

# Getting Food Stamps to Hungry Families on Time: Federal Rules and the High Performance Bonus for Timeliness

September 2005

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## **ACKNOWLEDGEMENTS**

This guide was prepared by Shawn Powers, Emerson National Hunger Fellow, under the supervision of Ellen Vollinger, FRAC Legal Director.

FRAC gratefully acknowledges the assistance of Moira Johnston, Senior Program Analyst at the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA), in the preparation of this report.

FRAC gratefully acknowledges the following funders whose support has helped to make possible our work on the Food Stamp Program in 2004-5:

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Evangelical Lutheran Church in America  
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MAZON: A Jewish Response to Hunger  
The Moriah Fund  
New Directions Foundation  
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Charles H. Revson Foundation  
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FRAC also gratefully acknowledges the support of the Congressional Hunger Center, which sponsors the Emerson National Hunger Fellows program.

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## **Background**

In September 2004, the U.S. Department of Agriculture (USDA) awarded a total of \$6 million in bonuses to Massachusetts, South Dakota, Kentucky, New Hampshire, West Virginia, and Oklahoma (in descending order of performance) for their high rates of timely processed food stamp applications. In Fiscal Year 2003, all six states had provided food stamp benefits to eligible applicants within the federally mandated deadline in over 95 percent of cases. (FRAC's posting of the timeliness rankings for FY03 is available at [http://www.frac.org/html/federal\\_food\\_programs/programs/FSP\\_Timeliness.html](http://www.frac.org/html/federal_food_programs/programs/FSP_Timeliness.html).)

The announcement marked the first time states received this official recognition for prompt customer service, and USDA will continue to reward the top-ranking states each year. The timeliness awards are part of a package of high performance bonuses authorized by the Farm Security and Rural Investment Act of 2002, also known as the 2002 Farm Bill. The 2002 Farm Bill included Title IV, Subtitle A, which reauthorized the Food Stamp Program. One of the changes made in the reauthorization requires USDA to establish performance criteria relating to "actions taken to correct errors, reduce rates of error, and improve eligibility determinations" and "other indicators of effective administration."

To provide an incentive for states to improve, the 2002 Farm Bill authorizes financial rewards for states showing high performance on these indicators. These bonuses replace the former system of enhanced funding based exclusively on payment accuracy, which many state officials and advocates believed placed excessive emphasis on one aspect of program operations, sacrificing service to clients in favor of an overemphasis on eligibility errors.

The 2002 Farm Bill authorizes \$48 million per year for high performance bonuses, which the Food and Nutrition Service (FNS) has chosen to divide as follows: \$24 million for the best and most improved combined payment error rates, \$6 million for the best and most improved negative error rates, \$12 million for the best and most improved program access indices (formerly known as participant access rates), and \$6 million for the highest percentages of timely processed applications.<sup>1</sup>

## **Timeliness Standards**

Application processing timeliness provides one important and readily measurable indicator of customer service in the Food Stamp Program. By definition, families eligible for food stamps do not have current income sufficient to buy adequate food. Getting assistance to

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<sup>1</sup> The combined payment error rate (underpayments plus overpayments) measures how frequently states fail to provide the correct amount of benefits to recipient households as prescribed by law and program rules. The negative error rate measures what proportion of the time state determinations to deny, suspend or terminate food stamp benefits are incorrect. The program access index estimates the percentage of low-income people who receive food stamp benefits.

them as quickly as possible is essential. In court cases where clients have sued state agencies for failure to process their applications within statutory guidelines, the courts have affirmed the importance of timely processing. Deciding in favor of clients in one such case, U.S. District Court Judge Franklin S. Billings Jr. wrote:

In establishing a processing deadline for all applications, the federal government recognized the interest of all applicants in a timely decision. Individuals deemed eligible for benefits need assistance quickly. Those who are found to be ineligible need to seek alternative resources, and potentially pursue an appeal, as soon as possible.<sup>2</sup>

While litigation still may promote timely service, the new high performance bonuses provide a more positive incentive for states to provide food stamp assistance promptly.

Federal law requires that eligible applicants be given access to their benefits within 30 days of the application date. For applicants in particularly severe circumstances, the law calls for expedited service within seven days of the application date. Households eligible for expedited service include those with gross incomes under \$150 per month; those with less than \$100 in liquid resources; those whose combined monthly gross incomes and liquid resources are less than a month's rent, mortgage payments or utilities; and destitute migrant or seasonal farmworker households. Application processing timeliness rates indicate what proportion of the time states deliver benefits to eligible applicants within these 30- and seven-day deadlines.

## **Measurement of Application Processing Timeliness**

In order to track state performance in application processing timeliness, FNS added a timeliness measure to the Quality Control (QC) system in October 2002. The QC system is the primary source of data for evaluation of the Food Stamp Program and for information on the characteristics of food stamp households. The QC database is compiled from a representative sample of recipient households and includes demographic, economic and program eligibility data for each household. State agencies compile the data from a sample of their cases each month, and federal reviewers verify the state data.

Before FNS implemented the high performance bonuses, state agencies reported timeliness information through the Program Activity Statement (FNS-366B). Beginning with the first round of timeliness bonuses, FNS discontinued that procedure in favor of the QC system and its verification of state data.

When a case is selected for review, the state or federal reviewer categorizes the case as either timely, not timely, or unable to be determined. A case is considered timely if the

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<sup>2</sup> Robidoux v. Kitchel, 876 F. Supp. 575 (D. Vt. 1995)

household had an “opportunity to participate” within 30 days for regular cases or seven days for expedited cases. Although some states have more stringent timeliness requirements, such as New York’s five-day time limit for expedited benefits, in the QC system all states are evaluated in reference to the federal timeframes. A household has the “opportunity to participate” when it has its Electronic Benefits Transfer (EBT) card and Personal Identification Number (PIN) and its benefits have been electronically posted to the EBT card. From the case file, a reviewer can tell when the application was filed and when the state agency mailed the EBT card, mailed notification to pick up the EBT card, or called to notify the client to pick up the card.

Since there is no way to know from case records exactly when a household received its EBT card, whether by mail or in person, FNS has adopted the following approximations for the purpose of the timeliness measure. If the EBT card is mailed to the client, it must be mailed at least two business days before the 30-day or seven-day mark to be considered timely. If the agency notifies the client by mail to pick up the card, the mailed notification must go out three business days before the deadline to be considered timely. If the agency notifies the client by phone to pick up the card, the call must be 24 hours in advance of the deadline. Although having an “opportunity to participate” also requires the posting of benefits to the client’s EBT account, states and FNS do not actually monitor when benefits are posted.

Not all households that apply for food stamps are included in the timeliness calculation. Households denied food stamps, whether within or beyond the 30- and seven-day guidelines, are not counted, since an early denial may not necessarily indicate good customer service. If an application subject to regular (30-day) processing is “properly pending” due to incomplete verification, then the case is considered neither timely nor untimely and is left out of the timeliness calculation.<sup>3</sup> This policy does not extend to applications under expedited (seven-day) processing, since the verification requirements for expedited food stamps are considerably reduced. The only verification that is absolutely mandatory in those cases is of the identity of the household head, which may be confirmed by a collateral contact if paper documents are unavailable.

Other than denials and properly pending regular applications, any case processed outside of the 30- or seven-day timeframe is considered untimely, even if the delay is caused by the client. FNS’s rationale for this policy is that it gives states an incentive to enhance

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<sup>3</sup> A case is “properly pending” if, when an applicant fails to supply all of the necessary verification materials, the state holds the case open in anticipation of further documentation that may result in a determination of eligibility. Excluding properly pending cases from the timeliness calculations encourages states to give households time to obtain this documentation rather than immediately denying them food stamps.

customer service in ways that improve clients' performance in the application process.<sup>4</sup> Dropped cases also count in the timeliness determinations.<sup>5</sup>

A state's application processing timeliness rate is simply the percentage of the cases deemed timely out of all those cases that are counted and can be determined either timely or untimely. For the purposes of calculating the timeliness rate, there is no distinction between normal and expedited cases. The timeliness rate for a particular year includes all new applications filed within the fiscal year.

## Awards

Once the state timeliness rates have been calculated, FNS has until September 30<sup>th</sup> of the fiscal year following the performance measurement fiscal year to distribute the high performance bonuses. The top six states in the timeliness rankings share \$6 million, according to the following formula: each state receives a base of \$100,000, and the remaining funds are allotted in proportion to caseload size. A state would be ineligible for an award if it had been assessed a liability for an excessive error rate. (States are fined if their payment error rate exceeds 105 percent of the national average for two consecutive years.) USDA may waive all or part of the liability if a state demonstrates good cause for the high error rate, or it may require the state to reinvest part of the liability amount in corrective actions, but in either instance the state may not receive a high performance bonus award.

The new bonuses for application processing timeliness, along with the other high performance bonuses spawned by the 2002 Farm Bill, are an important step toward recognizing states for exemplary administration of the Food Stamp Program. The public affirmation of a state's timely customer service and the financial reward are both important policy signals from the federal government. The new bonuses for application processing timeliness provide a benchmark against which states can measure their performance and an incentive to provide prompt customer service to households in need.






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<sup>4</sup> For more on this policy and the rationale for it, see the discussion of the final rule on high performance bonuses in the *Federal Register*, vol. 70 no. 24 (February 7, 2005), p. 6321. Available at <http://www.fns.usda.gov/cga/Federal-Register/2005/020705.pdf>

<sup>5</sup> Dropped cases include cases that are not ordinarily subject to review in the QC system—such as cases that are pending a hearing on a decision to reduce or terminate benefits, or cases where all members of the household have moved out of state—and incomplete cases, where the reviewer cannot obtain the verification required in order to complete the review.

## Advocating for Timeliness

Advocates can play a role in encouraging timely delivery of food stamp benefits in their states. Below is FRAC's checklist of five things that advocates can do to help ensure that hungry families in their states receive food stamp benefits on time.

	1. Watch for USDA's announcement of timeliness rates and high performance bonuses before September 30 of each year.
	2. If your state performs well in application processing timeliness, provide positive recognition through letters to appropriate officials, newspaper op-eds, or other venues.
	3. If your state wins an award for timeliness or any other high performance award, encourage them to reinvest the money into the nutrition priorities of the state, such as food stamp outreach to eligible but nonparticipating households.
	4. If your state has a low rate of timely processed applications, discuss ways to improve timeliness at food stamp working group meetings or in other communications with your state.
	5. If your state has a poor timeliness record over several years, talk to your colleagues in legal services about potential legal approaches to the problem.



## Links and Resources

### *Timeliness Statute*

The Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill), Title IV [see Section 4120]: <http://www.cftc.gov/files/ogc/ogchr2646.pdf>

USDA's summary of changes affecting the Food Stamp Program in the 2002 Farm Bill [see Section 4120]: [http://www.fns.usda.gov/cga/2002\\_Farm\\_Bill/food\\_stamps.html](http://www.fns.usda.gov/cga/2002_Farm_Bill/food_stamps.html)

### *Timeliness Regulations*

Proposed Rule on High Performance Bonuses, December 17, 2003 Federal Register: <http://www.fns.usda.gov/cga/Federal-Register/2003/121703.pdf>

Final Rule on High Performance Bonuses, February 7, 2005 Federal Register: <http://www.fns.usda.gov/cga/Federal-Register/2005/020705.pdf>

Questions and Answers from FNS on the High Performance Bonuses: [http://www.fns.usda.gov/fsp/rules/Legislation/2002\\_farm\\_bill/QA\\_perf\\_measures.htm](http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/QA_perf_measures.htm)

### *Press Release*

USDA's press release announcing the first round of timeliness bonuses: <http://www.fns.usda.gov/cga/PressReleases/2004/PR-0416.htm>

### *Additional Resources*

The National Association for Program Information and Performance Measurement's page on High Performance Bonuses: [http://www.napipm.org/performance\\_bonus.htm](http://www.napipm.org/performance_bonus.htm)

FRAC's posting on state-by-state application processing timeliness rates for FY03: [http://www.frac.org/html/federal\\_food\\_programs/programs/FSP\\_Timeliness.html](http://www.frac.org/html/federal_food_programs/programs/FSP_Timeliness.html)

FRAC's report "Get Ready for Food Stamp Reauthorization Changes in Your State" (highlights of the 2002 Farm Bill): <http://www.frac.org/pdf/implementation081402.PDF>