



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

October 19, 1998

S. 1733

A bill to amend the Food Stamp Act of 1977 to require food stamp State agencies to take certain actions to ensure that food stamp coupons are not issued for deceased individuals, to require the Secretary of Agriculture to conduct a study of options for the design, development, implementation, and operation of a national database to track participation in Federal means-tested public assistance programs, and for other purposes

As cleared by Congress on October 15, 1998

SUMMARY

S. 1733 would require the Social Security Administration (SSA) and state Food Stamp agencies to work together to ensure that deceased individuals are not included in determining benefits for households that receive food stamps. The bill would also require the Secretary of Agriculture to study options for a national database to track receipt of public assistance benefits. The legislation would cost \$1 million in fiscal year 1999, with annual savings of \$2 million to \$3 million beginning in 2002.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated impact of S. 1733 on direct spending and receipts is shown in the following table. The costs of this legislation fall within budget function 600 (income security). For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

Estimated Impact of S. 1733 on Direct Spending and Receipts

	By Fiscal Year, in Millions of Dollars									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	1	3	-1	-2	-2	-3	-3	-3	-3	-3
Changes in receipts										

BASIS OF ESTIMATE

Denial of Food Stamps for Deceased Individuals

When a member of a Food Stamp household dies, other household members are required to report the death to the local Food Stamp office. The household's benefit should then be adjusted according to the new household size. A recent General Accounting Office (GAO) report, Food Stamp Overpayments: Thousands of Deceased Individuals Are Being Counted as Household Members (GAO/RCED-98-53), examined the extent to which Food Stamp households continue to receive benefits based in part on a deceased individual. GAO identified deceased individuals by matching four states' Food Stamp caseloads with the Social Security Administration's Death Master File. The SSA file is the most comprehensive database of death information, including data compiled from states, the Department of Veterans Affairs, the Health Care Financing Administration, funeral directors, and families.

Section 1 would require each state's Food Stamp agency to enter into a cooperative agreement with the Commissioner of Social Security. SSA would provide the state with data on deceased individuals, and states would periodically match their Food Stamp caseloads with the death information. CBO assumes that states would match data on a quarterly basis. This section of the bill would go into effect on June 1, 2000.

CBO estimates that the start-up costs for developing a system to do the matching would average \$100,000 per state, resulting in costs of \$5 million in 2000. In addition, there would be ongoing costs for matching of 2 cents per case and follow-up costs of about \$7 per match, for a total of about \$2 million per year. The estimated unit costs are based on a previous USDA report on income verification in the Food Stamp program. The federal government would pay half of these administrative costs. The federal government would also incur costs of less than \$500,000 a year to provide states with the SSA data. Thus, federal costs would

total \$3 million in fiscal year 2000 and \$1 million a year once all states' programs are fully operational.

The federal government would also realize benefit savings from overpayments that are prevented or recovered as a result of the matching system. The four states studied by GAO account for 35 percent of total Food Stamp benefits. CBO estimates that about \$8 million in benefits will be paid nationally on behalf of deceased individuals in fiscal year 2000, based on the number of months that benefits were paid for deceased individuals in the four states studied by GAO. CBO assumed that the matching could save roughly one-half of the total overpayments, because not all of the overpayments would be recovered by the federal government. First, the data match would be incomplete because some states restrict the release of the death data they supply to SSA. Second, overpayments are difficult to recover in cases where the recipient lived alone, unless the state can establish a claim against another individual for fraudulently using a deceased individual's food stamps. Third, while a portion of overpayments would be prevented by the data matching, state agencies would have to establish claims against remaining overpayments and could retain 20 percent to 35 percent of all claims collected. Therefore, the federal savings are estimated to amount to \$4 million annually after the system is fully effective in 2002.

Study of National Database for Federal Means-Tested Public Assistance

Section 2 would require the Secretary of Agriculture to study options for a national database for tracking receipt of federal means-tested benefits. This study would also include a survey of how states are enforcing the prohibition against receiving federal means-tested benefits in more than one state. The bill would provide \$500,000 in fiscal year 1999 for this study.

ESTIMATE PREPARED BY: Valerie Baxter

ESTIMATE APPROVED BY:

Paul N. Van de Water
Assistant Director for Budget Analysis