

Summary

This report responds to P.L. 105-379, which mandated the U.S. Department of Agriculture to examine options for the design, development, implementation and operation of a national database to track participation in federal means-tested public assistance programs. Such a database would:

- Identify interstate duplicate cases, that is, individuals receiving program benefits in two or more States at the same time,
- Help track the time limits required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) across State boundaries. The time limits restrict the amount of time certain clients of the Food Stamp Program (FSP) and Temporary Assistance to Needy Families (TANF) can receive benefits.

Duplicate participation is a concern across all means-tested programs. However, because the FSP and TANF programs are the only two means-tested programs that require tracking of time limits, they pose the critical test of the feasibility of a national database. Therefore, in this report we focus on the FSP and TANF programs. If a system for FSP and TANF is feasible and cost-effective, then adding other means-tested programs (such as Medicaid) is unlikely to significantly decrease cost-effectiveness (and may increase it).

The current study builds on existing information about the feasibility of a national database, the most important of which is a study conducted by the U.S. Department of Health and Human Services (DHHS) in 1997, hereafter called the DHHS report. The current study also draws on several additional sources of data, including a

survey conducted by the U.S. Department of Agriculture (USDA) of State FSP agency data processing capabilities in 1991, ongoing monitoring by USDA of interstate computer matching programs, in-depth interviews with officials in seven selected State FSP agencies, and interviews with representatives of four ongoing national matching systems with functions similar to those of the national client database.

The major contribution of the DHHS report was to identify five alternative system architectures for a national client database. The national client database could be developed using any one of the five architectures. The functionality, feasibility, and cost-effectiveness of the national client database depend on which architecture is used. The five architectures are:

- **File Match.** At the end of each time period such as a month or a quarter, each State sends a file of current recipients, represented by their social security numbers (SSNs) and name, to the national client database. Software associated with the central database compares each case to every other case in every other State searching for duplicate cases. If a recipient is found in more than one State, the central facility sends the SSN and name of the duplicate case to both State agencies. The national client database does not accumulate historical data on program participation, nor does it send data other than SSN and name to the two State agencies.
- **Broadcast.** Each State agency periodically transmits a file containing the SSNs and names of its active cases to every other State agency. There is no centralized national client database, and the central facility provides no data to State agencies. The task of identifying duplicate cases is left to State agencies.

- **Eligibility Index.** This architecture is similar to the file match architecture, except that each State agency sends SSNs and names of new applicants and recertifications to the central facility at any time, and SSNs and names are retained in the national client database so that historical data on program participation is accumulated.
- **Eligibility Database.** This is similar to the eligibility index option, except that the State agency transmits an extract of each case record, rather than just the SSN and name, to the national client database. The central facility identifies interstate duplicate cases, and sends the case record extract from both State agencies to each of the two State agencies. The national client database accumulates historical data on program participation. Thus, the central client database sends sufficient data to State agencies for them to minimize the amount of data they need to retrieve directly from other State agencies.
- **One-Stop Database.** This is similar to the eligibility database architecture, except that the national client database also performs two other major program functions. First, it links to several other federal and State databases to allow direct verification of client-reported income, assets, and employment. Second, it performs a variety of checks and computations to determine eligibility for TANF.

Using these models developed in the DHHS as a starting point, this study assesses the feasibility and cost-effectiveness of a national client database. A secondary objective is to assess the impact of such a database on the privacy of FSP and TANF clients.

P.L. 105-379 also requires USDA to assess current State agency efforts to identify interstate duplicate benefits, as well as State agency capabilities to participate in a national client database. Both of these assessments are incorporated into the evaluation of the feasibility of such a database.

Findings

The conclusions of this report are:

- A national client database is feasible if it is configured using either an eligibility database or a one-stop database architecture.

In order to be considered feasible, the database must meet all of the following conditions: It must be consistent with the functional requirements for the database in helping to administer FSP and TANF.

The technical risk of the centralized component of the database not working after development would need to be minimal. The system needs to be developed and operated at a reasonable cost. The State agency component of the database must be developed and operated at a reasonable cost, and not require significant increases in agency staff.

Functional requirements for the national client database are to provide data to State FSP and TANF agencies that enables them to identify interstate duplicate cases and to enforce PRWORA time limits for both programs.

Feasibility. Both the eligibility database and one-stop database architectures meet the functional requirements for a national client database. They also provide State agencies with sufficient data that they can follow-up interstate duplicate cases and enforce PRWORA time limits without significant staff increases. The other three architectures do not directly support the enforcement of PRWORA time limits. They also require State agencies to engage in a very inefficient procedure of exchanging data files with every other State agency every month. This procedure would likely require significant State agency staff increases.

Current State Agency Activity in Detecting Interstate Duplicate Benefits. There are two types of evidence supporting the feasibility of a national client database. The first is that a number of State FSP and TANF agencies participate in programs designed to identify

interstate duplicate cases. Ongoing monitoring, by FNS, of State FSP agencies indicates that the majority of States have participated at least once in the past several years in an interstate match designed to identify interstate duplicate FSP cases. Twenty-five State FSP agencies routinely conduct such matches for interstate duplicate FSP cases. The largest existing system for detecting interstate duplicate TANF cases is the PARIS system. Thirty-two States participated in PARIS for at least one match.

State Capabilities to Participate in a National Client Database. The second source of evidence for the feasibility of a national client database is in-depth interviews by USDA with officials in the FSP agencies of seven States regarding their capability to participate in a national client database. Each agency reported having the capability to participate in such a database. The officials assumed the centralized portion of the database would be developed and operated by a federal agency. They also realized they would need to develop and operate the State agency portion of the system. However, they assumed the system would be designed so that the State agency's activity would be limited to preparing and sending an extract of its case records to the central facility, receiving case record extracts from the central facility, and verifying and following-up on the matched cases. Under this assumption, the officials felt that developing and operating their portion of the national client database would not be difficult.

The seven States should not be viewed as a statistically representative sample of all States. While these conclusions cannot be generalized to all State agencies, they suggest States' capabilities. USDA is currently conducting a comprehensive survey of all State FSP agencies on their computer capabilities.

If developed for both the FSP and TANF, it is likely that the use of an eligibility database architecture would be cost-effective. However, it would not be cost effective if it were developed for the FSP alone. An eligibility database developed by the Federal government within current funding arrangements for FSP and

TANF, however, is likely to increase Federal costs.

Available data are inadequate to estimate the costs or benefits of a national client database reliably. However, calculations using the data that are available, supplemented by a number of assumptions, suggest that a national client database is cost-effective if it is configured using an eligibility database or one-stop database architecture. This conclusion holds even though in the calculations the benefit portion of the benefit-cost ratio is limited to detecting interstate duplicate FSP and TANF cases and excludes the benefit from enforcing ABAWD and TANF time limits across State boundaries. This analysis makes no assumption about how costs or benefits are allocated among Federal or State agencies. An eligibility database developed by the Federal government within current funding arrangements for FSP and TANF, however, is likely to increase Federal costs. This would occur primarily because the savings from recovered and avoided TANF benefits would accrue only to States under the existing block grant while the Federal government would bear most of the developmental and operational costs.

The cost-effectiveness of the file match, broadcast, and eligibility index architectures cannot be estimated. However, they cause the State agency component of the system to be substantially less efficient than under the eligibility database or one-stop database architectures. This loss of efficiency means that these three architectures would be less cost-effective than the eligibility database or one-stop database architectures.

The one-stop architecture may be less cost-effective than the eligibility index because it is more expensive to develop and operate. The extra expense of the one-stop architecture results from it providing two major programmatic functions that are not required for the functional requirements identified here for a national client database. The one-stop architecture may be viewed as a future enhancement of the national client database.

Most privacy issues are addressed in straightforward ways, but the possibility of unintended uses of the data remains a significant risk.

A national client database raises concerns about protecting the privacy of FSP and TANF clients. Privacy concerns fall into three categories. The first is that FSP and TANF data are owned by the State agencies providing benefits to the FSP or TANF case and may not be disclosed to an agency of another State or federal agency. A solution to this problem is to execute privacy agreements between State agencies and the sponsoring federal agency.

The second category of privacy concerns is unauthorized physical or electronic access to the national client database. This threat to security could be controlled by building physical, electronic, and procedural safeguards into both the centralized component and the State agency component of the database.

The third category of privacy concern is the threat of authorized but unintended uses of the data. This risk to client privacy is the most difficult to control. The wide variation among State privacy laws suggests that this risk is minimized by construing the national client database as a federal system of records subject to the Privacy Act and the Computer Matching and Privacy Act.

Next Steps

If a decision to develop a national client database is made, two considerations affect how rapidly development can start. First, adequate time must be allowed to appropriate sufficient funds to the primary federal agency managing the effort. Second, time must be allowed for the agency to either hire and organize qualified staff with appropriate expertise or to pursue the procurement processes involved in soliciting and choosing a national database contractor.

This investigation also revealed potential concerns that should be further investigated. One concern is that a federally-sponsored national client database may have the appearance of altering the governance of the FSP and TANF programs, both of which are administered by State agencies. A second related concern is the potential public perception of a national database of individuals who received benefits from a means-tested program at any point in their lives. This concern is particularly acute because enforcing TANF time limits will eventually result in the database containing data on program participation throughout much of an individual's adult life, perhaps covering over forty years. The dynamics of poverty and welfare receipt imply that such a database may eventually contain data on a substantial fraction of the population of the nation.

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