**
FC03	3. Process request for replacement of lost or stolen warrant based on affidavit.	Process affidavit (including notary's time) for replacement of FIP warrants.**(time per each affidavit issued)**
FC04	4. Receiving and inventory control for mail-returned warrant.	**(time per warrant returned)**
FC05	5. Receiving and inventory control for client returned warrants.	Processing FIP client returns of warrants due to excess or damaged issuance. **(time per each client return of coupons)**
FC06	6. Opening Food Stamp Window. Please note how often this occurs in a typical month in column VI. For example, if two windows are open for 5 days, and one window is open for eighteen days, and windows are opened only once a day...please write out (2 x 5) + (1 x 18).	Retreiving coupons, logs and documents for drawer, unlocking vault, taking inventory.**(time for each window per opening)**
FC07	7. Closing Food Stamp Window.	Filing documents, completing daily tallies of FCAs and affidavits redeeemed and coupons issued, balancing coupon drawers, returning negotiables to vault.**(time for each window per day)**
FC08	8. Open and Close reception windows for any warrant transactions.	Retrieving documents, balancing drawers, returning warrants to file or vault : (includes time spent issuing warrants at window)**(time of each window per opening)**
FC09	9. Issuing warrants to client from window.	Verifying ID, obtaining signature.**(time per transaction)**
FC10	10. Issuing Food Stamp Coupons to client from window for all redemptions of FCAs or affidavits.	Time spent examining ID, obtaining client signature, counting out books.**(time per coupon disbursement)**
FC11	11. Order, receive and tally Food Stamp Coupons from armored car service.	Record transfer on FNS-300.**(time per each transfer of Food Stamps Received)**
FC12	12. Return redeemed FCA cards to state.	Tally FCA cards, complete FCA Batch Control Header, box and mail redeemed FCA cards.**(time per each day FCA cards are boxed and mailed)**
FC13	13. Complete monthly reports on Coupon issuance, FCA and affidavits redemption.	Complete Food Coupon accountability report (FNS-250), Issuance reconciliation report (FNS-46), Food Coupon Destruction Report (FNS-471)**(time per month, for yourself and a separate total for all other clerical staff involved in this work)**
FC14	14. Place holds and redirects on warrants.	Process requests for placement of holds and redirects for FIP warrants.**(time per hold or redirect placed)**
FC15	15. Release holds and redirects on warrants.	Processing and distribution to either client or by mail of all held or redirected warrants.**(time per hold or redirect released)**
FC16	16. Processing of monthly Review and Control of Negotiables for all Food Stamp Negotiables.	Retrieving files, making ready, coordinating with other staff, distributing and filing documents.**(time per month, for yourself and a separate total for all other clerical staff involved in this work)**
FC17	17. FIP Recertification Appointments	Retreiving files, typing or data-entry of new or modified forms, filing**(time per recertification appointment)**

TABLE B.1 (Cont.)
ADMINISTRATIVE ACTIVITIES AND TASKS INCLUDED IN THE LO

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FIP FNS ADMINISTRATIVE COST SURVEY: FIP CSO, FINANCIAL STAFF		
Code	Task Name	Activities
FF01	1. New Client - Application and form completion.	Form completion for items for FIP clients that only pertain to Food Stamp Benefit Eligibility or Amount. **(time per each new FIP client)**
FF02	2. New Client- Provide Information on Warrants	Discuss receipt and use of FIP warrants.**(time per each new FIP client)**
FF03	3. New Client-Screening for expedited benefits	Time required to screen for eligibility for food stamp expedited benefits, - only include time for form processing, and photocopying. Include time completion of 12-05 for FIP clients if relevant. Include time spent on photocopying, filing and staff coordination all forms used for expedited food stamp benefits.**(time per each new FIP client)**
FF04	4. New Client- Determine benefit delivery	Assign clients to other than mail warrant delivery (for example in response to new client request for hold and redirect) Includes reviewing documentation, questioning client, time for decision, form completion. **(time per each new FIP client)**
FF05	5. New Client- Appointment Completion	Time spent in Food Stamp form photo-copying, filing and staff coordination. Do not include time spent on forms for expedited benefits.**(time per each new FIP client)**
FF06	6. Lost, Stolen, Delayed Warrants - Receive client calls	Receive calls from FIP clients about lost, stolen, problems, or contacts from other staff about benefit problems, make appointments or reassure, notate file**(time per each public assistance client call or staff contact about lost, stolen or delayed FIP warrants)**
FF07	7. Lost, Stolen, Delayed Warrants- Appointment Preparation- Form Completion- Appointment Completion	Obtain and review file and forms, and get client from reception.Discuss with clients, make changes to M-Forms, coordinate with other staff, photocopying and filing.**(time per each request for replacement warrants)**
FF08	8.Supplemental Benefits- Take calls from clients	Take calls from clients about insufficient FIP benefits, make appointments**(time per each FIP client call or staff contact about need for supplemental benefits)**
FF09	9.Supplemental Benefits- Appointment Preparation- Form Completion- Appointment Completion	Obtain and review forms, receive public assistance client from reception. Discuss with client, make changes to M-Form, complete 12-05. Coordinate with other staff, photocopying and filing food stamp forms.**(time per each FIP client request for replacement food stamp benefits)**
FF10	10. Process Returned Undelivered FIP warrants	Form Completion, case investigation and followup appointment with clients.**(time per each warrant returned undelivered)**
FF11	11. Monthly review of DSHS 7-02A	Monthly review of Registration and Control of Negotiables List**(total time for all financial service staff per month: IN STAFF HOURS)**
FF12	12. Duplicate Warrant Issuance- Identify and take action on duplicate issuance- Investigate fraudelent issuance	Time spent reviewing and investigating duplicate warrant issuance**(time per each duplicate issuance)**
FF13	13. Provide Information on cashing and receipt of FIP warrants. Do not include time spent with new clients or time spent explaining to clients complaining of lost, delayed or stolen warrants.	Speaking to client by phone, discussions during regular appointments, special appointments to deal with problems, coordinating with staff.**(total financial staff time per month)**
FF14	14. Place hold/redirect for any other reason than those specified above	Form completion, client appointment, client calls, staff coordination, retreiving files, filing documents, photo-copying, notification: includes redirects to other CSO**(time per each hold/redirect on FIP warrants placed for reasons other than identified duplicate issuance or new client)**
FF15	15. Release hold/redirect on FIP warrants for any reason	Form completion, staff coordination, client appointment, client calls, retreiving files, filing documents, photo-copying, notification**(time per each hold/redirect released)**
FF16	16. FIP Recertification Appointments	Reviewing documents, filling out forms, appointment completion **(time per recertification appointment)**

delivery system, including flowcharts and policy manuals. The preliminary FNS and DSHS interviews, the review of DSHS supporting documentation, and a review of previous cashout studies provided the necessary basis for the identification of the activities required to carry out the operation of the two systems. The listing of these activities constitutes the basic structure of the ACS.

The ACS was pretested in two evaluation sites (Spokane North and King South/Federal Way) during the fall of 1990. As a result of the pretest, the instrument was redesigned to add a column for the frequency of activities, to add a small number of activities, and to change certain wording. The pretest also provided a test of the survey procedures. The major modification in survey procedures was to reduce the incidence of asking respondents questions about activities they were not familiar with. A related modification was to more strongly encourage respondents to ask their colleagues about tasks that they themselves did not do.

The survey procedure was a three-step process. First, the CSO administrator or the CSO evaluation contact was called and asked to identify appropriate respondents for the ACS survey. In this discussion, CSO staff were encouraged to designate respondents on the basis of minimizing the number of contacts. Simultaneously, respondents were selected to insure that at least one respondent per CSO was familiar with every activity in the basic FIP and AFDC ACS questionnaire templates. The set of financial staff respondents were selected to insure familiarity of case-maintenance and application procedures for public assistance clients. The set of clerical staff respondents were selected to provide familiarity in both general clerical services, as well as specific procedures for food stamp benefits.

The second major step in the ACS process was to prepare specific ACS questionnaires for each of the respondents. Based on the initial telephone contact, staff responsibilities were identified, and a specific instrument was prepared for each potential respondent by eliminating activities from the ACS template, that the potential respondent would not be knowledgeable about. Three copies of each ACS questionnaire were prepared, one for the respondent, one for the CSO contact, and one for further use at the Urban Institute.

In the third step an ACS packet was prepared and mailed to the CSO contact for distribution to the individual respondents. Following receipt, each respondent was contacted by phone and a phone interview was set up. During the phone interview appointment, the respondent was asked to go through his/her answers question by question, and the interviewer noted the responses on the duplicate questionnaire copy maintained at the Urban Institute. Respondents were then asked to mail his or her copy of the questionnaire back to the Urban Institute for data coding, entry and analysis. The ACS survey was administered in 16 CSOs, to 49 respondents who provided an average of 14.6 responses per questionnaire.

The combined written questionnaire/telephone interview survey process accomplished two objectives. First, it was effective in providing a large amount of qualitative information. Through either written or telephone comments, CSO respondents often provided valuable information about the specific nature of each of the activities included in their ACS questionnaire. Second, the combination of techniques provided a method to avoid two common problems in survey administration. The written survey form gave group respondents time to think through their responses and query their colleagues. The telephone interview did not provide sufficient time to allow the respondent to acquire more information. But the

telephone interview reduced the problem of respondent mail-back and eliminated total unit nonresponse.

The methodology for collecting state-level costs followed a similar route. Identifying state-level activities and costs required a review of DSHS documents, manuals and organization charts. Based on preliminary investigation, telephone interviews with the appropriate state-level staff were conducted. On-site follow-up interviews were conducted in Olympia to ensure that researchers had an accurate picture of Washington State's coupon and check systems, to identify sources of information to be used in developing the cost estimates, and to collect state-level costs of operating the system.

During data coding and initial data analysis, the ACS data were subjected to manual and computer editing procedures. These procedures were designed to identify circumstances in which respondents may have misinterpreted a particular question. For those activities for which independent data sources existed, e.g., activities studied by the DSHS Office of Workload Analysis (OWA), the estimated time per activity from the ACS was compared and validated.[18] Where possible, data from OWA, CSO reports and other DSHS offices were also used to validate the data on frequency of activities.

For each question about average time per activity, the distribution of responses was first investigated. Outliers were identified, and the interview form was reviewed to identify the respondent's interpretation. After editing, the median of the average times was used as the estimate of time per activity.[19] Subsequently, the data-editing/analysis process investigated

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18/ Time per activity data are routinely collected by OWA for some of the same coupon and check activities addressed by the ACS.

19/ The major exception to this practice was the treatment of opening and closing the food stamp window, which appeared to take more time in CSOs with higher FCA redemption rates. For these activities, a common linear regression line was fitted.

respondent answers to the frequency questions. For most activities and respondents, questions concerning monthly frequency of activity posed a more difficult cognitive task than questions concerning average time per activity. Respondents often indicated in their written comments and in item nonresponse their uncertainty about the accuracy of the frequency of activities per month. Moreover, using simple median frequencies is not appropriate, since worker assignments and institutional structure can differ widely across sites. Instead, information gathered in the Urban Institute process study detailing organizational structure (the number of workers performing a task) was used to calculate an estimate of the total number of activities or events occurring in the CSO. The next step was to establish whether respondents were reporting frequencies for all food stamp recipients or for AFDC/food stamp recipients. Based on this analysis, rates were established relating the reported number of activities with either administrative data, the number of cases, the number of applicants, or the number of FCAs redeemed. The estimated frequency of activities per CSO was then calculated by using the median rate times the appropriate administrative data. This method of calculating adjusted medians minimized the weight of individual values that are way outside the typical range.

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