



**AUDIT OF  
DEPARTMENT OF SOCIAL SERVICES  
ELECTRONIC BENEFIT SECURITY® CARD  
AND  
ELECTRONIC BENEFIT TRANSFER  
BENEFIT DELIVERY SYSTEM**

**From The Office Of State Auditor  
Claire McCaskill**

*The Department of Social Services' new electronic benefit delivery system has improved the distribution of food stamp and other government benefits while reducing food stamp fraud.*

**Report No. 2001-58  
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[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**PERFORMANCE AUDIT**



Office Of  
Missouri State Auditor  
Claire McCaskill

August 2001

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### **Government benefits delivered better with new electronic system**

The Department of Social Services' new electronic benefits transfer system disburses benefits more efficiently and reduces the chance of fraud. This audit found no major deficiencies in the new system, which replaced paper benefit coupons.

#### **Benefit payment accuracy rate above national average**

The new system pushed Missouri's food stamp payment accuracy rate above the national average. Before the new system started, Missouri had an 88 percent accurate payment rate as compared to the 90 percent national average. But since the 1998 inception of the new system, Missouri's payment record has consistently ranked above the national average, with a 92 percent accuracy rate in 2000. Department officials credit a quality control system, which logs over- and under-payment errors, and a monthly staff publication with suggestions on improving accuracy. (See page 5)

#### **Benefits still paid to deceased persons**

About 72 percent of the deceased persons checked in our audit tests still received \$31,130 in benefits following their deaths. Department officials said a reasonable time to stop payments due to a death is 2 months. Our tests showed it took 6 months on average to terminate benefit payments. (See page 6)

#### **Prisoners receive benefit payments while incarcerated**

Audit tests showed prisoners received benefit payments in violation of state and federal laws. Of the 114 inmates reviewed in these tests, 45 inmates received payments totaling at least \$13,100. Prisoners received payments for up to 12 months in some cases. (See page 7)

#### **Photographs on cards too costly, useless**

The state and the federal government have nearly split the \$1.8 million cost to place client photographs on the electronic benefit security cards. This cost is about to increase when the state renews the contract and purchases new camera equipment for \$752,000. State officials expected the cards to help deter fraud, but federal regulations allow any family member to use the card, which renders the photographs useless for fraud or identification. Retailers, in fact, are trained to ignore the photograph, since transactions are valid if the purchaser has the card and personal identification number. (See page 8)

YELLOW SHEET

**DEPARTMENT OF SOCIAL SERVICES  
ELECTRONIC BENEFIT SECURITY® CARD  
AND  
ELECTRONIC BENEFIT TRANSFER  
BENEFIT DELIVERY SYSTEM**

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**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Kathy Martin, Director Department of Social Services  
and  
Denise Cross, Director Division of Family Services  
Jefferson City, Missouri

The State Auditor's Office audited the Electronic Benefit Transfer system that was established by the Department of Social Services as a result of the Personal Responsibility and Work Opportunity Reconciliation Act passed by the U. S. Congress in 1996. The electronic system acts as a framework for the distribution of various state and federal benefit programs including Food Stamps and Temporary Assistance for Needy Families.

The purpose of the audit was to evaluate: if the system has effectively replaced the paper coupon food stamp delivery system; if department and division officials appropriately administered the system; the cost and effectiveness of including client photographs on electronic benefit cards; and the appropriateness of the eligibility determinations for food stamp and temporary assistance made by the Division of Family Services.

We concluded the electronic benefits transfer system is a significant improvement over the old paper coupon system because it allows for a safer and more efficient delivery of benefits, the system is effectively managed by the department, and the electronic food stamp delivery system has reduced opportunities for client fraud. At the same time, the system also provides transaction records that improve the prospects of identifying client fraud when it does occur. However, the statutorily required inclusion of a client photograph on each card does not effectively prevent fraud or serve as proper identification as intended by the General Assembly. Future costs for the photographs will increase significantly and as a result, the requirement should be eliminated.

We also determined that Division of Family Services personnel could be more effective in responding to the eligibility problems we identified and could improve their operations by improving communications and other efforts to stop or prevent benefits payments to persons who are not eligible because of death, incarceration, or absence from the home.

The audit was made in accordance with applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included such tests of the procedures and records as were considered appropriate under the circumstances.



Claire McCaskill  
State Auditor

May 25, 2001 (fieldwork completion)

The following auditors participated in the preparation of this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	James Helton, CPA,
In-Charge Auditor:	Christina Davis
Audit Staff:	Stacy Griffin
	Michael Paynter

## **RESULTS AND RECOMMENDATIONS**

### **Missouri's Electronic Benefits Transfer System Has Improved Delivery of Services**

The Department of Social Services has established an electronic benefits delivery system that has improved the delivery of food stamp and other government benefits while reducing food stamp fraud problems. No major deficiencies were found in the system. Our audit found that benefits were generally delivered appropriately, on time, and food stamp payment error rates have significantly improved. The audit identified some enhancements that would assist the department in identifying and preventing instances of improper benefits approval or continuation of eligibility for food stamp and temporary assistance programs. Improved coordination between Division of Family Services managers, caseworkers, social workers, and external agency personnel would help reduce the frequency of improper approval or continuation of benefits for ineligible clients who have died, been incarcerated, or are parents of children who have been taken into state custody.

In addition, the photographs on the electronic benefit transfer cards (electronic benefit card) do not meet the intended purposes of serving as (i) a fraud deterrent, or (ii) acceptable identification for the card holder.

### **How Missouri's electronic benefits transfer system works**

The Department of Social Services is responsible for administering an electronic delivery system for certain state and federal benefits. Missouri's electronic benefits delivery system is used to issue food stamp and temporary assistance benefits to the state's needy clients. During April 2001, the Division of Family Services (the division) issued approximately \$33 million in food stamps and \$11.8 million in temporary assistance. The division is responsible for determining the eligibility and benefit levels of clients for the food stamp and temporary assistance programs.

The Missouri Legislature enacted Section 208.182, RSMo 2000, to comply with the electronic benefits transfer provisions required by the Personal Responsibility and Work Opportunity Reconciliation Act (the Act). That section requires the Division of Family Services to establish an electronic transfer of benefits system. It also prohibits disclosure of client information by service providers such as banks, other financial institutions, and vendors, and provides for the Department of Social Services to require the use of photographic identification on electronic benefit cards issued to system recipients. Section 208.182, RSMo 2000, also allows the electronic benefit card to be used for various other programs including temporary assistance; women, infants and children; early periodic screening diagnosis and treatment; supplemental security income; Medicaid; child support; and other programs.



Missouri was one of eight states to form the Southern Alliance of States in response to Section 825 of the Act. The purpose of the alliance was to design and support the strategic implementation of electronic benefits transfer services and implement an electronic payment system for interstate access to government-issued benefits. The alliance and the state of Missouri contracted with Citibank to provide the electronic benefits transfer services, and Citibank subcontracted with other corporations for certain services such as card production, personal identification number (PIN) mailer-processing operations, training and retail management operations. The PIN is used to confirm client identity, or client authorization when initiating a transaction using the electronic benefit card. Clients are allowed to change their card PIN number at any time, and ongoing training or help is available if they have any problems accessing the system or using the card.

Missouri  
teams up with  
7 states to lead  
development

Various divisions within the Department of Social Services administer Missouri's electronic benefits transfer system. The divisions and their responsibilities are as follows:

- ❑ Division of Family Services – Eligibility
  - Food Stamps.
  - Temporary Assistance.
- ❑ Division of Budget and Finance – Finances
- ❑ Division of Data Processing – Interfacing data between Division of Family Services and subcontractor systems
- ❑ Division of Legal Services – Welfare Investigation Unit
- ❑ Division of Family Services – Management and coordination of the electronic benefits transfer system

Missouri completed electronic benefits transfer acceptance testing in May 1997, implemented its initial pilot area project in June 1997, and achieved statewide expansion during June 1998. Missouri uses the electronic benefit card for delivery of the food stamp and temporary assistance program benefits. The program requires that clients use their card at an ATM or retailer point-of-sale terminal to access their benefits accounts to make withdrawals and/or purchases.

Recipients use food stamp benefits to purchase approved food items at U. S. Department of Agriculture authorized food retailers. Benefits from state and federal (non-food stamp) cash benefit programs such as temporary assistance or veterans benefits can be used to make merchandise purchases or to withdraw cash from bank ATM terminals to use as the client wishes. These transactions may be made legitimately by the Head of Household on the benefit case (person responsible for the family's financial management, whose photograph is on the card) or by any other member of the family who has the card and PIN number. Some other person designated by the recipient may also make transactions using the card. *(See Appendix II, page 13, for more background information.)*

Electronic  
benefit card  
eases burden  
for clients

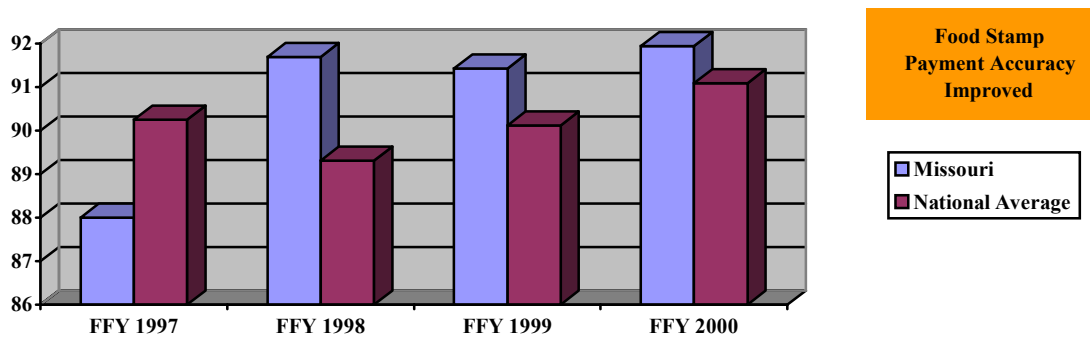
## The Department of Social Services has improved the benefit delivery system

The electronic benefits delivery system eliminated many problems that existed when benefits were delivered in a non-electronic mode. Some of these problems were: lost client temporary assistance benefit checks and lost or stolen paper food stamp coupons. Food stamp payment error rates decreased and benefit delivery costs were held within federal cost share guidelines.

The electronic benefits delivery system has facilitated new food stamp fraud prevention and detection activities that were not possible with the previous paper food stamp coupons. These activities allow the department to analyze the electronic transactions to help it recognize certain types of transactions that may indicate potential fraud or illegal activities committed by recipients and/or retailers.

Electronic system helps detect potential fraud

The division uses a quality control system to assess food stamp payment accuracy and integrity, and to identify both overpayment and underpayment errors. The data compiled through the quality control system is useful in identifying specific areas of error concentration. Missouri has reduced the risk of federal sanction penalties by improving the Federal Fiscal Year (FFY) food stamp accuracy rate to above the national average, as illustrated in the following chart.



The quality control unit attributes this increase in payment accuracy to the implementation of:

- A quality service delivery plan initiated in FFY 98, involving staff at all levels.
- A corrective action plan known as the Strategies of Success that identifies the types of errors and the specific locations where they are occurring.
- *The Vision Team Gazette*, a newsletter that provides local offices and workers with up-to-date payment accuracy rate information and helpful suggestions on how to improve program accuracy. The Vision Team meets monthly to address the errors noted during recent months and to identify and consider new ideas to improve payment accuracy.

These initiatives have helped make the electronic benefits delivery system a successful program for Missouri citizens.



## **Policy changes and reinforcements are needed to enhance follow-up and communication in the food stamp and temporary assistance programs**

The audit included a series of tests that matched food stamp and temporary assistance clients against lists of persons who are not eligible to receive benefits. The purpose was to determine if benefit payments were made to ineligible recipients. Ineligibles included persons who are deceased, in prison, or parents of children who are in state custody. The audit tests showed that not all recipients of benefits were eligible for them.

### **Electronic benefits were paid to accounts of deceased persons**

People who had access to deceased clients' electronic benefits cards and personal identification numbers (PIN) received and used at least \$2,117 in benefits. The audit matched benefit recipients in September 2000 to the Department of Health, Bureau of Vital Records death data through January 2001. The client deaths identified by this process were then reviewed in detail to identify the improper payments. In total, 300 of 418, or 72 percent of the deceased individuals' accounts included in our test had received \$31,130 in food stamps and/or temporary assistance benefits following the death of the recipient.

According to division personnel, it is reasonable to take up to 2 months to close a deceased person's case file and terminate benefits payments, because of normal delays between the death and the receipt of notification from the Department of Health's, Bureau of Vital Records. In 28 of 40 cases that remained active in the division's electronic benefit payment system as of our test date, the decedent's account was paid monthly for up to 20 months. On average, it took 6 months from a client's death to terminate benefits payments. Approximately \$500 of these overpayments had been used and another \$11,500 remains vulnerable to use until the case file is closed and benefits are terminated.

Our test matched individuals who were deceased according to data from the Department of Health, Bureau of Vital Records against individuals receiving food stamps or temporary assistance. The division performs a similar match each month, and the appropriate local division office and worker is notified to review each case and make changes necessitated by the client's death. Supervisors are also informed so they can ensure proper case adjustments have been made. The following vulnerabilities in this case closing process allowed the above problems to occur:

- Names of deceased individuals are only listed on the division report in the month the death is reported, instead of remaining on the list until the case record is corrected or cleared. This one time listing does not allow for adequate follow-up by division workers and supervisors to ensure the deceased person's case is closed in a timely manner.
- Supervisors do not always adequately monitor death notice cases handled by caseworkers in accordance with division policy.

- Caseworkers do not always check the computerized death list when processing case reapplications as required by departmental policy. Since every case must be reapplied every 1-12 months, it is reasonable to believe that some of the above error cases had passed reapplication and were approved for benefits by the caseworker even though the client was listed as deceased.

Division officials stated they are working to develop a match using Social Security Administration death data in which the name of the deceased will continue to appear on the local office reports until the case is corrected.

**Better communication is needed to ensure prisoners do not receive benefits while still incarcerated**

Audit tests determined that at least \$13,100 of mostly food stamp benefits was issued to the benefit accounts of persons while they were housed in state correctional facilities. This money was either spent by the inmate who was on daytime community release (see below) or escape status, or by someone in possession of the inmate's electronic benefits card and PIN. The audit matched benefit recipients in September 2000 to persons incarcerated during October 2000. The inmates identified by this process were then reviewed in detail to identify the number of months of improper payments and spending. Testing identified 45 of 114 inmates had received benefits while incarcerated. The length of time benefits were paid to inmates' accounts ranged up to 12 months and the average was 4 months.

\$13,100 was paid to inmates who were in state facilities

State and federal laws and division policy prohibit prisoners from receiving food stamp or temporary assistance payments while incarcerated. (*See Appendix II, page 13, for more information on eligibility laws*). According to division policy, each benefit case must be assigned a head of household. The head of household must serve as the family's representative to the division, live in the household, be responsible for the care of the children, and the family's financial management. Division policy also prohibits prison inmates from being classified as head of household, because they do not live in the home and cannot represent the family. However, 39 of the 45 inmates who received benefits were classified as head of household.

Eleven of the 45 inmates who were receiving food stamp and temporary assistance benefits were housed at the St. Louis Community Release Center. Because the inmates housed at the release center are typically nearing release and must look for employment, or work at their job, they were also able to personally apply for food stamps at the local division office and be approved for benefits. A review of those local division case files revealed that 5 of the 11 inmates used their Department of Corrections inmate identification card to identify themselves to the worker and claimed they had already been released from prison. In addition to being approved for regular food stamp benefits, several were also approved for additional benefits under the expedited or emergency need rules.

These inmates were incorrectly approved for benefits because the worker did not confirm the inmates' release status with the Department of Corrections. Under federal rules and division policy, any reasonable documents that establish the applicant's identity must be accepted, and no specific type of document, such as birth certificate, may be required. However, policy should be developed to advise caseworkers to check the applicants' status with the Department of Corrections when the applicant uses a Department of Corrections identification card or states they have previously been incarcerated.

Prevention would be practical and cost less

Eventually, the division of Family Services identified 8 of the 11 improper St. Louis benefit approvals, closed the cases, and established claims for repayment.

**Better communication is needed between division workers to ensure children in state custody are also removed from the parents' benefit cases**

Audit tests estimated \$20,750 in erroneous benefits was paid to families for children who were in state custody. In 25 of 141 of the cases tested, parents received an estimated \$13,600 in food stamps while those children were in state custody. Similarly, in 5 of 167 cases tested, parents received an estimated \$7,150 in temporary assistance. Although federal rules and division policy allow for temporary assistance to parents to continue for up to 60 days upon removal of a child when the child is expected to return to the home within 60 days, the average time a child continued in state custody and was still included on the parent's food stamp and temporary assistance case totaled 8 and 12½ months respectively.

Benefits continued after children were removed

Children are placed in state custody for a variety of reasons. Often, families affected by these placements already receive food stamp and temporary assistance benefits. Because assistance program benefit amounts are based on the number of family members as well as need, a child's removal from the family unit often results in reduced eligibility for benefits, which warrants a reduction in benefit payments.

Social workers and caseworkers need to coordinate

We attribute the above payment errors to a lack of communication between social workers who removed children from the home and caseworkers who handled the benefits cases, and to caseworkers who failed to check the division computer system for the child's current status, as required by division policy when processing a case reapplication.

**Photograph requirement does not meet intent of law**

State law, Section 208.182.(3), RSMo 2000, mandates that client photographs will be placed on the clients' electronic benefit cards. The legislative intent of the photograph requirement was to reduce fraud and provide a form of identification for clients. The audit determined that the photograph requirement does not meet the intent of the law. Since others can legitimately use the electronic benefit card, the client photograph does not serve as a fraud deterrent or as

identification of valid users. To place the photographs on the cards, Missouri had to add the feature to their electronic benefit transfer system contract. The current contract price was negotiated at a per card price. Missouri's portion of the contract cost for the photographs for FFY 2000 was \$22,276.

### **Reasons photographs do not meet their intended purposes**

Federal regulations require that electronic benefit cards must be usable by anyone in the family's household, and/or by a designated person. As a result, card usage cannot be restricted to the Head of Household whose picture is on the card. U. S. Department of Agriculture, Food and Nutrition Services personnel indicate federal food stamp policy does not allow retailers to be required to limit card users to the person pictured. Retailers are trained to disregard the photo, because transactions are valid as long as a person has the card and the PIN. Additionally, we have observed that many retailer point-of-sale card terminals are positioned so as to prevent retailer personnel from being able to see the card picture when the client swipes the card and enters the PIN.

Federal rules limit use of photograph to prevent fraud

The photograph does not provide clients a valid, usable identification card; because they lack the typically required information (see Section 302.181(7), RSMo 2000) such as address, date of birth, and physically identifying information. Further, state non-driver identification cards can be obtained from the Missouri Department of Revenue, Division of Motor Vehicle, Driver's License Bureau offices at a minimal charge.

47 states do not use photographs

While nearly all states use electronic benefit cards to distribute food stamps, only three other states use a photo on the card and only one state cites similar reasons for using a picture card.

### **Future Costs**

Total costs of placing the photographs on the electronic benefit cards, from inception to December 31, 2000 were \$1,801,858. The federal and state portions were approximately \$947,280 and \$854,578 respectively. According to department officials, the electronic benefit card contract must be renewed under a new contract bid process during the fall of 2001 to allow a new contractor to be prepared to operate the system starting in February 2003, when the current contract expires. Not only does the department expect contract prices to increase, the cost of producing photographs is also expected to increase because current electronic cameras are becoming obsolete and parts will be unavailable soon. The necessary new replacement cameras are expected to cost over \$752,000. Additional expenditures also appear necessary for updates to computer software used to process and transmit the photos before a new contractor takes over the contract in 2003.

Photograph costs are expected to increase

## **Conclusions**

The electronic benefits system implemented by the Department of Social Services is a significant improvement over the old paper coupon system, because it allows for a safer and more efficient delivery of benefits and presents better means for identification of user fraud. While no major problems with the system were identified, we did find several enhancements that could be made to further improve the system. These enhancements could be made by implementing the following recommendations:

## **Recommendations**

We recommend the General Assembly:

- 1.1 Revise state law to discontinue the client photograph requirement for the Missouri electronic benefit card.

We recommend the Director, Division of Family Services:

- 1.2 Follow-up to ensure cases of deceased persons are closed in a timely manner.
- 1.3 Reinforce policy to ensure supervisors are following-up on the closing of cases of deceased persons.
- 1.4 Reinforce compliance with current policy to ensure caseworkers are reviewing the computerized death list while working on client reapplications.
- 1.5 Communicate with the Department of Corrections to ensure caseworkers are allowed to confirm the current release status of applicants known to have been inmates.
- 1.6 Develop policy instructing caseworkers to confirm inmate release status with the Department of Corrections when they learn an applicant has been in prison.
- 1.7 Develop a review policy or system for the periodic review of inappropriate inmate cases found through the division's current match of food stamp clients against Department of Corrections prisoners. This system should identify reasons for improper approval of incarcerated persons and disseminate that information to caseworkers through policy or training changes to help minimize similar future payment errors.
- 1.8 Reinforce policy that caseworkers check the computer system to ensure children are currently in the parent's household when processing case reapplications.
- 1.9 Implement policy to ensure appropriate communication occurs between social workers and caseworkers when children are removed from their homes into state custody.

## **Department of Social Services Response**

*DFS has reviewed the performance audit draft pertaining to the effectiveness of the Department of Social Services' Electronic Benefit Transfer (EBT) program. Below, please find responses to recommendations for improvement enhancements made by the State Auditor's Office (SAO) concerning findings.*

*1.2 The process for DFS staff actually getting an alert to a death from the time of death can typically be up to two months. The SAO acknowledged this in the performance summary. The DFS partially agrees.*

*1.3 The DFS agrees and will issue a reminder memo to staff.*

*1.4 The DFS agrees and will revise our system to continue showing death information until action is taken.*

*1.5,1.6*

*& 1.7 The DFS partially agrees. The information obtained through various Corrections matches is not always reliable and the SAO has acknowledged this. We will continue to work with the Department of Corrections to refine the information available on inmates.*

*1.8,1.9 The DFS partially agrees. Children's Services staff will be reminded that when they assume charge of a case where a child is placed into state custody and the household is receiving public assistance, they should initiate contact with the Income Maintenance staff who have charge of the assistance case.*

## APPENDIX I

### OBJECTIVE, SCOPE AND METHODOLOGY

#### Objective

The objectives of the audit were to (1) evaluate whether the electronic benefits transfer system was effective in replacing the paper coupon system while reducing opportunities for food stamp trafficking, (2) determine if the Department of Social Services and various divisions, including the Division of Family Services were appropriately administering the new system based on electronic technology, (3) evaluate the cost and effectiveness of the inclusion of client photographs on the electronic benefit cards, and (4) evaluate the appropriateness of clients' eligibility determinations for the food stamp and temporary assistance programs in compliance with state and federal laws and regulations and departmental policy.

#### Scope and Methodology

The audit included:

- A review of state and federal laws and regulations that govern operations of the food stamp and electronic benefits transfer programs and departmental and divisional policies and procedures.
- Interviews of various department administrators, employees, and supervisors to obtain an understanding of various applicable operations, policies, and procedures.
- A review of internal controls over department transactions and reconciliation with, and staff access to the electronic benefits transfer contractor's system and system operating protocols.
- Performing, reviewing, and analyzing various computerized matches of food stamp and temporary assistance benefit recipients against lists of likely ineligible individuals such as those who are deceased, incarcerated, or in state custody such as children in foster care or in residential treatment programs and the review of certain client case files.
- Obtaining historical costs from department officials for items such as electronic cameras and electronic photograph transmittal technologies involved in providing client photographs on the electronic benefit cards. We also obtained and estimated future costs for continuing the photograph requirement.
- Obtaining and reviewing national and state statistical analyses of food stamp and temporary assistance usage trends and food stamp error rates. We also received and reviewed concerns from a hunger prevention advocacy group.

**BACKGROUND, STATUTES AND REGULATIONS**

**Department of Social Services' mission**

The Missouri Department of Social Services uses the electronic benefits transfer system to deliver food stamp and temporary assistance benefits to help meet its mission of maintaining or improving the quality of life for the people of Missouri. The goal is to provide the best possible services to the public, with respect, responsiveness and accountability, which will enable individuals and families to better fulfill their potential.

**Welfare reform legislation mandates electronic benefits transfer system**

The U. S. Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act during 1996. The act is also known as the Welfare Reform Act. Section 825 of the Act requires states to implement an electronic benefits transfer program by October 1, 2002, to disburse food stamp benefits. This new method of disbursing benefits replaces the previous use of paper food stamp coupons. Additional congressional acts such as the Balanced Budget Act of 1996 require the implementation of electronic transfer programs for the distribution of cash benefits from programs such as temporary assistance for needy families and veterans benefits. The electronic benefits transfer system is similar to bank debit card systems. The system allows recipients to authorize transfer of their government benefits from a federal or state account to a retailer account to pay for products received, or to draw cash benefits from a bank automated teller machine (ATM).

**Food Stamps**

The state of Missouri and the Department of Social Services have operated a food stamp program for many years. The program is designed to promote the general welfare and to safeguard the health and well being of the population by raising the levels of nutrition among low-income households. The food stamp program is a federally sponsored program governed by the U. S. Department of Agriculture (USDA). Under the program, the direct cost of all food stamps provided to qualified individuals is paid from federal fund sources. Each state operates a food stamp program and the program administrative costs are shared between state and federal sources by a federal to state cost reimbursement process.

Until recent years, all food stamp beneficiaries were given paper food stamp coupons that could be used to purchase approved food items in USDA authorized retail grocery stores. However, paper coupons were subject to several problems, including theft and fraud such as client sale in exchange for cash, known as trafficking in food stamps. The problems inherent in a paper coupon program eventually resulted in Congressional action to improve the food stamp program by implementing the electronic benefits transfer system.

Electronic benefits transfer is the method by which clients receive and use food stamp benefits. Clients may use their electronic benefit cards in any grocery store or retail location anywhere in the United States that has been authorized by the USDA Food and



## APPENDIX II

Nutrition Service and displays the Quest® system symbol. When paying for groceries, the food stamp client's card is swiped through a point-of-sale terminal, and the client enters the secret PIN number to access the food stamp account. The system verifies the PIN and the account balance, and authorizes or denies the transaction. If authorized, the client's food stamp account balance is reduced by the amount of the purchase, and the retailer is credited. Payment is made to the retailer through a settlement process at the end of each day.

The benefits may be used to purchase any food or food products prepared for human consumption except alcoholic beverages and tobacco, hot foods or foods prepared for immediate consumption. Benefits may also be used to buy seeds and plants for use in gardens to produce food for the personal consumption of the household. Under certain conditions, members of the eligible households who are 60 years of age or older may use the benefits to pay for home delivered meals and other meals prepared for elderly persons, and the homeless may purchase meals from certain restaurants.

According to Division of Family Services policy and Title 7 Code of Federal Regulation part 273, the eligibility requirements for a person or household to receive Food Stamps are as follows:

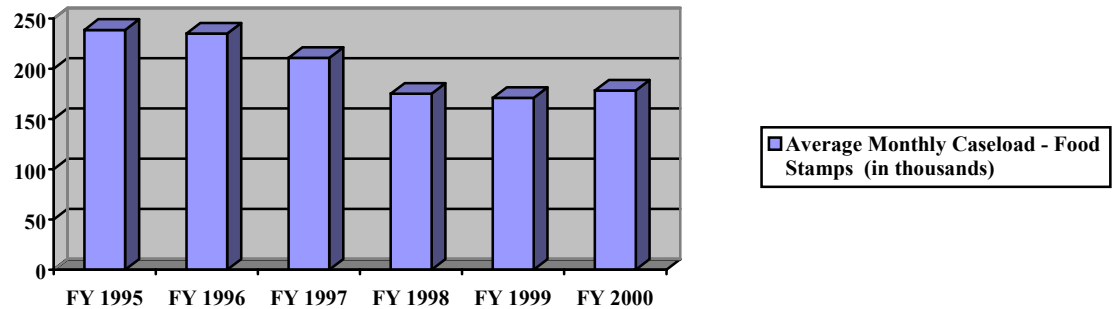
- Is a U.S. citizen, or qualified legal immigrant.
- If a student, meets the definition of an eligible student.
- Has not been disqualified from the food stamp program for fraud.
- Does not have resources of \$2,000 or if elderly of \$3,000.
- If not elderly or disabled, has a gross income equal to or below 130 percent of poverty and net income equal to or below 100 percent of poverty.
- If elderly or disabled, has gross income equal to or below 165 percent of poverty.
- Is not a fleeing felon and is not in violation of condition of probation or parole imposed under a federal or state law.
- Has not been convicted after August 22, 1996, in a federal or state court of a felony or any crime related to illegal possession, use, or distribution of a controlled substance.
- If age 18 to 50 and able bodied with no dependents, complies with food stamp work requirements.
- Complies with Missouri Employment and Training Program requirements, unless exempt.

Once a household is determined eligible, the caseworker must assign a certification period usually ranging from 1 to 12 months beginning with the first month the household is eligible to receive benefits. Food stamp eligibility ends with the expiration of the certification period, and the household must reapply and again be determined eligible for benefits.

## APPENDIX II

Households with predictable income and/or stable circumstances typically are assigned longer certification periods, while those less stable or ones with less predictable income are typically assigned shorter certification periods.

The following graph shows the food stamp participation levels in Missouri during state fiscal years 1995 to 2000. Participation declined from 1995 to 1999, but started rising in 2000.



According to the Office of Management and Budget's A-133 Single Audit Compliance Supplement for the food stamp program, "each state is required to have a system for monitoring and improving its administration of the Food Stamp Program, particularly the accuracy of the eligibility and benefit determinations." As a result, the department operates a quality control unit that monitors the food stamp program. Quality reviews include review of case management, retesting of eligibility determinations, and reporting to the USDA Food and Consumer Service program on the state's performance. The Quality Control Unit randomly selects case files to be reviewed and retested. The federal government may sanction state food stamp programs if the state exceeds the national average state payment error rates.

### **Temporary Assistance**

The purpose of the temporary assistance program is to provide cash assistance to needy families with children so they can be cared for in their own home and to reduce dependency by promoting job preparation, work and marriage. The temporary assistance program is a combined federal and state effort to keep families together and to help ensure a normal family life for the children. Federal legislation created the Temporary Assistance for Needy Families block grant to assist states in providing this time-limited cash assistance to those families

Clients receive temporary assistance cash benefits either by direct deposit into a personal bank account or into the electronic benefit card account. If the client chooses to receive his/her temporary assistance by using the electronic benefit card, the cash benefits may be accessed at any ATM or retail location displaying the Quest® system symbol, using the client's secret PIN number. The system verifies the PIN and the account balance, and authorizes or denies the transaction. If authorized, the client's cash account is reduced by the amount of the withdrawal, and the bank or retailer account is credited.

## APPENDIX II

According to Division of Family Services policy, Section 208.010, RSMo 2000, and Title 45 Code of Federal Regulations part 260, temporary assistance eligibility requirements for a person or household are as follows:

The child who is:

- ❑ Under the age of 18 years, or 19 and attending high school or equivalent and expected to graduate.
- ❑ In need of assistance because there is insufficient income to meet basic needs.
- ❑ Deprived of support because of the death, physical or mental incapacity or the continued absence (caretaker, parent) from the home, or unemployment.
- ❑ Living with one or both parents or a close relative who makes application for assistance.

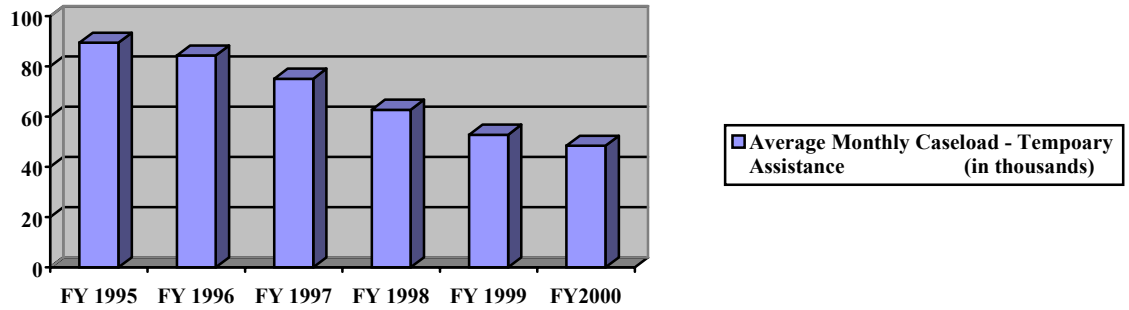
And whose parent(s) with whom the child is living:

- ❑ Has not been convicted after August 22, 1996, in a federal or state court of a felony or any crime related to illegal possession, use, or distribution of a controlled substance.
- ❑ Does not own resources valued at more than \$1,000 at application, excluding the home and one car. Recipients may own resources valued to \$5,000 once a self-sufficiency pact is signed.
- ❑ Assigns his or her rights for child support to Division of Family Services and further cooperates in identifying, locating and collecting child support from any parent who is absent from the home because of divorce, desertion, or abandonment.
- ❑ Uses the money for the benefit of the children.
- ❑ Attempts to support or help support the children by accepting employment when offered.
- ❑ Applies for social security numbers for all members of the assistance group.
- ❑ Is not a fleeing felon and is not in violation of a condition of probation or parole imposed under a federal or state law.

After establishing eligibility for assistance, the caseworker is to ensure the client remains eligible and adjust the cash grant amount when circumstances change. Examples would include the return of an absent child, a change in living arrangements, or an additional household member. This process is called reinvestigation. The minimum frequency of contact to review eligibility for temporary assistance is once every 12 months. The frequency of contact between the caseworker and participating families depends on the level of work readiness of the family.

## APPENDIX II

The following graph shows the Temporary Assistance participation during state fiscal years 1995 to 2000:



For more information on the Department of Social Services and Division of Family Services and assistance programs, readers may go to the Internet Website at <http://www.dss.state.mo.us>.