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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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MAY 31 1974

The Honorable George S. McGovern
Chairman, Select Committee on
Nutrition and Human Needs
United States Senate

Dear Mr. Chairman:

In accordance with your letters of May 15 and July 17, 1973, and agreements with your office, we identified, in selected States and counties, the differences in administering and operating the food stamp program which may have contributed to the varying rates of program participation. We discussed these differences in detail with your office on February 20, 1974, and have summarized them in this letter. The Food and Nutrition Service (FNS), Department of Agriculture, administers this program.

Our review covered the predominantly rural counties of Chesterfield and Kershaw in South Carolina and James City and Westmoreland in Virginia. We selected the States and counties on the basis of program participation statistics in the Select Committee's May 1973 print entitled "Hunger-1973."

In South Carolina, which had a relatively high participation rate, food stamp projects have been in operation since 1965. In Virginia, which had a relatively low participation rate, projects have been in operation since 1963. Virginia was one of 22 States which, through agreements with the Department of Agriculture, operated pilot food stamp projects to test the effectiveness of such an approach in providing better nutrition to needy people.

James City County and Chesterfield County had relatively high participation rates; the other two counties had relatively low rates. James City County has been participating in the program since 1970, and the other three counties have been participating since 1968.

We reviewed pertinent legislation and background information on the food stamp program. We interviewed FNS headquarters and field officials, State and local program officials, officials and employees of local community action agencies, program participants and former participants, and persons whose families were potentially eligible but had never participated in the program.

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As your office requested, we have not obtained the formal comments of the Department of Agriculture or the States on the matters discussed in this report, but we have discussed our observations and conclusions with FNS and State officials.

FOOD STAMP PROGRAM

The food stamp program, authorized by the Food Stamp Act of 1964, as amended (7 U.S.C. 2011), is designed to help low-income persons and families obtain nutritionally adequate diets by enabling them to buy food through regular retail stores. Participating households exchange the money they would normally spend for food for an allotment of food stamps of higher monetary value. The value of the stamps received and the price paid are determined by household size and income. Households with no income receive free food stamps.

The stamps are sold or issued at stamp-issuance points designated by the State agency or local administering agency. The stamps may be used to purchase food at any FNS-approved retail store.

FACTORS WHICH MAY HAVE CONTRIBUTED TO VARYING PROGRAM PARTICIPATION RATES

Food stamp program participation rates reported in Hunger-1973 for the States and counties covered by our review varied widely, as shown in the following table.

State and county	Percentage of the poor participating	
	State	County
Virginia	30	
James City		41
Westmoreland		20
South Carolina	59	
Chesterfield		79
Kershaw		34

The following factors may have contributed to these varying rates: (1) the differences in State management, (2) the accessibility of stamp-issuing points, and (3) the existence of local community action agencies.

Differences in State management

The program management differed widely in the two States. South Carolina's organization provided centralized control through all program administrative levels. The State paid all local administrative costs except office space and other incidentals, such as utilities and supplies. All program personnel were State employees.

Virginia's program was State supervised, but the State exercised no direct control over the local projects and provided little more than advisory support. The State paid up to 80 percent of the projects' administrative costs. Project personnel were hired by the local welfare boards which administered the program.

Accessibility of stamp-issuing points

Food stamp program participants and former participants we interviewed frequently mentioned that the lack of transportation to stamp-issuing points was a problem. Some said they had to pay from $2 to $5 a trip for transportation to and from the food stamp office. None of the counties had a public transportation system. In Westmoreland County, some participants had to travel about 50 miles, round trip, to the food stamp office. In such situations, transportation costs may offset the bonus value[1] of the stamps to persons who prefer to purchase their stamps bimonthly or who receive small bonuses through the stamps.

South Carolina was trying to minimize transportation problems by certifying participants and issuing stamps at various branch points and by mailing stamps to participants. Chesterfield County operated four branch points, but Kershaw County had only one branch point. In each county about 30 percent of the participants obtained their stamps by mail.

Westmoreland County's only certification and issuance point was the county food stamp office. James City County had only one certification point--the county food stamp office--but issued stamps both at the county food stamp office and at two banks in another community about 10 miles away. According to a State official, no Virginia projects issued stamps by mail.

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[1]The difference between the price participants pay to buy the food stamps and the value of the food stamps is sometimes referred to as bonus value.

Existence of local community action agencies

Community action agencies, established pursuant to the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701), were carrying out community action programs for low-income families and individuals in three of the four counties we visited. Westmoreland County, which did not have a community action agency, had the lowest food stamp program participation rate.

Officials and employees of the community action agencies told us that they knew many of the low-income residents in their areas and that they encouraged them to use food stamps. Officials of two of the agencies said they provided limited transportation for those residents who needed it. One official said his agency had sometimes provided financial assistance to residents to help them purchase stamps.

AGENCY COMMENTS

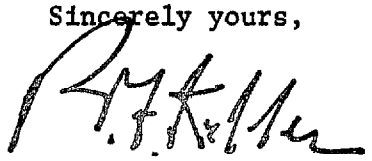
FNS officials told us that they basically agreed with our observations on factors that may influence participation. The officials, however, doubted that the differences in State management in the two States would significantly influence participation. They said that, on the basis of preliminary data for other States, the differences in participation did not appear to be correlated with whether or not the lines of authority between program levels were direct.

The officials also cautioned against using the census and participation data in Hunger-1973 as a basis for determining the number of persons potentially eligible for the food stamp program. They said that assuming that all families with incomes below the poverty level were eligible for the program was not valid because income data reported for census purposes is usually based on memory and may not be accurate and because assets, which the law requires to be considered in determining eligibility, are not reported for census purposes.

The officials also said that using the program participation data for 1 month in Hunger-1973 understated the number of different households that actually participated in the program over a 12-month period because households move on and off the program as their incomes and resources change.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General
of the United States
Acting