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USDA

United States Department of Agriculture

Food and Consumer Service

3101 Park Center Drive

Alexandria, VA 22302-1500

EVALUATION OF GRANTS TO STATES FOR THE REDUCTION OF PAYMENT ERROR IN THE FOOD STAMP PROGRAM

Enclosed is a copy of *Evaluation of Grants to States for the Reduction of Payment Error in the Food Stamp Program*. In April 1993, we awarded grants to Maryland and Illinois to test innovative activities to reduce payment errors. This report describes the error reduction initiatives explored by Maryland and Illinois, and evaluates the effectiveness of these two error reductions in reducing payment errors while maintaining or improving normal office operations.

If you have questions about the content of this report or need additional copies, please call or write to:

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Alexandria, VA 22302
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Evaluation of Grants to States for the Reduction of Payment Error in the Food Stamp Program

Final Report

Submitted to:

Food and Consumer Service
Department of Agriculture

Contract Number 53-3198-3-021

September 20, 1996

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Evaluation of Grants to States for the Reduction of Payment Error in the Food Stamp Program

Final Report

Submitted to:

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U.S. Department of Agriculture

Contract Number 53-3198-3-021

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Executive Summary

BACKGROUND

The Food Stamp Program (FSP) is available to low-income individuals and families to increase their purchasing power for food, ensuring access to a more nutritious diet. Directly administered by State agencies, the administrative costs incurred in running the FSP are jointly funded by States and the Federal Government. Actual FSP benefits are federally funded. At the Federal level, the FSP is funded and administered by the Food and Consumer Service (FCS), U.S. Department of Agriculture. The FSP is the largest food assistance program administered by FCS, providing 22.7 billion in

Issuing FSP benefits accurately is increasingly important as more households participate in the FSP and benefit levels increase. Although most benefits are issued accurately, overpayment of benefits to eligible and ineligible households represented approximately 8 percent of all benefits issued during a 10-year period.[1]

In 1993, FCS offered States an opportunity to apply for grant funds to demonstrate methods of reducing overpayment errors (case and dollar) and improving payment accuracy. Maryland and Illinois were awarded 18-month grants under this program. Maryland received $188,687 in grant funds while Illinois received $184,985 in grant funds. States used these funds to hire new staff, purchase computers, and pay for any travel required to support error reduction activities.

STUDY OBJECTIVES AND METHODOLOGY

FCS contracted with KRA Corporation (KRA) to document and evaluate the error rate reduction interventions undertaken in the two demonstrations. This evaluation was designed to meet the following study objectives:

- Determine which error rate reduction initiatives were effective in reducing

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MARYLAND'S ERROR REDUCTION DEMONSTRATION

Description of the Demonstration

Maryland's Payment Accuracy Program (PAP) began operation in October 1993 and operated until February 1995. PAP focused on payment errors in nonpublic assistance food stamp cases resulting from either applicants providing inaccurate information at application or recipients failing to report changes in resources subsequent to certification and prior to recertification. The PAP project combined front-end investigations[2] of application information with followup or recall activities (updating and verifying information) before recertification. The project was designed to operate as a demonstration project; it was implemented and operated as such. The overall project design, however, changed from that originally proposed in the grant application.

Although the Income Maintenance Administration[3] within Maryland's Department of Human Resources originally conceived and developed the error reduction demonstration grant, a departmental reorganization placed the PAP in a newly developed division, the Office of the Inspector General (OIG). The OIG had no direct authority over the FSP or local district offices and OIG staff have different skills than FSP staff. OIG hired an investigative supervisor and four investigators without FSP experience to administer and operate the PAP. The departmental reorganization delayed implementation of the error reduction demonstration.

The demonstration operated in three local district offices located in Baltimore City—Govans-Collington, Clifton, and Liberty-Garrison. Office procedures and processes differed somewhat across offices.

PAP staff investigated a total of 1,330 cases prior to applicants being certified for FSP benefits, and investigated 893 cases as part of the recall process during the demonstration period. Over the course of the demonstration, each investigator handled an average of 33 cases per month. The number of cases investigated each month varied greatly and the process used for referrals to PAP investigators differed across offices. This variance in cases investigated each month occurred because district office staff believed referral of cases was optional. State staff viewed PAP as a mandatory program.

Impact of the Demonstration

Based on our analysis using Integrated Quality Control System (IQCS) error rate data, Maryland's demonstration was effective. Maryland showed statistically significant decreases in the case and dollar error rates. The three demonstration offices, when compared to other areas in Maryland, experienced a larger decrease in case overissuance and dollar overpayment errors during the course of the demonstration (for the data available). For example, case error rates at Govans-Collington, Liberty-Garrison, and the weighted average of all demonstrations' case error rates were significantly different from the error rates for the balance of the City of Baltimore (minus the three demonstration

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[2] Investigations occur prior to certifying households eligible for FSP benefits. The investigative process includes verifying the information provided at application, such as making collateral contacts, verifying residency, and the like.

[3] The Income Maintenance Administration administers the FSP.

offices) at the 1 percent level of significance. In addition, case error rates at Govans-Collington, Liberty-Garrison, and the weighted average of all demonstrations were significantly different from those for the balance of the State of Maryland (less the demonstration offices, City of Baltimore, and Baltimore County) at the 1 percent level of significance.

We found a statistically significant change in the demonstration offices' overpayment dollar error rates when compared to other areas within Maryland. That is, for Govans-Collington, Liberty-Garrison, and the weighted average of all demonstrations' dollar error rates, changes in overpayment dollar error rates were significantly different from the balance of the City of Baltimore at the 1 percent level of significance. In addition, all demonstration offices individually and the weighted average of the three demonstrations were significantly different from overpayment dollar error rates for the balance of the State of Maryland at the 1 percent level of significance.

Of the FSP applications reviewed by PAP investigators, 28 percent were denied benefits. For recall investigations, approximately 19 percent were denied recertification as a result of adverse information obtained through the PAP investigative process. However, we view these findings with caution as we could not fully ascertain the role PAP staff had in these reported denials.

We conducted a limited cost analysis for the Maryland demonstration. The estimated annual benefit savings for the three demonstration local district offices measured against the error rate change in the State is 3.8 times the estimated 18-month total cost of the demonstration and 5.7 times the 12-month cost. When we estimated the annual dollar savings, we determined that a 1 percent reduction in the overpayment error rate for the weighted average of the demonstrations produced approximately a $100,000 annual benefit savings.

ILLINOIS' ERROR REDUCTION DEMONSTRATION

Description of the Demonstration

The Illinois Food Stamp Error Rate Reduction Demonstration began in April 1993 and operated until October 1994. Two staff experienced in food stamp policy and procedures were hired to review FSP cases and the processes related to determining eligibility for the FSP. Under the supervision of a steering committee, the Error Reduction Analysts (ERAs) had total responsibility for the design and implementation of procedures used to collect information regarding the type of errors being made and why these errors occurred. Specifically, they focused their activities on earned income and household composition errors. Three contiguous offices in Chicago were selected for the project, two with high error rates in earned income and household composition (Lower North and Humboldt Park), and a third with considerably lower error rates (Northwest).

The Illinois Department of Public Aid (DPA), the agency that administers the FSP, operated the demonstration. A steering committee, composed of five individuals from different divisions within DPA, provided overall management for the project. The State Food Stamp Director served as the demonstration project director and chaired the steering committee. Two administrative staff members from the DPA's Chicago zone office, who had immediate and direct oversight as well as line authority over the targeted local offices, were also recruited for the project. They provided direct supervision and guidance to the ERAs, and provided the steering committee members with feedback regarding the progress of the project.

The ERAs reviewed case records, observed interviews, interviewed caseworkers, and made recommendations regarding problem areas and solutions to those problems. The demonstration consisted of two phases with a period for analysis between phases. The first phase was introductory and exploratory in nature. It consisted of intake interview observations and case record reviews. Demonstration staff were in each of the 3 local offices for 6 weeks during this phase. The second phase operated for 2 months in each office and primarily involved recertification observations and case record reviews. The demonstration staff also held entrance and exit conferences with local office staff, solicited local office staff input, and developed and administered a supervisory quiz as part of their activities.

Impact of the Demonstration

The Illinois project operated more like a program improvement effort than a demonstration project. Changes to improve the FSP were made statewide during the course of the demonstration and thus changes that may have occurred as a result of the demonstration could not be isolated to the demonstration offices.

Several changes were made to FSP policies and procedures as a result of the demonstration. These changes included developing special "Quality Tips" memos that focused on specific topics associated with errors and statewide interview training for intake staff. In addition, revisions to the household composition module of the Automated Intake System (AIS) that were already in progress were accelerated and completed during the demonstration.

Other changes that have occurred (or are under way) as a result of the demonstration include updating the computerized client database, developing an FSP conference/training for senior local office staff, providing translation techniques training for bilingual intake staff, and analyzing additional quality control data. In addition, changes have been made (or will be made) to several of the forms used during the FSP (re)certification process.

Illinois showed a decrease in accuracy (through their own Quality Assessment and Quality Control analysis) and the IQCS data do not show consistent significant error rate effects at the individual office level or compared to other areas within the State. It should be noted, however, that it would be difficult to show any significant changes in Illinois' error rates, because the Illinois demonstration did not limit the effects of the demonstration to the demonstration offices. In addition, the State error rate (case and dollar) decreased during the demonstration period.

Of the demonstration sites, the only decrease in case error rates occurred in Humboldt Park. This change was significant at the 5 percent level of significance relative to the balance of the State (minus Cook County and the demonstration offices). For dollar error rates, only the change between the Lower North demonstration office and the balance of Cook County (not including the three demonstration offices) was significant and negative at the 1 percent level of significance. We concluded that the demonstrations produced no demonstrable difference in the dollar overpayment rates between the demonstration areas and either of the comparison areas. In fact, there was a relative rise in error rates in the demonstration offices over the period relative to the comparison areas. Because the changes in error rates relative to the comparison areas were positive, the Illinois demonstration areas did not show any savings that could be measured against cost.

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FUTURE IMPACT OF THE DEMONSTRATIONS

Staff from both States plan to share the results of their demonstration for the purposes of replication. Demonstration staff believe other States will find their approach useful in decreasing case and payment error rates. Maryland staff modified PAP and expanded it to other designated areas of the State.

Within the demonstration States, some changes may continue to occur as result of the demonstration. For example, in Illinois, State staff recognized that communication between the local offices and the State administrative offices improved during the course of the demonstration. Staff plan to keep this communication open so that State staff can continue to learn about what tools are needed to effectively implement and improve FSP policies and procedures. Illinois staff also plan to continue to make improvements to policies and procedures based on the information learned from the demonstration.

* * * *

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Chapter 1

Background and Introduction

BACKGROUND

The Food Stamp Program

The Food Stamp Program (FSP) is available to low-income individuals and families to increase their purchasing power for food, ensuring access to a more nutritious diet. The FSP is the largest food assistance program administered by the U.S. Department of Agriculture's Food and Consumer Service (FCS)[1], providing $22.7 billion in benefits to 26.6 million people in Fiscal Year (FY) 1995.

The FSP is directly administered by State agencies. Benefits are federally funded; however, administrative costs incurred in running the FSP are jointly funded by States and the Federal Government.

Food stamps are available to all persons who meet specified income and resource standards. Benefits are determined on a household basis; households are determined as eligible based on gross and net income limits, assets, and other nonfinancial eligibility standards, such as student or alien status, and work registration requirements.

Household monthly food stamp benefits are computed based on the household's net countable monthly income, the benefit reduction rate, and the maximum food stamp benefit for household size and location. The maximum benefit to which a household is entitled is based on the June cost of the Thrifty Food Plan (TFP) for a family of four, adjusted for different household sizes and geographic areas outside the contiguous United States. The cost of the TFP is based on an economical and nutritious diet, adjusted for household size and composition. The maximum allotment in any given FY (from 1991 until the present) is based on 103 percent of the cost of the TFP for the previous June. Only households with zero net income receive the maximum allotment.

The maximum benefit increased from 100 percent of the Congressionally specified cost of the TFP in FY 1988, to 103 percent in FY 1991. This increase in the maximum benefit, coupled with the caseload increase, resulted in an increase in FSP benefits.

Several activities are completed as part of the FSP application process. These activities include obtaining and completing an application form, completing a certification interview, and providing verification of information. Once these activities are completed, FSP eligibility workers in local offices determine whether the household is eligible to receive food stamps; the eligibility worker also determines the amount of monthly benefits each household receives.

[1] Prior to 1995, the agency was known as the Food and Nutrition Service.

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Trends in the Food Stamp Program

FSP participation fell slowly from FY 1983 to 1989, then rose sharply and peaked at 27.5 million persons in FY 1994, representing approximately 11.1 million households. By FY 1995, participation dropped slightly below the FY 1993 level. The increase in participation is attributed to the economic recession that began in 1990. Benefit levels remained relatively constant until FY 1990. From FY 1989 to 1993 benefit levels increased over 10 million dollars. Participant and benefit data, by year, are presented in Appendix A.

FSP payment error rates errors fell slowly during the 1981-1991 period, then spiked up in 1992, stayed high in 1993, fell somewhat in 1994, and continued falling in 1995.[2] The overpayment error rate trends for FY 1981 through 1994 mirror the overall payment error rates, with a decrease over the 10 year period (1981 - 1991) and an increase in 1992 and again in 1993. Overpayment error rates fell in 1994 and fell again in 1995. Payment error rates, by year, are presented in Appendix A.

Issuing FSP benefits accurately is increasingly important as more households participate in the FSP and benefit levels increase. Although most benefits are issued accurately, overissuance of benefits to eligible and ineligible households represented approximately 8 percent of all benefits issued during a 10-year period.[3]

GRANTS TO STATES FOR THE REDUCTION OF PAYMENT ERROR

Purpose of the Grants to States

Over the years, FCS has funded special projects that enable States to test new approaches that allow them to issue benefits accurately and thereby reduce State error rates and resulting dollar losses. For example, a two-phase study, using process analysis as a means to reduce errors in the FSP, was conducted in 1991 in several States. The project identified effective error reduction management initiatives, determined whether these initiatives could be transferred to other States, and quantified, through development of a model, successful management initiatives that improved the accuracy of State FSP case processing. Currently, FCS funds a payment accuracy initiative that seeks to impact the national error rate. Activities funded under this initiative include funding a National Payment Accuracy Coordinator at the Federal level, publishing a national payment accuracy report and catalogue of successful State strategies, and sponsoring State Exchange Program activities and a national conference.

In 1993, FCS offered States an opportunity to apply for grant funds to demonstrate methods of reducing payment errors. The primary objective of the grant program was to determine successful methods that improved payment accuracy and subsequently reduced dollar losses.

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[2] *Official Error Rates,* U.S. Department of Agriculture, November 1995 and July 1996.

[3] Food and Consumer Service Grant Number 59-3198-3-003, Purpose and Goals of Grants.

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Grantees Funded Through the Demonstration

In the spring of 1993, FCS awarded grants to two States, Maryland and Illinois, to reduce FSP payment errors. Grants were for an 18-month period. Maryland received $188,687 in grant funds while Illinois received a grant for $184,985. Grant awards were used to fund new staff, purchase computers, and pay for any travel required for error reduction activities.

In January 1994, Maryland represented 1.5 percent of total FSP households while Illinois represented 4.5 percent of all FSP households nationally. Maryland had 381,953 persons receiving benefits through the FSP, representing 162,058 households (January 1994). Illinois had 1,195,209 persons on food stamps during this month. This represented 501,003 households.

On a national basis, the FSP monthly benefit averaged $168 in 1994[4]. In Maryland it was slightly higher at $186 while Illinois' monthly benefit during this same time period was less than the national average at $161. Nationally, FSP households averaged 2.5 persons. Illinois was somewhat less at 2.3 persons per food stamp household; Maryland's FSP household size matched the national average. The average certification period for food stamp recipients in 1994 was 9.8 months. Maryland's average certification period was 9.5 months while Illinois' was 11.3 months. The average certification periods did not change from the previous year.

Grant Requirements

Grantees were required to focus their payment accuracy activities in large, urban, high-error-rate areas. Efforts to reduce the overpayment error rate could not adversely impact other FSP operations, and the demonstration activities were to supplement basic FSP administrative functions already being performed by the State. FCS wanted States to develop realistic and straightforward methods in their approach to improving payment accuracy.

As a condition of funding, FCS required States to submit quarterly progress reports and a final report of their demonstrations. Grantee final reports were to include self-assessments of project outcomes and impacts, based on quantifiable measures. States were also required to cooperate with the outside evaluation planned by FCS.

ORGANIZATION OF THE REPORT

This report summarizes the results of the two demonstration projects and presents findings from the analysis of Integrated Quality Control System (IQCS) data. In the following chapter (Chapter 2), we provide an overview of the study objectives and methodology. Chapters 3 and 4 present a description of Maryland's and Illinois' error reduction demonstration, respectively.

* * * *

[4] Data reported in this paragraph is based on the 1994 Food Stamp Quality Control sample, as reported in the *Characteristics of Food Stamp Households, Summer 1994*, U.S. Department of Agriculture.

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Chapter 2

Study Objectives and Methodology

STUDY OBJECTIVES AND RESEARCH QUESTIONS

As part of the reduction in payment error demonstration grant program, FCS set aside funds to conduct an overall evaluation of the demonstration efforts. FCS retained KRA Corporation (KRA) to document and evaluate the error rate reduction interventions undertaken in the two demonstration States.

Three study objectives and eight major research questions framed the study. The study design required the conduct of a process evaluation, analysis of error rate data, and synthesis of demonstration reports. The study design is described in more detail in the following sections.

Study Objectives

The evaluation of the FSP error rate reduction demonstrations was designed to meet the following study objectives:

- Determine which error rate reduction initiatives are effective in reducing overpayment error rates
- Determine whether these error rate initiatives are cost-effective
- Determine whether the demonstration initiatives are easily transferable to other States

Research Questions

Several research questions also provided a framework for the study. These questions included the following:

- **What were the problems experienced by the demonstration sites?**
- **What interventions were used?**

  What specific interventions were planned? How did they address the problems experienced at the sites? How did they differ from standard procedure?

- **How were the interventions implemented?**

  Did the sites fully implement the planned interventions?

- **Did the process of operating the interventions vary between demonstration sites?**

  If the implementation varied, did the interventions implemented address the original problems and likely sources of error?

- **Did the interventions affect payment and case error rates?**

  Did the changes implemented have an observable effect on overpayment error rates? Were certain types of payment errors and cases affected? Did the changes affect program operations in a positive way (e.g., program effectiveness), regardless of the error rate effects?

- **Did these impacts vary across different subgroups?**

  How did the impacts vary between demonstration sites? Were the payment error rates reduced for the types of cases envisioned, or did the improved procedures result in a reduction in error across all classes of cases?

- **Did the interventions save FSP costs?**

- **Did the interventions allow FSP offices to maintain or improve normal operations?**

  Were the interventions' impacts on client service and timeliness neutral or positive?

STUDY DESIGN

The methodology used in this study included a process evaluation, an analysis of error rate data, and a synthesis of the demonstration reports. Each element is briefly described below.

- **Process Evaluation**—The process evaluation addressed the implementation of the demonstrations. We examined whether the planned interventions were actually implemented and whether they had the desired effect on the anticipated outcome variables (case and dollar error rates). A series of site visits to the demonstration projects, interim telephone calls, and a review of the demonstration grant applications and reports informed the process evaluation for this study.

- **Analysis of Error Rate Data**—To determine whether the demonstrations had a significant impact on case and dollar error rates, we analyzed historical IQCS data. States collect these data and provide them on a monthly basis to FCS. States randomly select a certain number of FSP cases at each local office monthly. The local office subsequently reviews these cases for errors. Any errors found in the sample cases determine the "error rate" for each office. States participating in the demonstration did not supplement the official IQCS sample with additional cases for the purposes of this evaluation. We used the IQCS data to determine whether the

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demonstration had the desired effect of reducing food stamp benefit errors and the magnitude of the resultant savings. The objective of this analysis was to compare the error rate, on both a case and dollar basis, prior to the implementation of the demonstration to that after the implementation of the demonstration.

- **Synthesis of Demonstration Reports**—A synthesis of reports produced by the demonstrations and developed as part of the overall evaluation comprised the final

component of this study. The information collected by the KRA project team during the site visits and through the IQCS analysis augmented the information provided by the demonstration projects. Quarterly and final reports were the primary sources of information from the demonstration programs.

STUDY LIMITATIONS

Demonstration Design Limitations

The intent of this demonstration program was to learn whether certain types of interventions could reduce error rates, in particular, reduce overpayment dollar error rates. The design of Maryland's demonstration was such that one could isolate the effects of the demonstration to the local offices participating in the demonstration because comparison areas, not affected by the demonstration, were available.

In contrast, Illinois approached the demonstration as a program improvement exercise; as staff learned why certain errors occurred, they changed procedures and implemented training statewide. The demonstration effects were not isolated to the three demonstration offices and comparison areas did not exist. Any changes in error rates that may occur in the future cannot be directly attributed to the demonstration effort because we do not know if these changes would have occurred without the demonstration.

Data Limitations

States participating in the error reduction demonstration were required to conduct self-assessments. The two demonstrations did not complete comprehensive self-assessments based on quantifiable measures. The demonstrations' resulting final reports lacked descriptive information or quantifiable results and did not compare findings to nondemonstration offices. The demonstrations' final reports, because of their general nature, were not as useful as anticipated in conducting the final analysis for the overall evaluation.

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To some extent, the time frame for the study limits the conclusions that can be drawn. For example, we were only able to obtain four to six quarters' worth of postimplementation IQCS data for the error rate analysis. If additional data were available, we might be able to learn whether the demonstrations had a lasting impact on error rates.

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Chapter 3

Description of Maryland's Food Stamp Error Reduction Demonstration

DESCRIPTION OF THE ERROR REDUCTION DEMONSTRATION

The Payment Accuracy Program (PAP) was funded in April 1993 but, because of a reorganization in the Maryland State government and resulting staff changes, began operating in October 1993. PAP focused on nonpublic assistance food stamp (NPA/FS) cases because approximately 40 percent of the statewide error rate was caused by recipients receiving NPA/FS who provided inaccurate information at application or failed to report changes in resources subsequent to certification and prior to recertification.[1] The State saw the project as one that would reduce FSP errors and fraud. The PAP project combined investigations prior to certification with follow-up or recall investigative activities prior to recertification.

Planned Intervention[2]

The Maryland Department of Human Resources (DHR), Income Maintenance Administration (IMA), proposed to hire four investigators and one investigative supervisor to perform certain tasks geared toward improving payment accuracy and reducing the Food Stamp Program (FSP) error rate. Focusing on NPA/FS cases exclusively, the State envisioned the demonstration as a mandatory referral process for all NPA/FS cases in three demonstration district offices. Once each NPA/FS case was referred, front-end investigations[3] were planned. Follow-up or recall activity before recertification was also planned. Front-end investigations and recall activities included verification of application information. In Baltimore City, NPA/FS cases represented between 33 and 35 percent of all food stamp cases in 1994.[4]

Project staff were to conduct investigations of NPA/FS cases or cases in which recipients received no other benefits. Investigations were to occur prior to issuance of benefits with intake staff referring all NPA/FS cases for investigation prior to certification. Investigators then were to validate the information submitted by the applicant. This validation included conducting home visits; contacting landlords, neighbors, and other individuals; and reviewing certain information in databases, such as wage data. As part of the recall process, clients were to be contacted by telephone or a home visit to identify discrepancies in client reporting. After contacting the recipient, the

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[1] Maryland Department of Human Resources grant application, February 1993.

[2] Information in this section is from the Maryland Department of Human Resources grant application, February 1993.

[3] Investigations occur prior to certifying households eligible for FSP benefits. The investigative process includes verifying the information provided at application, including making collateral contacts, verifying residency, and the like.

[4] Food Stamp Program Integrated Information System, January and July 1994, Food and Consumer Service.

investigator was to call collaterals listed in the record. This process allowed the investigator to reestablish eligibility on all items that could have changed. Recall was slated for 3 months after original certification and 3 months prior to recertification.

Mandatory referrals of certain cases for investigation were new to IMA. While the agency had previously conducted front-end investigations in an earlier effort to identify fraud, the combination of front-end investigations with recall reviews was considered a "novel approach."

Operationally, the PAP project was not viewed as a mandatory process by eligibility workers; therefore, NPA/FS cases were inconsistently referred to PAP staff. During the course of the demonstration, PAP staff broadened the type of cases investigated; otherwise, the project operated as planned.

Research design

The grant application detailed a multi-group design with random assignment of FSP applicants to groups. The research design used four FSP district offices for the study and within each office established four applicant groups. Hypothesizing that the use of recall activities coupled with investigations during the application process was more effective than investigations alone, IMA established a design that tested each intervention alone in an office (front-end investigations or recall activities), tested the two interventions in one office, and used one office (no interventions) as a control office. Within each demonstration office, applicants were to be randomly assigned to one of four groups. These groups were:

- Intervention with notification
- Intervention without notification
- No intervention (control) with notification
- No intervention (control) without notification

In other words, across the 4 offices (3 demonstration and 1 control), 13 applicant groups existed. The design allowed IMA to isolate the most effective combination of interventions for reducing error rates. Some notification of applicants occurred during the first 6 months of the demonstration, however, staff dropped all other aspects of the research design early in the project.

IMPLEMENTATION OF THE PAYMENT ACCURACY PROGRAM

IMA, the State organizational entity responsible for administering the FSP, originally conceived and developed the error reduction demonstration grant. A departmental reorganization placed the PAP in a newly developed division, the Office of Special investigations (OSI) within the Office of the Inspector General (OIG). The OIG had no direct authority over the FSP or local district offices and the staff who conceived the project had no role in PAP once the reorganization took effect.

The State hired new staff to operate the PAP. The investigative supervisor and two investigators were hired in August 1993; two additional investigators were hired in October 1993. None of the

demonstration staff had prior experience with the FSP. Investigators received training for 2 weeks prior to beginning activities in local district offices. This training included use of the PAP forms, using the database, and other activities. The training did not include a review of FSP policies and procedures.

The demonstration operated in three local district offices located in Baltimore City. The district offices were Govans-Collington, Clifton, and Liberty-Garrison. They were preselected prior to beginning the demonstration. Govans-Collington was the largest of these offices, with roughly twice the number of cases as each of the other offices. The offices operated somewhat independently from each other, using different processes and operational procedures.

Prior to beginning work in the three local district offices, PAP staff developed a database to track the information collected as part of the demonstration, project forms, and an operations manual. The supervisor also conducted staff training of the investigators.

After prerequisite forms and procedures were completed, PAP staff visited the local district offices. On October 1, 1993, PAP staff met with district office managers, assistant managers, and the Baltimore City Liaison from IMA. These individuals were provided background information about the project and given a project handbook. The handbook contained information about the project, assignment procedures, and intervention schedules (e.g., informing applicants about the project). At this meeting, district office staff were instructed as to how they were to "group" applicants, such as intervention with or without notification.

District office staff varied in their accounts of how the PAP project was implemented. Some recalled a large meeting held with IMA staff and OSI staff. Others referred to an IMA transmittal letter informing the district offices about the project. All local district office staff reported some type of meeting where they learned about the PAP project. For example, one respondent indicated that the PAP supervising investigator visited the district office to explain the role of the investigators and to supply staff with written materials about the project. Staff from one district office specifically stated that they did not receive anything "in writing" about the project. PAP staff also held follow-up meetings.

Within district offices, the process of introducing the demonstration to workers varied. In one office, the assistant administrator explained the project to first-line supervisors. In this office, the supervisors were the point of control for PAP referrals. In other words, they made the case referrals to PAP investigators. In another office, the project was introduced at an all-staff meeting. Written materials also were distributed.

OPERATION OF DEMONSTRATION

The project operated from October 1993 through February 1995, a 17-month period. Staff investigated a total of 1,330 cases as part of the front-end investigations effort, and investigated 893 cases as part of the recall process during the demonstration period. Over the course of the demonstration, each investigator handled an average of 33 cases per month.

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The number of cases investigated each month varied greatly. For example, in December 1993, PAP investigators only received three cases from Liberty-Garrison staff. During the same month, investigators received 82 cases from staff at Govans-Collington. The average number of cases investigated each month at each district office is presented in Table 1.

The number of recall investigations also varied, ranging from a low of 99 cases during a 3-month period across offices to a high of 231 cases during a 3-month period across offices.

Table 1—Average Number of Cases Investigated Each Month During the Payment Accuracy Program

Office	Liberty-Garrison	Govans-Collington	Clifton
Average Number of Cases Investigated Each Month	18	43	17

The process used for referrals to PAP investigators differed among offices; in particular, who referred cases to investigators varied. Workers gave cases directly to PAP staff in one office; supervisors performed this function in another office. One investigator indicated a clerk referred cases to PAP staff. Across supervisors, efforts to encourage workers to refer cases for investigation varied.

The project originally developed as a mandatory program. In other words, all NPA/FS cases were to be referred for investigation. District office staff did not view the project as mandatory. They believed referral of cases was optional. The data also confirm this—PAP staff only received between 3 percent and 17 percent of all NPA/FS cases handled by the three offices. This difference in viewpoint between district office staff and investigative staff created tension during the course of the demonstration.

Local district office staff were not familiar with the research aspects of the PAP project. Some fully understood that they were part of a research project in which they would be investigating certain types of cases, including that they were giving information to some clients about what was happening, but were not giving information to other participants. Some district office staff were unfamiliar with the control aspect of the investigation, while some were confused about its duration.

Investigative staff sometimes viewed the small number of referrals of food stamp cases as an issue of malicious intent while local district office staff, because of awkward referral systems, viewed the project as one more step in the work process for an already underpaid and overworked staff. In one office, staff did not fill out the PAP form because the office was short staffed and had a backlog of cases. District office staff also believed that the requirement of giving the investigator the case record hindered their work productivity. Workers often needed to see the case record when it was with the investigator.

Changes during the course of the project. The PAP project experienced a few changes during the course of the demonstration. Changes occurred in four areas—the types of cases reviewed, the

number of PAP forms used, reporting the findings of the investigators to eligibility workers, and notifying food stamp recipients about the project.

In the initial stages of the demonstration, staff received referrals for and investigated NPA/FS cases exclusively. Later, the types of cases expanded to include all FSP cases, including Expedited Service[5] cases. District office staff indicated they were not clear on the types of cases investigators handled. District office staff also indicated they were unsure about the criteria for referral and cited the example of income sources. Early in the project, investigators only handled cases in which applicants were employed or had no income. This criterion later changed, and investigators handled cases that received unemployment insurance or public assistance.

PAP staff used 12 forms during the first few months of the project. During the course of the demonstration, they found they could streamline efforts and reduce forms and paperwork. Consequently, project staff reduced the number of forms to four.

One change in project procedures had a positive impact on relationships between demonstration staff and district office staff. This change was in the way investigators reported the results of their investigations. Originally, investigators made case disposition recommendations based on their findings. District office staff believed the investigators were setting policy, and the reports became a point of contention. Later, this was changed so that investigators simply documented their findings without interpreting them. District office staff workers then determined the disposition of the case.

The notification process for FSP applicants changed during the course of the project. During the first 6 months of the project, recipients were either notified or not notified about the project procedures based on the district office and whether they had an odd or even Social Security number. After 6 months, demonstration staff analyzed the impact of this selective notification by comparing groups. PAP staff found there was no difference in the amount of false information reported between groups, so all notification was discontinued.

RESULTS

Changes to Local District Office Operations and FSP Policies and Procedures

There were basically no changes in office operations at the district offices, nor were changes made to policies and procedures during the life of the demonstration. District offices provided the investigators with a desk or place to do their work, provided investigators access to a computer, and developed systems that allowed investigators access to the case files. This process, however, varied at each office, particularly for the process used access the case files. Otherwise, operational procedures remained the same.

[5] Expedited Service is an administrative mechanism used in the FSP to provide immediate assistance to households with few resources to purchase food in the month they apply for benefits. Households with under $150 in gross monthly income and under $100 in countable assets, destitute migrant and seasonal farm workers, homeless individuals and families, and households at risk of becoming homeless because their gross monthly income and liquid resources are less than their monthly housing costs all qualify for Expedited Service benefits.

PAP staff thought the project improved the work of the eligibility workers, because they knew someone else was reviewing their cases. PAP staff also thought the demonstration had a positive impact on FSP participants, because the project deterred them from misrepresenting their situations. The participants learned very quickly that the investigators were around. Some district office staff thought the participants did not like the program because they were concerned they would not receive their benefits right away. Demonstration staff believed the demonstration helped with the timeliness of benefits in that all the verification needed was provided by the investigators. They believed PAP improved the quality of services because it excluded persons who should not have received benefits. In addition, PAP staff felt quality was improved because the eligibility workers knew the case would be reviewed by others.

Denial Rates

Instead of the original evaluation design, PAP project staff received approval from FCS to conduct an analysis of FSP benefits denied as a result of the project. The PAP supervisor checked the status of all cases reviewed by PAP staff against the automated system indicating the outcome of the case. If the case was denied, the reason was recorded. If the case was denied but PAP did not find a negative result, the case was not counted as a PAP denial. If the case was certified, the case was marked so that it would be reviewed in 3 months.

Of the NPA/FS applications reviewed by PAP investigators, 28 percent were denied benefits as a result of the investigative process. For recall investigations, approximately 19 percent were denied recertification as a result of adverse information obtained through PAP investigations. However, we caution that these findings do not fully explain the role PAP staff had in the denials. For example, we do not know the number of cases in which adverse information was obtained from eligibility workers following routine procedures that resulted in the denial of benefits. Other studies, such as the *Food Stamp Program Application Process: Office Operations and Client Experiences* (1992), suggest that only 71 percent of those who file an application for FSP benefits are approved for benefits. Thirteen percent are found ineligible and 16 percent fail to either complete the certification interview or submit all required documentation. The data collected for the PAP project do not allow us to determine the portion of ineligible applicants and number of applicants that do not complete the process. We also do not know the extent to which the PAP project many have influenced the behavior of eligibility workers with their cases.

PAP staff analyzed the characteristics of the population denied FSP benefits. Of those cases subsequently denied benefits after PAP investigation, 62 percent were issued Expedited Service benefits before investigation.[6] PAP staff also found the following:

- Single-member households comprised 80 percent of all NPA/FS applicants investigated by PAP.
- Males comprised 72 percent of the single-member households investigated.

[6] A 1995 study (*Evaluation of Expedited Services in the Food Stamp Program*) found that 45 percent of Expedited Service applications involved postponed verification. These cases were more likely to be later found ineligible than regular cases, suggesting that Maryland's 62 percent figure is a reasonable finding.

- Applicants often used nonexistent or false addresses.
- Applicants frequently failed to provide accurate information about household size and composition.

Changes in Error Rates

We used a comparative analysis of pre- and postimplementation error rates in the demonstration areas; however, this type of analysis could be misleading. For example, suppose the IQCS FSP case error rate declined from 8 percent in the period before the demonstration to 6 percent after the implementation of the demonstration procedures. This might appear to indicate that the demonstration was successful. However, if the error rate for the State as a whole (excluding the demonstration areas) also declined by 2 percent over the same period, one might be inclined to question the results of the demonstration. Therefore, the procedure followed for this evaluation was to compare the change in the error rate pre- and postimplementation to the change in the comparable error rate in several comparison areas to test the results of the demonstration for statistical significance.

The case error rate is the number of cases in the quality control (QC) sample that had overissuance errors in a given office in a given period (quarter) over the total number of sample cases in that office in that time period. The dollar overpayment error rate represents the dollars paid in error in the QC sample in the quarter divided by the average dollar payment times the number in the sample in that period. For the overall demonstration period, the error rates are the rates in each demonstration office for each quarter weighted by the QC sample size in the local office divided by the sum of the quarterly samples (please see the Appendix B).

Originally, we planned to collect demonstration cost data to use for a cost-benefit calculation. This calculation was to compare the marginal dollar savings resulting from the reduction in dollar error rates in the demonstration area to the additional cost of implementing and operating the demonstration. However, demonstration staff did not collect actual cost data on a consistent basis. Therefore, for each office site and for the weighted average of all sites in the demonstration area, we calculated the savings in benefits on an annual basis that resulted from the implementation of the demonstration. In each case, this is the change in the estimated dollar overpayment error rate between the predemonstration and postimplementation periods multiplied by the sum of the average dollar payment in each quarter times the quarterly caseload. We compared this to the cost data from the budget submitted with the project application.

The Maryland demonstration began in October 1993 (FY1994-I). Therefore, we compared quarterly IQCS data from FY1991-I through FY1993-IV (the predemonstration period) to FY1994-I through FY1994-IV (the postimplementation period). We had 12 quarters of preimplementation data and 4 quarters of data following the implementation of the demonstration.

To assess the significance of error rate changes, we compared the error rate experience in the demonstration offices to that of the rest of the City of Baltimore. We also compared the demonstration areas to Baltimore County, which surrounds the city to the west but does not include

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the City of Baltimore. Finally, we compared the experience of the demonstration areas to that of the State less the city, county, and demonstration areas. Quarterly IQCS data were provided to us in electronic format by the Office of Quality Control, in FCS.

Case Error Rate Changes. Table 2 presents the percent of cases that were paid in error.[7] The first three columns in Table 2 indicate the case overissuance error rate in the predemonstration period, in the postimplementation period, and the change between the two periods. The rates for each period are the averages of the quarterly rates weighted by the IQCS sample size in each quarter. Since the objective of the demonstrations was to reduce error rates, we do not consider the significance of increases in error rates and use one-tailed tests to judge the statistical significance of error rate declines.

The change in the case error rates in Govans-Collington[8], Liberty-Garrison, and the weighted average of the error rates in the three demonstration areas are all negative (see column 3 of Table 2) — a decline of 3.6 percent in Govans-Collington, a whopping 14 percent reduction in Liberty-Garrison, and a decline of 4.1 percent in the combined rate for all three demonstration areas. Largely driven by the decline in Liberty-Garrison, the combined three-office demonstration area changes are significant at the 1-percent level against the balance of the City of Baltimore and the balance of the State. Only Liberty-Garrison is significant relative to the change in error rates in Baltimore County (minus 7.9 percent).

The last three rows of Table 2 show the change in error rates in the three comparison areas and the results for the balance of the City of Baltimore and Baltimore County relative to the change in error rates for the balance of the State less Baltimore City and County. Note that the change in the balance of the City of Baltimore is not significantly different from the change in the balance of the State, while the relative change in Baltimore County (minus 8.8 percent) is significantly different from that in the State at the 1-percent level of significance.

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Table 2 - Case Overissuance Error Rates

Local Office	Pre-Demo Error Rate (Percent)	Demo Error Rate (Percent)	Change in Error Rate (Percent)	Compared to City of Baltimore (Percent)	Compared to Baltimore County (Percent)	Compared to State (Percent)
Clifton	15.0	18.4	+3.4	+1.4	+9.5	+0.7
Govans-Collington	17.0	13.4	-3.6	*-5.6***	+2.5	*-6.2***
Liberty-Garrison	24.0	10.0	-14.0	*-16.0***	*-7.9**	*-16.6***
All Demos	17.9	13.8	-4.1	*-6.1***	+2.0	*-6.8***
Balance of State	8.0	10.7	+2.7			0.0
City of Baltimore Less Demos	14.7	16.7	+2.0			-0.7
Baltimore County	16.9	10.8	-6.1			*-8.8***

** Significant at the 1 percent level

Dollar Error Rate Changes. Table 3 shows the changes in the dollar overpayment error rates in each of the demonstration areas as well as the weighted average of the three demonstration areas taken together. They are shown relative to the balance of the City of Baltimore, Baltimore County, and the State (less Baltimore City, County, and demonstration sites). The combined error rate for the three demonstration areas (minus 3.6 percent) is significantly different from the balance of the City of Baltimore and the balance of the State of Maryland at the 1-percent level. The change in the dollar overpayment error rate for Govans-Collington (minus 2.5 percent) and Liberty-Garrison (minus 10.3 percent) are significantly different from the balance of the City of Baltimore and the balance of the State at the 1 percent level. Although the dollar error rate in Clifton increased (0.4 percent), compared to the balance of the City of Baltimore (an increase of 1.2 percent) it decreased by 0.9 percent, which is statistically significant at the 5-percent level. That is, although the error rate increased in the Clifton demonstration area, the error rate in the comparison area increased more.

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Table 3 - Dollar Overpayment Error Rates

Local Office	Pre-Demo Error Rate (Percent)	Demo Error Rate (Percent)	Change in Error Rate (Percent)	Compared to City of Baltimore (Percent)	Compared to Baltimore County (Percent)	Compared to State (Percent)
Clifton	5.4	5.8	+0.4	-0.9*	+1.2	*-3.2***
Govans-Collington	6.0	3.5	-2.5	*-3.7***	*-1.7**	*-6.1***
Liberty-Garrison	14.8	4.5	-10.3	*-11.6***	*-9.5***	*-13.9***
All Demos	7.9	4.3	-3.6	*-4.8***	*-2.8***	*-7.2***
Balance of State	7.1	10.7	+3.6			0.0
City of Baltimore Less Demos	5.4	6.6	+1.2			*-2.4***
Baltimore County	8.1	7.3	-0.8			*-4.4***

* Significant at the 5 percent level
** Significant at the 1 percent level

Although the declines in the dollar overpayment error rates for Govans-Collington and Liberty-Garrison and for all three demonstration areas taken together would probably be significant measured individually, measured relative to the change in the balance of the City of Baltimore and the balance of the State, they are even more significant. The change in the error rates in both the balance of the City of Baltimore and the State are positive. Indeed, the balance of the State experienced a rise of 3.6 percent in its dollar overpayment rate over the period in which the demonstrations were implemented. Note also that the balance of the State was significantly below the changes in the error rates in the balance of the City of Baltimore and in Baltimore County. This suggests that the major rise in the error rate in the State that occurred in this period was outside the City and County of Baltimore.

Govans-Collington is significantly different from Baltimore County at the 5-percent level. Liberty-Garrison and the weighted average of the three demonstration sites are significantly different from Baltimore County at the 1-percent level. The change in the dollar error rate in the Clifton demonstration area is not significantly different from that in Baltimore County, but it is significantly different from that of the balance of the State at the 1-percent level (minus 3.2 percent).

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Resulting Dollar Savings Estimates

Table 4 shows the dollar savings associated with the changes in the error rates in the demonstration areas. The dollar savings are calculated using the demonstration related change in the dollar error rate estimated for the QC sample cases. This error rate is converted to dollars by multiplying the dollar error rate for the quarter by the average benefit amount in the office for the quarter, multiplied by the quarterly QC caseload for that period. As indicated in the note to the table, the error rates associated with the estimated savings that are statistically significant are indicated in bold. Statistical significance is measured by the significance of the change in the dollar error rate from the predemonstration period to the demonstration period relative to the change in the dollar error rate in the balance of the City of Baltimore, Baltimore County, or the balance of the State of Maryland. As in the case of the changes in the estimated dollar error rate, the change in the error rate in each of the demonstration areas and all of the demonstration areas combined is significantly different from the change in the error rate in the balance of the State of Maryland during the same period. The estimated annual dollar savings in the demonstration areas on an annual basis is $717,424 relative to the balance of the State. Relative to the balance of the City of Baltimore, the error rate change in all of the demonstration areas and the demonstration areas combined is significant; and the estimated annual dollar saving as a result of the change in the error rate in the demonstration areas is $479,727 on an annual basis, ranging from $26,286 in Clifton to $237,943 in Liberty-Garrison. The estimated saving in each of the demonstration areas will not add to the savings in all demonstration areas combined because we estimated the saving in each area and for all areas combined separately.

Table 4 - Estimated Annual Dollar Savings as a Result of the Demonstration

Local Office	Annual Allotment	Pre-Demo vs Demo		Demo vs State		Demo vs Baltimore County		Demo vs City of Baltimore	
		Change in Error Rate*	Amount Saved**	Change in Error Rate*	Amount Saved**	Change in Error Rate*	Amount Saved**	Change in Error Rate*	Amount Saved**
Clifton	$2,920,672	0.4%	($10,363)	**-3.2%**	$94,634	1.2%	($35,048)	**-0.9%**	$26,286
Govans-Collington	$5,022,398	-2.5%	$125,560	**-6.1%**	$306,366	**-1.7%**	$82,870	**-3.7%**	$185,829
Liberty-Garrison	$2,051,234	-10.3%	$211,752	**-13.9%**	$285,122	**-9.5%**	$194,867	**-11.6%**	$237,943
All Demos	$9,994,304	-3.6%	$358,132	**-7.2%**	$717,424	**-2.8%**	$279,841	**-4.8%**	$479,727

* Bolded error rate changes are significant

** Dollar savings in demonstration sites may not add up to all-demonstration totals. Savings for each were estimated separately.

Although the demonstration sites did not collect consistent data on costs, it is likely that the savings resulting from the reduction in dollars paid in error in the demonstration sites, as estimated, is greater than the cost of the operation of the demonstrations.

We compared the estimated savings for the year in the three demonstration local district offices to the budgeted cost for the demonstration submitted as a part of the original grant application for demonstration funding. The estimated annual benefit savings for the three demonstration local district offices measured against the error rate change in the State ($717,424) is 3.8 times the estimated 18-month total cost of the demonstration ($188,687)[9] and 5.7 times the 12-month cost ($125,791). The annual benefit saving measured against the error rate change in the balance of the City of Baltimore ($479,727) is 2.5 times the 18-month estimated cost of the demonstration and 3.8 times the estimated 12-month cost.

IMPACT OF THE DEMONSTRATION

Demonstration project staff thought the PAP demonstration was very effective. The statistics suggest that the project kept ineligible people from participating in the FSP and that the error rate (case and dollar) was reduced. Because of gaps in information about the applicant notification process, small IQCS sample sizes, and other factors, it is not possible to conclusively attribute the reduction in error rate to the demonstration.

Impact on Local Office Operations

The demonstration did not have an impact on local office operations nor did it impact State FSP policies and procedures. Client services and timeliness of benefits did not change as a result of the demonstration.

The effects of this demonstration are limited to the time the investigators are in a local office; once investigators leave the office, the effect of the demonstration ends. The project did not appear to provide any learning at the worker level and the demonstration was not designed to change local district office policies and procedures.

Future Impact of the Demonstration

IMA is continuing this project by using reinvestment dollars to expand the program statewide. The project has expanded to other offices in Baltimore City and two urban counties near Washington, D.C. There continue to be tension and turf issues with the expanded program. OSI/OIG is responsible for the front-end investigations, while IMA is responsible for the follow-up investigations. IMA has responsibility for the funds, which gives OSI/OIG little control over staff and equipment expenses. OSI/OIG and IMA continue to try to work together on this effort, as both divisions believe the effort has merit and is effective.

In terms of Maryland's replication effort, it would be interesting to know if Maryland's expanded program is as effective as the demonstration. The expanded statewide project has some activities and characteristics that are different than the original demonstration. For example, the characteristics of the new areas in which the effort is operating are quite different demographically than the three FSP district offices in which the demonstration originally operated. The PAP demonstration was initially limited to NPA/FS applicants. This pool of applicants was primarily composed of single

[9] Budget information was obtained from the Maryland Department of Human Resources grant application, February 1993.

household males residing in an inner city area. How well the program works when applied to other FSP populations is not known. It would be interesting to learn which activities of the original PAP demonstration were replicated across the State, if they were effective with the FSP population groups in these areas, and if error rates declined in these new areas.

Transferability to Other States

The ease with which this demonstration can be transferred to other States relies on the availability of detailed documentation about the demonstration, self-assessment information, and the nature of the demonstration; and the type of system or structure (staff and organization) required to replicate the demonstration. A brief discussion of these factors follows below.

FCS required demonstration staff to document their efforts in quarterly progress reports and a final report. Maryland staff emphasized the collection of program statistics and their final report included many numerical tables. However, the data elements they collected were inconsistent across time periods, the elements themselves changed during the course of the demonstration, and the numbers collected were not comparable or related to the universe of cases within an office. For example, project staff did not report how many cases they reviewed each month relative to all NPA/FS cases in each office. Staff only included a brief description of the operational aspects of the demonstration. For example, we do not know with any certainty when local district office staff stopped notifying applicants about the investigations as this information was not detailed in reports.

FCS also required grantees to perform self-assessments. The resulting final report and self-assessment was not as rigorous as Maryland staff originally planned nor did staff meet the requirements specified by FCS.

Evaluation technical assistance provided early in the implementation phase of the demonstration would have helped the demonstration staff develop appropriate and realistic evaluation measures. These measures would have enabled them to better document the successes of and barriers to their interventions. Evaluation technical assistance also would have provided a better balance of qualitative and quantitative measures for the demonstrations.

In addition, development of an evaluation/self-assessment design would have provided a framework for the quarterly reports. For example, if the demonstration staff had developed research questions or demonstration objectives, quarterly reports could have detailed progress made in achieving objectives or in answering the research questions.

The PAP demonstration could be replicated in States where "investigative" or follow-up procedures are in place or can easily be implemented. Maryland's investigative approach requires an organizational structure that supports investigative activities. This could be a separate organizational entity or one that is part of the FSP. The types of staff needed to conduct these investigations are relatively easy to recruit—Maryland used staff who did not have FSP experience. However, this lack of experience may have compromised the overall program effectiveness. Other States may find replicating Maryland's program difficult because demonstration staff did not develop detailed handbooks or materials to guide replication efforts.

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Lessons Learned

PAP staff indicated that if they were to implement this type of project again, they would hire more investigators, provide more training, conduct more follow-up reviews, require more cooperation at the administrative/supervisory district office level, and review Aid to Families with Dependent Children cases as well as NPA/FS cases. They would also fully explain the program to the eligibility workers so that the workers would not be so resistant to the program. They would work with all involved parties so that procedures could be set up ahead of time. Finally, they would use fewer forms.

Local district office staff suggested that more training be provided to the investigators. Investigators needed training in the areas of client sensitivity and FSP policies and procedures, particularly in the area of FSP Expedited Services. District office staff shared an underlying belief that they could not deny food stamps to needy people. Investigators did not share this value, and this often caused conflict.

PAP demonstration staff learned many lessons from this demonstration project. These include the following:

- There were people who actively tried to defraud the food stamp system.
- FSP procedures should be applied uniformly, particularly in the area of Expedited Services.
- The demonstration has good deterrent value—if clients know their cases may be reviewed, they may be less inclined to be dishonest.
- Most clients are honest and in need of their benefits.

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Chapter 4

Description of Illinois' Food Stamp Error Reduction Demonstration

DESCRIPTION OF THE ERROR REDUCTION DEMONSTRATION

The Illinois Food Stamp Error Rate Reduction Demonstration began in April 1993 and ended in October 1994. Two staff experienced in FSP policies and procedures were hired to review food stamp cases and the processes related to determining eligibility for the FSP. These individuals were given total responsibility, under the supervision of a steering committee, to design and implement the procedures used to collect information regarding the type of errors being made and why these errors occurred. Specifically, the error reduction activities focused on earned income and household composition errors that result in overpayment of FSP benefits.

Planned Intervention

The goal of the project was "to implement a reasonable and easy-to-use payment accuracy initiative which would target errors, identify causes and develop specific recommendations for on-going error reduction activities". The project concentrated on the two most frequently occurring errors (e.g., earned income and household composition) that together caused $18 million in misspent Federal funds annually. The Illinois' Department of Public Aid (DPA) initiative was specifically designed to meet departmental needs in an urban, high volume area. However, the effort was sufficiently generic so that it could be applied to any office or public assistance agency.

DPA staff selected three contiguous offices in Chicago for the project, two with high error rates in earned income and household composition (Lower North and Humboldt Park), and a third with considerably lower error rates (Northwest). All were on the north and northwest side of Chicago. Each of the three offices issued considerably more than $10 million per year in FSP benefits. The three offices had similar characteristics. All offices had a large caseload (10,000 to 16,000 cases). All had a large Hispanic caseload and had bilingual staff to work with Spanish-speaking clients. In each of the offices, the process was automated (for 10 years), and workers used computer screens to guide the interview process. Office characteristics differed only slightly among the offices. Demonstration staff reported that worker use of computers varied somewhat among the offices and that one office[1] was able to process and interview clients more quickly than the other two offices, thus reducing client time in the waiting room. All offices handled a large number of aliens, requiring staff to grapple with the complicated policies related to serving them.

State staff hired two individuals with FSP experience to review cases to determine why the two most common types of errors were being made in the two offices with the high error rates, and why the same errors were not being made in the office with the fewer errors. The staff were responsible for developing specific recommendations for corrective actions that could be taken to address the problems, and ensure that appropriate action would be taken on the specific errors identified. Within

[1] This was a high error rate office.

this overall goal, the demonstration staff had the flexibility, with appropriate supervision, to use the approaches that they thought were best and most productive. These staff, known as Error Reduction Analysts (ERAs) reviewed food stamp cases, interviewed staff, and observed local office operations.

DPA staff designed the ERA review process around three basic principles:

- The review process be markedly different from a quality control review or mandated audit
- The ERAs be given a great deal of flexibility to develop and implement new methods and tools, as necessary, to aid in the review process and to achieve project goals
- The ERAs be able to solicit local office cooperation and input for problem solving throughout the review process

DPA developed and operated the demonstration. A steering committee, composed of five individuals from different divisions within DPA, provided overall management for the project. Divisions represented on the steering committee included the Division of Policy, Bureau of Food Stamps; Division of Field Operations, Bureau of Program and Field Management; Division of Program Integrity, Bureau of Quality Control; and the Division of Planning and Community Services, Bureau of Planning. Steering committee members were to use their expertise and experience to assist in the design, implementation, and on-going management of the project. The steering committee was chaired by the State Food Stamp Director who was also designated as the project director.

With steering committee members headquartered in Springfield, staff recognized that additional on-site management assistance was beneficial and would enhance the project. Two administrative staff members from the DPA's Chicago zone office, who had immediate and direct oversight as well as line authority over the targeted local offices, were recruited for the project. This "zone support staff" provided direct supervision and guidance to the ERAs, and provided the steering committee members with feedback regarding the progress of the project. Zone support staff also provided assistance in expressing the importance of the project to local office administrative staff and helped coordinate the project implementation schedule with the selected local offices.

Background

The Illinois FSP is administered through DPA's full service offices where applications are taken, eligibility is determined, and case records are maintained. Cook County, which includes the city of Chicago and the surrounding suburbs, has 26 full service offices and several other specific-service offices. The FSP is administered directly from the State's central offices in Springfield. The Division of Field Operations has direct line authority over the administrators and staff in each of the local offices. The Division of Policy contains both the Bureau of Policy and Training and the Bureau of Food Stamps. The Bureau of Policy and Training is responsible for drafting the DPA's policy instructions for all programs and providing training. The Bureau of Food Stamps is the primary point of State administrative responsibility to USDA for FSP operations.

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During FY 1994, Illinois' total FSP caseload varied from approximately 494,000 to 507,000 households per month, and its total issuance ranged from $88.4 million to $91 million in benefits per month. Cook County cases comprised approximately 62 percent of FSP households, making it the ideal site from which to choose the localized urban area FCS was seeking for its payment accuracy improvement project.

IMPLEMENTATION OF THE ILLINOIS FOOD STAMP ERROR REDUCTION DEMONSTRATION

In April 1993, the FCS authorized funding for Illinois' Food Stamp Error Reduction Demonstration. The steering committee began the project by meeting and clarifying the roles and responsibilities for project implementation, securing cooperation from the Chicago zone staff and local office administrators, and initiating the hiring process for the two ERAs. The steering committee recognized that the selection of the proper staff was critical to the success of the project. The desired skills for the ERAs included extensive FSP knowledge and experience, good analytical skills, the ability to communicate both in writing and orally, and excellent "people" skills. The original grant request also included clerical support staff. However, it was later decided that the purchase of laptop computers and software would be a better use of the limited resources available.

Zone and State staff hired the analysts on August 17, 1993; the analysts began working on the project on September 1, 1993. During the first week, the analysts met with the steering committee and Chicago zone staff, obtained and began familiarizing themselves with their laptop computers, and scheduled visits to each of the local offices involved in the demonstration. They selected Humboldt Park district office as the office where the ERAs would begin their work.

During the first month of the project, in addition to case reviews and interview observations, the ERAs designed the forms needed to collect the desired information. These included a data collection form to gather the necessary project data from the case files, a worksheet to collect data obtained during the observation of intake eligibility interviews, and a supervisor and caseworker questionnaire that allowed staff to express their ideas about the project. ERAs created management reporting forms and daily logs with an emphasis on the need for open two-way lines of communication

during this phase. The second phase operated for 2 months in each office and involved recertification observations, case record reviews, and other activities.

In each office, ERAs initiated each phase with an entrance conference. The local office administrator, office supervisors, zone staff, and steering committee members attended the entrance conferences. The conferences introduced the project to local office staff and introduced the demonstration staff to the offices. The entrance conference served to kick off the first phase of activities and officially marked the beginning of work in that particular office.

The ERAs developed a questionnaire to initiate worker input and circulated it to all staff at each of the local offices. This questionnaire asked for suggestions for improvement to anything related to FSP operations, in general, and any problems with earned income and household composition, specifically. Demonstration staff used the responses to help define the future direction of the project.

Each Local Office Administrator designated an individual to serve as a demonstration project liaison. The duties of the liaison included recommending procedures for selection of case records to be reviewed, deciding which units in the local office should be analyzed, establishing a non-threatening system to implement recommended case actions on documented errors, handling specific requests by the ERAs, helping the ERAs resolve problems as a result of project activities, and providing the local office administration with project updates.

ERAs analyzed a total of six casework units (two in each office) in phase one. The analysis consisted of two major components case record review and follow-up, and caseworker/supervisor interviews. Cases were selected for review based on four criteria, including case record data indicated that there were people living in the house who were not receiving food stamps, persons were added to or deleted from the food stamp household, a recertification of eligibility for FSP benefits had recently been completed, and the case was subject to the Illinois monthly reporting system.

Using the Case Record Review document to record case data, the ERAs reviewed all the case information to identify evidence of any procedural or policy-related errors during the period since the last recertification. ERAs provided feedback regarding specific case errors and recommended corrective actions to the local office through the local office liaison. Using a standard local office memo, the ERAs documented errors and discrepancies found on specific cases and attached this information to a copy of the narrative portion of the Case Record Review document. During the caseworker/supervisor interviews, the ERAs concentrated on problems related to the FSP as perceived by the staff. The interviews highlighted some problem areas about forms (the monthly reporting form and FSP recertification forms in particular) as well as policy. Certain aspects of FSP policy, for example the policy affecting aliens, seemed to be widely misunderstood. Many workers indicated that they relied on their supervisors for policy interpretations, yet interpretations seemed to vary between offices and also between supervisors within offices. This information became a source of ideas for additional approaches to further pinpoint causes for errors.

In addition to case record reviews and caseworker/supervisor interviews, the ERAs observed the intake eligibility interviews. They interviewed a total of 60 local office staff, and completed 63 observations in the three local offices. When the ERAs began the interview observations, they only observed the Intake Eligibility Specialists. However, after observing several intake eligibility

interviews, it soon became apparent that screeners were collecting information and making decisions that affected the determination of household composition, and that screener activity could be a substantial source for household composition errors. As a result, the ERAs scheduled observation of screening interviews.

Phase two activities included a case record review for each of the cases observed during the intake interviews in phase one in addition to the standard unit analysis (case record reviews and caseworker/supervisory interviews). It also included observation of the interviews required as part of the FSP recertification process, and a supervisory policy comprehension quiz. ERAs completed a total of 137 recertification interview observations. The recertification interview observation was essentially the same as the intake eligibility interview observation. The ERAs did not actively participate in the interview process; they answered caseworker questions and provided assistance when asked.

The ERAs created a supervisory quiz because inconsistent policy interpretation and a lack of basic policy knowledge by supervisory staff was often mentioned by caseworkers as a problem. Staff designed the quiz as a method of testing the supervisors' comprehension skills, not their memorization skills. That is, the supervisors could use their FSP manual when completing the quiz. The quizzes were distributed and completed at a supervisory meeting. Upon completion of the quiz, the ERAs collected them and then discussed the questions and answers in an open session. A total of 42 supervisory quizzes were completed. Supervisors averaged 11.22 correct responses out of 23 questions.

The ERAs held exit conferences at each of the local offices at the conclusion of the activities. The purpose of these conferences was to provide feedback to the local office administration on the project's findings during the just-completed phase, and to express appreciation for their staff's cooperation and input.

Procedures and Staffing Changes Impacting the Demonstration. Immediately prior to the demonstration, the method of assigning caseworkers to caseloads changed. Previously, if a client received both medical assistance and FSP benefits, two separate caseworkers were assigned. Under the new organization, one caseworker handled both cases. DPA trained local staff in the new programs they were assigned, but one office reported that some caseworkers still were not proficient in the policies for both programs.

Staff shortages were common during the demonstration period. One office experienced a lack of bilingual caseworkers. Caseworker shortages became particularly problematic as caseloads increased in local offices. One office reported 13 uncovered caseloads[2] during the course of the demonstration. A caseload could contain as many as 350 cases at various stages of activity. A second office also reported uncovered cases until the last 2 months of the demonstration.

Caseworkers and supervisors in local offices are unionized, which has a major impact on the changes the State can make in worker responsibilities and similar matters. In July 1994, supervisors, who

[2] Cases not assigned to workers because of staff shortages.

were previously not part of the bargaining unit, became part of the union. This change altered staff roles and responsibilities and created a new administrative level within local offices.

Policies related to the FSP frequently changed. One local office staff member reported that approximately 60 policy or procedural changes were made each year. Typically, memos announcing the change were distributed to local office staff. Staff reported that the memos were not always as explicit as they would like.

Revisions to the FSP calculation sheet and FSP eligibility worksheet occurred during the course of the demonstration. Several respondents credited demonstration staff with the new forms; however, these forms were developed independently of the demonstration and demonstration staff.

RESULTS

Changes to Local Office Operations and FSP Policies and Procedures

The ERAs found no difference in procedures between the two high error rate offices (Lower North and Humboldt Park) and the lower error rate office (Northwest). They were unable to determine why Northwest had a lower error rate at the beginning of the demonstration than the other two offices.

Although on the surface we can state that changes to local office operations did not occur as a result of the demonstration, DPA initiated several efforts and modified FSP procedures as a direct result of information collected by the ERAs. In other words, DPA staff used the information generated by the ERAs in three urban, local offices to make immediate statewide changes that they believed would ultimately reduce the error rate. The areas in which the ERAs and demonstration project influenced DPA FSP policy and procedural changes are described below.

State staff made several changes to FSP policies and procedures as a result of the project. These changes included the Quality Tip memos and statewide interview training for intake staff. In addition, revisions to the household composition module of the Automated Intake System (AIS) that were already in progress were accelerated and completed during the demonstration. The steering committee was influential in making these revisions a high priority because of their impact on the error rate.

In December 1993, State DPA staff distributed the first Quality Tips memorandum to local office staff. It addressed the subject of incorrect determination of the applicant's household composition at screening/intake. Six additional Quality Tips memoranda prepared during the course of the demonstration covered subjects such as correctly updating the forms to identify additional persons added to the FSP household, counting income in the month it was received (not the month it was earned), important questions to ask about household composition, and reviewing alien status documentation at recertification.

The DPA's Bureau of Policy and Training developed interview training in a very short time frame. This training focused on appropriate interviewing techniques and policy application within the AIS context. The ERAs recommended this training because they found early in phase one that the caseworkers did not have the comprehensive policy knowledge needed to make accurate eligibility

decisions and relied too heavily on the automated system for this purpose. Supervisors and caseworkers tested the training in the three demonstration offices and upon their overwhelmingly favorable response, DPA expanded the training statewide.

The ERAs also influenced accelerating revisions to the State's AIS household composition module. Efforts to enhance the AIS to include a household composition module began before the demonstration as part of the Corrective Action process. During phase one, the ERAs determined that household composition was being addressed incorrectly in AIS (the automated screen instructed workers to ask who "eats together" rather than who "purchases and prepares" food together). Once ERAs identified and documented this, finishing a new household composition module became a top priority. The State piloted a full module in January 1995 and modified it after the pilot test. Training on the module was then completed and implemented statewide.

Other changes that have occurred since the demonstration ended (or that are under way) include updating the computerized client database, developing a FSP conference/training for senior local office staff, providing Translation Techniques training for bilingual intake staff, and analyzing additional quality control data. In addition, changes have been made (or will be made) to several of the forms used during the FSP (re)certification process.

The ERAs found that excluding ineligible household members from the client database led to budgeting errors in some FSP cases. As a result, they recommended that procedures be changed so that ineligible household members are included in the data base. This improvement remains a priority for State staff; however, its progress is slow. Staff believe that the implementation of the new household composition module will make it easier to update the client database.

The ERAs found that knowledge about FSP policies among supervisors was inadequate. As a result of this finding, a "forum" for discussion of policies on a regular basis was recommended. However, the realignment of supervisory staff into the collective bargaining unit precluded such a forum. Under the new structure, supervisors became lead workers supervised by Assistant Local Office Administrators (ALOAs). Related to this effort, the State held two 2-day conferences in September 1995 for ALOAs. One conference was held in Springfield, the other in Chicago. The conference highlighted FSP issues as they related to ALOA responsibilities. It also included information on the FSP in general and quality control and quality assessment issues.

The ERAs discovered that even workers with a conversational command of both Spanish and English had trouble translating the specialized FSP terminology. The Metro Chicago Training Center created and began conducting a one-day Translation Techniques training session for bilingual intake staff. The training concentrates on translation of agency-specific terms and phrases, and on communicating in the variety of dialects used by Spanish-speaking people. DPA provided training in all offices with significant numbers of Spanish-speaking clientele by August 1995.

The creation of general recertification guidelines is another recommendation that was still under consideration at the conclusion of the demonstration. These guidelines would include forms applicable to each case type, acceptable types of verification, an explanation of items that require verification, and additional questions that should be asked when applicants present new information.

In general, office operations remained the same throughout and after the demonstration. However, local office staff felt their ability to correctly implement policy improved. Staff generally indicated they had a better understanding of policy and were able to provide a better quality of services to the clients.

Changes in Error Rates

DPA demonstration staff and KRA evaluation staff conducted an analysis to determine the impact of the Food Stamp Error Rate Reduction Demonstration on the error rate. DPA demonstration staff augmented their IQCS sample with Quality Assessment (QA) reviews of case records in the three local offices. They also examined Quality Control (QC) cases for these offices. KRA obtained quarterly IQCS data from FCS for analytic purposes.

Both the DPA QA and QC analysis and the KRA analysis were inconclusive in demonstrating any change in error rate.

DPA Quality Assessment Reviews and Augmented Quality Control Sample Analysis. QA reviews use case record material to determine whether the required forms, documentation, or sources of verification exist within the case record. If such documentation or verification does not exist, an error exists. DPA staff conducted 292 QA reviews for the three offices prior to the implementation of the demonstration in 1993; in August 1994, staff conducted post-implementation reviews on 696 cases. The QA review conducted prior to the demonstration included only recertification actions while the post-implementation review included intake and recertification actions. The reviews only examined the household composition and earned income areas of the records.

For the three offices, the pre-demonstration QA review showed a relatively high accuracy rate for household composition (96 and 100 percent accurate). Post-implementation household composition accuracy averaged 95 percent across offices. This was a decrease from the pre-implementation accuracy rate.

When compared to household composition accuracy, earned income accuracy was lower across offices. For the pre-demonstration QA review of earned income, offices ranged from 100 percent accurate to only 33 percent in one office. The post-implementation review showed that offices averaged 86 percent accuracy.

Although the offices were performing at an acceptable level of accuracy (with the exception of the 33 percent level of accuracy for earned income), accuracy levels generally declined in the three offices during the demonstration period. Several factors can be attributed to this, including a change in forms, and a change in procedures that included certain aliens as eligible FSP recipients.

DPA staff also performed a QC review. Staff reviewed a total of 103 QC cases for the three offices in mid-1993 (pre-demonstration). There were five agency-caused errors (earned income and household composition) in the three offices. Later, staff reviewed a second QC sample of 72 cases during the time the demonstration was in its early stages (late 1993 through early 1994). In this sample, only two agency-caused errors were found across offices, one household composition error and one earned income error.

Integrated Quality Control System Analysis. KRA analysts used IQCS error rate data to evaluate the efficacy of the error reduction demonstration. In addition, we used a dollars-paid-in-error measure to estimate the annual savings from the implementation of the demonstration.

The demonstration started in April 1993 (FY1993-III). Therefore, the quarterly IQCS data for FY1991-I through FY1993-II (the pre-demonstration period) were compared to FY1993-III through FY1994-IV (the post implementation period). Thus, we used ten quarters of pre-demonstration data and six quarters of data following the implementation of the demonstration in the analysis. The comparison areas used in the analysis include the demonstration offices (Lower North, Humboldt Park and Northwest), the balance of Cook County less the demonstration offices, and the State of Illinois less Cook County. The results of this analysis are discussed below.

Case Error Rate Changes. Table 5 shows the case overissuance error rates for the demonstration local offices. The table shows the pre- to post-implementation change in the case error rate (column three) and the change in the error rate in the demonstration area relative to the comparison area (columns four and five).

Table 5 - Case Overissuance Error Rates

Local Office	Pre-Demo Error Rate (Percent)	Demo Error Rate (Percent)	Change in Error Rate (Percent)	Compared to Cook County (Percent)	Compared to State (Percent)
Lower North	19.3	19.4	+0.1	+0.8	+0.4
Humboldt Park	20.5	18.6	-1.9	-1.2	*-1.6**
Northwest	14.8	16.3	+1.5	+2.3	+1.8
All Demos	17.8	17.9	+0.1	+0.9	+0.4
Cook County Less Demos	17.9	17.1	-0.8		*-0.4***
State Less Cook County and Demos	16.1	15.8	-0.3		0.0

* Significant at the 5 percent level
** Significant at the 1 percent level

As can been seen from Table 5, only the change in the case error rate in Humboldt Park relative to the balance of the State (-1.6 percent) is significant at the 5 percent level, using a one-tailed test of significance. The fact that the change in the error rate in Humboldt Park is not significantly different

from that in the balance of Cook County is not surprising given that the error rate change in the balance of Cook County is significantly different, at the 1 percent level, from that in the balance of the State. None of the other demonstration area offices or sum of demonstration area offices changes in error rates are significant. It is interesting to note that the office with the lowest case overissuance error rate at the beginning of the demonstration showed the greatest increase in error rates relative to the other demonstration offices during the course of the demonstration. Despite this increase, the Northwest office continued to have the lowest case overissuance error rates than the other two demonstration offices.

Dollar Error Rate Changes. As seen in Table 6, only the change in the dollar error rate between the Lower North demonstration area and the balance of Cook County is significant and negative (at the 1 percent level). However, the change in the error rate in Lower North is not significantly different from the change in the error rate for the balance of the State of Illinois and the change in Cook County is not statistically different from that in the balance of the State. Thus, we conclude that the demonstrations produced no demonstrable difference in the dollar overpayment rates between the demonstration areas and either of the comparison areas. In fact, the difference in the dollar error rates for all the demonstration areas combined and the balance of Cook County and the balance of the State are positive, indicating a relative rise in error rates in the demonstration offices over the period relative to the comparison areas. As with the case overissuance error rates, the Northwest office showed the greatest increase in dollar overpayment error rate changes, despite having the lowest dollar error rate at the beginning of the demonstration.

Table 6 - Dollar Overpayment Error Rates

Local Office	Pre-Demo Error Rate (Percent)	Demo Error Rate (Percent)	Change in Error Rate (Percent)	Compared to Cook County (Percent)	Compared to State (Percent)
Lower North	7.3	5.1	-2.2	*-3.0**	-1.4
Humboldt Park	9.8	10.9	+1.1	+0.2	+1.9
Northwest	5.0	8.3	+3.3	+2.4	+4.1
All Demos	7.1	8.5	+1.4	+0.5	+2.2
Cook County Less Demos	7.3	8.2	+0.9		+1.7
State Less Cook County and Demos	6.8	6.0	-0.8		0.0

* Significant at the 1 percent level

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changes to procedures. As State staff were interested in why errors occurred, they designed their demonstration effort to use what they learned from the demonstration to improve the system and institutionalize certain changes that would ultimately reduce errors. However, changes to "improve" the program were made statewide during the course of the demonstration and thus changes that may have occurred as a result of the demonstration could not be isolated to the demonstration offices.

Impact on Local Office Operations

The demonstration operated within the existing system of policies and procedures. Although changes in local office procedures and policies did not occur while the demonstration was under way, changes are more likely to occur in the future as a result of the demonstration. These changes have the potential of decreasing the error rate on a sustained basis. For example, modifications to computerized intake modules, training to improve interviewing techniques, and other similar local office activities could ultimately reduce case and dollar error rates over several years. Further, any future changes to FSP operations will be implemented statewide, generalizing the "lessons learned" from the demonstration to all FSP offices.

Future Impact of the Demonstration

The demonstration provided DPA staff valuable insight into how the FSP is operationalized in local offices. Illinois continues to make changes to FSP practices as a result of the demonstration. The demonstration findings have prompted several procedural changes that occurred early in the demonstration and continue through the present. Additional changes are planned but may take time to implement, given changing priorities and multiple programs within DPA.

Transferability to Other States

The general consensus of the Illinois staff was that the basic procedures and concepts of this project are replicable in other agencies. Adjustments would need to be made for individual circumstances. However, the attitude and background knowledge of the demonstration team were constantly mentioned as crucial to this demonstration. The successful transfer of this project to another location will rely heavily on the staff available to conduct the reviews and work with local agency staff.

The handbook created at the conclusion of this project provides a guide for implementing a similar study in another local office or State. At the local office level, a supervisor could use the handbook developed by demonstration staff to develop and implement procedures to examine why error rates occurred. Designed primarily for use in other Illinois offices, it could also be used in other States as background material for designing an error reduction initiative appropriate for that State or local agency. The authors intentionally tried to avoid writing the document in the typical bureaucratic style. Instead, they used humor and an informal style to present the facts. The handbook is basically a report, written in a direct easy-to-read manner, describing what was done and how it was done. It is not a "how to" handbook. However, it emphasizes all the major points that must be considered to make a similar demonstration effective.

Illinois' self-assessment and final report also provide information that would be useful to States planning to replicate the demonstration. The Illinois demonstration staff created a rich description from which one can learn what activities they performed as part of the demonstration and when they

occurred. Staff spelled out the demonstration activities and detailed results of their activities. The final report, however, included few statistics and quantitative aspects of the demonstration.

Hiring the right staff to implement the project, and obtaining the full support of the State and local level administrators are the critical components of this demonstration. The complete demonstration can only be replicated effectively in a State willing to meet these criteria. However, major portions of this demonstration could be replicated by local agencies that have the authority to implement changes such as creating or changing forms, or providing training on identified problem areas.

A replication challenge is recruiting the right staff to conduct the case and procedural reviews. The Illinois demonstration staff had a combination of strong interpersonal skills and FSP substantive knowledge. For those localities that plan to replicate this model, this combination of skills may be difficult to assemble and may not readily be available in all locations.

Lessons Learned

DPA staff do not expect to continue this project. However, Illinois staff realize that the progress they made while conducting this demonstration may disappear when staff attention is focused on other priorities and programs. They expect to continue to implement the recommendations made to reduce errors. More importantly, they plan to keep the communication lines open so staff can keep administration informed about what tools are needed to effectively implement and improve FSP policies and procedures.

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APPENDIX

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Appendix A

Food Stamp Program Data by Fiscal Year

Table 1—Payment Error Rates

	Combined Payment Error Rates			Overpayment Error Rates		
	Maryland	Illinois	U.S. Average	Maryland	Illinois	U.S. Average
1981	16.68	11.47	12.40	14.22	8.50	9.90
1982	11.33	10.95	11.99	9.70	8.93	9.54
1983	9.31	9.63	10.77	7.12	7.23	8.32
1984	8.32	11.23	10.91	6.99	8.31	8.59
1985	8.75	10.58	10.50	7.32	8.16	8.27
1986	10.10	11.10	10.39	8.06	9.17	8.09
1987	9.38	11.03	10.25	7.27	8.74	7.58
1988	8.62	10.52	9.93	6.45	8.37	7.41
1989	10.07	10.28	9.81	7.99	8.17	7.27
1990	10.64	10.77	9.81	8.34	8.65	7.34
1991	9.00	9.85	9.30	6.96	7.23	6.96
1992	8.99	9.95	10.68	6.99	7.55	8.19
1993	10.71	10.20	10.81	7.80	7.90	8.27
1994	11.24	9.47	10.32	8.48	6.96	7.65
1995	12.09	11.70	9.72	9.66	9.49	7.30

Source: Official Error Rates, U.S. Department of Agriculture, November 1995 and Fiscal Year 1995 Error Rate Data, U.S. Department of Agriculture, July 1996.

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Table 2—Maryland Food Stamp Program Data

Year	Average Number of Participants	Average Number of Households	Total Benefits
1981	346,283	145,356	170,654,259
1982	321,470	130,933	163,407,300
1983	318,497	126,011	177,509,962
1984	301,952	119,987	168,778,418
1985	286,816	114,950	171,382,240
1986	271,731	110,571	170,021,447
1987	253,674	104,136	159,187,825
1988	243,257	101,859	166,342,843
1989	248,814	106,209	175,873,999
1990	254,661	108,903	202,720,166
1991	303,684	129,813	258,979,379
1992	342,232	146,155	315,935,510
1993	374,522	159,059	336,182,307
1994	390,204	164,793	350,118,442
1995	398,727	169,440	365,169,777

Source: *Food Stamp Program Information for FY 1980 Through 1995*, Data Base Monitoring Branch, Program Information Division, Food and Consumer Service, U.S. Department of Agriculture, April 1996.

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Table 3—Illinois Food Stamp Program Data

Year	Average Number of Participants	Average Number of Households	Total Benefits
1981	984,399	380,057	505,963,521
1982	1,028,830	396,338	547,333,793
1983	1,117,872	424,897	662,825,687
1984	1,133,466	431,539	696,400,189
1985	1,110,242	430,246	713,131,942
1986	1,098,113	431,173	707,459,735
1987	1,079,356	429,714	702,546,528
1988	1,031,571	415,242	727,841,385
1989	989,500	402,126	729,311,679
1990	1,013,087	417,775	835,062,481
1991	1,096,441	460,331	961,130,472
1992	1,156,380	488,383	1,069,843,950
1993	1,179,488	493,429	1,060,091,166
1994	1,188,760	499,445	1,069,487,941
1995	1,151,035	487,586	1,056,482,588

Source: *Food Stamp Program Information for FY 1980 Through 1995*, Data Base Monitoring Branch, Program Information Division, Food and Consumer Service, U.S. Department of Agriculture, April 1996.

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Table 4—United States Food Stamp Program Data

Year	Average Number of Participants	Average Number of Households	Total Benefits
1981	22,429,574	8,215,411	10,629,866,494
1982	21,717,398	7,906,747	10,208,297,750
1983	21,624,639	7,851,017	11,152,312,661
1984	20,853,631	7,593,926	10,696,130,140
1985	19,899,052	7,331,142	10,743,554,537
1986	19,429,101	7,213,147	10,605,196,145
1987	19,113,128	7,132,443	10,500,343,713
1988	18,644,192	7,055,303	11,149,051,131
1989	18,806,463	7,231,080	11,700,524,584
1990	20,066,750	7,795,796	14,186,724,695
1991	22,624,627	8,877,435	17,338,697,344
1992	25,405,615	10,059,659	20,905,665,401
1993	26,982,399	10,788,012	22,005,889,570
1994	27,468,779	11,088,962	22,746,355,319
1995	26,608,496	10,880,868	22,766,109,338

Source: *Food Stamp Program Information for FY 1980 Through 1995*, Data Base Monitoring Branch, Program Information Division, Food and Consumer Service, U.S. Department of Agriculture, April 1996.

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Appendix B

Statistical Approach to Integrated Quality Control System (IQCS) Error Rate Data

Demonstration Offices and Comparison Areas

- *Maryland*
  - Demonstration Period: FY1994-I to FY1994-IV
  - Demonstration offices (individually and collectively) compared to City of Baltimore minus demonstration offices
  - Demonstration offices (individually and collectively) compared to Baltimore County, minus City of Baltimore and demonstration offices
  - Demonstration offices (individually and collectively) compared to State minus City of Baltimore City, Baltimore County, and demonstration offices

- *Illinois*
  - Demonstration Period: FY1993-III to FY1994- IV
  - Demonstration offices (individually and collectively) compared to Cook County minus demonstration offices
  - Demonstration offices (individually and collectively) compared to State minus Cook County and demonstration offices

Measures For Error Rate Data

(Formulas are for Case Error Rates; Dollar Error Rates are similar)

- Below

  i = quarter
  j = d, c (where *d* denotes demonstration office, and *c* denotes comparison area)
  k = a, b (where *a* denotes institution of demonstration, and *d* denotes before institution of demonstration)

- Overissuance Case Error Rate:

$$CE_{ijk} = \frac{\text{Number of QC Cases with Overpayment Error}_{ijk}}{\text{Number of QC Sample Cases}_{ijk}}$$

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- Overpayment Dollar Error Rate:

$$DE_{ijk} = \frac{\text{QC Sample Dollar Error}_{ijk}}{\text{Average Dollar Payment}_{ijk}}$$

- Weighted Case Error Rate:

$$WCE_{ijk} = \frac{\sum_i \left(CE_{ijk} \times S_{ijk}\right)}{S_{ijk}}$$

- Estimated Change in Error Rate:

$$P_j = WCE_{jb} - WCE_{ja}$$

- Standard Deviation of Change in Error Rate:

$$\sigma_{p_j} = \sqrt{\frac{P_j\left(1 - P_j\right)}{n_j - 1}}$$

- Difference in Error Rate:

$$D = P_d - P_c$$

- Standard Deviation of the Difference in Error Rate:

$$\sigma_D = \sqrt{\sigma_{p_d}^2 + \sigma_{p_c}^2}$$

- Test to see whether error difference is significant at the 5 percent level:

$$Z = \frac{D}{\sigma_D},$$

significant at the 5 percent level, where $z \leq -1.65$
significant at the 1 percent level, where $z \leq -1.96$

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Where:

CE_{ijk} = weighted case error rate
DE_{ijk} = weighted dollar error rate
WCE_{ijk} = weighted case error rate
S_{ijk} = sample case load
P_j = change in error rate pre to post
σ_{P_j} = standard deviation of P_j
n_j = Number of quarters
D = difference between P_d and P_c
σ_D = standard deviation of D
Z = Number of standard deviations of D

Tables 1 and 2 indicate the IQCS sample sizes for pre- and postdemonstration periods for demonstration and comparison areas.

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Table 1—Maryland Quality Control Case and Payment Error Sample Sizes

Local Office	Case and Payment Error Sample Sizes	
	Pre-Demo[1]	Demo Period[2]
Clifton	140	38
Govans-Collington	265	82
Liberty-Garrison	121	30
All Demos	526	150
City of Baltimore Less Demos	1,153	334
Baltimore County	289	83
State Less Baltimore City, Baltimore County, and Demos	1,485	447

Table 2—Illinois Quality Control Case and Payment Error Sample Sizes

Local Office	Case and Payment Error Sample Sizes	
	Pre-Demo[3]	Demo Period[4]
Lower North	145	62
Humbolt Park	185	94
Northwest	243	103
All Demos	573	259
Cook County Less Demos	3,949	1,539
State Less Cook County and Demos	2,560	1,093

[1] Consists of 12 quarters of IQCS data.

[2] Consists of 4 quarters of IQCS data.

[3] Consists of 10 quarters of IQCS data.

[4] Consists of 6 quarters of IQCS data.