



United States Department of Agriculture  
Office of Inspector General







# Recovery Act Performance Measures for the Supplemental Nutrition Assistance Program

Audit Report 27703-0002-22

## What Were OIG's Objectives

OIG initiated this audit to review SNAP Recovery Act-specific performance measures to determine whether they effectively measure how FNS used those funds to achieve Recovery Act goals.

## What OIG Reviewed

Our review covered SNAP performance during the period of Recovery Act funding, from inception in April 2009 through December 2012. Specifically, we focused on the development, implementation, and measurement of key performance indicators put forth by FNS. Our fieldwork took place from May through December 2012.

## What OIG Recommends

We recommended that FNS establish outcome-based performance measures for SNAP in the USDA Strategic Plan. FNS cannot define outcome measures specific to SNAP, because of the complexity of measuring program impacts on participants. We accept management decision.

## OIG initiated this audit to determine whether FNS' performance measures effectively measured its achievement in accomplishing the SNAP Recovery Act goals.

## What OIG Found

FNS, with Department of Agriculture (USDA) and Office of Management and Budget (OMB) approval, implemented four performance measures to evaluate its implementation of the Recovery Act for SNAP. However, we found these measures were not designed to effectively evaluate how the additional funding achieved the Recovery Act goals of assisting those most impacted by the recession, stabilizing State government nutrition program budgets for essential services, and stimulating the economy. Two of the four measures also appear in the Department's Strategic Plan for FYs 2010 through 2015, which will remain in effect after Recovery Act funding ends. FNS officials explained that they selected the four performance measures because OMB urged agencies to use measures they were already using for regular operations. FNS believed the Recovery Act goals naturally aligned with its pre-existing program goals for SNAP. However, according to OMB, it is ultimately FNS' responsibility to develop and report on performance measures that provide transparency to enable the American public to see the results of their investment from Recovery Act funding.

Specifically, we found three of the four measures did not measure outcomes that assessed how well the additional funds achieved the Recovery Act goals. Instead, three of these performance measures reflected outputs, such as the dollar amount of benefits issued and administrative costs expended. The one outcome performance measure, which deals with food insecurity, did not directly measure the impact of Recovery Act funds because it did not measure how well SNAP assisted those most impacted by the recession. As a result, FNS had not assessed or reported on the use of the approximately \$45.5 billion in additional SNAP funds to show the American taxpayer, in terms of the established goals, what was received for the Recovery Act investments.





United States Department of Agriculture  
Office of Inspector General  
Washington, D.C. 20250



DATE: March 28, 2013

AUDIT  
NUMBER: 27703-0002-22

TO: Audrey Rowe  
Administrator  
Food and Nutrition Service

ATTN: Mark Porter  
Director  
Office of Internal Controls, Audits and Investigations

FROM: Gil H. Harden  
Assistant Inspector General for Audit

SUBJECT: Recovery Act Performance Measures for the Supplemental Nutrition  
Assistance Program

This reports presents the results of the subject audit. Your written response to the official draft report, dated March 22, 2013, is attached, with excerpts from your response and the Office of Inspector General's position incorporated in the relevant Finding and Recommendation sections of the report. Based on the agency's response to our official draft report, we accept management decision for the recommendation in the report. No further response to this office is necessary.

Please follow your internal agency procedures for providing final action correspondence for these recommendations. In accordance with Departmental Regulation 1720-1, final action on the management decisions should be completed within 1 year of the date of the management decisions to preclude being listed in the Department's annual Agency Financial Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions.



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## Background and Objectives

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### Background

The Department of Agriculture's (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program.<sup>1</sup> SNAP is the largest of the 15 domestic food and nutrition programs within USDA. The program provides monthly food assistance and nutrition for the health and wellbeing of more than 47 million low-income individuals. The number of SNAP participants has grown by 77 percent since 2007, and the program disbursed over \$74.6 billion in benefits in fiscal year (FY) 2012.

Federal, State, and local governments share the administrative costs of SNAP. FNS administers SNAP nationally, while State agencies administer SNAP through State and local offices. FNS develops reporting and monitoring policies to oversee individual States' program operations.<sup>2</sup> States determine whether households meet SNAP eligibility requirements, calculate monthly benefits for qualified households, and issue benefits via electronic benefit transfer cards. The monthly amount of a recipient's SNAP benefits is based on USDA's Thrifty Food Plan, which estimates the weekly cost of food needed to prepare nutritious, low-cost meals to meet the dietary requirements for a household of four. The estimate is updated every year to keep pace with changing food prices.

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided an estimated \$295 million for administrative expenses for FYs 2009 and 2010 and has provided an estimated \$45.2 billion<sup>3</sup> for increased benefits between April 2009 and October 2013. The Recovery Act increased SNAP benefits by 13.6 percent over June 2008 levels. The Recovery Act funding for SNAP was intended to achieve the following objectives: (1) assisting those most impacted by the recession; (2) creating and saving jobs;<sup>4</sup> (3) stimulating the economy; and (4) stabilizing State agencies' nutrition program budgets to better support SNAP administration. Congress, in enacting the Recovery Act, emphasized the need for accountability and transparency in the expenditure of funds.

Recovery Act funds provided three different enhancements for SNAP: (1) an across-the-board increase in benefits, (2) suspended the 3-month time limit on eligibility for able bodied adults without dependents, and (3) providing an additional \$295 million to State agencies to help cover their administrative expenses associated with this level of increased funding.<sup>5</sup> Of the

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<sup>1</sup> The Food Stamp Act of 1964 established distribution of food stamps as a permanent Federal program. The Food, Conservation, and Energy Act of 2008 changed the Food Stamp Program name to SNAP, partly to help alleviate the social stigma associated with food stamps.

<sup>2</sup> The program runs in 50 States, the District of Columbia, Guam, and the U.S. Virgin Islands.

<sup>3</sup> FNS estimated benefits to address a recommendation of OIG Audit 27703-0002-AT, *Recovery Act Impacts on the Supplemental Nutrition Assistance Program*, June 1, 2012.

<sup>4</sup> SNAP was not required to report jobs created or saved.

<sup>5</sup> The Recovery Act provided \$145 million in FY 2009 and \$150 million in FY 2010.



\$295 million, \$4.5 million was reserved for program management, oversight, and monitoring expenses.<sup>6</sup>

On February 18, 2009, the Office of Management and Budget (OMB) began issuing guidance requiring Federal agencies to establish rigorous internal controls, oversight mechanisms, and other approaches to meet the accountability objectives of the Recovery Act. OMB guidance also emphasized that benefits of Recovery Act funds are to be reported clearly, accurately, and in a timely manner. For this purpose, OMB directed Federal agencies to establish a webpage dedicated to the Recovery Act that links to the Governmentwide Recovery Act reporting website, Recovery.gov.<sup>7</sup> The agency should provide all agency information related to the Recovery Act on its webpage and post this information on Recovery.gov.

In May 2009, FNS issued its initial Recovery Act plan, which documented specific performance measures and target milestones to ensure the objectives of the Recovery Act were met. According to its plan, FNS would monitor its performance measures by establishing a quality control process to review eligibility determinations and benefit amounts, reporting financial and program information monthly, and conducting management evaluations and program reviews.

The initial 2009 FNS Recovery Act plan included six performance measures: (1) estimated economic stimulus, (2) increased benefits issued, (3) administrative funds expended, (4) funds used to pay SNAP operations staff, (5) funds used for SNAP IT infrastructure, and (6) funds used for other SNAP delivery support. The plan was updated on June 23, 2010, with significant changes to the performance measures. The updated plan shows a deletion in performance measures for economic stimulus, SNAP operations staff, IT infrastructure, and delivery support. It adds the performance measures for households with very low food security and SNAP participation rate. The final four performance measures are: (1) increased benefits issued, (2) administrative funds expended, (3) households with very low food security among children, and (4) SNAP participation rate.

## Objective

The objective of our audit was to review the Recovery Act performance measures for SNAP to determine whether they effectively measure how FNS used those funds to achieve Recovery Act goals, including helping workers and families hardest hit by the economic crisis by providing them with food assistance, stabilizing State government nutrition program budgets to minimize and avoid reductions in essential services, and stimulating the economy since April 2009.

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<sup>6</sup> FNS obligated \$500,000 during FY 2009 and the remaining \$4 million in FY 2010.

<sup>7</sup> Recovery.gov is administered by the Recovery Accountability and Transparency Board, an independent board comprised of agency Inspectors General.

## Section 1: Performance Measures

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### **Finding 1: FNS' SNAP Performance Measures Did Not Effectively Evaluate Achievement of Recovery Act Goals**

Although FNS developed four performance measures to evaluate its implementation of the Recovery Act for SNAP, these measures did not evaluate how the additional funding achieved the goals of assisting those most impacted by the recession, stabilizing State budgets for essential services, and stimulating the economy. FNS officials explained that their reasons for selecting the four performance measures they used were their belief that SNAP program goals already aligned with Recovery Act goals, and OMB's recommendation that FNS use performance measures already being used for operations prior to the Recovery Act. FNS officials stated that they used the four measures because they were approved by USDA and OMB, and two of the same measures were found in the USDA Strategic Plan. However, three of the four measures related to outputs, such as the dollar amount of benefits issued, instead of outcomes, and the only outcome performance measure did not directly measure the impact of Recovery Act funds because it did not measure the results of food nutrition programs such as SNAP. As a result, FNS cannot demonstrate how the additional SNAP funds, an estimated \$45.5 billion to participants and States, were used to meet the goals of the Recovery Act.

In passing the Recovery Act legislation, Congress expected that a historic level of transparency, oversight, and accountability would help guarantee that taxpayer dollars are spent wisely and the public could see the results of their investment. To achieve an unprecedented level of accountability and transparency, OMB required that each agency's plan for using Recovery Act funds contain quantifiable outcomes consistent with the intent and requirements of Recovery Act legislation.<sup>8</sup> The requirement for Recovery Act performance measures closely followed the performance measure requirement for ongoing programs found in the Government Performance and Results Act (GPRA), which sought to improve Federal programs' effectiveness by promoting a focus on results. GPRA requires agencies to develop strategic plans identifying general goals and objectives, including outcome-related goals and objectives for the major functions and operations of the agency. It requires agencies to set annual performance goals to define the level of performance to be achieved by a program, and report annually on actual performance compared to goals<sup>9</sup> in the Performance and Accountability Report<sup>10</sup> to provide feedback to managers, policymakers, and the public concerning what was actually accomplished with the resources expended.<sup>11</sup>

The intent of the Recovery Act, as it applied to SNAP, was to stimulate the economy, help those most in need because of the economic downturn, and stabilize State budgets. As part of its Recovery Act plan, FNS established four performance measures including (1) the amount of

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<sup>8</sup> OMB M-09-10, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, February 18, 2009.

<sup>9</sup> Public Law 103-62, GPRA, enacted August 3, 1993.

<sup>10</sup> In the USDA Strategic Plan, FY 2010-2015, Performance Measure 4.1.1 is the number of households with very low food security, and 4.1.2 is SNAP participation rate. The Performance and Accountability Report for FY 2011 discloses the results in a general discussion on household food security in the United States, and participation rate data for SNAP are shown as the total number of participants, not as a percentage of those who are eligible.

<sup>11</sup> Senate Report 103-58, GPRA, Report of the Committee on Governmental Affairs.

additional benefits issued, (2) administrative funds expended, (3) SNAP participation rates, and (4) the number of households with very low food security among children. The measures of participation rates and households with very low food security are also included in USDA's Strategic Plan for its general programs and annual results are reported in the PAR. However, the four measures did not provide an assessment of how well the additional funds achieved the Recovery Act goals. Instead, three of these performance measures reflected outputs regarding the amount of funds spent and the number of people served, and one measure—the number of households with very low food security—did not directly measure the results of SNAP.

FNS officials informed us that OMB encouraged the agency to use the same performance measures they previously used in their strategic plans because the Recovery Act did not change FNS' mission and SNAP's goals naturally aligned with those stated in the Recovery Act legislation. Thus, FNS chose two output measures (additional benefits issued and administrative funds expended) that only measured Recovery Act dollars expended, and two measures of regular program goals, the output measure of SNAP participation rate, and the outcome measure of households with very low food security. The marginal effect on the participation rate and reductions in food insecure households, arising from the Recovery Act funding could not be determined by FNS. Yet, OMB approved these pre-existing measures because they were deemed useful in “tracking, at an agency-level, how Recovery Act funds were used by the agency.”

Only one of FNS' performance measures—the number of households with very low food security among children—measures outcomes. The households measure was chosen because it was already being used to measure outcomes in the USDA Strategic Plan. However, according to a 2005 study by the National Research Council (NRC), the reduction in the number of households with very low food security among children results from a combination of several factors<sup>12</sup>—not solely from SNAP, and, as FNS officials told us, not solely from the impact of Recovery Act SNAP supplemental funding. The study found that this measure is not effective in measuring the results of food assistance programs.<sup>13</sup> Specifically, the NRC report concluded that the estimates do not measure anything directly tied to the food assistance programs (such as improved nutritional status because of program participation) and effective performance of programs, such as SNAP cannot be directly linked to improved food security status, nor can a deterioration of food security be attributed to the failure of such programs.

The use of the outcome measure of households with very low food security was developed by the Economic Research Service, and FNS has established goals for each year through 2015, when it expects the number of insecure households to fall to virtually zero.<sup>14</sup> By having a target and capturing results in the real world, the households measure does qualify as an outcome measure. However, as the NRC report noted, the real world results may or may not be caused by the actions of FNS. Without knowing that FNS' efforts resulted in any improvement in the number of food insecure households, this measure cannot aid FNS in defining the level of performance

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<sup>12</sup> Other factors cited by the study include changes in the economy, other programs or policies, and demographic changes.

<sup>13</sup> National Research Council, *Measuring Food Insecurity and Hunger: Phase I Report*, 2005.

<sup>14</sup> The USDA Strategic plan states that, “In practice, a result of 80,000 or fewer households with very low food security among children is indistinguishable from zero, given the precision of the survey sample.”

achieved by SNAP, whether Recovery Act or non-Recovery Act funds are being expended. According to OMB, it is ultimately FNS' responsibility to develop and report on performance measures that provide transparency to ensure the American public fully understands the benefits of the investments both from Recovery Act funding as well as from other appropriations. OMB and the Department approved these measures. Given that Recovery Act funding will expire in October 2013, we do not believe that it would be beneficial to modify the performance measures specific to the Recovery Act. Alternatively, since the measures are also used for the ongoing program, FNS should replace the household measure with outcome measures reflecting SNAP results.

In conclusion, we determined that none of FNS' four performance measures effectively evaluated the achievement of SNAP Recovery Act goals, nor did the measures provide outcome-oriented information for measuring ongoing program performance. FNS should revise the performance measures for SNAP contained in the USDA Strategic Plan to better assess the effectiveness of this important program.

## **Recommendation 1**

Develop, within USDA's Strategic Plan, outcome-based measures reflecting the performance of SNAP.

## **Agency Response**

In its March 22, 2013, response, FNS stated:

USDA tracks the participation rate among people eligible for SNAP benefits, as well as the national prevalence of hunger and food insecurity, as two key performance measures. The former measure tracks the program's effectiveness in reaching its target population, while the latter measure is a society-wide outcome to which SNAP participation contributes. ...

However, FNS has not defined outcome measures specific to SNAP because of the complexity of measuring program impacts on participants. Since households at greater risk of hunger are more likely to seek assistance, assessment of program effectiveness requires more complex analytical methods to account for differences between participants and nonparticipants. ...

USDA shares OIG's interest in outcome-based performance measurement and would be pleased to consider any specific recommendations for measurement approaches that would be more specific to SNAP. In lieu of such recommendations, however, we would expect to continue to use the alternative analytical approaches available to us to assess SNAP's effectiveness.

## **OIG Position**

We accept management decision.

## Scope and Methodology

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Our review covered SNAP performance during the period of Recovery Act funding from inception in April 2009 through December 2012. Specifically, we focused on the development, implementation, and measurement of key performance indicators put forth by FNS. We evaluated FNS' development process for four Recovery Act performance measures to determine whether those measures were specific, outcome-based, and related to the goals of the Recovery Act. Our fieldwork took place from May through December 2012.

We conducted fieldwork at FNS Headquarters in Alexandria, Virginia. Additionally, we interviewed officials from OMB and USDA's Office of Budget and Program Analysis (OBPA) in Washington, DC.

To accomplish our work, we performed the following procedures:

- Reviewed laws, regulations, policies, and procedures governing SNAP and the Recovery Act to gain sufficient knowledge to complete the audit.
- Interviewed FNS officials about the agency's controls and mechanisms over performance measurement.
- Discussed the development of performance measures with officials from FNS, OBPA, and OMB.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Abbreviations

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FNS .....	Food and Nutrition Service
FY .....	Fiscal Year
GPRA .....	Government Performance and Results Act
NRC .....	National Research Council
OBPA .....	Office of Budget and Program Analysis
OIG .....	Office of Inspector General
OMB .....	Office of Management and Budget
SNAP .....	Supplemental Nutrition Assistance Program
USDA.....	Department of Agriculture





**USDA'S  
FOOD AND NUTRITION SERVICE'S  
RESPONSE TO AUDIT REPORT**





**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

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Alexandria, VA  
22302-1500

DATE: March 22, 2013

AUDIT  
NUMBER: 27703-0002-22

TO: Gil H. Harden  
Assistant Inspector General for Audit  
Office of the Inspector General

FROM: Audrey Rowe /S/  
Administrator  
Food and Nutrition Service

SUBJECT: Recovery Act Performance Measures for the Supplemental Nutrition  
Assistance Program

This letter responds to the official draft report for audit report number 27703-0002-22, Recovery Act Performance Measures for the Supplemental Nutrition Assistance Program. Specifically, the Food and Nutrition Service (FNS) is responding to the report's recommendation.

**OIG Recommendation 1:**

Develop, within USDA's Strategic Plan, outcome based measures reflecting the performance of SNAP.

**Food and Nutrition Service Response:**

USDA tracks the participation rate among people eligible for SNAP benefits, as well as the national prevalence of hunger and food insecurity, as two key performance measures. The former measure tracks the program's effectiveness in reaching its target population, while the latter measure is a society-wide outcome to which SNAP participation contributes (see, for example, Nord and Prell, "Food Security Improved Following the 2009 ARRA Increase in SNAP Benefits," ERR-116, April 2011 -- <http://www.ers.usda.gov/publications/err-economic-research-report/err116.aspx>).

However, FNS has not defined outcome measures specific to SNAP because of the complexity of measuring program impacts on participants. Since households at greater risk of hunger are more likely to seek assistance, assessment of program effectiveness requires more complex analytical methods to account for differences between participants and nonparticipants.

It may also be worth noting that the measure of benefit dollars issued, combined with analytical work on the stimulus effect of increased SNAP benefits (see Hanson, "The

Food Assistance National Input-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP, ERR-10, October 2010 – <http://www.ers.usda.gov/publications/err-economic-research-report/err103.aspx>), was a particularly useful means of describing the estimated stimulus impact of the Recovery Act benefit increase – that impact being the unifying purpose of the Act.

USDA shares OIG's interest in outcome-based performance measurement and would be pleased to consider any specific recommendations for measurement approaches that would be more specific to SNAP. In lieu of such recommendations, however, we would expect to continue to use the alternative analytical approaches available to us to assess SNAP's effectiveness.

Informational copies of this report have been distributed to:

Administrator, Food and Nutrition Service

Attn: Agency Liaison Officer

Government Accountability Office

Office of Management and Budget

Office of the Chief Financial Officer

Attn: Director, Planning and Accountability Division



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