Date: 04/25/98 Time: 13:32
White House Fact Sheet on Presidential Radio Address

WASHINGTON, April 25 /U.S. Newswire/ -- The following was released today by the White House:

What the Social Security Administration Has Done to Crack Down on Fraud.

The Social Security Administration must suspend Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) benefits to prisoners. SSA has developed relationships with Federal, State, and local prisons to share information about incarcerated individuals. Under this Administration, SSA has initiated additional efforts to cut off benefits to prisoners.

Sharing Data Saves Taxpayers $500 Million Each Year -- $2.5 Billion Over the Next Five Years.

As a result of this effort, SSA has data-sharing agreements with the Federal Bureau of Prisons, all State prisons, and the largest 25 local jail systems. In addition, SSA has forged agreements with over 3,500 local jails. Thanks to that effort, prisons and jails representing over 99 percent of the nation's inmate population are now reporting the names and Social Security numbers of incarcerated individuals to SSA. This initiative, together with other efforts with correctional facilities, saves SSA an estimated $500 million annually in reduced benefits -- or $2.5 billion over the next five years.

Other Agencies Need Up-to-Date, Comprehensive Data. Other Federal benefit programs also have the legal authority to reduce, suspend, or terminate benefits to prisoners. To ensure that inmates are not abusing these programs, these agencies need up-to-date, comprehensive data from correctional institutions. In the past, each agency has relied upon its own information to enforce its program criteria, with no systematic efforts to prevent the improper collection of benefits.

The President's Initiative Expands Efforts to Stamp Out Fraud. Until now, no coordinated attempt has existed to share information among Federal agencies about incarcerated individuals. The Executive Memorandum the President signed today requires SSA to provide access to its computerized, up-to-date prisoner database to Federal agencies and the State and local governments that administer Federal benefit programs.

Within A Year, Agencies Will Be Using SSA Database To Cut Fraud. By Nov. 1, 1998 this Executive Memorandum requires that SSA have its database prepared for access by the appropriate agencies. From that day, agencies will have six months to put in place systems to access SSA's information and match it to their benefits rosters to determine if prisoners are receiving benefits improperly. When they discover illegalities, agencies will then take immediate action to suspend, reduce, or terminate benefits.

Reporting on Progress. The Commissioner of Social Security is required to report to the President within 180 days upon actions taken to implement this directive.

This Initiative Will Save Taxpayers an Estimated $200 Million.

Expanding access to SSA's database to other agencies will save an estimated $200 million from FY 1998 to 2002.

Date: 04/25/98 Time: 13:37
Clinton Exec. Order on Use of Social Security Admin.'s Prisoner Database

WASHINGTON, April 25 /U.S. Newswire/ -- The following executive order by President Clinton was released today by the White House:

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Use of the Social Security Administration's Prisoner Database to Prevent Prison Inmates from

Inappropriately Receiving Federal Benefits

The Social Security Administration ("SSA") is required by law to suspend Old Age and Survivors and Disability Insurance or Supplemental Security Income benefits to certain persons who are incarcerated. To carry out the law, the SSA, with the assistance of the Federal Bureau of Prisons and various State and local entities, developed a database of persons who are incarcerated. Other agencies, too, including the Departments of Agriculture, Education, Labor, and Veterans Affairs, operate Federal benefit programs that have statutory requirements to reduce, suspend, or terminate benefits to those who are incarcerated.

All of these agencies have been carrying out the requirements to suspend or reduce Federal benefits to prison inmates. However, the agencies' enforcement of these requirements independently, rather than in coordination, is not the most efficient use of Government resources and has not allowed the agencies to enforce these requirements to the greatest effect. Therefore, to provide for a coordinated governmentwide effort to improve the implementation of the laws permitting suspension or reduction of Federal benefits to prison inmates and to use Government resources more efficiently, I hereby direct executive departments and agencies to take the following actions, to the extent permitted by law:

(1) By November 1, 1998, the Social Security Administration shall provide access to its prisoner database, on a reimbursable basis, to Federal agencies that administer benefit programs and to appropriate State and local entities that administer benefit programs in cooperation with Federal agencies. The SSA shall assist these agencies as necessary to allow quick and efficient access to the SSA prisoner database. By May 1, 1999, the agencies should make operational their computer systems that are to conduct the matches between their benefit program databases and the SSA prisoner database;

(2) The Departments of Education, Labor, and Veterans Affairs and Food Stamp agencies acting as agents for the Department of Agriculture, shall conduct matches between their benefit program databases and SSA's prisoner database to identify ineligible recipients of benefits on their benefit rosters. Agencies that have begun to conduct matches of their benefit program databases with SSA's prisoner database or other agencies' databases shall continue that work;

(3) Other executive agencies with benefit programs shall review such programs and determine whether it is appropriate and cost effective to conduct a match of their benefit program databases with the SSA prisoner database;

(4) Based on their matches with the SSA prisoner database, agencies that identify ineligible recipients shall immediately take action to suspend, reduce, or terminate benefits as permitted by law; and

(5) The agencies shall work with the Commissioner of Social Security and State and local governments, where appropriate, and take whatever actions are practicable to carry out this memorandum. The Commissioner of Social Security shall report to me within 180 days on the actions the SSA and other agencies have taken to implement this memorandum.

I believe that this coordinated governmentwide approach to terminating, suspending, or reducing Federal benefits to prison inmates will more fully carry out the intention of the Federal laws restricting payment of benefits to prison inmates and will provide savings in Federal benefit programs.

WILLIAM J. CLINTON

Background information: expanding access to SSA prisoner database to other Federal benefit programs

I. Executive Order

Today the President directed Federal agencies to share information on incarcerated individuals to help improve the integrity of Federal benefit programs. Programs that have statutory requirements to suspend, reduce, or terminate benefits to incarcerated individuals have relied upon each agency's individual efforts to discover beneficiaries ineligible for benefits due to incarceration. No coordinated system has existed to share information among Federal agencies about incarcerated individuals. This Executive Memorandum requires the Social Security Administration (SSA) to provide access to its prisoner database to Federal agencies and the State and local governments that administer Federal benefit programs. This Executive Memorandum requires that SSA have its database prepared for access by the appropriate agencies by Nov. 1, 1998. From that day, agencies will have six months to put in place systems to access SSA's information and match it to their benefits rosters to determine if prisoners are receiving benefits improperly. Agencies should then take immediate action to suspend, reduce, or terminate benefits, consistent with their statutory authority.

II. SSA prisoner data base

SSA has developed relationships with Federal, State, and local prisons to share information about incarcerated individuals. Under this Administration, SSA has initiated efforts to significantly improve the suspension of benefits to ineligible prisoners. As a result of this effort, SSA has data-sharing agreements with the Federal Bureau of Prisons, all State prisons, the largest twenty-five local jail systems, and with over 3,500 local jails. Prisons and jails housing over 99 percent of the nation's inmate population are reporting the names and Social Security numbers of incarcerated individuals to SSA.

These efforts, in concert with previous cooperation with correctional facilities, saves SSA an estimated $500 million annually in reduced benefit outlays.

SSA now suspends benefits to over 60,000 prisoners each year
Total number of prisoners with suspended benefits, calendar years 1995-2001[1]
(in thousands)

	OASDI	SSI	Total[2]
1995	28	20	45
1996	40	31	67
1997	43	32	71
1998 est.	45	33	74
1999 est.	47	35	77
2000 est.	49	35	79
2001 est.	52	36	83

1 Includes those found not guilty by reason of insanity. This value accounts for the additional prisoners suspended each year less those who have had benefits suspended and who leave prison.
2 Suspended prisoners who receive both OASDI and SSI are shown in each column but appear only once in the total column.

III. Agency statutory requirements and current practice.

DEPARTMENT OF VETERANS AFFAIRS

Statutory authority

VA is required by law to-reduce benefits that are being received by prisoners convicted of a felony from the compensation, and education programs, and prohibit benefits to any incarcerated veteran under the pension program.

VA disability compensation benefits are reduced for felons under 38 USC 5313. If the disability is less than 20%, VA pays half of the benefits a veteran would receive at the 10% rating. If the disability is more than 20%, VA pays benefits at the 10% disability rating. In the case of pension benefits, VA stops the payment completely (38 USC 1505). VA denies the subsistence part of education benefits (about 2/3 of the payment to felons (38 USC 3482 (g)).

Current enforcement efforts

In all these cases, there are efforts being made by VA to enforce the rules of payment to prisoners. They are in the process establishing a matching agreement with the Bureau of Prisons to identify prisoners. VA plans on performing its first match around July 1st and plan to be ready to take action on the matches by October. In addition, regional offices work with the penal authority liaison in the state to identify prisoners.

DEPARTMENT OF EDUCATION

Statutory authority

The six major student financial aid programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), are Pell Grants, Federal Family Education Loans (FFEL), Federal Direct Student Loans (FDSL), Supplemental Educational Opportunity Grants (SEOG), Work-study and Perkins Loans.

The HEA prohibits any incarcerated student from receiving any Title IV loan. Students incarcerated in Federal or State prisons are ineligible for Pell Grants. (Inmates of county or local jails who otherwise satisfy the program eligibility requirements are eligible for Pell Grants.) There is no statutory restriction on the receipt of SEOG or Work-study aid by incarcerated students.

General student eligibility criteria are specified in HEA title IV part G section 484 (20 USC 1091). With respect to student loans, section 484(b)(5) states "Notwithstanding any other provision of this subsection, no incarcerated student is eligible to receive a loan under this title."

The prohibition against receipt of Pell grants by certain incarcerated students is specified in the general Pell grant program authority in HEA title IV part A subpart 1 section 401 (20 USC 1070a). Specifically, section 401(b)(8) states that "No basic (Pell) grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution."

Current enforcement efforts

Each Title IV institution has a financial aid administrator who is responsible for the Federal student aid programs on campus. Individual aid administrators are required to ensure that each student recipient of federal assistance satisfies all program eligibility criteria. The participating institution is liable for the full amount of Federal aid that it disburses to ineligible students. Such violations are typically discovered during the required annual program compliance audit or a comprehensive program review conducted by the Department's compliance staff.

Because Federal student financial aid program funds are administered through participating colleges, universities, and trade and technical schools, improper receipt of Federal aid by ineligible incarcerated persons would require collusion between a school official and a State or Federal inmate. The SSA prisoner database would provide the department with an additional means to combat fraud and abuse through centralized data matching.

DEPARTMENT OF LABOR

Unemployment Insurance (UI)

Statutory authority

The statutory authority preventing payment of UI benefits to prisoners does not explicitly address prisoners. However, all State laws that implement UI provide that to receive benefits a claimant must be able to work and available for work. By definition, prisoners are neither able to nor available for work.

Current enforcement efforts

State Employment Security Agencies (SESAs) currently pursue a variety of integrity activities designed to identify UI claimants who are collecting benefits to which they are not entitled. The primary activities are (1) a quality control program (required by Federal regulations) which investigates a random sample of claimants and assesses the accuracy of their benefit payments, and (2) regular cross-matches of claimant files against various sources such as employer wage records, payroll records of State/county/municipalities (which do not submit wage records to State UI offices), death records, and prisons. It is up to each SESA to determine how to allocate its resources to different types of cross-matches and follow-up investigations.

In carrying out these cross-matches, State UI agencies tend to match against records held by other State agencies. Cross-State matches and national cross-matches are not common because of the effort involved in arranging access and setting up computer systems to do the matches, and the lower probability of making a "hit" on out-of-State records. Thus, a single, national prisoner database to which states can have access will reduce the cost of carrying out these cross-matches.

Office of Workers Compensation Programs (OWCP)

Statutory authority

OWCP must suspend benefits to any individual confined in a jail, prison, or other correctional facility pursuant to conviction constituted a felony under the appropriate law (5 U.S.C. 8148(c)).

Current enforcement efforts

OWCP suspends all payments to individuals discovered incarcerated for a felony. Currently, OWCP depends on information from the claimant to detect periods of incarcerations.

DEPARTMENT OF AGRICULTURE

Food Stamps

Statutory authority

The Food Stamp Act of 1977 (7 U.S.C. 2020) prohibits prisoners from receiving Food Stamp benefits. Individuals residing in institutions may not constitute a household for the purpose of receiving Food Stamps.

Current enforcement activity

The Balanced Budget Act of 1997 requires States to establish systems to verify that individuals in Federal, State, and local correctional facilities are not eliglible to participate in the Food Stamps program as a member of any household. States that obtain prisoner information through data matches with SSA are deemed in compliance with the requirement. This Executive Memorandum facilitates the States meeting this requirement from the BBA.

OTHER AGENCIES

This Executive Memorandum directs all other agencies with statutory bars to receipt of benefits by prisoners to determine whether a matching process would be most effective, and if so, to implement such processes with SSA.

IV. Brief description of how the data matches will work.

After November 1, 1998, when SSA will have its systems prepared to share data on incarcerated individuals, Federal agencies or the State agencies who administer Federal benefit programs will be able to compare their beneficiary rosters to SSA's lists of prisoners. Those accessing the SSA information will do so under the currently established procedures for electronically transferring data to and receiving data from SSA.

After matching prisoner data to benefit rosters, agencies will determine if individuals identified in the SSA database are in fact receiving benefits improperly. Agencies will then take immediate action to suspend, reduce, or terminate benefits, consistent with their statutory authority.

V. Expected benefits of the Executive Order.

Expanding access to SSA's database to other agencies will save an estimated $200 million from FY 1998 to 2002.

VI. Evidence of prisoners receiving benefits

Food Stamps: GAO report RCED-97-54, "FOOD STAMPS: Substantial Overpayments Result from Prisoners Counted as Household Members"

VA: Recent test data matches have shown that as many as 70 percent of veterans who would be disallowed benefits as prisoners are not currently being identified.

Date: 04/25/98 Time: 10:58
CIn radio address, Clinton moves to end prison-benefits fraud

WASHINGTON (AP) President Clinton moved today to crack down on prison inmates illegally receiving Social Security and other federal benefits, which he said belong only to Americans ``who work hard, play by the rules.''

Clinton said a Social Security database now covers 99 percent of the prison population and by the end of 1997 had suspended fraudulent Social Security payments to more than 70,000 inmates.

He signed an executive memorandum today ordering other federal agencies to follow suit.

``We will ensure that those who have committed crimes against society will not have an opportunity to commit crimes against taxpayers as well,'' Clinton said in his weekly radio address from the Oval Office.

Taking advantage of the Social Security Administration's sophisticated database, the departments of labor, veterans affairs, justice, education and agriculture will make their own ``comprehensive sweeps'' to ensure that inmates are not fraudulently receiving veterans benefits, food stamps or any other federal benefits for which they are not eligible, Clinton said.

He called it a move to ``restore America's faith in our national government'' and said the crackdown on Social Security benefits alone will save $2.5 billion over five years. He said the other agencies' sweeps will save ``millions upon millions of more dollars.''

``That's $2.5 billion that will go towards serving our hardworking families,'' he said.

``It is our duty to use every power and every tool to eliminate that kind of fraud. We owe it to the American people to ensure that their Social Security contributions and other tax dollars are benefiting only those who work hard play by the rules and are by law eligible to receive them.''

APNP-04-25-98 1058EDT

Date: 04/25/98 Time: 13:25
bTranscript of Presidential Radio Address to the Nation

To: National Desk
Contact: White House Press Office, 202-456-2100
WASHINGTON, April 25 /U.S. Newswire/ -- Following is a transcript of President Clinton's weekly radio address to the nation today:

RADIO ADDRESS BY THE PRESIDENT
TO THE NATION
The Oval Office
10:06 A.M. EDT

THE PRESIDENT: Good morning. This morning I'd like to talk to you about one way we are working to restore Americans' faith in our national government, in our efforts to shore up Social Security and other vital benefits by cracking down on fraud and abuse.

For 60 years, Social Security has meant more than just an ID number on a tax form, even more than a monthly check in the mail. It has reflected our deepest values, the duties we owe to our parents, to each other, to our children and grandchildren, to those who misfortune strikes, to those who deserve a decent old age, to our ideal of one America.

That's why I was so disturbed some time ago to discover that many prisoners who are, by law, barred from receiving most of these federal benefits, were actually collecting Social Security checks while locked up behind bars. Inmates were, in effect, under our law, getting away with fraud, primarily because it was so difficult to gather up-to-date information on criminals in our nation's more than 3,500 jails. But thanks to an unprecedented federal, state, and local cooperation, as well as new, innovative incentive programs, we're now finishing the job.

The Social Security Administration has produced a continually updated database that now covers more than 99 percent of all prisoners, the most comprehensive list of our inmate population history. And more important, the Social Security Administration is using the list to great effect. By the end of last year we had suspended benefits to more than 70,000 prisoners. That means that over the next five years we will save taxpayers $2.5 billion --that's $2.5 billion -- that will go toward serving our hard-working families.

Now we're going to build on the Social Security Administration's success in saving taxpayers from inmate fraud. In just a few moments I will sign an executive memorandum that directs the Departments of Labor, Veterans Affairs, Justice, Education and Agriculture to use the Social Security Administration's expertise and high-tech tools to enhance their own efforts to weed out any inmate who is receiving veteran's benefits, food stamps, or any other form of federal benefit denied by law.

We expect that these comprehensive sweeps by our agencies will save taxpayers millions upon millions of more dollars, in addition to the billions already saved from our crackdown on Social Security fraud. We will ensure that those who have committed crimes against society will not have an opportunity to commit crimes against taxpayers as well.

The American people have a right to expect that their national government is always on guard against every type of waste, fraud and abuse. It is our duty to use every power and every tool to eliminate that kind of fraud. We owe it to the American people to ensure that their Social Security contributions and other tax dollars are benefiting only those who worked hard, played by the rules, and are, by law, eligible to receive them. That's exactly what we're trying to do.

Thanks for listening.

END 10:11 A.M. EDT

-0-

/U.S. Newswire 202-347-2770/
APNP-04-25-98 1325EDT

DRAFT

4-23-98
12:15

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Use of the Social Security Administration's Prisoner Database to Prevent Prison Inmates from Inappropriately Receiving Federal Benefits

The Social Security Administration ("SSA") is required by law to suspend Old Age and Survivors and Disability Insurance ("OASDI") or Supplemental Security Income ("SSI") benefits to certain persons? who are incarcerated. To carry out the law, the SSA, with the assistance of the Federal Bureau of Prisons and various State and local entities, developed a database of persons who are incarcerated. Other agencies too, including the Departments of Agriculture, Education, Labor, and Veterans Affairs, operate Federal benefit programs that have statutory requirements to reduce, suspend, or terminate benefits to those who are incarcerated.

All of these agencies have been carrying out the requirements to suspend or reduce Federal benefits to prison inmates. However, the agencies' enforcement of the requirements independently, rather than in coordination, is not the most efficient use of government resources and has not allowed the agencies to enforce the requirements to the greatest effect. Therefore, to provide for a coordinated governmentwide effort to improve the implementation of the laws permitting suspension or reduction of Federal benefits to prison inmates and to use government resources more efficiently, I hereby direct as follows:

all?

(1) By no later than November 1, 1998, the Commissioner of Social Security shall provide its prisoner database, on a reimbursable basis, to Federal agencies, and to appropriate State and local entities that administer benefit programs in cooperation with Federal agencies. The SSA shall assist the agencies as necessary to allow quick and efficient access to the SSA prisoner database, to the extent permitted by law. The agencies, to the extent feasible, shall make their computer systems that are to conduct the matches between their benefit program databases and the SSA prisoner database operational by May 1, 1999.

privacy

can he direct them? why not parallel? ? Farkas

(2) To the extent permitted by law, the Departments of Education, Labor, Justice, Veterans Affairs, and Food Stamp agencies acting as agents for the Department of Agriculture, shall ~~then~~ conduct matches between their benefit program databases and SSA's prisoner database to identify ineligible recipients on their benefit rosters. Agencies that ~~are already conducting~~ have begun to conduct matches of their programs databases with SSA's prisoner database or other agencies' databases shall continue that work.

(3) Other executive agencies with benefit programs shall review those programs and determine whether it is appropriate and beneficial for them to conduct a match of their programs databases with the SSA prisoner database;

(4) Based on their matches with the SSA prisoner data base, agencies that identify ineligible recipients on their databases shall immediately take action to suspend, reduce, or terminate benefits, consistent with legal requirements under the programs administered by the agency taking the actions; and

(5) The agencies shall work with the Commissioner of the Social Security, and State and local governments where appropriate, and take whatever actions are practicable to carry out this memorandum. The Commissioner of Social Security shall report to the President within 180 days on the actions the SSA and other agencies have taken to implement this memorandum.

I believe that this coordinated governmentwide approach to suspending or reducing Federal benefits to prison inmates will more fully carry out the intention of the Federal laws restricting payment of benefits to prison inmates and will provide savings in Federal benefit programs.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

GENERAL COUNSEL

April 22, 1998

OLD

MEMORANDUM FOR DESIGNATED AGENCY HEADS

FROM: Robert G. Damus RGD
General Counsel

SUBJECT: Proposed Memorandum Entitled "Use of the Social Security Administration's Prisoner Database to Prevent Prison Inmates from Inappropriately Receiving Federal Benefits"

Attached is a proposed Memorandum entitled "Use of the Social Security Administration's Prisoner Database to Prevent Prison Inmates from Inappropriately Receiving Federal Benefits." The proposed Memorandum was prepared by this office..

On behalf of the Director of the Office of Management and Budget, I would appreciate receiving any comments you may have concerning this proposal. If you have any comments or objections, they should be received no later than close of business Wednesday, April 22, 1998. Please be advised that agencies that do not respond by the deadline will be recorded as not objecting to the proposal.

Comments or inquiries may be submitted by telephone to Mr. Mac Reed of this office (Phone: 395-3563; Fax: 395-7294).

Thank you.

Attachments - Distribution List
Proposed Memorandum

cc: Jack Lew
Josh Gotbaum
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Joe Minarik
Linda Ricci
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Assistant to the President
and Staff Secretary

Honorable Ron Klain
Chief of Staff to the Vice President

Honorable Kenneth Apfel
Commissioner
Social Security Administration

DRAFT
4-22-98
10:00 a.m.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Use of the Social Security Administration's Prisoner Database to Prevent Prison Inmates from Inappropriately Receiving Federal Benefits

The Social Security Administration ("SSA") is required by law to suspend Old Age and Survivors Insurance and Disability Insurance ("OASDI") or Supplemental Security Income ("SSI") benefits to persons who are incarcerated. To carry out the law, the SSA, with the assistance of the Federal Bureau of Prisons and State and local prisons, developed a database of persons who are incarcerated or otherwise institutionalized. Other agencies too, including the Departments of Agriculture, Education, Labor, and Veterans Affairs, operate Federal benefit programs which have statutory requirements to reduce or suspend benefits to those who are incarcerated or otherwise institutionalized. ??

All of these agencies have been carrying out the requirements to suspend or reduce Federal benefits to prison inmates. However, the agencies' enforcement of the requirements independently, rather than in coordination, have not allowed the agencies to enforce the requirements to the greatest effect nor is it the most efficient use of government resources. Therefore, to provide for a coordinated governmentwide effort to improve the implementation of the laws permitting suspension or reduction of Federal benefits to prison inmates and to utilize government resources more efficiently, I hereby direct as follows:

(1) To the extent permitted by law, the Departments of Agriculture, Education, Labor, and Veterans Affairs shall conduct matches between their benefit program databases and SSA's prisoner database to identify ineligible recipients on their benefit rosters. Agencies that are already conducting matches of their programs databases with SSA's prisoner database or other agencies' databases shall continue that work. The SSA shall assist the agencies as necessary to allow quick and efficient access to the SSA database, to the extent permitted by law;

(2) Other executive agencies with benefit programs shall review those programs and determine whether it is appropriate and beneficial for them to conduct a match of their programs databases with the SSA prisoner database;

(3) Based on their matches with the SSA prisoner data base, agencies that identify ineligible recipients on their databases shall immediately take action to suspend, reduce, or terminate benefits, consistent with legal requirements; and

(4) The agencies shall work with the Commissioner of the SSA, and State and local governments where appropriate, and take whatever actions are practicable to carry out this memorandum. The Commissioner of the SSA shall report to the President within 180 days on the actions the SSA and the agencies have taken to implement this memorandum.

I believe that this coordinated governmentwide approach to suspending or reducing Federal benefits to prison inmates will more fully carry out the laws intention concerning prison inmates and perhaps provide significant savings in Federal benefit programs.

Diana Fortuna	04/02/98 04:17:19 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP, Jose Cerda III/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP

cc: Andrea Kane/OPD/EOP
Subject: Food stamps and prisoners

Here's what I've learned so far: Under the law, prisoners are not to be included in households in determining food stamp allotments. Last year, after GAO reported that this happens too often, Congress passed a law requiring states to establish "systems to verify and ensure" that prisoners aren't counted in households. This can include data matching programs with prisons and/or SSA. The law requires all states to do this by 8/1/98, although USDA can grant 1-year extensions to states.

However, SSA won't be ready to share federal data with states by August, because it hasn't worked out all the bugs of such a system. States can still meet the requirement if SSA isn't ready, for example by matching data with prisons directly. But SSA has the best data and the law specifically says that states that use SSA data are automatically in compliance. USDA is having a big meeting in 2 weeks with a few states, SSA, and prison people to figure out what kind of system is required. There are also privacy issues.

(FYI, there is a similar push on the dead, although that may not be such good fodder for a radio address. GAO just did a report on food stamps going to the dead, and Lugar is doing a hearing on this April 23. SSA also has good data on the dead, so at the hearing USDA has to say whether SSA and USDA can share data on this.)

- VA
- Medicaid
- TANF
- Licenses
- Housing
- CS — mom:
- EITC - when didn't work

HHS
USDA
HUD
VA
Treas.

April 20, 1998

Use of SSA prisoner database for other Federal benefit programs

I. **Description of policy and timing constraints:** **Barbara Chow**

DOL DOJ
VA USDA
SSA
ED

II. **Description of SSA database:** **Brian Coyne**

- Reason for initiating the database
- Information in the database:

  Coverage of State and local facilities
  Federal inmates: does SSA keep a database of individuals in Federal prison or just match its records to those of the Bureau of Prisons?

III. **Verification of program restrictions and estimates of savings:** **Agency representatives**

- Description of current methods for enforcing benefit restrictions.
- Update on estimates of number of prisoners affected and budget savings (need estimates on prisoners and yearly saving FY 1998-2003 by Tuesday).

IV. **Data coordination concerns:** **SSA systems staff and agency representatives**

- Some of these programs are State-administered, which could make coordination of timely data matches more difficult.
- Will each agency be able to perform a timely data match or coordinate a timely data match with the appropriate State entities?
- Possible steps SSA can take to help the agencies prepare and to enable itself to offer data in the best possible manner.

V. **Recommendation for Executive Memorandum/Order:** **Mac Reed**

- Determination of the appropriate vehicle for requiring the data match: Executive Order or Executive Memorandum.

tch w/ instate
states match

Attachments

Awk of FS law last yr
FS Testimony
Date of radio address?

Peter O

Wkrs Comp - 1/3 progs
- a lot of work
- Small pgm. 76,000
- Exempt

Mac - Pres Mem given time
Tell ag to write
rpt back 90 days

Peter - do in 4 mos or rpt back

VA - 2½ yrs to match w/ Fed Bur Prisons
DOL - UI - Not helpful
- Reg saying seeking wk ≠ prison
- Reg req'g match SSA
- Q'ly UI on New Hire DB → hits to state UI

Ed - No Pell (exc loc jails)
- Schools are middlemen
- Pilot

Programs which have statutory provisions to reduce or suspend benefits

We have identified some Federal benefit programs which have statutory provisions to reduce or suspend benefits to those incarcerated on a conviction or otherwise institutionalized. This is not a comprehensive list. The entities administering these programs would likely benefit from access to SSA's prisoner database. The following agencies, in our survey of OMB examiners, administer programs with statutory requirements to suspend benefits:

• The Department of Agriculture:	Food Stamps
• The Department of Education:	Pell grants and student loans (Federal Family Education Loan, Federal Direct Loan, and Perkins Loan programs)
• The Department of Labor:	Federal Employees' Compensation Act (FECA), Unemployment Insurance (UI), Trade Adjustment Assistance (TAA)
• The Department of Veterans Affairs:	VA compensation, pensions and education programs

Some of these programs are State-administered, which could make coordination of timely data matches more difficult.

Programs which have no statutory provisions to reduce or suspend benefits

Other Federal benefit programs do not require the suspension of benefits to prisoners. The following programs have no statutory provisions to suspend benefits:

- Benefits under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS)

- Military Retirement benefits

- Railroad Retirement benefits

Recommendation for Executive Order/Memorandum

I. With respect to the four agencies, identified above, with statutory requirements to suspend benefits, an Executive Order/Memorandum on the issue should require the agencies to conduct matches within a specified period of time with the SSA database to identify ineligible recipients on benefit rosters. Additionally, the Order/Memorandum would require the Commissioner of the Social Security Administration to assist the agencies in whatever ways necessary to allow quick, efficient access to the SSA database.

Agencies would be required to design a protocol for matches within a specified period of time, for example 90 days, and perform the first batch of matches within a specified period of time, for example six months. Thereafter, the agencies would be required to match as frequently as practicable but no less frequently than annually.

II. All other agencies with benefit programs would be directed to explore the potential benefits of conducting such a match and, if they determine beneficial to follow the terms above.

III. Agencies would immediately take action to suspend or terminate benefits, consistent with statutory requirements.

Proposal of additional statutory requirements

OMB may issue a separate call to the agencies to review their program requirements concerning payments of benefits to prisoners using the laws related to the Social Security programs as a model.

SSA PRISONER SUSPENSION PROGRAM

Brief History on Prisoner Provisions

--Social Security Administration

Since the Supplemental Security Income (SSI) program's inception in 1974, SSI eligibility has been prohibited for individuals who are inmates of public institutions (including prisons) throughout a calendar month.

In 1980, legislation was first enacted requiring SSA to suspend payment to individuals convicted of a felony entitled to Social Security disability insurance benefits. This was expanded in 1983 to cover persons entitled to any Social Security benefits. In February 1995, P L. 103-387 (the independent agency bill) expanded the classes of affected beneficiaries by including individuals convicted of crimes punishable by more than 1 year imprisonment (regardless of actual sentence imposed) and those found not guilty by reason of insanity or incompetent to stand trial.

In May of 1996, the President submitted legislation to the Congress that was designed to give SSA the authority to operate an incentive payment program, through which prison and jail facilities would be paid an incentive for providing information leading to the suspension of SSI benefits to inmates. Under the President's proposal, when a match of prisoner data against SSI data is made and the information leads to a subsequent suspension of SSI benefits, the facility would be eligible to receive a payment from SSA of $400 or $200 depending on the timeliness of the report. In August of 1996, Congress adopted the President's proposal as part of P.L. 104-193.

--Other Federal Agencies

Some Federal agencies that administer Federal benefit programs operate under laws that require them to suspend benefit payments to individuals while they are in prison. For example, recently enacted Welfare Reform legislation requires the Department of Agriculture to review its food stamp rolls to ensure that incarcerated individuals are not included in monthly food stamp allotments. The Department of Veterans' Affairs, in certain instances, is required to suspend payments to beneficiaries who are in jail. On the other hand, the Railroad Retirement Board, for example, does not suspend benefits to eligible individuals who are incarcerated. Many agencies, including some of those mentioned above, and the Office of Child Support Enforcement, within the Department of Health and Human Services, also need to obtain prisoner information.

Focus On Problems

When the President took office, there was a lot of work that needed to be done to establish an efficient and effective prisoner suspension operation within the Social Security Administration. We found that many prison officials were not aware of the statutory provision requiring the suspension of Social Security and SSI payments to inmates. In addition, there was no formal process for obtaining this information from the

facilities. Many agreements were informal, ad hoc, which made them difficult to administer and control.

Because the facilities were not aware of the requirements, many reported only once or twice a year to SSA, often the information was incomplete and reported manually. The prison officials viewed the requirement as another unfunded mandate. Additionally, some correctional institutions are reluctant to enter into agreements with SSA because of the potential cost to them when incarcerated individuals lose their Medicare or Medicaid eligibility.

There were serious limitations in SSA's prisoner suspension program. The internal processes were fragmented and lacked adequate controls and most tasks were manual. This resulted in the inability to stop payments to prisoners in a timely manner. Even when agreements were in place, SSA lacked a method for monitoring the facilities' compliance.

Moreover across the Federal government, there has been no consistent effort for appropriately suspending payments to incarcerated individuals or data sharing of prisoner information among agencies. Because of the numerous Federal and State statutes that govern the redisclosure of prisoner information, Federal agencies are hindered from sharing prisoner information.

<u>RESULTS TO DATE</u>

Under this Administration, SSA initiated an aggressive course of action that has resulted in significant improvements in the prisoner suspension process. Over the past few years, SSA has completed a major initiative to contact and establish agreements with all correctional facilities across the United States. As a result of this, SSA has agreements with the Federal Bureau of Prisons, all State prisons and the 25 largest local jail systems to provide us prisoner data. In addition, the Agency has agreements with over 3,500 local jails. SSA has worked with Governors, heads of correctional institutions, correctional associations and similar stakeholders to obtain their help and support in providing prisoner data on a regular basis. The cooperation of State and local correctional administrators is critical to the suspension process. SSA has developed an excellent working relationship with these administrators and the associations that represent them.

As a result of these efforts, prisons and jails representing over 99 percent of the nation's inmate population are reporting the names and Social Security numbers of incarcerated individuals to SSA. Because of our aggressive efforts to obtain information on prisoners, who are not eligible for benefits, well over 100,000 prisoners had their benefits suspended during 1995 and 1996 alone. For the period 1995-2001, our actions will result in the suspension of payments of nearly $3.5 billion. Programs such as Social Security and Supplemental Security Income need to be protected to ensure that only those who are eligible for benefits are receiving them, and we are proud of the significant savings we have achieved.

SUSPENSION OF BENEFITS TO PRISONERS

The suspension of benefits to prisoners under the Social Security Old-Age and Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs has resulted in significant savings for the government. SSI benefits are suspended if a person is an inmate of a public institution for a full calendar month and OASDI benefits are not paid if a person is incarcerated as a result of a conviction of a crime punishable by a sentence of more than one year. In addition, now section 202(x)(1)(A)(ii) of the Social Security Act provides for the suspension of benefits for certain other confined individuals, for example, those found not guilty by reason of insanity (NGRI). Below are counts of suspensions in 1995 and 1996.

Number of new prisoner suspensions, excluding NGRI prisoners, calendar years 1995 and 1996, by program
(In thousands)

	OASDI	SSI 1/	TOTAL
1995	18	22	40
1996	36	54	90
Total	54	76	130

1/ The SSI estimates for 1995 and for January and February of 1996 are based on samples.

The increase in prisoner suspensions in 1996 is primarily due to recent legislation and to SSA's greater efforts to secure reporting agreements with Federal, State, and local prisons.

The "net" numbers of prisoners in suspense at the end of any given year are equal to the numbers of prisoners who were in suspense at the end of the previous year plus the numbers of new prisoner suspensions (shown above) minus the numbers of prisoners leaving suspense status during the year. Estimates of the "net" number of prisoners in suspense at the end of the selected years and the corresponding savings in benefit payments are presented in the table below.

Number of prisoners in suspense, including NGRI prisoners, and benefit payments saved, calendar years 1995-2001 (estimate of May 29, 1997):

	Estimated number of prisoners in suspense, end of year (In thousands)			Estimated amount of reduction in benefit payments during the year (In millions)		
	OASDI	SSI	TOTAL 2/	OASDI	SSI	TOTAL
1995	28	20	45	$167	$90	$257
1996	40	31	67	254	140	394
1997	43	32	71	310	170	480
1998	45	33	74	340	180	520
1999	47	35	77	370	190	560
2000	49	35	79	400	200	600
2001	52	36	83	440	210	650
Total	--	--	--	2,281	1,180	3,461

2/ Prisoners who receive both OASDI and SSI benefits and who are suspended are shown in both columns, but only appear once in the total column.

Note: NGRI prisoners account for less than 10 percent of the numbers of prisoners in suspense, and the associated reductions in benefit payments.

Sandra Yamin
04/17/98 12:59:03 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP, Peter R. Orszag/OPD/EOP, Karen A. Popp/WHO/EOP

cc: Keith J. Fontenot/OMB/EOP, Barbara Chow/OMB/EOP, Donna L. Geisbert/OPD/EOP, Sonyia Matthews/OPD/EOP

Subject: Use of SSA prisenor database for other Federal benefit programs

OMB staff and agency folks will be meeting on **Monday, April 20 at 3:00PM in Barbara Chow's office (OEOB 260)** to discuss the above topic. Please confirm to me your availability to attend. If you have any questions, please call me on x54844. Thank you.

---------------------- Forwarded by Sandra Yamin/OMB/EOP on 04/17/98 12:51 PM ---------------------------

Keith J. Fontenot
04/15/98 05:59:10 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Barbara Chow/OMB/EOP@EOP, Sandra Yamin/OMB/EOP@EOP

Subject: Use of SSA prisenor database for other Federal benefit programs

Thank you very much for all your assistance on the "prisoners project". Apparently Rahm and Gene have decided to make this the topic of the President'sradio address on the 25th. This means, of course, that we're back asking for more help.

Could you please:

1. Verify your numbers and provide year by year FY98-02 estimates of dollar savings and number of persons removed or suspended from the rolls as a result of the data match. The numbers will get quite a good deal of visibility and should be firm and agency supported. I think these will be needed by Monday. Remember these are all prisoners -- Federal, State and local.

2. Provide the name of a policy person and a technical person from your agency to Sandra Yamin to attend a meeting with Barbara Chow on Monday at 2:30 to go over the logistics of actually getting this done. Chris will get an SSA person there to discuss capability and provide other technical information. Could you please get these to Sandra by no later than COB tomorrow. Of course, you all are invited as well.

3. Mac, we'll get you all the materials we have and we need your help turning it into the proper memorandum. Chris will call. Please join us Monday.

4. Laura, I don't believe there privacy implications but could handle that end?

---------------------- Forwarded by Keith J. Fontenot/OMB/EOP on 04/15/98 05:47 PM ---------------------------

Sandra Yamin
04/15/98 05:38:43 PM

Record Type: Record

To: Christopher M. Sauer/OMB/EOP@EOP

cc: Keith J. Fontenot/OMB/EOP@EOP, Barry White/OMB/EOP@EOP
Subject: Use of SSA prisenor database for other Federal benefit programs

Attached is the final version that was sent to Rahm and Gene. I sent over a signed hard copy with Keith. Please note that the memo was changed to read "THROUGH: Franklin D. Raines" w/ a cc: to Jack Lew.

prisnors.wp

Message Sent To:

S. A. Noe/OMB/EOP@EOP
Anita Chellaraj/OMB/EOP@EOP
Carole Kitti/OMB/EOP@EOP
Jeffrey A. Farkas/OMB/EOP@EOP
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David J. Haun/OMB/EOP@EOP

April 15, 1998

MEMORANDUM TO: Rahm Emanuel
Gene Sperling

THROUGH: Franklin D. Raines

FROM: Barbara Chow
Chris Sauer

cc: Jack Lew
Diana Fortuna
Peter Orszag

RE: Use of SSA prisoner database for other Federal benefit programs

We have identified some Federal benefit programs which have statutory provisions to reduce or suspend benefits to those incarcerated on a conviction or otherwise institutionalized. This is not a comprehensive list. The entities administering these programs would likely benefit from access to SSA's prisoner database. The following agencies, in our survey of OMB examiners, administer programs with statutory requirements to suspend benefits:

- The Department of Agriculture: Food Stamps
- The Department of Education: Pell grants and student loans (Federal Family Education Loan, Federal Direct Loan, and Perkins Loan programs)
- The Department of Labor: Federal Employees' Compensation Act (FECA), Unemployment Insurance (UI), Trade Adjustment Assistance (TAA)
- The Department of Veterans Affairs: VA compensation, pensions and education programs

Some of these programs are State-administered, which could make coordination of timely data matches more difficult.

Recommendation for Executive Memorandum

With respect to the four agencies, identified above, with statutory requirements to suspend benefits, an Executive Memorandum on the issue should require the agencies to conduct matches within a specified period of time with the SSA database to identify ineligible recipients on benefit rosters. Additionally, the Memorandum would require the Commissioner of the Social Security Administration to assist the agencies in whatever ways necessary to allow quick, efficient access to the SSA database. Agencies would be required to design a protocol for matches within a specified period of time, for example 90 days, and perform the first batch of matches within a specified period of time, for example six months. Thereafter, the agencies would be required to match as frequently as practicable but no less frequently than annually.

A quick survey of the programs identified above indicates that up to 20,000 prisoners may be receiving benefits improperly. This estimate is highly uncertain and should be verified with the agencies. Savings estimates, sought from the agencies, ranged from negligible amounts from the Education programs to $75 million from the VA programs. These estimates, again, are highly uncertainty, and better savings estimates should be discussed with the agencies.

All other agencies with benefit programs would be directed to explore the potential benefits of conducting such a match and, if they determine beneficial to follow the terms above.

Proposal of additional statutory requirements

In a note to accompany the Memorandum informally, all agencies that do not currently suspend benefits would be directed to review their program requirements concerning payments of benefits to prisoners using the laws related to the Social Security programs as a model.

The agencies should report their findings and recommendations concerning whether additional legislation is appropriate to the Attorney General. The Attorney General shall review recommendations and, if additional legislation is necessary, recommend the agency prepare and submit a legislative proposal to OMB for review.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

cc Bruce Reed
Elena Kagan
Cynthia Rice
Jose Cerda
Leanne Shimabukuro

April 15, 1998

MEMORANDUM TO: Rahm Emanuel
Gene Sperling

THROUGH: Franklin D. Raines

FROM: Barbara Chow B.C.
Chris Sauer

cc: Jack Lew
Diana Fortuna
Peter Orszag

OK 4/15

Next step is to start drafting the EO and to meet with the agencies to check for glitches.
- Diana

RE: Use of SSA prisoner database for other Federal benefit programs

We have identified some Federal benefit programs which have statutory provisions to reduce or suspend benefits to those incarcerated on a conviction or otherwise institutionalized. This is not a comprehensive list. The entities administering these programs would likely benefit from access to SSA's prisoner database. The following agencies, in our survey of OMB examiners, administer programs with statutory requirements to suspend benefits:

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FOOD STAMP PROGRAM
FOOD AND CONSUMER SERVICE, USDA
3101 PARK CENTER DRIVE
ALEXANDRIA, VA 22302

TO: Diana Fortuna DATE: 4/2/98

TIME:

FAX #: (202) 456-7431 PHONE #: 456-5570

FROM: ABIGAIL NICHOLS, DIRECTOR

PROGRAM ACCOUNTABILITY DIVISION, ROOM 907

PHONE #: 703/305-2414 VOICE MAIL #: 703/305-2413

FAX #: 703/305-0928

MESSAGE: Attached are
- audit
- law
- FCS briefing materials
- letter to States encouraging prison match (before law passed)

Abigail O. Nichols

COVER PAGE PLUS ______ PAGE(S)

as the Secretary deems appropriate, prior expenditures on the components, the variability of costs among State agencies' components, the characteristics of the recipients to be served, and such other factors as the Secretary considers necessary.".

(b) REPORT TO CONGRESS.—Not later than 30 months after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding whether the amounts made available under section 16(h)(1)(A) of the Food Stamp Act of 1977 (as a result of the amendment made by subsection (a)) have been used by State agencies to increase the number of work slots for recipients subject to section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) in employment and training programs and workfare in the most efficient and effective manner practicable.

SEC. 1003. DENIAL OF FOOD STAMPS FOR PRISONERS.

(a) STATE PLANS.—

(1) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by striking paragraph (20) and inserting the following:

"(20) that the State agency shall establish a system and take action on a periodic basis—

"(A) to verify and otherwise ensure that an individual does not receive coupons in more than 1 jurisdiction within the State; and

"(B) to verify and otherwise ensure that an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than 30 days shall not be eligible to participate in the food stamp program as a member of any household, except that—

"(i) the Secretary may determine that extraordinary circumstances make it impracticable for the State agency to obtain information necessary to discontinue inclusion of the individual; and

"(ii) a State agency that obtains information collected under section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) pursuant to section 1611(e)(1)(I)(ii)(II) of that Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)), or under another program determined by the Secretary to be comparable to the program carried out under that section, shall be considered in compliance with this subparagraph.".

(2) LIMITS ON DISCLOSURE AND USE OF INFORMATION.—Section 11(e)(8)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(E)) is amended by striking "paragraph (16)" and inserting "paragraph (16) or (20)(B)".

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall take effect on the date that is 1 year after the date of enactment of this Act.

(B) EXTENSION.—The Secretary of Agriculture may grant a State an extension of time to comply with the amendments made by this subsection, not to exceed beyond the date that is 2 years after the date of enactment of this Act, if the chief executive officer of the State submits a request for the extension to the Secretary—

(i) stating the reasons why the State is not able to comply with the amendments made by this subsection by the date that is

1 year after the date of enactment of this Act;

(ii) providing evidence that the State is making a good faith effort to comply with the amendments made by this subsection as soon as practicable; and

(iii) detailing a plan to bring the State into compliance with the amendments made by this subsection as soon as practicable but not later than the date of the requested extension.

(b) INFORMATION SHARING.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

"(q) DENIAL OF FOOD STAMPS FOR PRISONERS.—The Secretary shall assist States, to the maximum extent practicable, in implementing a system to conduct computer matches or other systems to prevent prisoners described in section 11(e)(20)(B) from participating in the food stamp program as a member of any household.".

SEC. 1004. NUTRITION EDUCATION.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended—

(1) by striking "(f) To encourage" and inserting the following:

United States General Accounting Office

GAO

Report to Congressional Committees

March 1997

FOOD STAMPS

Substantial Overpayments Result From Prisoners Counted as Household Members

GAO

United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-275943

March 10, 1997

Congressional Committees

During numerous hearings over the last several years, the Congress has expressed its strong desire to reduce the level of fraud, waste, and abuse in the Food Stamp Program. In fiscal year 1995, for example, the U.S. Department of Agriculture (USDA) issued over $22 billion in food stamp benefits for about 26 million individuals. In that same year, USDA reported that approximately 15 percent of food stamp cases contained errors resulting in as much as $1.7 billion in overpayments nationwide.

In this context, we examined the computerized records of inmates of correctional institutions, who are ineligible for food stamps, to determine whether they were being included as members of households receiving food stamp benefits. The value of food stamp benefits that a household is entitled to receive is partially determined by the number of eligible household members. Prisoners are not to be counted as part of a household when benefits are calculated. We determined (1) how many prisoners were included as members of households that received food stamp benefits (hereafter referred to as prisoner participation) and the estimated value of improper benefits that were issued to the households, (2) how prisoner participation could take place without detection, and (3) whether computer matching can be an effective method for identifying prisoner participation.

We conducted a computer match of the 1995 food stamp rolls with state prison data in four states (California, Florida, New York, and Texas)[1] and with local jail data in four metropolitan areas (Los Angeles County, California; Dade County, Florida; New York City, New York; and Harris County, Texas).

Results in Brief

Despite federal regulations prohibiting inmates of correctional institutions from participating in the Food Stamp Program, we identified 12,138 inmates in the areas we examined who were included in households receiving food stamps. These households improperly collected an estimated $3.5 million in food stamp benefits.

[1]California food stamp data are limited to only those Los Angeles County participants who were on the rolls as of August 1995. We conducted the computer match for the three states and Los Angeles County. Together, these jurisdictions account for 27 percent of food stamp program participants nationwide.

Prisoner participation goes undetected because agencies generally do not verify the information on household membership provided by food stamp applicants. Furthermore, according to officials in USDA's Food Stamp Program, most state or local agencies responsible for administering the program do not routinely collect and review lists of individuals incarcerated in state and local facilities to determine whether any of these individuals are being counted as members of food stamp households.

Given the program's reliance on client-provided information, computer matching of lists of prisoners and food stamp household members provides a straightforward and potentially effective mechanism to accurately and independently identify prisoners' participation. While states have implemented various computer matching routines—such as the Income and Eligibility Verification System, which compares data on welfare clients with data on state and federal wage and benefits—many states have not yet implemented a computer matching program to identify prisoners participating in the Food Stamp Program.

Background

The Food Stamp Program is designed to promote the general welfare and to safeguard the health and well-being of the nation's population by raising the nutrition levels of low-income families. Recipients use their food stamp benefits to purchase allowable food products from authorized retail food merchants.

Eligibility for food stamp benefits is determined on a household basis. A household can be either an individual or a family or other group that lives together and customarily purchases and prepares food in common. The value of food stamp benefits for a household is determined by the number of eligible household members and their income, adjusted for assets and such costs as shelter and utilities. The household's monthly food stamp allotment increases with each additional member, provided income limits are not exceeded. Household members who are incarcerated and fed by a correctional facility are not eligible for food stamp benefits and are not to be included in the household for purposes of calculating the food stamp benefit. Households that receive food stamps are required to report changes in household membership, such as a member's incarceration, to the administering state or local agency.

Within USDA, the Food and Consumer Service (FCS) administers the Food Stamp Program through agreements with state agencies. FCS is responsible for approving state plans for operation and ensuring that the states are administering the program in accordance with regulations. States are required to establish a performance reporting system to monitor the program, including a quality control review process to help ensure that benefits are issued only to qualifying households and that the benefit amounts are correct. State agencies are responsible for imposing penalties for violations of program requirements and for recovering food stamp overpayments.[2]

The program is administered at the local level by either a state agency or a local welfare agency, depending on the state. In California, county agencies operate the program at the local level, while in New York State, districts operate the program. The state agency supervises operations in both states. In Florida and Texas, state agencies operate the program through district and regional offices, respectively. Whatever the administering authority, local service centers work directly with clients to certify household eligibility and determine benefit amounts at the time of application and at least annually thereafter.

To identify prisoner participation, we performed a computer match comparing 1995 food stamp rolls with inmate rolls. To ensure that our analyses resulted in valid matches, we (1) verified the prisoners' social security numbers through the Social Security Administration's verification system, (2) used only those matches showing dates of incarceration that coincided with the dates that food stamp benefits were issued to the household, and (3) used only those matches showing that the prisoner had been incarcerated for at least a full month and that sufficient time had elapsed for the household to notify the state of the change and for the state to take action.[3] The food stamp rolls covered three large states (Florida, New York, and Texas) and one large county (Los Angeles, California). (See app. I.) The inmate rolls covered the state prison population in the four states and the jail population in large metropolitan areas of each state, that is, Los Angeles County, California; Dade County, Florida; New York City, New York; and Harris County, Texas. Our detailed methodology is discussed in appendix II.

[2]The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 doubled the disqualification period for intentional program violations from 6 months to one year for the first violation, and from one year to 2 years for the second violation.

[3]Program regulations generally give a household 10 days to notify the state of changes in household composition and the state 10 days from the date of notification to adjust benefits.

Prisoners Included as Household Members Cost Millions in Overpayments

During calendar year 1995, about $3.5 million in food stamp benefits were issued on behalf of state prison and county jail inmates claimed as household members in the locations we examined. (See table 1.) Of this total, nearly 9,500 state prison inmates included as household members accounted for an estimated $2.6 million in benefits. About 2,700 county jail inmates accounted for over $900,000 in benefits.

Table 1: Months of Prisoner Participation and Estimated Overpayments, by Prison or Jail System

Dollars in thousands

Jurisdiction examined	Total inmate participants	Months of participation[a]	Estimated overpayments
State prison system			
California[b]	913	2,814	$194
Florida	1,167	4,523	353
New York	1,670	7,445	587
Texas	5,690	20,081	1,470
County jail system			
Los Angeles[b]	277	494	34
Dade	1,712	9,450	738
New York City	604	1,700	134
Harris	105	267	19
Total	**12,138**	**46,774**	**$3,529**

[a]Months of participation is the number of months for which households received benefits while household members were in prison.

[b]Includes only the Los Angeles County food stamp recipients who were on the rolls as of Aug. 1995.

Sources: For California, California Department of Corrections and Los Angeles County Department of Public Social Services; for Florida, Florida Department of Corrections and Florida Department of Health and Rehabilitative Services; for New York State, New York State Department of Correctional Services and New York State Department of Social Services; for Texas, Texas Department of Criminal Justice and Texas Department of Health Services; and USDA's Food and Consumer Service.

The inmate participants that we identified in our match were members of households of varying sizes, some with multiple members and some with a single member—the prisoner was the household. For households with multiple members, the household continued to receive its monthly benefits, which were calculated on the presumption that the prisoner was present in the home. For single-member households, someone other than the prisoner was issued the benefits. The stamps could have been issued either to a person designated as the prisoner's authorized representative[4] or to someone who fraudulently represented himself or herself as the prisoner to receive the benefits.

Food stamp benefits are issued either as coupons or via electronic benefit transfer systems. For coupons, issuance procedures require that the client presents various items of identification, such as Food Stamp Program cards bearing the client's signatures, in order to pick up food stamps from a service center or other outlet. A small number of clients receive their coupons through the mail. Under electronic benefit transfer systems, the state agency issues access cards (similar to credit cards) and personal identification numbers to clients who obtain benefits through point-of-sale terminals in stores. However, the effectiveness of the issuance procedures to ensure that only eligible participants receive benefits depends on how rigorously the procedures are implemented by the responsible staff.

Lack of Verification Allows Prisoner Participation to Go Undetected

Prisoners are able to participate in the Food Stamp Program because local welfare agencies seldom verify the composition of a household. Instead, most agencies rely on food stamp applicants to provide accurate household information and to report subsequent changes, such as the incarceration of a household member. Most agencies do not, for example, routinely compare lists of prison or jail inmates with lists of household members.

In general, the Food Stamp Program has to balance the issues of client convenience, administrative simplicity, and payment accuracy; consequently, controls over such eligibility factors as household composition are not rigorous. A household that wishes to receive benefits must present an application listing members and provide information about their income and other eligibility factors. Caseworkers review this information, interview a household representative, and certify eligibility.[5] In addition, they recertify the household at least annually. However, at no time are all household members required to appear and present identification. Furthermore, clients are responsible for identifying changes in household composition.[6]

[4]All food stamp clients have the right when they apply to specify an authorized representative to act on the their behalf, including receiving their stamps.

[5]Sometimes the caseworker fills out the application on the basis of the interview.

[6]Almost all households in California must submit monthly change reports. Households in Florida and Texas are required to report changes in circumstances, including changes in household composition, within 10 days of becoming aware of the change. Households with earned income in New York State must report changes quarterly; all others must report within 10 days of a change.

According to FCS' 1995 quality control review, which identified error rates for each state by reviewing a random sample of cases, client errors or misrepresentations contributed significantly to incorrect benefits, particularly when an overpayment occurred. FCS reported that overpayments occurred in about 15 percent of the cases reviewed nationwide and that 62 percent of the dollar value of overpayments was attributable to inaccuracies in client-provided information.

Nevertheless, FCS' regulations do not require verification of client-provided information on household composition, unless the caseworker deems the information "questionable." The regulations allow each state agency to develop guidance for identifying questionable information. In the states we visited, the guidance defined questionable information as applicants' statements that were contradictory or did not agree with information that was in the case record or otherwise available to the caseworker.

When the caseworkers in the states we visited suspected fraudulent information, they could refer the application to investigators before granting aid. Investigators in each state told us that they attempted to verify questionable information on household composition by visiting homes and making collateral contacts to confirm information with friends, neighbors, or landlords. According to the investigators, these techniques were hit-or-miss, time-consuming, and costly undertakings, and provided information that was only as reliable as its source. Furthermore, investigative resources were generally very limited; for example, the Miami area, which contains about 26 percent of Florida's food stamp recipients, had just one field investigator to conduct household visits.

Some agencies have employed computer matching as a means of identifying ineligible recipients, such as prisoners, but the practice does not appear to be widespread. According to FCS, four states (Florida, Massachusetts, Missouri, and New York) currently perform a monthly computer match between state prisons' inmate records and food stamp rolls; two states were in the process of developing such a match; and one state performed an annual match. FCS' regional offices identified only one local agency that compared food stamp recipients with county jail inmates. However, our discussions with officials in the states we visited indicated that the actual number of local agencies conducting such matches was larger. For example, in California, the state agency reported that 14 of the state's 58 county agencies collected and reviewed data on local jails' inmates at least once a week.

Of the states we visited, Florida and New York operated matching programs, Texas was in the process of establishing a program, and California had plans to implement a program at some future date. While Florida and New York conduct routine matching programs, we identified prisoner participation in the Food Stamp Program in these states because (1) our matches covered a time period not covered by the states' matches and (2) we used prisoners' social security numbers, which were verified by the Social Security Administration, a step the states had not taken.

Computer Matching Represents a Potentially Effective Tool for Detecting Prisoner Participation

Although computer matching of inmate data is not used often, our test in four states demonstrates that it can be a useful technique for identifying households that improperly include prisoners as members. A study by an FCS contractor of other computerized information verification processes in place at state agencies demonstrated that such matches are cost-effective, particularly when properly targeted.[7] Ongoing and developing state matching programs could benefit from use of targeted matching and from sharing experiences.

Officials in the four states we visited viewed the matching of prisoner data with food stamp data as a fairly straightforward, effective process. These officials said that they did not encounter or foresee any privacy issues that precluded such matching. Furthermore, while they were unable to provide detailed cost or savings information regarding their prison match programs, the two states we visited that had implemented such programs believed that they were beneficial. New York State did not track implementation costs but calculated savings in the Food Stamp Program of over $900,000 from August 1995 to April 1996. Because Florida was legislatively mandated to implement computer prison matches, the cost of implementation was not a major concern and therefore was not tracked. Florida has yet to calculate savings in the Food Stamp Program.

Although detailed data supporting the cost-effectiveness of a computer prison match is not available from the states we visited, strong evidence exists that such a match, particularly when properly targeted, is cost-effective. The Income and Eligibility Verification System (IEVS) compares wage, benefit, and other payment information reported by food stamp clients with records in six databases, including those maintained by the Social Security Administration, the Internal Revenue Service, and state unemployment insurance agencies. After this matching program was

[7]The Income and Eligibility Verification System (IEVS) Targeting Demonstration, Findings and Guidelines for State Food Stamp IEVS Programs, Final Report, USDA, Food and Consumer Service, Office of Analysis and Evaluation, Apr. 1, 1995.

implemented, some caseworkers charged that much of the information provided in the IEVS matches did not lead to savings in the Food Stamp Program. The problems most often cited were (1) out-of-date information, (2) lack of agreement in the time periods covered by data sources, and (3) duplicate data.

In response, in 1991, FCS engaged a contractor to evaluate the cost-effectiveness of the IEVS system in two sample states, Arizona and Michigan. Various targeting criteria, such as beneficiaries over a specific age or matches when specific dollar thresholds were exceeded, were used to select cases for follow-up. All of the targeted IEVS matching programs reviewed in the study were found to be cost-effective. The study determined that the largest cost of the IEVS matching program is the time spent by caseworkers on follow-ups, approximately $5 to $7 per follow-up. Data-processing costs averaged 2 cents per case, and Arizona spent approximately $104,000 to develop its software. Every match had a cost-effectiveness ratio (program savings compared with the costs of the match, targeting, follow-up and claims collection) greater than 1, indicating that every dollar spent on IEVS returned more than a dollar in savings to the program. In addition, each match was found to have positive net savings for the program, with the more narrowly targeted matches yielding the largest net savings, since they focused follow-up actions on the more egregious situations.

The states we visited were implementing their prison matches in a manner that was very similar to that reported in the study. Matches were sent to local offices, where caseworkers, specialists, clerical staff, and fraud investigators could participate in the process. The case file information was reviewed, the client was contacted, and the discrepancy was verified or refuted. If the discrepancy was verified, the client's eligibility and benefits were redetermined and, as appropriate, overpayments could be recovered and fraud investigations conducted.

Our test showed that developing the computer programs to identify prisoner participation did not require a large investment of a programmer's time. Our programmer required an average of about 20 days to develop a series of substantially different programs for each state. The 20 days included time to become familiar with the data as well as to write, test, and execute the programs. State programmers may require less time because they are already familiar with the food stamp data.

As in the IEVS study, we used some targeting criteria to enhance the effectiveness of the matching process. Before using the inmate data, we sent the information to the Social Security Administration for verification of the prisoners' social security numbers (the identifier common to all major federal databases on individuals) to ensure that our cases did not include incorrect numbers that would render the match invalid. None of the states we visited with computer matching programs submitted inmate social security numbers to the Social Security Administration for verification. (The agency performs this service for government customers at no charge.) We matched only those social security numbers that had been verified by the Social Security Administration. (See app. III.) The majority of the inmate participants we identified in our match occurred as a result of the verification process. (See table 2.)

Table 2: Total Prisoner Participation and Participants Identified From Corrected Social Security Numbers Provided by the Social Security Administration

State prison system	Total inmate participants	Participants identified from corrected numbers	Percentage of participants identified from corrected numbers
California[a]	913	348	38.1
Florida	1,167	283	24.3
New York	1,670	746	44.7
Texas	5,690	4,473	78.6
Total	**9,440**	**5,850**	**62.0**

[a]Includes only the Los Angeles County food stamp recipients who were on the rolls as of Aug. 1995.

Sources: For California, California Department of Corrections and Los Angeles County Department of Public Social Services; for Florida, Florida Department of Corrections and Florida Department of Health and Rehabilitative Services; for New York State, New York State Department of Correctional Services and New York State Department of Social Services; and for Texas, Texas Department of Criminal Justice and Texas Department of Health Services.

By selecting only prisoners (1) whose dates of incarceration matched the dates that food stamp benefits were issued to their household and (2) who had been incarcerated at least a full month, we avoided some of the pitfalls that have been or could be encountered by states implementing matching programs. For example, case analysts in Florida told us that they could not take any action on many of their matches because the prisoners had been incarcerated for only a few days or benefits had not actually been issued to the household during the period the prisoner was incarcerated. In other cases, an unverified social security number in the prison records resulted in a match with an eligible food stamp recipient. Our analysis of results reported from Florida's match of June 1996 for Dade County indicates that of 674 matches, 423 resulted in no action taken by the caseworker; for 41 matches, the record did not indicate any review. On the positive side, 210 matches resulted in a case closure (household dropped from Food Stamp Program), removal of the participant from a case (individual dropped from household membership and benefits recalculated), a referral for fraud, or some combination of those actions. Florida officials acknowledged weaknesses in their matching process and stated that they intend to review and improve the process to better identify cases for which caseworkers could take action.

The states we visited that had or were developing matches were acting with little or no knowledge of the matching efforts of other states. As a result, each state started without any information, rather than building on the experiences of others. Thus, any cost or time savings that could have arisen from the sharing of information were not realized.

Conclusions

The participation of ineligible individuals undermines the credibility of the Food Stamp Program and results in overpayments. Conventional methods state agencies have used to verify the membership of food stamp households have not prevented households from including ineligible individuals, such as inmates in local jails and state prisons. Prisoners' participation in the Food Stamp Program resulted in overpayments of $3.5 million for the locations where we conducted matches. A computer match of data on states' food stamp participants and verified inmates could be a cost-effective method for identifying a prisoner's participation in a food stamp household and thus provide the evidence needed to remove the prisoner from the calculation of a household's eligibility and benefits. Some states have recognized that matching is a cost-effective way to reduce overpayments. Sharing of information on effective matching practices, such as methods of targeting the most productive cases, would benefit states.

Recommendations

To identify state and county prisoners who are included as members of households receiving food stamps, we recommend that the Secretary of Agriculture actively encourage states to implement periodic computer matches of data on state and local prison inmates with data on participants in the Food Stamp Program. To facilitate this effort, we recommend that the Secretary of Agriculture direct FCS to (1) collect from the states that conduct matches information on the policies and procedures used to implement their matches and (2) evaluate, summarize, and disseminate to the states the policies and procedures that represent best practices, such as the verification of prisoners' social security numbers with the Social Security Administration.

Agency Comments

We provided copies of a draft of this report to FCS for review and comment. In commenting on the draft report, FCS agreed with the report's findings, conclusions, and recommendations. These comments, which appear as appendix IV, contained suggestions regarding the phrasing used in the report that we incorporated as appropriate.

We conducted our work from March 1996 through February 1997 in accordance with generally accepted government auditing standards. Our detailed methodology is presented in appendix II.

We are providing copies of this report to appropriate congressional committees, interested Members of Congress, and other interested parties. We will also make copies available to others on request.

If you have any questions about this report, please contact me at (202) 512-5138. Major contributors to this report are listed in appendix V.

Robert A. Robinson

Robert A. Robinson
Director, Food and
Agriculture Issues

FSP Prisoner Verification Program

Balanced Budget Act of 1997

o States must establish a system to verify and ensure that an individual who is detained in a Federal, State, or local, penal, correctional or other detention facility for more than 30 days shall not be eligible to participate in the FSP.

o States may use SSA prisoner information to comply.

o USDA may waive requirement if "extraordinary circumstances make it impossible for a State agency to obtain information needed..."

o USDA must help States implement.

o Implementation required by August 5, 1998; USDA may grant an extension, of up to one additional year.

FCS Actions to Facilitate Implementation

FSP Prisoner Verification Systems

- o Issued Implementation Guidance and informational materials - January 2, 1998.
- o Exploring with SSA possibility of establishing a single automated process to connect States to SSA data base.
- o Exploring disclosure issues with Federal Bureau of Prisons.
- o Obtaining how-to, and contact person information from States that are currently conducting prison matches. Will disseminate to interested States.
- o Soliciting comments, concerns, and suggestions on system specifications and other ways that FCS can be helpful to States.

Contact Cecilia Fitzgerald (FSP HQ) at (703) 305-2395 or Cecilia_Fitzgerald@fcs.usda.gov. Contact Brenda Maxwell (SERO FSP)

File: Prisoner

JUL 2 1 1997

Honorable Joyce A. Thomas
Commissioner
Department of Social Services
25 Sigourney Street, 7th Floor
Hartford, Connecticut 06106-5033

Dear Commissioner Thomas:

We write to you today to bring to your attention a potentially serious threat to public confidence in the Food Stamp Program (FSP) integrity and to obtain your support in taking swift action to address this matter.

The General Accounting Office (GAO) has recently completed a review that identified over 12,000 prison inmates in four States who were included in households participating in the FSP. The GAO estimated that the improper issuances to these households accounted for $3.5 million in food stamp benefits. These findings were the result of computer matching of State and local prison inmate lists against lists of certified FSP recipients. The GAO has concluded that these overissuances resulted from State agency reliance on household-provided information. It has recommended that the U.S. Department of Agriculture (USDA) take an active role in encouraging and helping States to adopt cost-effective computer matches to detect the participation of households with prisoners in the FSP. We have enclosed a copy of the GAO report for your information.

While the estimated program loss is relatively small, some of it could have been avoided had there been a way to independently verify the household composition. Public concern that benefits not be issued on behalf of prisoners is reflected in congressional interest in this issue. During March 1997, the month of release of this GAO report, there were three bills introduced in the U.S. Congress to address this problem. One bill (H.R. 1000) proposes to require State agencies to establish systems to prevent prisoners from being considered a part of a FSP household. A second bill (S. 413) proposes to require State agencies to establish systems to verify that prisoners are not participating in the FSP. The third bill (S. 388) adopts the GAO recommendation; thus would require USDA to take specific action to assist States to implement a program to prevent prisoners from receiving food stamps. Similar requirements are included in the Senate Budget Reconciliation legislation.

We believe that a well-designed computer matching program can provide a cost-effective means of identifying prisoners on the FSP rolls. We are aware that some States are successfully conducting such matches at the State and/or local levels. Therefore we will be pursuing many of the actions recommended by the GAO.

Our Food and Consumer Service (FCS) regional administrator will be contacting State staff soon to enlist their help in developing a body of information on best practices with computer matching programs to detect and prevent the inclusion of prisoners in households. We are aware that your State agency is already conducting computer matches against prison populations. I thank you for taking the initiative to guard against program abuse in this area. I hope that you will be willing to share information about your experience, policy and procedures in this area with FCS and the other State agencies.

We recently learned that the Social Security Administration (SSA) has developed a national data base of prisoners which can be used by both SSA and other Federal programs for integrity purposes. We will be contacting the SSA to learn about its experience with prisoner matching and to determine whether use of the SSA data base might be advantageous for implementing prisoner matching in the FSP. We will keep you informed on our discussions with the SSA.

You well know of FCS commitment to work with you to assure the integrity of the program by improving payment accuracy, reducing fraud, waste and abuse and increasing recipient claims collections. In this age of balanced budgets, we must tighten the reins of program administration to ensure that program funds are appropriately directed. At a time when public confidence and support for welfare programs is low, it is essential that we redouble our efforts to remedy any situation that would undermine the important mission of this program. I hope that you will give prison matches immediate and serious consideration. I am confident that our continued cooperative efforts and commitments to reducing the level of fraud, waste and abuse in the FSP will help foster public support for the work we are doing and assure the public that benefits are being issued to eligible people and in the correct amount.

Sincerely,
William E. Ludwig
Administrator

William E. Ludwig
Administrator

#849 AO 7-11-97 mle

Enclosure

cc: Regional Administrator, Fran Zorn

#68 DWP 7/14/97

A similar letter was sent to: MA, NY, RI, MD, FL, NC, IL, WI, TX, KS, MO and CA State Commissioners.

FCS:FSP:PAD:SAB:CFITZGEALD:mbj:6/30/97:703-305-2395

Rerun w/corrections 7/8/97

~~LD:mbj:6/30/97:703-305-2395~~

DC: J: Honorable Joyce Thomas

Symbol	Surname	Date	Symbol	Surname	Date
2H-130	[illegible]	[illegible]/97			
AA00	[illegible]	7/8/97			
FS-7	[illegible]	7/[illegible]/97			
[illegible]	[illegible]	7/[illegible]			

#428 7/11/97

Public Affairs Q+A
2/6/97

Q and A's on GAO study about prisoners and benefits

Does this study mean that prisoners are receiving food stamp benefits in jail?

No. It means that even though they are in jail, they are included in the benefits their households are receiving at home.

How can they receive benefits at home if they're in jail?

The prisoners aren't receiving the benefits themselves. Their families are illegally receiving benefits for more people than are actually living in the household.

Are their families lying about this, or is it just a mistake?

It could be either. Households are responsible for reporting changes to their caseworkers, so that benefits are based on each household's current circumstances. For example, if a household is receiving benefits for a four-person household, and is reduced to three people because one person has been imprisoned, the change must be reported and household's benefits should be cut. The household may simply fail to report the change, or they may intentionally withhold the information in order to continue to receive the additional benefits.

If they're lying, isn't that against the law?

Yes. To receive benefits based on intentionally false information constitutes fraud.

Don't the local food stamp offices check on the information they get from applicants?

Because of the volume of cases, local food stamp offices cannot verify all the information provided by every household, and they cannot track and verify every change that occurs in every household. That is why households are required to report changes. Local agencies can and do spot-check household information, and they verify information when they have reason to believe it is false or that household changes have not been reported.

Isn't there some way to compare lists of prisoners to lists of food stamp recipients, in order to make sure prisoners aren't getting benefits?

Many states already cross-check information between their own different programs, systems and services, and some share that information with other states. However, there is no comprehensive database that links information from all states. One of GAO's recommendations in this report is to encourage more states to develop systems to share more information.

What happens if people are caught getting benefits they don't really qualify for?

People who receive benefits for which they are not eligible must repay those benefits to the federal government. The government works aggressively to collect these overpayments, including collecting from debtors' tax returns. Recipients who are found to have committed fraud may also be temporarily or permanently barred from the Food Stamp Program, and can face criminal prosecution.

How much does the Food Stamp Program issue incorrectly because of false information provided by applicants?

The amount of benefits issued in FY 1995 due either to errors by the state or to incorrect applicant information was 7.3 percent of the total issuance, or about $1.66 billion. (Another 2.42 percent was "underissued," meaning that the benefits were erroneously not issued. The total error rate of 9.72 percent for FY 1995 has been reduced from 10.81 percent since FY 1993.) USDA has no estimate of the amount issued only on the basis of applicant fraud.

Nichols for USDA
(Cheryl Tate Macias)
2/7/97

Re draft GAO audit: *Food Stamps: Prisoners Counted as Household Members Results in Millions in Overpayments*

<u>States Are Responsible for Managing the Food Stamp Program</u>: The States (State welfare agencies operate the Food Stamp Program) are responsible for making sure that problems like this don't occur. States decide the best way to manage the program with technical assistance and oversight from USDA.

<u>USDA Holds States Accountable</u>: USDA measure errors, and States with high error rates pay penalties. Our quality control system measures all certification problems including counting extra people as household members. (Prisoners are not getting stamps in prison; people outside are getting the stamps by counting prisoners as household members.)

States with errors above the national average must pay penalties.

<u>Welfare Reform Increases Penalties for Recipient Fraud:</u> Welfare reform has doubled penalties for fraud (one year disqualification for first offense) and has increased State responsibility for the collection of overpayments from recipients.

<u>States Want Accuracy:</u> Two of the States GAO visited have begun the kind of matching program GAO recommended.

States conduct many types of matches and also use third party verification to improve program accuracy. Many States are now collaborating on how to improve matching programs. USDA supports their efforts with research and technical assistance. USDA helps States can learn best practices from each other. The GAO acknowledged USDA efforts in their report, and the GAO recognized that States must tailor their efforts to their unique situation.

SSA PRISONER SUSPENSION PROGRAM

Brief History on Prisoner Provisions

--Social Security Administration

Since the Supplemental Security Income (SSI) program's inception in 1974, SSI eligibility has been prohibited for individuals who are inmates of public institutions (including prisons) throughout a calendar month.

In 1980, legislation was first enacted requiring SSA to suspend payment to individuals convicted of a felony entitled to Social Security disability insurance benefits. This was expanded in 1983 to cover persons entitled to any Social Security benefits. In February 1995, P.L. 103-387 (the independent agency bill) expanded the classes of affected beneficiaries by including individuals convicted of crimes punishabie by more than 1 year imprisonment (regardless of actual sentence imposed) and those found not guilty by reason of insanity or incompetent to stand trial.

In May of 1996, the President submitted legislation to the Congress that was designed to give SSA the authority to operate an incentive payment program, through which prison and jail facilities would be paid an incentive for providing information leading to the suspension of SSI benefits to inmates. Under the President's proposal, when a match of prisoner data against SSI data is made and the information leads to a subsequent suspension of SSI benefits, the facility would be eligible to receive a payment from SSA of $400 or $200 depending on the timeliness of the report. In August of 1996, Congress adopted the President's proposal as part of P.L. 104-193.

--Other Federal Agencies

Some Federal agencies that administer Federal benefit programs operate under laws that require them to suspend benefit payments to individuals while they are in prison. For example, recently enacted Welfare Reform legislation requires the Department of Agriculture to review its food stamp rolls to ensure that incarcerated individuals are not included in monthly food stamp allotments. The Department of Veterans' Affairs, in certain instances, is required to suspend payments to beneficiaries who are in jail. On the other hand, the Railroad Retirement Board, for example, does not suspend benefits to eligible individuals who are incarcerated. Many agencies, including some of those mentioned above, and the Office of Child Support Enforcement, within the Department of Health and Human Services, also need to obtain prisoner information.

Focus On Problems

When the President took office, there was a lot of work that needed to be done to establish an efficient and effective prisoner suspension operation within the Social Security Administration. We found that many prison officials were not aware of the statutory provision requiring the suspension of Social Security and SSI payments to inmates. In addition, there was no formal process for obtaining this information from the

facilities. Many agreements were informal, ad hoc, which made them difficult to administer and control.

Because the facilities were not aware of the requirements, many reported only once or twice a year to SSA, often the information was incomplete and reported manually. The prison officials viewed the requirement as another unfunded mandate. Additionally, some correctional institutions are reluctant to enter into agreements with SSA because of the potential cost to them when incarcerated individuals lose their Medicare or Medicaid eligibility.

There were serious limitations in SSA's prisoner suspension program. The internal processes were fragmented and lacked adequate controls and most tasks were manual. This resulted in the inability to stop payments to prisoners in a timely manner. Even when agreements were in place, SSA lacked a method for monitoring the facilities' compliance.

Moreover across the Federal government, there has been no consistent effort for appropriately suspending payments to incarcerated individuals or data sharing of prisoner information among agencies. Because of the numerous Federal and State statutes that govern the redisclosure of prisoner information, Federal agencies are hindered from sharing prisoner information.

RESULTS TO DATE

Under this Administration, SSA initiated an aggressive course of action that has resulted in significant improvements in the prisoner suspension process. Over the past few years, SSA has completed a major initiative to contact and establish agreements with all correctional facilities across the United States. As a result of this, SSA has agreements with the Federal Bureau of Prisons, all State prisons and the 25 largest local jail systems to provide us prisoner data. In addition, the Agency has agreements with over 3,500 local jails. SSA has worked with Governors, heads of correctional institutions, correctional associations and similar stakeholders to obtain their help and support in providing prisoner data on a regular basis. The cooperation of State and local correctional administrators is critical to the suspension process. SSA has developed an excellent working relationship with these administrators and the associations that represent them.

As a result of these efforts, prisons and jails representing over 99 percent of the nation's inmate population are reporting the names and Social Security numbers of incarcerated individuals to SSA. Because of our aggressive efforts to obtain information on prisoners, who are not eligible for benefits, well over 100,000 prisoners had their benefits suspended during 1995 and 1996 alone. For the period 1995-2001, our actions will result in the suspension of payments of nearly $3.5 billion. Programs such as Social Security and Supplemental Security Income need to be protected to ensure that only those who are eligible for benefits are receiving them, and we are proud of the significant savings we have achieved.

As noted earlier, there is a need to address the sharing of prisoner information among Federal agencies. Officials from the Food Stamp Program have recently contacted SSA for prisoner information. There needs to be a coordinated effort within the Federal government regarding the sharing of information about incarcerated individuals. This will ensure that all provisions precluding benefits to incarcerated individuals are enforced. In addition, there needs to be a greater recognition of the medical costs associated with the prisoner population particularly those costs associated with aging and addiction.

NEXT STEPS NEEDED:

Although we have had successes, more remains to be done. The President is therefore directing that:

The Director of Office of Management and Budget analyze the consistency of Federal policy with regard to the eligibility for benefits of individuals in prison and make recommendations for any legislative changes that may be necessary or appropriate.

The Commissioner of Social Security develop a set of plans and proposals to share prisoner data that SSA obtains from prison administrators with other Federal agencies that need it in order to further ensure that prisoners are not receiving any Federal benefit for which they are not eligible.

The Attorney General explore how to improve the sharing of data from the Federal prison system with other Federal agencies that need this information in order to further ensure that prisoners are not receiving any Federal benefit for which they are not eligible.

The Secretary of Health and Human Services examine the health care implications of providing benefits to incarcerated individuals. I am also asking Secretary Shalala to look into the Office of Child Support Enforcement's need to obtain prisoner information to locate missing parents.

SUSPENSION OF BENEFITS TO PRISONERS

The suspension of benefits to prisoners under the Social Security Old-Age and Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs has resulted in significant savings for the government. SSI benefits are suspended if a person is an inmate of a public institution for a full calendar month and OASDI benefits are not paid if a person is incarcerated as a result of a conviction of a crime punishable by a sentence of more than one year. In addition, now section 202(x)(1)(A)(ii) of the Social Security Act provides for the suspension of benefits for certain other confined individuals, for example, those found not guilty by reason of insanity (NGRI). Below are counts of suspensions in 1995 and 1996.

Number of new prisoner suspensions, excluding NGRI prisoners, calendar years 1995 and 1996, by program
(In thousands)

	OASDI	SSI 1/	TOTAL
1995	18	22	40
1996	36	54	90
Total	54	76	130

1/ The SSI estimates for 1995 and for January and February of 1996 are based on samples.

The increase in prisoner suspensions in 1996 is primarily due to recent legislation and to SSA's greater efforts to secure reporting agreements with Federal, State, and local prisons.

The "net" numbers of prisoners in suspense at the end of any given year are equal to the numbers of prisoners who were in suspense at the end of the previous year plus the numbers of new prisoner suspensions (shown above) minus the numbers of prisoners leaving suspense status during the year. Estimates of the "net" number of prisoners in suspense at the end of the selected years and the corresponding savings in benefit payments are presented in the table below.

Number of prisoners in suspense, including NGRI prisoners, and benefit payments saved, calendar years 1995-2001 (estimate of May 29, 1997):

	Estimated number of prisoners in suspense, end of year (In thousands)			Estimated amount of reduction in benefit payments during the year (In millions)		
	OASDI	SSI	TOTAL 2/	OASDI	SSI	TOTAL
1995	28	20	45	$167	$90	$257
1996	40	31	67	254	140	394
1997	43	32	71	310	170	480
1998	45	33	74	340	180	520
1999	47	35	77	370	190	560
2000	49	35	79	400	200	600
2001	52	36	83	440	210	650
Total	--	--	--	2,281	1,180	3,461

2/ Prisoners who receive both OASDI and SSI benefits and who are suspended are shown in both columns, but only appear once in the total column.

Note: NGRI prisoners account for less than 10 percent of the numbers of prisoners in suspense, and the associated reductions in benefit payments.

Status of Agreements and Reporting—as of 3/26/98

State	IPMOU Status (yes/no/in negotiation/CMPPA only)	Month last reported	Reporting frequency	Comments
Alabama	yes	3/98	monthly	
Alaska	yes	3/98	monthly	
Arizona	yes	3/98	monthly	
Arkansas	yes	2/98	monthly	
California	yes	3/98	monthly	
Colorado	CMPPA only	2/98	quarterly	
Connecticut	yes	3/98	monthly	
District of Columbia	yes	6/97	quarterly	problems have been encountered due to the transition of the Federal Bureau of Prisons taking over reporting for DC. Reporting expected 5/98 and will cover past due period.
Delaware	yes	1/98	monthly	were reporting quarterly, monthly reporting expected to begin 5/98
Florida	yes	3/98	monthly	
Georgia	yes	3/98	monthly	

State	IPMOU Status (yes/no/in negotiation/CMPPA only)	Month last reported	Reporting frequency
Hawaii	yes	2/98	monthly
Idaho	yes	3/98	monthly
Iowa	yes	3/98	monthly
Illinois	in negotiation/CMPPA only	3/98	monthly
Indiana	yes	3/98	monthly
Kansas	yes	3/98	monthly
Kentucky	yes	3/98	monthly
Louisiana	yes	2/98	monthly
Maine	yes	2/98	monthly
Maryland	sign-off/CMPPA only	2/98	quarterly
Massachusetts	yes	2/98	monthly
Michigan	yes	3/98	monthly
Minnesota	yes	2/98	monthly
Mississippi	yes	3/98	monthly
Missouri	yes	3/98	monthly
Montana	yes	3/98	monthly
North Carolina	yes	2/98	monthly

State	IPMOU Status (yes/no/in negotiation/CMPPA only)	Month last reported	Reporting frequency	
North Dakota	yes	3/98	monthly	
Nebraska	yes	1/98	monthly	were reporting quarterly (report due 4/98)converting to monthly 5/98
Nevada	sign-off/CMPPA only	3/98	monthly	
New Hampshire	yes	3/98	monthly	
New Jersey	yes	3/98	monthly	
New Mexico	yes	3/98	monthly	
New York	yes	2/98	monthly	
Ohio	yes	3/98	monthly	
Oklahoma	yes	3/98	monthly	
Oregon	yes	2/98	monthly	
Pennsylvania	yes	2/98	monthly	
Puerto Rico	CMPPA only	8/97	quarterly	report promised for 4/98
Rhode Island	yes	2/98	monthly	
South Carolina	yes	2/98	monthly	
South Dakota	yes	2/98	monthly	
Tennessee	yes	3/98	monthly	

State	IPMOU Status (yes/no/in negotiation/CMPPA only)	Month last reported	Reporting frequency	
Texas	yes	3/98	monthly	
Utah	yes	12/97	monthly	paper report rec'd 3/98 includes historical covering 1/90 - 3/98
Virginia	yes	3/98	monthly	
Vermont	yes	2/98	monthly	
Washington	yes	2/98	monthly	
Wisconsin	yes	2/98	monthly	
West Virginia	yes	5/97	monthly	has had programming problems/reports sent in the old format were rejected. Expects to report 5/98 for the period 5/97 to date.
Wyoming	sign-off/CMPPA only	12/97	quarterly	monthly beginning 5/98
Large jails				
New York City	yes	3/98	monthly	
Philadelphia	yes	4/97	monthly	agreement signed 3/98 reporting expected to resume 4/98, covering 4/97 to date.
Baltimore	yes/with state	NA		

Large jail	IPMOU Status (yes/no/in negotiation/CMPPA only)	Month last reported	Reporting frequency	
Broward Co ,FL	yes	3/98	monthly	
Dade Co, FL	yes	3/98	monthly	
Duval Co, Fl	yes	3/98	monthly	
Fulton Co, GA	yes	5/97	monthly	signed IPMOU 3/98 full report expected 5/98
Orange Co, FL	yes	3/98	monthly	
Shelby Co, TN	sign-off	3/97	monthly	even though Shelby is not reporting, RO staff are able to extract data from Criminal Justice center which includes Shelby
Cook County, IL	sign-off	12/96	monthly	promise full reports, covering all missing months when agreement is signed (sign-off is imminent)
Wayne Co, MI	yes	2/98	monthly	
Bexar Co, TX	yes	3/98	monthly	
Dallas Co, TX	yes	9/97	monthly	has experienced format problems. RO working with reporter—5/98 projected for problem resolution/ full report submission
Harris Co, TX	yes	10/97	monthly	same as Dallas county

Large jail	IPMOU Status (yes/no/in negotiation/CMPPA only)	Month last reported	Reporting frequency
Orleans Parish ,LA	yes	3/98	monthly
Tarrant Co ,TX	no	2/98	monthly
Travis Co ,TX	yes	3/98	monthly
Maricopa Co, AZ	yes	3/98	monthly
Alameda Co, CA	yes	3/98	monthly
L.A. Co, CA	yes	2/98	monthly
Orange Co ,CA	yes	3/98	monthly
Sacramento, CA	yes	3/98	monthly
San Bernardino, CA	yes	3/98	monthly
San Diego Co, CA	yes	3/98	monthly
Santa Clara Co, CA	yes	3/98	monthly

cc Leanne

March 25, 1998

TO: Bruce Reed
Elena Kagan
Barbara Chow

FR: Judy Chesser

RE: Curtailing Prisoner Benefits - Saturday Radio Address

Attached is a note and attachments sent by Ken Apfel to Rahm Emmanuel today on the subject of suspension of prisoners' Social Security and SSI benefits. Rahm wants to use this issue for this Saturday's Radio Address.

Please note that the last page of the narrative includes a suggested Presidential Directive that crosses agency lines.

We are available to help in any way requested. Brian Coyne (358-6013) and I (358-6030) are the contact points here.

Thanks.

cc: Diana Fortuna

1. HHS
2. USDA
3. HUD
4. VA
5. Treas.

Sat Post

Fed Bur of Prisons to all - no privacy concerns

Shaw - SSI hearing 4/21

Rahm - Fed prisons first?

DJ bounty - none - w/ OMB

Fugitive felons

SOCIAL SECURITY

Office of the Commissioner

Rahm - Here is our draft. I'm sending this to Bruce Reed and Barbara Chow. This will take the White House to bring agencies together ASAP to get consensus.

— Ken

SSA PRISONER SUSPENSION PROGRAM

Brief History on Prisoner Provisions

--Social Security Administration

Since the Supplemental Security Income (SSI) program's inception in 1974, SSI eligibility has been prohibited for individuals who are inmates of public institutions (including prisons) throughout a calendar month.

In 1980, legislation was first enacted requiring SSA to suspend payment to individuals convicted of a felony entitled to Social Security disability insurance benefits. This was expanded in 1983 to cover persons entitled to any Social Security benefits. In February 1995, P.L. 103-387 (the independent agency bill) expanded the classes of affected beneficiaries by including individuals convicted of crimes punishable by more than 1 year imprisonment (regardless of actual sentence imposed) and those found not guilty by reason of insanity or incompetent to stand trial.

In May of 1996, the President submitted legislation to the Congress that was designed to give SSA the authority to operate an incentive payment program, through which prison and jail facilities would be paid an incentive for providing information leading to the suspension of SSI benefits to inmates. Under the President's proposal, when a match of prisoner data against SSI data is made and the information leads to a subsequent suspension of SSI benefits, the facility would be eligible to receive a payment from SSA of $400 or $200 depending on the timeliness of the report. In August of 1996, Congress adopted the President's proposal as part of P.L. 104-193.

--Other Federal Agencies

Some Federal agencies that administer Federal benefit programs operate under laws that require them to suspend benefit payments to individuals while they are in prison. For example, recently enacted Welfare Reform legislation requires the Department of Agriculture to review its food stamp rolls to ensure that incarcerated individuals are not included in monthly food stamp allotments. The Department of Veterans' Affairs, in certain instances, is required to suspend payments to beneficiaries who are in jail. On the other hand, the Railroad Retirement Board, for example, does not suspend benefits to eligible individuals who are incarcerated. Many agencies, including some of those mentioned above, and the Office of Child Support Enforcement, within the Department of Health and Human Services, also need to obtain prisoner information.

Focus On Problems

When the President took office, there was a lot of work that needed to be done to establish an efficient and effective prisoner suspension operation within the Social Security Administration. We found that many prison officials were not aware of the statutory provision requiring the suspension of Social Security and SSI payments to inmates. In addition, there was no formal process for obtaining this information from the

facilities. Many agreements were informal, ad hoc, which made them difficult to administer and control.

Because the facilities were not aware of the requirements, many reported only once or twice a year to SSA, often the information was incomplete and reported manually. The prison officials viewed the requirement as another unfunded mandate. Additionally, some correctional institutions are reluctant to enter into agreements with SSA because of the potential cost to them when incarcerated individuals lose their Medicare or Medicaid eligibility.

There were serious limitations in SSA's prisoner suspension program. The internal processes were fragmented and lacked adequate controls and most tasks were manual. This resulted in the inability to stop payments to prisoners in a timely manner. Even when agreements were in place, SSA lacked a method for monitoring the facilities' compliance.

Moreover across the Federal government, there has been no consistent effort for appropriately suspending payments to incarcerated individuals or data sharing of prisoner information among agencies. Because of the numerous Federal and State statutes that govern the redisclosure of prisoner information, Federal agencies are hindered from sharing prisoner information.

RESULTS TO DATE

Under this Administration, SSA initiated an aggressive course of action that has resulted in significant improvements in the prisoner suspension process. Over the past few years, SSA has completed a major initiative to contact and establish agreements with all correctional facilities across the United States. As a result of this, SSA has agreements with the Federal Bureau of Prisons, all State prisons and the 25 largest local jail systems to provide us prisoner data. In addition, the Agency has agreements with over 3,500 local jails. SSA has worked with Governors, heads of correctional institutions, correctional associations and similar stakeholders to obtain their help and support in providing prisoner data on a regular basis. The cooperation of State and local correctional administrators is critical to the suspension process. SSA has developed an excellent working relationship with these administrators and the associations that represent them.

As a result of these efforts, prisons and jails representing over 99 percent of the nation's inmate population are reporting the names and Social Security numbers of incarcerated individuals to SSA. Because of our aggressive efforts to obtain information on prisoners, who are not eligible for benefits, well over 100,000 prisoners had their benefits suspended during 1995 and 1996 alone. For the period 1995-2001, our actions will result in the suspension of payments of nearly $3.5 billion. Programs such as Social Security and Supplemental Security Income need to be protected to ensure that only those who are eligible for benefits are receiving them, and we are proud of the significant savings we have achieved.

As noted earlier, there is a need to address the sharing of prisoner information among Federal agencies. Officials from the Food Stamp Program have recently contacted SSA for prisoner information. There needs to be a coordinated effort within the Federal government regarding the sharing of information about incarcerated individuals. This will ensure that all provisions precluding benefits to incarcerated individuals are enforced. In addition, there needs to be a greater recognition of the medical costs associated with the prisoner population particularly those costs associated with aging and addiction.

NEXT STEPS NEEDED:

Although we have had successes, more remains to be done. The President is therefore directing that:

The Director of Office of Management and Budget analyze the consistency of Federal policy with regard to the eligibility for benefits of individuals in prison and make recommendations for any legislative changes that may be necessary or appropriate.

The Commissioner of Social Security develop a set of plans and proposals to share prisoner data that SSA obtains from prison administrators with other Federal agencies that need it in order to further ensure that prisoners are not receiving any Federal benefit for which they are not eligible.

The Attorney General explore how to improve the sharing of data from the Federal prison system with other Federal agencies that need this information in order to further ensure that prisoners are not receiving any Federal benefit for which they are not eligible.

The Secretary of Health and Human Services examine the health care implications of providing benefits to incarcerated individuals. I am also asking Secretary Shalala to look into the Office of Child Support Enforcement's need to obtain prisoner information to locate missing parents.

SUSPENSION OF BENEFITS TO PRISONERS

The suspension of benefits to prisoners under the Social Security Old-Age and Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs has resulted in significant savings for the government. SSI benefits are suspended if a person is an inmate of a public institution for a full calendar month and OASDI benefits are not paid if a person is incarcerated as a result of a conviction of a crime punishable by a sentence of more than one year. In addition, now section 202(x)(1)(A)(ii) of the Social Security Act provides for the suspension of benefits for certain other confined individuals, for example, those found not guilty by reason of insanity (NGRI). Below are counts of suspensions in 1995 and 1996.

Number of new prisoner suspensions, excluding NGRI prisoners, calendar years 1995 and 1996, by program
(In thousands)

	OASDI	SSI 1/	TOTAL
1995	18	22	40
1996	36	54	90
Total	54	76	130

1/ The SSI estimates for 1995 and for January and February of 1996 are based on samples.

The increase in prisoner suspensions in 1996 is primarily due to recent legislation and to SSA's greater efforts to secure reporting agreements with Federal, State, and local prisons.

The "net" numbers of prisoners in suspense at the end of any given year are equal to the numbers of prisoners who were in suspense at the end of the previous year plus the numbers of new prisoner suspensions (shown above) minus the numbers of prisoners leaving suspense status during the year. Estimates of the "net" number of prisoners in suspense at the end of the selected years and the corresponding savings in benefit payments are presented in the table below.

Number of prisoners in suspense, including NGRI prisoners, and benefit payments saved, calendar years 1995-2001 (estimate of May 29, 1997):

	Estimated number of prisoners in suspense, end of year (In thousands)			Estimated amount of reduction in benefit payments during the year (In millions)		
	OASDI	SSI	TOTAL 2/	OASDI	SSI	TOTAL
1995	28	20	45	$167	$90	$257
1996	40	31	67	254	140	394
1997	43	32	71	310	170	480
1998	45	33	74	340	180	520
1999	47	35	77	370	190	560
2000	49	35	79	400	200	600
2001	52	36	83	440	210	650
Total	--	--	--	2,281	1,180	3,461

2/ Prisoners who receive both OASDI and SSI benefits and who are suspended are shown in both columns, but only appear once in the total column.

Note: NGRI prisoners account for less than 10 percent of the numbers of prisoners in suspense, and the associated reductions in benefit payments.