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Simplified Reporting and Transitional Benefits in the Food Stamp Program—Case Studies of State Implementation

Final Report

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Abstract

This study examines the experiences of four States (Arizona, Louisiana, Missouri, and Ohio) that use the simplified reporting option of the Food Stamp Program; Arizona also uses the transitional benefit option. With simplified reporting, States lengthen the certification period for most food stamp recipients, minimize reporting requirements between recertifications, and reduce exposure to quality control errors. With transitional benefits, States automatically continue benefits for up to 5 months for most families that leave the Temporary Assistance for Needy Families program. The options were introduced in 2000 and expanded under the 2002 Farm Act. The States reported reduced staff workload, improved client access, and reduced quality control errors with simplified reporting but faced some operational challenges that made realizing the option's full potential difficult. Transitional benefits were considered a valuable support for families but required substantial planning and staff resources. The primary sources of information for the study were indepth in-person interviews with State Food Stamp Program administrators and field office staff.

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CONTENTS

Chapter **Page**

Chapter **Page**

TABLES

EXECUTIVE SUMMARY

In November 2000, the federal government established two options in the Food Stamp Program intended, respectively, to streamline the change reporting process and to continue food stamp benefits for recipients leaving the Temporary Assistance for Needy Families (TANF) program. Congress subsequently expanded these two options as part of the 2002 Farm Bill.

The first option, "simplified reporting," allows states to lengthen certification periods, minimize reporting requirements between recertifications, and reduce exposure to Quality Control (QC) errors. The option is intended both to improve client access to food stamps and reduce staff workload without increasing QC error rates. Over 35 states have taken advantage of the option to date, and others plan to do the same. Under this option, a household is required to report a change during the certification period only if it results in income exceeding the food stamp eligibility limit of 130 percent of the federal poverty level.[1] At 6 months, a state must recertify the household or, if it uses a 12-month certification period, require the household to submit a short semiannual report. (See the box for a summary of the policies under the simplified reporting option.)

The second option, the Transitional Benefit Alternative (TBA), allows states to automatically continue food stamp benefits for up to five months to most families that leave TANF without requiring them to take any action to retain these benefits. The option is intended to ensure that eligible families leaving TANF continue to receive food stamp benefits.

In this study, we examined the experiences of four states that have implemented the simplified reporting option (Arizona, Louisiana, Missouri, and Ohio) and one state that has implemented TBA as well (Arizona). The purpose of the study is to understand the choices states made in implementing these options, the operation and challenges of the options at the local office level, and how well the options are meeting their objectives. The experiences of the study states may prove useful to future policymaking and to other states implementing

[1] In addition, households that are subject to additional requirements because they are able-bodied adults without dependents (ABAWDs) must report if their work hours drop below 20 hours per week.

The Food Stamp Simplified Reporting Option[2]
Key Policies

- ***Population covered.*** States may place most households (with and without earnings) into simplified reporting but generally may not include households that have no earnings and in which all adult members are elderly or disabled, households in which all members are homeless, or households that include migrant and seasonal farmworkers.
- ***Certification periods.*** States may assign simplified reporting households to certification periods of 4 months or longer. Typically, states choose to use either a 12-month certification period with a required short semiannual report at 6 months or a 6-month certification period with full recertification at 6 months.
- ***Semiannual reports (for states using 12-month certification periods).*** When a semiannual report is used, it must request information on 6 items: income, household composition, residence, vehicles (if not excluded), assets, and changes in child support obligations. States must act on all of the changes reported in the semiannual report.
- ***Interim reporting requirements.*** Simplified reporting households are required to report interim changes—that is, changes that occur between recertifications or semiannual reports—*only* if they result in income exceeding the food stamp eligibility limit of 130 percent of the federal poverty level. Some households *may* want to report other changes, such as a drop in income that would lead to an increase in food stamps, even though they are not required to do so. Households are not required to report most changes until the next recertification or semiannual report.
- ***Acting on interim changes.*** A state must act on an interim change report if it results in income that exceeds 130 percent of the federal poverty level. Otherwise, if a change report is received between recertifications or semiannual reports, the state must act only if the change would result in an increase in food stamps (a "positive" change) or if certain exceptions are met. (The 3 exceptions to the positive-only rule are: the household requests closure; the change is "verified upon receipt"; or the change affects the TANF grant.) Many states implementing simplified reporting have received a waiver of the positive-only rule in order to act on all interim changes.

[2] Additional guidance on simplified reporting is provided in a series of Questions and Answers issued by FNS. *Questions and Answers Regarding the Food Stamp Program (FSP) Certification Provisions of the Farm Bill*, available at http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farmbill-QAs.htm, http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farmbill-QAs-II.htm, and http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farmbill-QAs-III.htm.

the options. The primary source of information for the study is in-depth site visit interviews with state administrators and field office staff. Site visits to the study states took place between April and August 2003.

State Policy Design and Implementation of Simplified Reporting

States have four important design choices to make when implementing simplified reporting:

1. What population to include in simplified reporting
2. Length of the simplified reporting certification period
3. Whether to respond only to interim changes that would increase benefits (positive-only changes) or to apply for a USDA waiver to respond to all interim changes
4. Whether to align the certification periods and reporting requirements of other programs with those of the Food Stamp Program (FSP)

The four study states made a range of policy choices on these issues, as summarized in Table 1.

Population Covered. Although the simplified reporting option initially was authorized only for households with earnings, the 2002 Farm Bill substantially broadened the types of households that could be eligible, according states considerable discretion in selecting whom to cover.

At the time of our site visits, Arizona and Missouri had extended simplified reporting to include households without earnings, and Louisiana had plans to expand to nonearners in the month following our site visit (July 2003). The 3 study states that extended simplified reporting to nonearners indicated that they intended to maximize the potential benefits of the option with regard to error rates, client access, and caseworker burden by covering more households. Ohio officials decided to limit the simplified reporting population to earners only. They indicated that extending to a broader population would be of limited benefit to clients and caseworkers in that most Ohio nonearners were already assigned to a certification period of 6 months or longer and some could even be disadvantaged by a shorter certification period under simplified reporting.

Length of Certification Period. Under simplified reporting, states typically assign eligible households to a 12-month certification period with a short semiannual report due at 6 months or require a complete recertification every 6 months.

The study states' certification period choices are invariably linked both to their previous reporting systems and to their perception of the amount of work involved in adopting a semiannual report. Louisiana, for example, was accustomed to a 12-month certification

Table 1. State Simplified Reporting Design Decisions

	Study States			
Key Decisions	Arizona	Louisiana	Missouri	Ohio
Implementation date	January 2003	August 2001	May 2001	July 2002
Population covered	Earners and nonearners	Earners only[a]	Earners and nonearners	Earners only
Length of certification period	12 months	12 months	6 months	6 months
Response to interim changes	Positive only	All	Positive only	All
Alignment of change reporting requirements of other programs with food stamp reporting requirements	FSP and TANF	FSP, TANF, Child Care	None	None

[a]Louisiana expanded to nonearners in July 2003, shortly after our site visit.

period with quarterly reports even before simplified reporting. Louisiana and Arizona officials indicated that they chose a 12-month certification period because of the potential reduction in the number of in-person client interviews required each year. Finally, states selecting a 12-month certification period reported that they expected greater QC protection than under a 6-month certification period. States that decided against a 12-month certification period (Missouri and Ohio) based their decision on concerns about the costs of creating and implementing a semiannual reporting process. They also reasoned that clients would be more likely to provide all necessary information in an in-person interview rather than on a mail-in form

Response to Interim Changes. Reasons given by Arizona and Missouri for adopting simplified reporting per federal rules—i.e., acting on positive changes only—include the expectation that doing so would enhance QC protection, reduce caseworker workload, and help clients whose benefits could not be decreased during the period between certifications. Ohio and Louisiana each requested and received a waiver to act on all reported changes, including those that lower a household's benefit. Louisiana program staff reported that they requested the waiver in order to simplify reporting practices, expecting that the exceptions to the positive-changes-only approach would be confusing and error-prone.

Alignment Among Programs. Many households that participate in the FSP also receive benefits from other major benefit programs–TANF, child care assistance, or Medicaid–that often are administered through the same agency and caseworker as food stamps. Typically, states require participants of these other programs to report all changes in circumstances promptly between reviews of eligibility. Food stamp simplified reporting marks a dramatic shift from the requirement of reporting all changes. The four study states varied in the extent to which they considered or were able to extend the simplified change reporting concept of the FSP to other benefit programs the household might receive.

States that extended the simplified reporting approach of the FSP to alter other program reporting requirements (Louisiana and, to some extent, Arizona) said that their goal was to improve client access and reduce staff workload. It also appears that these states had the advantage of the participation of willing partners from other significant programs. States that did not align the reporting requirements of other programs to the simplified reporting approach of the FSP (Missouri and Ohio) based their decision on concerns about increased program costs and caseloads in partially state-funded programs such as TANF and Medicaid, restrictions imposed by state law, an absence of collaboration among other programs, or other administrative hurdles.

In addition, states also faced issues of aligning renewals among the various benefit programs a household might receive to mesh with food stamp recertifications. For the most part, states that synchronized renewals among programs did not so much make a new choice but continued an existing policy.

Implementation Steps. To put simplified reporting into practice, agency staff in the study sites typically (1) made option design and implementation decisions, often in work groups comprising various agency divisions; (2) reprogrammed agency computer systems; (3) created new documents for communicating with clients; and (4) trained local staff in new policies and procedures. In general, study sites reported that computer system changes were a prominent issue in the implementation of simplified reporting but nonetheless proved to be manageable. Systems staff in Arizona noted that the programming required to implement simplified reporting was much less burdensome than that required for TBA. Missouri transferred to an automated eligibility system at the same time that it developed its new simplified reporting system such that the simplified reporting changes were absorbed into the larger systems project. Overall, implementation time in the study sites ranged from approximately 6 to 18 months, from the point at which state staff began actively considering the option to the initial transition of cases to simplified reporting.

Simplified Reporting in the Field

Assignment. A food stamp household is typically assigned to simplified reporting at application or recertification. Louisiana and Ohio, which include only earners in simplified reporting, may also assign households when they report earnings between recertifications. In all study states, the automated system identifies households for simplified reporting and assigns the appropriate certification period. In all four states we visited, caseworkers typically explain simplified reporting requirements to clients at the in-person interview for application or recertification. In addition, a benefit award letter informs clients about the reporting requirements, including the specific dollar amount representing the household's income reporting threshold of 130 percent of the federal poverty level.

Processing Semiannual Reports. Processing timely and complete semiannual reports proved to be smooth and simple in Arizona and Louisiana, the two study states with a semiannual report. In Louisiana, for example, reports are processed by entering one simple code. Systems automatically close benefits at the end of the 6th month if a complete report has not been received or processed.

Responding to Interim Changes. In all four study states, caseworkers continue to learn of changes—other than those that recipients are required to report for food stamps—between semiannual reports or recertifications. Households often report and verify changes because they are required to do so for other program benefits they receive. Sometimes households report a loss of income that would lead to increased food stamps, but they often report other changes as well, even though reporting is not required for food stamps and could even lead to a decrease in food stamp benefits.

Staff in states following the federal rule to act on positive changes only–Missouri and Arizona–experienced difficulty and frustration in determining if a reported change should be considered an exception to the rule. In particular, the "verified upon receipt" exception posed the greatest source of complexity.[3] States with a waiver of the federal rule–Ohio and Louisiana–reported no confusion over whether to act on a change because all known interim changes require action.

Recertification. In all study states, the procedures for recertification under simplified reporting are largely the same as for standard recertification. The primary difference under simplified reporting is that recertifications occur less frequently—once or twice a year rather than every 3 months.

Findings

The simplified reporting option has allowed states to reduce staff workload, improve client access to the FSP, and reduce QC error rates. The aspect of simplified reporting policy that has most contributed toward achievement of the first two objectives is longer certification periods, which lead to less frequent renewals and fewer in-person interviews and in turn reduce staff workload and increase access for participants. These longer certification periods are one of the most visible and popular aspects of simplified reporting. The most significant factor in improving payment accuracy has been not counting unreported changes as QC errors. Despite the benefits associated with the simplified reporting option, its simplification potential has not yet been fully realized.

Objectives Achieved

- ***Staff workload has dropped.*** The study states reported that the largest and most significant gain from simplified reporting has been the reduction in staff workload. Workload savings come primarily from less frequent recertifications and interviews but also are attributable to fewer reapplications following case closures, fewer adjustments of erroneously issued client benefits, and fewer

[3] States have leeway in how they interpret the verified upon receipt exception to the positive-changes-only rule. FNS broadly defines information that is verified upon receipt in *Questions and Answers on the Noncitizen Eligibility and Certification Provisions Final Rule*, available at http://www.fns.usda.gov/fsp/rules/Memo/00/NCEP_QAs.htm. See Chapter III for a discussion of how Missouri and Arizona interpret the exception.

periodic report forms to process (in Louisiana). Workload reductions through simplified reporting have been particularly important in helping caseworkers cope with staff reductions associated with budget shortfalls as well as with recent caseload increases.

- ***Program access has improved.*** The study states also indicated that simplified reporting has improved access to the FSP, largely by reducing the number of times that clients must recertify or report over the course of a year and decreasing the number of terminations caused by incomplete recertifications or reports. Some Louisiana caseworkers reported that fewer periodic reports under simplified reporting have allowed them to spend more time helping applicants understand how to apply for and retain benefits.

- ***Caseloads and participation rates have grown, especially for working families.*** All study states indicated that simplified reporting has contributed to increased participation and participation rates among eligible families by reducing the burden of retaining food stamps; fewer families see their benefits terminated, and cases remain open longer. Although states do not have data to separate the contribution of simplified reporting from other factors such as increased outreach, the study states believe that simplified reporting is an important factor in the caseload and participation rate increase.[4]

- ***QC error rates have fallen.*** All study states said that their QC error rates fell or at least did not rise under simplified reporting.[5] Louisiana's error rate was unchanged between FY 2001 and FY 2002. In Missouri, the QC error rate declined between FY 2001 and FY 2002 and declined much more during FY 2003 (based on preliminary state information through July 2003). For the two states that implemented simplified reporting too recently to measure a change in error rates, positive effects are suggested through assessments of the *potential* impact of simplified reporting (Arizona) and reviews of cases that would have been in error without simplified reporting (Ohio). Although it is difficult to track the specific contribution of simplified reporting to error reduction, staff in all four study states believe that simplified reporting has been a major factor in reducing errors.

[4] Preliminary information from two "early implementers" (Louisiana and Missouri) appears to support this finding. Between FY 2001 and 2002, participation among working families with children increased by 22 and 30 percent, respectively, in these two states compared with a 14 percent increase nationwide. Data on state participation rates among eligibles are not yet available for FY 2002, so it is still too early to examine the potential impact on participation rates.

[5] Unpublished FNS Food Stamp Program Error Rate Data for FY 2001 and FY 2002.

Challenges Posed

The positive results of simplified reporting are significant, but the option has also presented the study states with some operational challenges that make it difficult to realize its full potential. For instance, although clients are not required to report most interim changes, many continue to do so. In addition, states that act on positive changes only are faced with the complexity of determining when an exception to the positive-only rule applies, an often frustrating task for caseworkers. In study states with a waiver to act on all changes, local office staff are generally more comfortable with simplified reporting than are staff in the other states. However, a waiver diminishes many of the potential benefits of simplification.

Two issues underlie these operational challenges:

- ***Lack of alignment of change reporting requirements in other programs.*** With the exception of Louisiana (and, to lesser extent, Arizona), the study states have continued to require the reporting of all or most changes in household circumstances for Medicaid, TANF, and child care. These stricter reporting requirements often undermine the reduced reporting requirements for food stamps insofar as the dominant message delivered by caseworkers to clients is to report all changes. To the extent that clients continue to report interim changes between semiannual reports or recertifications, the simplified reporting option does not reduce the reporting burden on clients or the processing burden on caseworkers. As a result, states do not fully realize simplification benefits or reduced exposure to QC errors.

- ***Incomplete cultural and philosophic shift under simplified reporting.*** Caseworkers and clients have yet to complete a culture shift from an emphasis on the timely reporting of all changes to placing a limit on the changes that need to be reported. Among the study states, Louisiana has made the most progress toward a new mindset. Officials there noted that the shift began when the state moved to quarterly reporting for food stamps some time earlier. Caseworkers in states that follow federal rules to act only on positive changes have not fully accepted the concept of *not acting* on known changes that would adversely affect food stamp benefits.

Addressing the Challenges of Simplified Reporting

To overcome the operational challenges, states could consider the following:

- ***Improve coordination with other state-administered programs to ensure better alignment of reporting requirements***. Better alignment of reporting requirements among programs is critical to reducing the number of interim changes reported. A first step for states might be to examine the opportunities for aligning reporting requirements among programs and the implications of doing so.

- ***Increase client education on the simplified reporting rules to help clients report fewer changes.*** Particularly when combined with better interprogram coordination, a more solid client understanding of the limited reporting requirements may help reduce the number of changes reported.

- ***Expand field training to build staff understanding of the rationale behind the benefit freeze concept and reduced reporting requirements.*** A better understanding of the potential benefits of requiring and acting on fewer interim changes may help staff more fully accept the cultural shift required for successfully implementing the option. One strategy could be to provide training that uses examples of successful case studies from other states.

- ***Provide more clarity and guidance on when an exception to the positive-only rule is met.*** The positive-only policy involves many complex exceptions, and some staff express concern about the possibility that the policy could introduce more errors than would occur by merely acting on all changes. It may therefore be helpful to simplify the rules and provide staff with clear and continuous guidance on when to act on changes. In addition, narrowly interpreting the exceptions to the rule may help limit the cases in which the exception is met.

The Transitional Benefit Alternative

The Transitional Benefit Alternative (TBA) option was designed to address concerns about eligible families losing food stamp benefits when they lost cash TANF benefits.[6] TBA allows states to automatically continue food stamps for up to five months for most families that leave TANF. During the TBA period, food stamps are frozen and no changes need to be reported; no changes are acted on except for a few situations such as a family reapplying for TANF. To date, 12 states have implemented TBA, including one of the study states, Arizona.

It was TBA's potential to help clients that motivated Arizona to adopt the option, according to administrators of the state's Family Assistance Administration. Administrators believed that TBA would ensure that clients' nutritional needs would be met even as they stopped receiving cash assistance. Program administrators also felt that TBA would support gradual progress toward self-sufficiency.

States can tailor TBA to their needs through decisions regarding (1) what types of TANF leavers will be eligible, (2) how long the benefit should be provided, (3) how to

[6] Additional guidance on TBA is provided in Questions and Answers issued by FNS. *Questions and Answers Regarding the Food Stamp Program (FSP) Certification Provisions of the Farm Bill,* available at http://www.fns.usda.gov/fsp/MENU/APPS/ELIGIBILITY/FarmBill2002Q&APkg.htm, and *Questions and Answers on the Noncitizen Eligibility and Certification Provisions Final Rule,* available at http://www.fns.usda.gov/fsp/MENU/NCEP Q&AAs2.htm.

respond to household information received during the transition period, and (4) how to review cases at the end of the transition period. Arizona defines TBA eligibility relatively broadly—that is, most types of TANF case closures automatically transition to TBA. The state also offers the benefit for the full five months permitted under federal law and generally does not respond to changes that would decrease benefits unless the state becomes aware of a member leaving the household. If a family re-enters TANF during the TBA period, the transitional benefit is discontinued although the family may continue to qualify for food stamps. Arizona also extends recertification dates to match the end of the transitional benefit period.

Several general observations about Arizona's TBA implementation experience may be useful for other states considering the option:

- ***Designing a TBA was not complex.*** States have a limited number of decisions to make in designing a transitional benefit, including specifying which TANF leavers will be eligible and how long the benefit will last. With the federal government covering the cost of the benefit, it appears to be in a state's best interest to define its eligibility criteria broadly and to take advantage of the maximum benefit period, five months.

- ***Automating TBA processes simplified administration but required substantial planning and staff resources.*** Automatic triggers and benefit determination made it easy for line staff to administer TBA, reducing the amount of staff training needed to put the new policy into practice. However, automating the benefit demanded significant advance work, especially for the Family Assistance Administration's computer programmers. Many more staff resources were devoted to system programming for TBA than for simplified reporting.

- ***Caseworkers welcomed TBA as a support for families leaving TANF.*** The response of line staff to TBA contrasts markedly with the state's experience in implementing simplified reporting. Caseworkers perceived TBA benefits as a valuable support for families that no longer needed cash assistance and generally did not appear to question the fixed benefits that families receive while on TBA. This response suggests that TBA does not demand the cultural or philosophic shift among caseworkers that might be required in successfully implementing simplified reporting.

CHAPTER I

INTRODUCTION

The food stamp simplified reporting option allows states to lengthen certification periods, reduce reporting requirements, and reduce exposure to Quality Control (QC) errors. The option is intended both to improve client access to food stamps and reduce staff workload without increasing QC error rates. Under the option, households receive a food stamp benefit amount with minimal reporting requirements and limited adjustments in the benefit amount between recertifications. The option has become popular with the states—to date, at least 35 states have implemented it, and others plan to do so.[1] The Transitional Benefit Alternative (TBA), another food stamp option, is designed to allow families to maintain food stamp benefits when they leave Temporary Assistance to Needy Families (TANF).

In this study, we examined the experiences of four states that have implemented the simplified reporting option (Arizona, Louisiana, Missouri, and Ohio) and one state that has implemented TBA (Arizona). The purpose of the study is to understand the design choices and other state decisions, the operation and challenges at the local office level, and how well the options are meeting their objectives. The experiences of the study states in implementing the options may prove useful to future policymaking and to other states implementing the options.

While the study focuses primarily on the simplified reporting option, we also take a preliminary look at TBA, which is generating substantial interest across the country but is not yet widely implemented.

This chapter provides an overview and context for the simplified reporting option and TBA and describes the research design used in the study.

[1]See http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State_Options/third/reporting.pdf for a list of states that have implemented the simplified reporting option based on the latest USDA information.

A. Overview and Context for Simplified Reporting Option and Transitional Benefit Alternative

1. Simplified Reporting Option Overview

Simplified reporting is a federal food stamp option that allows states to minimize the information that food stamp recipients must provide to the food stamp office during the food stamp certification period in order to maintain their benefit eligibility and benefit level. Under this option, a household generally is required to report a change during the certification period only if it results in income exceeding the food stamp eligibility limit of 130 percent of the federal poverty level. At 6 months, a state must recertify the household or, if it uses a 12-month certification period, require the household to submit a semiannual report that will be used to update its eligibility and benefit level. (See the box on page 3 for a summary of the simplified reporting option policies.)

The simplified reporting option was first made available to states under U.S. Department of Agriculture (USDA) rules promulgated in November 2000.[2] Congress subsequently expanded and modified the option as part of the 2002 Farm Bill. The original rule allowed only recipients with earnings to be included under simplified reporting, but the Farm Bill expanded the option to allow states to cover most food stamp recipients.[3] The Food and Nutrition Service (FNS) of USDA has provided additional detail and guidance on the simplified reporting option through formal questions and answers posted on the FNS website.[4]

Limiting changes that must be reported and acted upon during a food stamp certification period is the salient feature of simplified reporting. During the certification period, food stamp households are required to report a change only if it results in income exceeding the food stamp eligibility limit of 130 percent of the federal poverty level, except that households in 12-month certification periods must also file a semiannual report at 6 months. Food stamp households *may* report other changes between certification periods or semiannual reports, but a state must *act* on the change only if it would result in an increase in food stamps ("positive change") or if certain exceptions are met.[5] However, many states

[2] As of the 2003 CFR, 7 CFR 273.12(a)(vii), the 2000 rule, has not yet been amended to reflect the Farm Bill changes.

[3] Section 4109 of the Farm Bill amending Section 6(c)(1) of the Food Stamp Act and codified at 7 U.S.C. 2015(c)(1).

[4] *Questions and Answers Regarding the Food Stamp Program (FSP) Certification Provisions of the Farm Bill* (first, second, and third set), available at http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/ farmbill-QAs.htm. (first set) and http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_ bill/farmbill-QAs-II.htm (second set), and http:// www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farmbill-Qas-III.htm. (third set).

[5] There are 3 exceptions to the positive-only rule: the household requests case closure; action is taken on the TANF (or General Assistance) grant; the change is considered "verified upon receipt." If an exception is met, the state must act on a known interim change even if the action would reduce the food stamp benefit.

The Food Stamp Simplified Reporting Option
Key Policies

The simplified reporting option allows states to reduce reporting requirements and limit actions caseworkers must take on known changes. Key simplified reporting policies are described below and discussed in greater detail in the following chapters.

- ***Population covered.*** States may place most households (with and without earnings) into simplified reporting but generally may not include households that have no earnings and in which all adult members are elderly or disabled, households in which all members are homeless, or households that include migrant and seasonal farmworkers.
- ***Certification periods.*** States may assign simplified reporting households to certification periods of 4 months or longer. Typically, states choose to use either a 12-month certification period with a required short semiannual report at 6 months or a 6-month certification period with full recertification at 6 months.
- ***Semiannual reports (for states using 12-month certification periods).*** When a semiannual report is used, it must request information on 6 items: income, household composition, residence, vehicles (if not excluded), assets, and changes in child support obligations. States using 12-month certification periods and a semiannual report must act on all of the changes reported in the semiannual report.
- ***Interim reporting requirements.*** Simplified reporting households are required to report interim changes—that is, changes that occur between recertifications or semiannual reports—*only* if they result in income exceeding the food stamp eligibility limit of 130 percent of the federal poverty level. Some households *may* want to report other changes, such as a drop in income that would lead to an increase in food stamps, even though they are not required to do so. Households are not required to report most changes until the next recertification or semiannual report.
- ***Acting on interim changes.*** A state must act on an interim change report if it results in income that exceeds 130 percent of the federal poverty level. Otherwise, if a change report is received between recertifications or semiannual reports, the state must act only if the change would result in an increase in food stamps (a "positive" change) or if certain exceptions are met. (The 3 exceptions to this "positive-only" rule are: the household requests closure; the change is "verified upon receipt"; or the change affects the TANF grant.) Many states implementing simplified reporting have received a waiver of the "positive-only" rule in order to act on all interim changes. States with a waiver must act on all changes.

have applied for and received a waiver of this federal rule in order to act on *all* changes between recertifications or semiannual reports.

2. Motivation for Simplified Reporting and Adoption by States

Simplified reporting was designed to address workload pressures faced by local food stamp workers and to improve food stamp access for low-income families while protecting states from increased exposure to QC errors. In the early to mid-1990s, concerns about food stamp QC error rates and potential penalties drove many states to implement policies that would allow them to monitor changes in household circumstances more carefully.[6] In particular, many states shortened the certification period for the most "error-prone" households, particularly households with earners, to only 3 months.[7]

The shorter certification periods in the 1990s successfully reduced QC error rates but substantially increased staff workload and client burden owing to the more frequent recertifications. Within two years of implementing 3-month certifications, error rates dropped significantly in the four study states. Between 1993 and 2000, the rates fell by 4 to 7 percentage points in the four study states and by 2 percentage points nationwide. At the same time, administrative workloads increased substantially as a consequence of more frequent recertifications. The increased workload pressures were particularly difficult as many local offices also faced staff shortages in response to state budget cuts. In addition, the shorter certification periods increased the burden on working families of retaining food stamps: a family member often had to take time off from work or other responsibilities to visit the office every 3 months and reapply for benefits. As a result, many working families stopped participating in the Food Stamp Program.[8]

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[6] Given that food stamp benefits are entirely federally funded, USDA measures eligibility and payment accuracy through a QC system that imposes stiff penalties on states that perform below the national average while enhancing funding to states that perform significantly above the national average. If the food stamp benefit provided by a state is more than $25 ($5 before FY 2000) above or below the level a household should have received, the state can be charged with an error. Furthermore, until FY 2002, QC penalties were triggered whenever a state's error rate exceeded the national average.

[7] Households with earnings are considered more "error-prone" because they are more likely to have fluctuating income that can lead to errors if a change is not reported and/or the food stamp benefit is not adjusted accurately to reflect the change within a specified period of time. Nationwide, the proportion of working families with children required to reapply every 3 months increased eight-fold between 1993 and 2000 from 5 to 40 percent and increased even more in the four study states (special tabulations of FSPQC data). In 1993 (earlier than most states), Louisiana implemented 3-month certification periods for households with earnings; Arizona implemented them in 1995 and Ohio and Missouri in 1996.

[8] According to an analysis conducted by the Center on Budget and Policy Priorities, between 1994 and 2000, the number of working families with children receiving food stamps dropped by 27 percent in states that sharply increased the share of working families required to recertify at least once every 3 months (by 50 percent or more) (Super 2003). The study found that in other states the number of working families receiving food stamps dropped by only 6 percent over the same period. In addition, as compared with other states during this period, the food stamp participation rate dropped faster in states that sharply increased their use of 3-month certification periods for working families with children.

Under simplified reporting, most changes during a certification period need not be reported and thus are not considered an error for QC purposes. Because the agency no longer needs to capture all changes in circumstances, states can use longer certification periods without risking QC errors. (Prior to simplified reporting, many states had been using short certification periods with frequent reviews in order to capture all changes.) Longer certification periods mean fewer recertification interviews for both staff and clients.

In light of the potential benefits of the simplified reporting option, it is not surprising that many states quickly moved to implement the option. Missouri and Louisiana were two of the earliest states to adopt the option, implementing it for earners in May and August 2001, respectively, and expanding it to nonearners under the 2002 Farm Bill. Ohio implemented simplified reporting for earners in July 2002, and Arizona first implemented it for both earners and nonearners in January 2003.

All four study states viewed the simplified reporting option as an opportunity to reduce staff workload, improve client access, and reduce exposure to QC errors. In Missouri, for example, state administrators pointed to the prospect of lowering QC error rates and reducing staff workloads as the main reasons for implementing simplified reporting. Missouri had historically high error rates and had been subject to sanctions for higher-than-average error rates from FY 1993 to FY 1997. After implementing 3-month certifications, Missouri's QC error rates dropped below the national average and out of sanction, but the field staff's workload increased substantially. Missouri saw the simplified reporting option as an opportunity to reduce QC error rates further and, at the same time, reduce staff and client workload burdens. As one staff member put it, simplified reporting was a "win-win" situation because it could help address several goals without the usual trade-offs between reducing QC errors and improving staff workload and client access.

In Louisiana, where error rates had been exceptionally low since 1994, state administrators reported that they adopted the option with the expectation of reducing staff workload and otherwise streamlining the food stamp process while maintaining the low error rate and improving the accuracy of the eligibility process. Louisiana officials saw the simplified reporting option as a "natural continuation" of policies aimed at program simplification in order to reduce staff workload and improve program access. Although workloads declined under quarterly reporting and 12-month certification periods for earners (the state implemented quarterly reporting in September 2000), Louisiana implemented simplified reporting with the expectation of streamlining the food stamp process further and thus continuing to reduce staff workload. In particular, the state focused on relieving workload pressures associated with rising caseloads combined with budget and staff cuts.

In Arizona, state officials singled out simplifying the food stamp process and imposing fewer burdens on clients in terms of visits to the food stamp office as the chief reasons for implementing simplified reporting. State staff hoped that the less frequent certifications and fewer reporting requirements under the option would help many clients retain benefits and thus improve their food security. Although QC considerations were not the driving factor in Arizona's implementation of simplified reporting, the state needed to be sure that any

changes, particularly those that would increase certification periods for working families, would not increase error rates, which had dropped under shorter certification periods.

Ohio state administrators indicated that reducing administrative burdens on caseworkers and clients resulting from 3-month certifications was an overarching reason for implementing simplified reporting. However, as in the other states, staff wanted assurance before implementing the option that simplified reporting's changes would not increase QC error rates.

3. Transitional Benefit Alternative

TBA is a food stamp option that allows states to continue food stamps automatically for up to five months for most families that leave TANF without requiring the families to take any action to retain these transitional benefits. Under the option, the household's benefits continue in the same amount as in the month before TANF closure but undergo adjustment for the loss of TANF. During the TBA period, food stamps are frozen and no changes need be reported; nor are changes acted on except for a few situations such as a family reapplying for TANF.

The TBA option first became available under USDA rules promulgated in November 2000; Congress later codified and expanded it in the 2002 Farm Bill.[9] Additional guidance is provided in Questions and Answers issued by FNS.[10] While the original federal rule option allowed up to 3 months of TBA to families leaving TANF due to earnings, the Farm Bill expanded the option to up to five months for families leaving TANF for any reason other than a sanction. To date, 12 states have implemented TBA, including one of the study states. Arizona implemented TBA in January 2003 at the same time that it implemented simplified reporting. Chapter V discusses all aspects of Arizona's TBA decision making and implementation.

TBA was designed to address concerns about families losing food stamp benefits when they lost cash TANF benefits even though they remained eligible for food stamps. While such a phenomenon was not new, the number of families leaving welfare increased dramatically under welfare reform as state welfare caseloads declined by about 50 percent.

In an Urban Institute study, only 43 percent of families leaving welfare that were income-eligible for food stamps continued to receive food stamps (Zedlewski 2001). Even among the very poorest welfare leavers—those with incomes below 50 percent of the

[9] As of the 2003 CFR, 7 CFR 273.12(f)(4), the 2000 TBA rule, has not yet been amended to reflect the Farm Bill changes. Section 4115 of the Farm Bill amends Section 11 of the Food Stamp Act and is codified at 7 U.S.C. 2020(s).

[10] *Questions and Answers Regarding the Food Stamp Program (FSP) Certification Provisions of the Farm Bill,* available at http://www.fns.usda.gov/fsp/MENU/APPS/ELIGIBILITY/FarmBill2002Q&APkg.htm, and *Questions and Answers on the Noncitzen Eligibility and Certification Provisions Final Rule,* available at http://www.fns.usda.gov/fsp/MENU/NCEP Q&As2.htm.

poverty level–only about half continued to receive food stamps. The Urban Institute concluded that food stamps were not providing an effective transition benefit for many families moving from welfare to work. Similarly, a study conducted by the Manpower Demonstration Research Corporation (MDRC) for the USDA Economic Research Service used a different data set from the Urban Institute's data set yet found that only about 42 percent of welfare leavers continued to receive food stamps despite the fact that most appeared to be eligible (Miller et al. 2002). MDRC noted that a lack of information about eligibility rules and the inconvenience of applying or reapplying for benefits explain why families do not stay on welfare. The automatic extension under TBA does not require a family to take any additional action to retain food stamps for the transition period.

When it first set forth the TBA option in the November 2000 federal rules, the Food and Nutrition Service noted that transitional benefits in the form of food stamps could:

- Provide a critical work support that helps a household meet its nutritional needs as it makes the transition from TANF
- See a household through to the stabilization of its circumstances before the state agency attempts to redetermine eligibility and adjust benefit levels
- Reinforce with households the fact that food stamp participation does not depend on TANF eligibility

B. RESEARCH DESIGN

The primary source of information for this study is in-depth site visit interviews with state administrators and field office staff in Arizona, Louisiana, Missouri, and Ohio. The site visits were designed to address the following research questions:

1. What are the major policy decisions and steps taken by state administrators to implement the simplified reporting option and TBA?
2. How do simplified reporting and TBA operate at the field office level?
3. How well has simplified reporting met state objectives for the option? What challenges have emerged in meeting these objectives in the study states?
4. What suggestions can state and field office staff make to help other states that may be facing similar challenges or designing a simplified reporting or TBA system?
5. Based on Arizona's implementation of TBA, what are the major policy design decisions faced by states, the nature of the implementation process, and the significant findings for TBA?

We selected the four study states in consultation with ERS to represent a mix of design choices for the simplified reporting option, a variety of regions, and a range of QC error

rates and to include one state that had also implemented TBA. We also worked with state officials to identify one local office to be visited in each state. The local offices were to be "typical" for the states and to represent both urban and small-town or rural locations. We conducted intensive site visits to each of the four study states between April and August 2003. The site visits included individual interviews and small-group discussions with staff members of state and local offices, observations of food stamp service delivery, and, at two sites, focus group discussions with food stamp participants. Appendix A describes in detail the study state selection process as well as the types of interviews conducted and topics covered.

The remainder of this report is organized as follows. Chapter II identifies the major design decisions and other steps taken by the study states to implement the option. Chapter III describes the operation of simplified reporting at the local field offices that we visited. Chapter IV discusses the degree to which the study states have met their objectives of reducing staff workload, improving client access, and reducing QC errors. It also highlights some challenges faced by the study states in fully meeting these objectives and makes some suggestions for addressing these challenges. Chapter V describes Arizona's experience in implementing TBA.

CHAPTER II

STATE POLICY DESIGN AND IMPLEMENTATION

When a state decides to adopt simplified reporting, its policymakers must make several design decisions before implementing the new policy. Federal rules give states substantial flexibility in determining the specifics of their policy design, and study states have chosen different approaches. This chapter describes the nature of these design decisions and the policy choices made by the four study states. We then describe the major steps taken at the state level to implement the policy, including the planning process, computer systems changes, and local office staff training.

A. POLICY DESIGN CHOICES

States have four important design choices to make when implementing simplified reporting:

1. What population to include in simplified reporting

2. Length of the simplified reporting certification period

3. Whether to respond only to reported changes that would increase benefits (positive-only changes) or to apply for a USDA waiver to respond to all changes

4. Whether to align the certification periods and reporting requirements of other programs with those of the Food Stamp Program (FSP)

In general, study states designed their simplified reporting policies to best meet their needs with respect to reducing field staff workload, improving client access, and protecting QC error rates. Additional factors affecting state choices include the following: (1) previous reporting policies, (2) concerns about program complexity, (3) fiscal or staffing limitations, (4) computer system technical constraints and/or costs, and (5) relationships among the various agencies or departments and individuals governing the FSP, TANF, Medicaid, and child care assistance.

Table II.1 summarizes the study states' specific design decisions. Table II.3, at the end of this section, summarizes the state considerations when making these design decisions.

Table II.1. State Simplified Reporting Design Decisions

	Study States			
Key Decisions	Arizona	Louisiana	Missouri	Ohio
Implementation date	January 2003	August 2001	May 2001	July 2002
Population covered	Earners and nonearners	Earners only[a]	Earners and nonearners	Earners only
Length of certification period	12 months	12 months	6 months	6 months
Response to interim changes	Positive only	All	Positive only	All
Alignment of change reporting requirements of other programs with food stamp reporting requirements	FSP and TANF	FSP, TANF, Child Care	None	None

[a]Louisiana expanded to nonearners in July 2003, shortly after our site visit.

1. Deciding What Population to Cover with Simplified Reporting

Although simplified reporting initially covered only households with earned income, the 2002 Farm Bill extended the provision to households without earned income, thereby according states considerable discretion in selecting whom to cover. Thus, states may place both households with earnings and those without earnings in simplified reporting.

In addition, federal law prohibits states from requiring a periodic (e.g., semiannual) report from certain households or using simplified reporting for households with certification periods shorter than four months.[1] USDA Q&A documents implementing the Farm Bill exclude or recommend excluding the following groups from simplified reporting:

- Households without earnings in which all adult members are elderly or disabled[2]
- Households in which all members are homeless[3]

[1] 7 U.S.C. 2015(c)(1).

[2] As clarified in USDA's Q&As (first set), USDA excludes households with no earned income in which all of its adult members are elderly or disabled because these households generally have certification periods of up to two years and experience very few interim changes in circumstances. Because these households are excluded from periodic reporting, they would have to be given (four-, five-, or) 6-month certification periods, which would increase the burden and make it more difficult for such households to retain food stamps.

[3] As clarified in USDA's Q&As (second set), given that periodic reporting is not permitted for households in which all members are homeless and migrant or seasonal workers, a state agency may include these households in simplified reporting only if it gives certification periods of (four, five, or) 6 months (no more and no less).

- Households that include migrant or seasonal workers
- Able-bodied adults without dependents (ABAWDs)[4]

At the time of our site visits, Arizona and Missouri had expanded simplified reporting to include households without earnings, and Louisiana had plans to expand to nonearners in the month following our site visit (July 2003). Ohio, however, has not expanded simplified reporting to nonearners. All four study states exclude households without earnings in which all adult members are elderly or disabled as well as households with migrant or seasonal workers. 3 of the study states (all except Missouri) also exclude the homeless and ABAWDs.

a. Factors Contributing to Choice of Expanding to Households Without Earnings

The study states that expanded simplified reporting to nonearners indicated that they intended to maximize the potential benefits of the option with regard to error rates, client access, and workload by covering more households as follows:

- Missouri hoped to improve QC error rates by broadening its coverage and thus minimizing the number of households required to report changes between reviews. To limit its exposure to errors to the greatest degree possible, the state also extended simplified reporting to homeless households and ABAWDs, populations excluded by most states. Missouri can include homeless households in simplified reporting because it uses 6-month certification periods without periodic reporting requirements (states are prohibited from requiring periodic reports from these households). Missouri also uses 6-month certification periods for its ABAWDs and requires ABAWDs whose eligibility depends on working at least 20 hours a week to report when their hours drop below the minimum 20 hours (the only reporting requirement for any simplified reporting household beyond reporting income in excess of 130 percent of the poverty line). Staff reported that their automated system easily maintains a separate ABAWD time clock, with benefits terminated when the time limit is reached regardless of where a household falls in its certification period.

- Arizona, aiming to improve food stamp access and nutritional support for its clients, adopted the option for the expanded population in order to maximize the number of households in its caseload with frozen benefits. Arizona, which requires households to submit periodic (semiannual) reports, excluded

[4] ABAWDs are restricted to 3 months of food stamps in any 36-month period unless they work at least 20 hours per week (or exempt for other reasons). As clarified in USDA's Q&As (first set), USDA discourages the inclusion of ABAWDs in simplified reporting because (1) if ABAWDs are subject to the 3-month time limit, the state would likely have to remove the ABAWD before the next recertification or semiannual report; and (2) if ABAWD eligibility depends on working 20 hours per week, the household must report if the ABAWD's hours drop below the minimum 20 hours, thereby contradicting the strictly reduced reporting requirements of simplified reporting.

homeless, migrant or seasonal workers, ABAWDs, and households without earnings in which all members are elderly or disabled.

- Louisiana, which planned to extend simplified reporting beyond earners immediately after our site visit, described the expansion of its simplified reporting population as the natural next step for a state focused on both reducing workload through FSP simplification and improving program access. Staff reported that they expected expanded simplified reporting to nonearners to allow more households to realize savings akin to those realized first from quarterly reporting and later from semiannual reporting for earners. Similar to Arizona, Louisiana requires periodic (semiannual) reports and thus excludes from simplified reporting homeless, migrant and seasonal workers, ABAWDs, and households without earnings in which all members are elderly or disabled.

b. Factors Contributing to Choice of Covering Earners Only

Ohio reported that expanding its simplified reporting population to nonearners would be of limited benefit to clients and caseworkers. Most Ohio nonearners were already assigned to a certification period of 6 months or longer and thus would not have their certification periods expanded under simplified reporting, with some even disadvantaged by shorter certification periods. On the other hand, Ohio earners, many previously in 3-month certification periods, benefited greatly from the extended 6-month certification period under simplified reporting.

States adopting simplified reporting for earners only have also sought to maximize the potential benefits of simplified reporting and to reduce caseworker confusion by defining as many households as possible as "earners," including those considered to be temporarily unemployed. For example, Louisiana, which covered earners only at the time of our site visits, assigned to simplified reporting any household with as little as $1 in countable earned income or any unemployment insurance. Further, households that lost (or never regained) earned income were not removed from simplified reporting until the end of their certification period.

2. Determining the Length of the Certification Period

Under simplified reporting, states may assign eligible households to either a 12-month certification period with a short semiannual report required at 6 months or to a 6-month certification period with a complete recertification every 6 months.[5] For states using a 12-month certification period, the state reevaluates and adjusts the household's eligibility and benefits at the end of 6 months for the next 6-month period based on the information

[5] When the state assigns a household to a certification period of more than 6 months, it must require a semiannual report. States can assign a household to four, five, or 6 months of continuous eligibility without a semiannual report.

included in the semiannual report.[6] The state *must* act on all changes in the semiannual report. For states using a 6-month certification period, the state requires the household to reapply (or recertify) every 6 months.

During the 6 months between certifications or semiannual reports, households must report to the food stamp agency only if their income rises above the gross income limit (130 percent of the federal poverty level) or if an ABAWD's work hours drop below 20 per week. They may (but do not have to) report other changes in circumstances, and states have some flexibility over how they respond to changes that are reported, as discussed in section 3.

At the time of our site visits, Louisiana and Arizona had adopted a 12-month certification period with a semiannual report. Missouri and Ohio elected a 6-month certification period and require full recertification at the end of that period. (After our site visits, Arizona chose to change to a 6-month simplified reporting certification period and thus drop the semiannual report.)

a. Factors Contributing to Choice of a 12-Month Certification Period

States' previous reporting systems invariably affected their choice of certification period as well as their perceptions of the amount of work involved in adopting semiannual reporting. For example, before the advent of simplified reporting, Louisiana used 12-month certification periods with quarterly reporting for nonpublic assistance food stamp households with earnings. Quarterly reporting—with 3 short mail-in reports distributed to clients quarterly and a full recertification in the final quarter—resembled semiannual reporting. Accordingly, Louisiana was already accustomed to 12-month certification periods and the procedures surrounding periodic reports. The state had only to modify its existing quarterly report form and its periodicity to proceed with semiannual reporting. Procedures for automating the printing, mailing, and processing of the forms were already established and tested.

It appears that another significant consideration in Louisiana's and Arizona's choice of 12-month certification periods was that use of a short mail-in semiannual report instead of full recertification at 6 months would reduce the number of in-person client interviews required each year. Staff expected that a reduction in interviews would yield the greatest potential for workload reduction, reduced burden for clients, and enhanced QC protection. Louisiana staff, for example, universally reported that it is easier and less time-consuming to send and process a semiannual mail-in report than to recertify a client in an in-person interview. With so many clients missing appointments, the processing of semiannual report forms and even the mailing of reminder notices take less time than just the scheduling and rescheduling of recertification appointments (let alone the interview itself).[7] In addition,

[6] For the semiannual report, federal regulations require households to provide information on only 6 items: income, household composition, residence, vehicles (if not excluded), assets, and changes in child support obligations.

[7] As many as a third of clients in Louisiana miss their initial recertification appointment.

Arizona staff mentioned that, compared with the 6-month renewal and its requirement for full verification of most items, a semiannual report does not require caseworker verification for items that have not changed.

States selecting 12-month certification periods also reported that they expected greater QC protection than under a 6-month certification period. In particular, they pointed out that the semiannual report, as mandated by USDA, covers far fewer items than a full renewal and that states would be held accountable only for items included on that form versus risking full QC exposure for all items determining eligibility under a full recertification.

b. Factors Contributing to Choice of 6-Month Certification Period

States that decided against a 12-month certification period based their decision on concerns about adopting a semiannual report. Missouri staff, for example, reported that they rejected 12-month certification periods in part because of the projected costs of designing and programming a semiannual report and the logistics of processing the forms. Instead, state policymakers concluded that 6-month recertifications were easier and less costly.

QC concerns also contributed to states' decisions to use 6-month certification periods with full recertification at 6 months. Missouri's policy staff did not perceive that a semiannual report rather than a full recertification would reduce QC exposure. They also reasoned that clients would be more likely to provide all necessary information in an in-person interview rather than on a mail-in form and that caseworkers would be more likely to obtain complete information during an interview.

Staff in the study states that decided to use 6-month certification for simplified reporting pointed out that more frequent in-office visits can benefit clients, especially those with several barriers to long-term self-sufficiency. Meeting with a caseworker more than once per year may help clients build stronger relationships with their caseworker, learn about other programs for which they are eligible, and receive coaching and motivational assistance. Program integrity also may have factored into states' decisions. Field staff in particular expressed concern about clients receiving benefits for a full year between full reviews.

It is important to note that the study states that decided to implement 6-month certification previously operated with 3-month certification periods. Thus, they, too, reported that they expected to realize significant improvements in their workload, error rates, and client access upon adoption of simplified reporting. They viewed two interviews per year under simplified reporting as a substantial reduction from four.

3. Deciding Whether to Act on Changes that Decrease the Food Stamp Benefit

USDA regulations governing simplified reporting instruct states learning of a change in a household's circumstances during the period between recertifications or semiannual reports to act on the change only if so doing would increase the household's food stamp benefit. However, the state agency must process (or act on) an adverse change (that is, one

that would decrease the household's food stamp benefit) *only* when (1) it acted on the change for TANF or general assistance, (2) the change was verified upon receipt (VUR),[8] (3) the household asked the state to close the case, or (4) household income rises above 130 percent of the federal poverty line. Whether or not the VUR exception is met caused considerable confusion and frustration in the local operation of simplified reporting in positive-only states, as discussed in Chapter III. Under 12-month certifications, the state always acts on the information received in the required semiannual report, which is used to determine the household's eligibility and benefits for the next 6 months.

States have the option of applying for a waiver from USDA to allow them to act on all changes during the 6 months between certifications or semiannual reports. Over half of states that have implemented simplified reporting nationwide have applied for and received the waiver and thus act on all interim changes.

At the time of the site visits, Arizona and Missouri had acted–per the regulation–on positive changes only. Louisiana and Ohio received the waiver that allows them also to act on changes that would decrease benefits. (In the months following our site visit, Arizona also decided to request a waiver from FNS to act on all changes.)

a. Factors Contributing to Choice of Responding to Positive Changes Only (per Federal Regulations)

Reasons given by states for adopting simplified reporting per federal rules—acting on positive changes only—include the expectation that doing so would provide enhanced QC protection, reduce workload, and offer an advantage to clients whose benefits could not be decreased during the period between certifications.

To minimize exposure to potential errors, Missouri staff, for example, chose to implement simplified reporting per federal rules. The staff expected that by acting on positive changes only—and thus processing substantially fewer changes—they would see fewer processing errors and not be held QC-accountable for known negative changes. They also reported that they had expected such an approach to reduce their workload as caseworkers would process fewer overall changes, perhaps reducing by half the time spent responding to changes in client circumstances.

Arizona, focused on improving client access to food stamps, reported that it decided to implement the positive-only approach in order to minimize opportunities for reducing client benefits between certification periods. State policymakers reasoned that clients would experience a significant advantage if their reported negative changes did not cause a benefit

[8] USDA Q&A guidance defines "verified upon receipt" as information (1) that is not questionable and (2) for which the provider is the primary source of the information, as indicated in the following examples: BENDEX or SDX from the Social Security Administration, SAVE from the Immigration and Naturalization Service, unemployment compensation from the state unemployment compensation agency, and worker's compensation from the state worker's compensation agency. http://www.fns.usda.gov/fsp/rules/Memo/00/NCEP_Q_As.htm.

reduction until the end of their certification period. Responding to all changes would undercut the notion of a true benefit "freeze" and thus harm the client. Policymakers also reported that such an approach would likely reduce staff workload.

b. Factors Contributing to Choice of Responding to All Changes (by Waiver)

Ohio and Louisiana each requested and received a waiver to act on all reported or otherwise verified changes, including those that lower a household's benefit. Louisiana staff reported that they requested the waiver in order to simplify reporting practices and reduce potential errors resulting from confusion over some aspects of the federal regulation's positive-changes approach. In particular, they were concerned that the verified upon receipt exception would confuse caseworkers, clients, and QC staff and thus introduce the potential for error. The state foresaw that, to process positive-only changes, caseworkers would first have to identify whether a reported change would increase or decrease benefits, and, if it would decrease benefits, decide whether the change constituted an exception to the policy of not acting on changes that decrease benefits–a potentially complicated and error-prone process. State staff also had concerns that the process of determining the nature of a change would require staff to undertake a considerable effort to educate field workers.

Another consideration influencing states' decisions to respond to all changes involves the challenges of reprogramming automated systems to account for positive changes only, particularly in instances when other benefit programs and food stamps records are linked in the system. For these states, adopting the policy per federal regulations would have substantially delayed implementation.[9]

At the time of the site visit, Arizona—per the regulation—acted on positive changes only. However, as discussed in subsequent chapters, Arizona's state and field staff felt that the policy detracted from the goals of simplified reporting. They have subsequently requested a waiver from FNS to act on all changes.

4. Deciding Whether to Align Reporting Requirements and Certification Periods of Other Major Programs with Food Stamps

Families that participate in the FSP often are eligible for and receive benefits from other programs. In all four study states, the agency administering food stamps typically administers two or more of the 3 other major benefit programs—TANF, child care assistance, or Medicaid—that serve low-income families, often through the same caseworker. Sometimes a different agency or different division within the same agency establishes policies for the other benefit programs even if the benefit is delivered through the same caseworker delivering food stamps.

[9] Missouri was in the midst of a system redesign when it began to plan for simplified reporting and thus was able to include system instructions to respond to positive-only changes as part of its larger redesign.

The four study states varied in the extent to which they considered or were able to accomplish alignment of the change reporting and renewal processes required of the other benefit programs with those of the FSP's simplified reporting.

a. Aligning Change Reporting Requirements

Before the advent of simplified reporting, states generally used similar approaches for reporting changes for food stamps and the other benefit programs administered jointly with the FSP. Most of the study states required the prompt reporting of changes for all programs,[10] although Louisiana used quarterly reporting for some food stamp households.

Under simplified reporting, Missouri and Ohio essentially maintained change reporting for the other benefit programs delivered through the same caseworker; Louisiana and Arizona, on the other hand, extended simplified reporting beyond food stamps. Louisiana aligned the change reporting requirements for food stamps, TANF, and child care.[11] For all 3 programs, clients file a single combined semiannual report and report only changes between reports or reviews if income exceeds 130 percent of the federal poverty level. In Arizona, the reporting requirements are the same for TANF and food stamps; clients file a combined single semiannual report for the two programs. Between reports and annual reviews, recipients must report income increases that make the household ineligible for *either* program; the dollar amount triggering the required reporting of changes is much lower for TANF than for food stamps. Table II.2 summarizes the change reporting requirements for food stamp simplified reporting households receiving other benefits.

Factors Contributing to Choice to Align Change Reporting Requirements. States that altered the reporting requirements of some benefit programs to match those of the FSP under simplified reporting reported that their goal was to improve client access and reduce staff workload. It also appears that these states enlisted willing partners from significant programs. In particular:

- In Louisiana, the policy staff for the 3 affected programs—TANF, food stamps, and child care—are lodged in the same division and work together closely. Somewhat unique to Louisiana, Medicaid is administered and delivered through a different agency and, for the most part, does not interact with the other programs.

[10] Some of the states used status reporting for food stamps, meaning that only certain employment changes, such as moving from part- to full-time employment, needed to be reported promptly.

[11] Louisiana did not immediately extend simplified reporting to child care and TANF when it first implemented the reporting requirement in August 2001. In spring and summer 2002, it extended simplified reporting for TANF and child care to those households assigned to food stamp simplifed reporting.

Table II.2. Change Reporting Requirements for Food Stamp Simplified Reporting Households Receiving Other Benefits

	Food Stamps	TANF	Medicaid	Child Care
Arizona	When income exceeds 130% of the federal poverty line	When income exceeds TANF standard[a]	All changes within 10 days	*Different caseworker*
Louisiana	When income exceeds 130% of federal poverty line	When income exceeds 130% of federal poverty line	*Different caseworker, different agency*	When income exceeds 130% of federal poverty line[c]
Missouri	When income exceeds 130% of federal poverty line	All changes within 10 days	All changes within 10 days	All changes within 10 days
Ohio	When income exceeds 130% of federal poverty line	Changes within 10 days[b]	All changes within 10 days	*Different caseworker*

[a]In Arizona, the TANF standard is 36% of the 1992 federal poverty level, for example, $347 for a family of 3.

[b]In Ohio, TANF policy staff require recipients to report changes in the source of earned or unearned income, including gaining, losing, or changing employment; initial receipt of unearned income; and change in gross income of more than $25.

[c]In Louisiana, clients receiving child care benefits are also required to report (1) if there is a change in child care providers; (2) if a child receiving child care benefits moves out of the home; and (3) termination of employment, training, or education of any adult household member.

- In Arizona, the Family Assistance Administration controlled both TANF and food stamp policy. The state staff and local caseworkers reported that it would have been more difficult to implement and operate simplified reporting had it not also been extended to TANF.

Factors Contributing to Choice Not to Align Change Reporting Requirements. States that did not change the reporting requirements of other benefit programs to align with the reporting requirements of the FSP based their decision on concerns about increased cost and caseload in partially state-funded programs such as TANF and Medicaid, restrictions imposed by state law, a lack of collaboration among other programs, or other administrative hurdles. In particular:

- In Ohio, TANF policy staff considered extending simplified reporting to TANF and concluded that they could not do so because of caseload and fiscal concerns; the state has, however, limited the changes that an employed recipient must report for TANF regarding certain changes in employment status. The

Medicaid policy staff (lodged in a different division of the agency administering TANF) would not consider simplified reporting for Medicaid.

- In Missouri, it does not appear that decision makers considered the issue of modifying change reporting for TANF or Medicaid at the time that simplified reporting for food stamps was implemented.

- Arizona did not extend simplified reporting to Medicaid, which is handled by the same caseworker handling food stamps and TANF; for Medicaid, a family must report all changes promptly. While Medicaid is administered at the local level by the Department of Economic Security Family Assistance Administration caseworker, policy decisions for Medicaid rest with the Arizona Health Care Cost Containment System (AHCCCS), the Medicaid agency. The Family Assistance Administration tried unsuccessfully to persuade AHCCCS to align the change reporting requirements for Medicaid with the TANF and food stamp simplified reporting approach.

b. Aligning Renewal or Recertification Periods

A state can require review periods of different lengths for different benefit programs with no additional burdens on clients or caseworkers so long as the scheduling of reviews, when required, is synchronized. Typically, states try to synchronize reviews across jointly administered programs, even if some programs require reviews more frequently than others. For example, a state may review food stamps every 3 months and review Medicaid annually, but it would try to coordinate the Medicaid review with one of the food stamp recertifications, as Missouri did. In implementing simplified reporting, Arizona faced a policy environment that constrained the state's ability to synchronize or align recertifications fully across benefit programs.

Factors Contributing to Decision to Align Renewal or Recertification Periods. For the most part, states with aligned or synchronized renewals did not so much make a choice to align renewals but rather continued an existing policy of doing so. In particular:

- In Missouri, food stamps are recertified every 6 months, with the annual reviews of Medicaid and TANF completed at the same time. The only change was the lengthening of the food stamp certification periods, but synchronization represented a continuation of earlier procedures.

- In Ohio, TANF, family Medicaid and food stamps undergo review every six months through a joint review process. Under previous policy, the TANF review period followed the food stamp review so that families with earnings, who were assigned three-month certification periods for food stamps, also underwent TANF review every three months. When the state implemented simplified reporting, it continued to align TANF review periods with food stamps and set both at six-month reviews. When a family reports earnings during a certification period, the caseworker generally will place the family into

simplified reporting and extend the food stamp review date by setting a new six-month certification period. The state decided also to extend the TANF review period at the same time so that the renewals would remain synchronized; this decision was based in part on the fact that the automated system could not handle several review dates for a single household.[12]

Factors Contributing to Decision Not to Align Renewal or Recertification Periods. Arizona did not align renewal or recertification periods of other benefit programs with the FSP's simplified program due to policy and fiscal decisions affecting those other programs. In particular, the policies (and, ultimately, state statute) governing the separate Medicaid agency in Arizona required 6-month reviews for Medicaid via in-person interviews, providing little flexibility for extending the review date. Thus, despite a 12-month food stamp certification period, clients also receiving Medicaid still had to visit the welfare office every 6 months for an in-person interview. State policies appeared to allow caseworkers to adjust renewal periods to coincide with the food stamp reviews, but they did not stress or require such actions. The lack of alignment with Medicaid review periods and interviews is one reason that Arizona has decided to switch to 6-month certification periods for food stamps in 2004. The state indicates that it expects the 6-month reviews to be aligned and synchronized. It has fully aligned TANF and food stamp review periods and interviews.

Table II.3 summarizes the factors contributing to state simplified reporting design decisions regarding the population covered, certification period, change response, and alignment with other programs.

B. IMPLEMENTING SIMPLIFIED REPORTING

To put simplified reporting into practice, state agency staff in the study sites typically took steps that included (1) making design and implementation decisions, (2) reprogramming agency computer systems, (3) creating new documents for communication with clients, and (4) training local staff in new policies and procedures. Below, we describe the study sites' approach to these important implementation activities.

The time required for the implementation of simplified reporting in the study sites ranged between approximately 6 and 18 months, from the point at which state staff began actively considering the option to the initial transition of cases to simplified reporting. Implementation took 9 months or less in 3 of the study states: Arizona, Louisiana, and Missouri. In Ohio, the process lasted longer, with most of the time spent on reaching a decision to go forward; thereafter, implementation took less than 6 months.

[12] Based on fiscal concerns, however, Ohio originally decided that, when the automated system acquires the capability to handle multiple renewal dates, the policy would change so as *not* to extend TANF review dates when food stamp certification periods are extended due to reported earnings. The state has not implemented this decision and will revisit the matter after the system changes are implemented to handle more than one review date. The TANF and food stamp renewal periods thus remain synchronized.

Table II.3. Factors Contributing to Simplified Reporting Policy Design Decisions

Policy Choice	Factors Contributing to Choice
Population Covered	
Earners and nonearners	Maximizes the impact of simplified reporting—the broader the population covered, the greater the reduction in workload and QC error rate, and the greater the improvement in client access. Reduces confusion at intake or when earnings are first reported.
Earners only	Expected small impact of expanding population in states where most nonearners already have certification periods of 6 months or longer. Implemented pre–Farm Bill, with earners-the only permissible population for simplified reporting at that time.
Certification Period	
12 months (with semiannual report)	Longest possible certification period maximizes the impact of simplified reporting on workload reduction, improves client access and QC protection due to less frequent renewals, and results in fewer face-to-face interviews. Periodic report designed and programmed under previous quarterly reporting system (Louisiana).
6 months (followed by recertification)	Difficulty/costs of implementing semiannual report. QC concerns due to fewer client appointments.
Change Response	
Positive-only changes (by regulation)	Administrative savings and QC protection from acting on fewer changes. Increases client access through true benefit freeze.
All changes (by waiver)	Systems programming challenges. Limiting complexity and workload increases in field.
Alignment with Other Programs	
Maximum alignment	Improves client access and reduces workload. Willing partners from other key programs.
Minimal alignment	Lack of collaboration from other programs or other administrative hurdles. State law restrictions. Concerns about increased cost and caseload in partially state-funded programs such as TANF and Medicaid.

1. Making Design and Implementation Decisions

Work groups comprising staff from various agency divisions were an important part of the decision-making process in Arizona, Louisiana, and Ohio. In these states, staff members responsible for policy, QC, systems, training, and field operations collaborated both to design simplified reporting policy and to plan its implementation. Arizona staff noted a new level of collaboration among divisions and reported that the approach for instituting simplified reporting could become a model for planning future policy changes. According to participants in the state's design and implementation process, the involvement of staff with varied expertise helped smooth rollout of the new policy. In Louisiana, where policy change work groups typically represent a range of expertise, staff echoed Arizona's sentiment, saying that a cooperative planning style limits miscommunication and improves final policy outcomes.

The role of local office staff in planning and implementing simplified reporting was more limited in Arizona and Missouri than in Louisiana and Ohio. In both Arizona and Missouri, the work group on simplified reporting policy did not include local staff. In retrospect, some administrators considered the exclusion of local staff an oversight, speculating that certain challenges with implementation (such as the cultural change discussed later) might have been anticipated if local staff had been involved in the planning process. Louisiana, in contrast, included local office administrators and line staff in work groups planning policy changes; Ohio included local office administrators.

2. Making Computer System Changes

The study states required a variety of systems-related changes as a prerequisite to implementing simplified reporting. Changes included the lengthening of certification periods, automating assignment to simplified reporting, adding indicators allowing workers to instruct the system to act on changes or not, automatically producing reminder notices for reporting between certifications, and inserting income reporting requirements into individualized notices. Not all tasks were necessary in each study site because of differences in system design and the extent of automation.

In general, study sites reported that system changes were a prominent concern in the implementation of simplified reporting but nonetheless proved to be manageable. Systems staff in Arizona noted that the programming required to implement simplified reporting was much less burdensome than that required for the Transitional Benefit Alternative. In Louisiana, delays in completing system changes led the state to postpone the implementation of simplified reporting by one month.

When Missouri first implemented simplified reporting, it had not yet transferred to an automated eligibility system; thus, the largely manual system required few significant changes. Missouri was in the midst of developing its automated system such that automation of simplified reporting was built into the new system as it was developed. While making adjustments for simplified reporting in the course of the development process

entailed some additional effort, the adjustments were largely absorbed into the much larger systems project.

3. Creating New Documents for Client Communication

All four study states developed new documents to notify households of their simplified reporting obligations. Each state sends clients an award letter that specifies the dollar amount representing 130 percent of the federal poverty level for that household. In Louisiana, the reporting notice includes both the specific amount for the given household's size and a grid for all household sizes; the state concluded that including the additional information would provide greater QC protection. In Arizona, which extends simplified reporting to TANF, the award letter includes both the household's TANF and food stamp reporting triggers.

In addition to the award letter, Ohio developed an Earned Income Report form that explains in detail how to determine when household income exceeds 130 percent of the federal poverty level. Ohio also sends an automatically generated notice at the middle of the certification period reminding households to submit a report when their income exceeds 130 percent of the federal poverty level. State QC staff pushed for the detailed reporting explanation as well as for the mid-certification period reminder notice.

The study states with 12-month certification periods—Arizona and Louisiana—also created semiannual reporting forms for distribution to clients. The forms may be brief, as federal regulations require households to provide information on only 6 items: income, household composition, residence, vehicles (if not excluded), assets, and changes in child support obligations. Arizona's form, for example, was a single page of yes/no questions, with space provided for a client to explain responses, if needed. Both Arizona and Louisiana used a single semiannual reporting form for several programs: food stamps and TANF in Arizona; food stamps, TANF, and child care in Louisiana.

4. Training Local Office Staff

In all study sites, state staff assembled training materials to communicate simplified reporting policy and administration to local office staff. Materials typically included policy overviews aimed at local office administrators and more detailed descriptions of procedures for line staff. In Missouri, for example, state staff assembled a training package called "Take 45" (it was supposed to take only 45 minutes to complete). The package included an interactive compact disc that explained simplified reporting policy and led staff through a series of exercises and examples. Arizona also developed a detailed training package but divided the instruction into two phases conducted at different times. The first phase presented the broad outlines of the new policy and was intended to "prime" local staff for the change. The second phase offered specific instruction on how simplified reporting cases would be handled and included modules on topics such as exceptions to the positive-only rule and the processing of change reports.

CHAPTER III

THE OPERATION OF SIMPLIFIED REPORTING IN THE FIELD

In the study states, the operation of food stamp simplified reporting at the field level generally includes the following processes:

- Assigning a food stamp case to simplified reporting
- Notifying the recipient of changed reporting requirements under simplified reporting
- Determining what food stamp action to take with respect to interim changes, that is, changes *other than* the semiannual report, that are reported *during* the certification period
- For states using 12-month certification periods, processing semiannual reports
- Recertifying food stamps and removing cases from simplified reporting

This chapter examines the major elements of case processing and notes different operational approaches used in the implementation of simplified reporting in the study states.

A. ASSIGNMENT TO SIMPLIFIED REPORTING

A food stamp household typically is assigned to simplified reporting at application or recertification, although assignment also may occur when a household reports earnings during the certification period in a state that extends simplified reporting only to households with earnings. In all study states, the automated system identifies households for simplified reporting and assigns the appropriate certification period.

In both Missouri and Arizona, which extend simplified reporting to households with and without earnings, the computer automatically assigns the households to simplified reporting, typically at application or recertification. In Ohio (and in Louisiana at the time of our site visit), the automated system identifies households for simplified reporting and

assigns a 6-month certification period when earnings are coded. Louisiana has since expanded simplified reporting to include nonearners, and the computer identifies which households should *not* be included in simplified reporting and assigns all appropriate households to simplified reporting.

For those states extending simplified reporting only to households with earnings, a household might qualify for simplified reporting when it reports earnings between reviews. In Ohio, when a household first reports earnings during a certification period, the caseworker codes the earnings; the automated system then assigns the case to simplified reporting and extends the certification period by resetting it for a new 6-month period. If, however, the extension would result in a certification period longer than 12 months, the family is not placed in simplified reporting until the next review, with the certification period remaining unchanged. The caseworker checks the system to see that it correctly handled the process. The county office we visited in Ohio reported that the process of identifying when the certification period could or could not be extended poses a relatively minor burden but is one of the few complexities associated with the implementation of simplified reporting.

B. NOTIFICATION OF REPORTING REQUIREMENTS

In all of the states we visited, caseworkers typically explain simplified reporting requirements to clients at the in-person interview for application or recertification. In addition, the household's award letter provides information about the reporting requirements, including the household's income reporting threshold of 130 percent of the federal poverty level. Some states also use additional forms and reminders. All study states exhibited considerable variation in the content as well as in the emphasis of the reporting requirements message. One important variable was the reporting requirements for the household's receipt of benefits from other programs.

Income over 130 Percent of Federal Poverty Level. In all four states, the award letter states the specific dollar amount that represents 130 percent of the federal poverty level for that household. Of the four states, Ohio placed the greatest emphasis on the requirement to report changes that push income over 130 percent of the federal poverty level. In addition to the system-generated award notice about the 130 percent reporting requirement and specification of the household's reporting threshold, Ohio caseworkers delivered—at application or recertification—an oral explanation of the reporting requirement to all households placed in simplified reporting. Caseworkers in Ohio also write a household's trigger amount on the Earned Income Reporting form when handing the form to the client and urge the individual to check his or her income each month to see if the trigger is met. Ohio also sends an automatically generated reminder notice in the middle of the certification period that reinforces the message to report income that pushes the household over 130 percent of the federal poverty level. State officials report that some clients send in the report each month whether or not the income exceeds 130 percent of the federal poverty level.

Reporting Changes in Other Programs. In all study states except Louisiana, the caseworker responsible for explaining that only limited interim changes need to be reported

for food stamps (income over 130 percent of the federal poverty level) is also responsible for instructing the client to report all changes for other benefits received by the household. (Most simplified reporting households receive some other benefit such as TANF or Medicaid.) Louisiana, by contrast, is the only study state that delivered a single, clear message about the need to report changes for jointly administered programs; a family is required to report interim changes only when its income exceeds 130 percent of the federal poverty level for child care, TANF, or food stamps.[1] In Arizona, caseworkers instructed simplified reporting households receiving TANF to report interim changes for TANF only if their income exceeded the TANF threshold but directed clients to report all changes for Medicaid.

Semiannual Reporting Requirement. The caseworkers we interviewed during our Arizona site visit indicated that they stress an oral message that urges clients to complete and return their semiannual report. The caseworkers explained that, since the 130 percent of the federal poverty level reporting requirement is set forth in the award letter, they did not see the need to review this requirement; moreover, given that most households also received Medicaid, families were still required to report all changes.

C. DETERMINATION OF ACTIONS ON INTERIM CHANGES REPORTED OR KNOWN

In all four study states, caseworkers continue to learn of changes—other than those that recipients are required to report—between reviews or semiannual reports. Caseworkers learn about changes when recipients report a change for food stamps or another benefit program or as a result of a system's cross-match. Sometimes clients report a loss of income that would lead to increased food stamps, but they often report other changes as well, even though reporting is not required for food stamps and could even lead to a decrease in food stamp benefits.

Under federal food stamp rules, when a change is reported or otherwise known to the agency, the caseworker must act only on positive changes, that is, those changes that would increase food stamps unless an exception to the positive-only rule is met. However, Louisiana, Ohio, and most states with simplified reporting have obtained a waiver of the positive-only rule such that the caseworker must always take action on all known changes. Table III.1 summarizes the types of actions taken by caseworkers in each study state with respect to various types of change reports.

Income Exceeding 130 Percent of the Federal Poverty Level. In all states, caseworkers must act on a change when clients report income exceeding 130 percent of the federal poverty level. In such an instance, a client's statement of changed income level generally is sufficient verification for the caseworker to take action; the household is

[1] At the time of the site visit, child care recipients were also required to report a change in child care provider. Louisiana has subsequently added two more changes that must be reported for child care: if a child receiving child care benefits moves out of the home or if any parent or adult household member is no longer employed or participating in education or training.

Table III.1. Actions Taken on Food Stamps When Changes Are Reported or Otherwise Known Between Semiannual Reports or Recertifications

Circumstances or Impact of Change	States Acting on Positive Changes Only (Federal Rules)		States Acting on All Changes (Waiver)	
	Arizona	Missouri	Louisiana	Ohio
Change is income over 130 percent of federal poverty level	Close food stamp benefits[a]	Close food stamp benefits[a]	Close food stamp benefits[a]	Close food stamp benefits[a]
Change would increase food stamps; verification provided	Act on change	Act on change	Act on change	Act on change
Change would increase food stamps; verification requested and not provided	Close food stamp benefits[b]	No action; continue food stamp benefits unchanged	Varies among caseworkers[d]	Close food stamp benefits[b]
Change would decrease food stamps	Do not act on change unless exception met	Do not act on change unless exception met	Act on change	Act on change
Change is verified upon receipt (exception)	Act on change	Act on change	Act on change	Act on change
Change leads to action on TANF grant (exception)	Act on change; if TANF closes, food stamps go to TBA[c]	Act on change	Act on change	Act on change

[a]If household is "categorically eligible," the 130 percent test does not apply, and food stamps will continue unless, based on a calculation, the family is not eligible for any food stamps.

[b]If change affects only a deduction, then the caseworker will not increase food stamps based on unverified change but will not close food stamp benefits.

[c]Given that Arizona extends simplified reporting to TANF, the state acts only on negative changes to the TANF grant if it exceeds the TANF income cut-off or the change is verified upon receipt.

[d]Subsequent to our site visit, Louisiana issued a policy clarification directing that no action be taken in these circumstances; food stamp benefits continue unchanged.

ineligible, and the caseworker simply closes the case.[2] When caseworkers discussed the typical issues and particular challenges relating to change actions under simplified reporting, they rarely mentioned client reports of income exceeding 130 percent of the federal poverty level.

Acting on Positive Changes Only (Arizona and Missouri). Upon learning of an interim change, the primary task faced by caseworkers in states without a waiver is to determine if the change requires action, that is, whether it is a positive change or, if a negative change, whether an exception to the positive-only rule has been met. The decision of whether the change is positive or not largely is automated and does not pose a challenge to the caseworker. The challenging task is determining whether, when a change is negative (i.e., would cause a reduction in benefits), the change should be acted on anyway because an exception to the positive-only rule has been met. The 3 exceptions to the positive-only rule follow: the household voluntarily requests case closure; there is a change in the TANF (or in some areas, General Assistance) grant; and the information about the change is considered verified upon receipt. Of these, the most complex exception involves a change that is considered "verified upon receipt" or VUR. This issue arises only in states that follow the positive-only federal rule and does not arise in states with a waiver to act on all changes.

States have latitude in how they define VUR. The federal rules set forth the exception but do not define it. FNS has provided some guidance in its Questions and Answers. Arizona instructs staff to consider a change as VUR when the information is received from the source, when the information is not questionable, and when no further information is needed to take action. Missouri uses a similar definition. However, subtle but important differences in operation emerged from examining how these two states determine that information is considered VUR. Missouri interprets VUR more narrowly, with the result that fewer changes that reduce food stamps meet the exception and thus require action.

Specifically, Missouri emphasizes that the information must be literally *received* directly *from* the source, whereas Arizona looks to the *underlying* source of the information, not who submits the information to the food stamp office. This difference is illustrated by an example of a recipient reporting a pay increase and submitting recent wage stubs. In Missouri, wage stubs provided by a food stamp household are *not* considered VUR because they came from the household rather than from the source (employer); thus, no action would be taken to reduce food stamps under the VUR exception. In Arizona, the wage stubs *are* considered VUR because they are verification from the source (employer) even though someone other than the employer submitted them to the food stamp office.

Another difference in interpretation between these two states occurs when the criterion that "no further information is needed to take action" can be met. Missouri's interpretation

[2] In all states, the verification required to take an action might differ if the change resulted in a decrease or increase in benefits. For example, a client's statement is sufficient basis to close a case if income exceeds 130 percent of the federal poverty level, whereas additional verification would be required to take a positive (increase) action.

is that if any verification must be requested to act on the change in another program such as Medicaid, it is by definition *not* VUR. Arizona, in contrast, considers a change as one that can become VUR once verification that has been requested for another program such as Medicaid has been provided. (See further discussion of the impact of this difference in the box on change reports for other programs.) A state can choose either approach to interpreting these issues. Under FNS policy, documentation may constitute verification for taking action in another program such as Medicaid without a state being required to consider the change verified upon receipt for the purposes of the exception to the food stamp positive-only rule.

Waiver to Act on All Changes (Ohio and Louisiana). Given that Ohio and Louisiana have a waiver to act on all changes, caseworkers do not need to identify whether a change is to be acted on or not. Once a caseworker learns about a change, he or she simply takes action. If the caseworker does not have sufficient information to act on the change, he or she requests it. (See box about caseworker actions when additional information needed to act on food stamps is requested but not provided.) In Ohio, the caseworker can close food stamps if requested verification is not received, even if the change is not one that was required to be reported and would have increased food stamps. In Louisiana, now that the state has provided clarification of the policy, the caseworker would not take any action on changes *that would increase* food stamps if the verification is not provided; benefits would continue unchanged.

D. PROCESSING OF SEMIANNUAL REPORTS (ARIZONA AND LOUISIANA ONLY)

In both Arizona and Louisiana, automated systems support the semiannual report procedure. In Arizona, the semiannual report is a combined TANF and food stamp report for families receiving both benefits. In Louisiana, the semiannual report is a combined TANF, child care, and food stamp report for families receiving all of these benefits. Neither state uses a prepopulated form, although Louisiana staff recommends that states try to do so.

Computers automatically generate the two states' semiannual reports; they also generate a reminder notice if the report has not been processed. In addition, the systems automatically close benefits at the end of the 6th month if a complete report has not been received or processed. (In Louisiana, the TANF and food stamp cases would be closed in such a circumstance, but not child care.) If a semiannual report is returned but is not complete, the caseworker requests additional information or verification. In the case of no changes, no verification is needed unless circumstances are questionable. Processing a timely and complete report proved smooth and simple in both states; in Louisiana, processing requires the entry of one simple code.

Louisiana staff noted both a high percentage of case closures and subsequent reapplications as a consequence of the failure to return the semiannual report. At the time we visited Arizona, the state had not yet completed its first cycle of semiannual reports, but it subsequently experienced a significant number of case closures for failure to submit the semiannual report.

Change Reporting in Other Benefit Programs Can Result in Satisfying an Exception to the Positive-Only Rule

Households often report and verify changes because they are required to do so for other program benefits they receive. As one local office administrator put it, the office handled few "pure" food stamp cases–that is, those subject *only* to the 130 percent federal poverty level reporting requirement. In some instances, the reporting and verification of a change in other programs–Medicaid or TANF–can result in the change's meeting an exception to the food stamp positive-only rule. The caseworker thus may act on the change for food stamps even if the change otherwise would not need to be reported or acted on under food stamp simplified reporting. This can occur either because the change affects the TANF grant or because the change is VUR.

First, a change reported for and acted on in TANF would result in the change being acted on in food stamps under an exception to the positive-only rule. This arose to a greater extent in Missouri than in Arizona because Arizona also extended simplified reporting to TANF, which meant that many changes were not acted on in TANF.

In addition, a change reported for another program could be considered verified upon receipt for food stamps. This arose to a greater extent in Arizona, which did not use as narrow an interpretation of VUR as Missouri. In particular, the Medicaid reporting requirements interacted with the VUR exception to the positive-only rule to result in the exception being met. In Arizona, when a household reports a change, the caseworker might request verification in order to act on the change in Medicaid. If the verification *is provided*, the change becomes VUR and the caseworker must act on it in food stamps. If, however, the verification requested for Medicaid *is not provided*, the caseworker would have to act to close Medicaid but would take no action in food stamps as the VUR exception is not met. One caseworker candidly explained that she preferred to receive incomplete information for Medicaid so that she could request clarification and verification, which, when received, would make the change report VUR and result in a food stamp action. The increased income amount ultimately might not even have affected Medicaid eligibility, but the process of clarifying and verifying the amount of income under the auspices of Medicaid transformed the report into a basis for adjusting food stamps. While the food stamp benefits *could not be* closed if the household *failed* to provide the verification requested for Medicaid purposes (but Medicaid could be), the food stamp benefits *could be* reduced or closed based on the information, *if it is provided*. Such a result would not occur in Missouri due to subtle differences in when a change is considered VUR.

Implications of Different Approaches to Requesting Additional Information

For all four study states, a caseworker might need additional information or verification before taking action on food stamps in response to a reported change. (Such an eventuality arises for positive changes in Arizona and Missouri and for all changes in Louisiana and Ohio–states with waivers to act on all changes.) For example, if a recipient reports reduced hours and wages, the caseworker will need a pay stub or some other evidence from the employer before increasing food stamp benefits.

Two of the states we visited–Ohio and Arizona–used the formal Request for Contact procedure by which the caseworker requested the additional verification; if the information is not forthcoming, the caseworker closes food stamp benefits. (If the unverified change is an increased deduction, the caseworker neither acts on the change nor closes food stamps.) Under this approach, the client's failure to provide the requested verification of change can lead to the anomalous result that a client can lose food stamp benefits entirely by reporting a change that was not required to be reported and that should lead to increased food stamp benefits.

Missouri takes a different approach and informally requests the additional verification it needs to make a positive change; if the verification is not forthcoming, the state makes no change. In such a case, the client is subject to neither an increase nor decrease in food stamps. At the time of the team's visit to Louisiana, in the absence of a state policy on this issue, the approach to additional verification varied by caseworker. The state has since set forth a policy clarification that benefits are not be closed if verification is not provided for a change that would lead to an increase in benefits. Table 3.1 sets forth the various state approaches.

FNS discusses the advantages of the informal approach over the formal Request for Contact in Additional Questions and Answers Regarding the Food Stamp Program Certification Provisions of the Farm Bill, Question 4109-19, http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farmbill-QAs-II.htm.

E. RECERTIFICATION

In all study states, food stamp recertification under simplified reporting follows the same procedures as for any other food stamp recertification. The primary difference under simplified reporting is that recertifications occur less frequently–once or twice a year rather than every 3 months in some states.

Recertification Process. Typically, the automated system issues a Notice of Expiration in the middle of the month before the last month of the certification period, requiring the recipient to apply for recertification and provide verification of circumstances. The offices we visited in the study states required an in-person interview at every recertification except when individuals were granted a waiver of such interview, although we observed some discrepancy on this issue in one state between the local office practice (of always requiring a face-to-face interview at 6 months) and state office policy (of requiring a face-to-face interview only once a year).

Exit from Simplified Reporting. When a household no longer qualifies for simplified reporting, its status changes at the time of recertification. In other words, a household is not removed from simplified reporting status during a certification period even if it no longer receives earnings (for those states that limit simplified reporting to households with earnings).

Alignment of Renewal with Other Benefit Programs. Generally, food stamp recertification is synchronized with renewals for a family's receipt of other benefits that are administered by the same caseworker and same office. (None of the study states aligned renewal dates or processes for programs administered through a different unit or agency, such as Medicaid in Louisiana or child care in Arizona and Ohio.) Sometimes, as in Louisiana, all programs were aligned in a single annual review. In other states, where some programs were reviewed more frequently than others, the reviews were still synchronized when due. For example, in Missouri, recertification for food stamps at 6 months results in updating TANF and Medicaid (which require annual reviews) without any additional action required of the family. In Arizona, however, we observed that annual aligned cash and food stamp renewals did not always coincide with the semiannual Medicaid reviews, although the same caseworker handled the benefits. Arizona requires in-person interviews for Medicaid every 6 months and, when reviews are not aligned, the household may need to visit the office a third time for the annual food stamp recertification interview.

CHAPTER IV

SIMPLIFIED REPORTING FINDINGS

The simplified reporting option has allowed states to reduce staff workload, improve client access to the FSP, and reduce QC error rates. The aspect of simplified reporting policy that has most contributed toward achievement of the first two objectives is longer certification periods, which lead to less frequent renewals and fewer in-person interviews and in turn reduce staff workload and increase access for participants. These longer certification periods are one of the most visible and popular aspects of simplified reporting. The most significant factor in improving payment accuracy has been not counting unreported changes as QC errors.

Despite the benefits associated with simplified reporting, the option has given rise to some operational challenges in the study states. For example, reports of changes between certification periods have not declined significantly, and the need to respond only to positive changes (in nonwaiver states) has created frustration and confusion among the field staff we interviewed. The issues underlying these challenges include the lack of alignment of reporting requirements among various programs and difficulties in making the philosophic and cultural changes needed under simplified reporting.

This chapter examines how simplified reporting has reduced staff workload, improved client access to the FSP, and reduced QC error rates. We then discuss some of the operational challenges that have emerged in the study states and the underlying reasons for the challenges. We conclude the chapter with suggestions for addressing these concerns.

A. SIMPLIFIED REPORTING HAS REDUCED STAFF WORKLOAD, IMPROVED CLIENT ACCESS, AND REDUCED QC ERRORS

1. Simplified Reporting Has Reduced Staff Workload

Study states report that the largest and most significant gain from simplified reporting has been the reduction in staff workload. Field staff in all four study states enthusiastically embrace the workload benefits of the longer certification periods and, in Louisiana, fewer periodic report forms. Simplified reporting has reduced the workload of field staff in the following ways:

- ***Less Frequent Recertifications and Interviews.*** Given the longer certification periods under simplified reporting, caseworkers conduct less frequent redetermination interviews and spend less time scheduling and rescheduling interviews. The number of recertifications per food stamp participant covered under simplified reporting dropped from four times a year (under 3-month certifications) to twice a year (under 6-month certifications) or to once a year plus a semiannual report (under 12-month certifications).

- ***Fewer Reapplications Following Closures.*** Also due to simplified reporting's longer certification periods, caseworkers process fewer reapplications resulting from the closure of ongoing cases. Clients have fewer opportunities to fail to submit a periodic report form, to miss a recertification deadline, or to fail to submit needed verification within the required period and thus face case closure. Fewer actions that could result in case closures result in less frequent reapplications.

- ***Fewer Overissuances Established to Adjust Back Benefit Amounts Due to Unreported Changes.*** Caseworker workloads are further reduced under simplified reporting because staff prepare and process fewer overissuances upon the discovery of changes at recertification. Before the advent of simplified reporting, caseworkers had to write overissuances in order to adjust erroneously issued client benefits once they discovered that an unreported change had occurred during the certification period. Under simplified reporting, most changes identified at a recertification interview were not required to be reported during the certification period (unless they increased gross income to over 130 percent of the federal poverty level); thus, caseworkers do not have to establish overissuances.

- ***Fewer Periodic Report Forms (in Louisiana) to Process.*** In Louisiana, which changed its periodic reporting requirement from quarterly to semiannually, caseworkers have fewer report forms to process under simplified reporting (from 3 times per year under quarterly reporting to once per year under semiannual reporting) per food stamp participant.

- ***Easier to Process Semiannual Reports Than to Conduct Full Recertifications (in Arizona).*** In Arizona, which implemented semiannual reporting after requiring 3-month certifications, staff indicated that the required one recertification per year and one semiannual report added up to far less work than four recertifications. Staff say that, in general, processing semiannual reports is easier than and preferable to conducting full recertifications.

Workload Reduction Has Helped States Handle Rising Caseloads and Budget Cuts. Under simplified reporting, workload reductions for food stamp caseworkers have been especially important in the wake of recently rising caseloads and staff cuts associated with budget shortfalls. All four study states pointed to the importance of simplified reporting in helping them cope with caseload increases and staff reductions. After declining

during most of the 1990s, food stamp participation began increasing again in FY 2001. Nationwide, the average monthly number of food stamp participants increased by 25 percent between FY 2000 and FY 2003 and by much more in the study states; food stamp participation increased by 31 to 36 percent in 3 of the study states and by almost 90 percent in Arizona.[1] Study states reported that the caseload increases are attributable to (1) fewer jobs, fewer hours, or lower wage rates; (2) increased outreach via billboards, posters, and other means; (3) policies other than simplified reporting that have increased access; and (4), most recently, the effects of simplified reporting.

If not for the longer certification periods under simplified reporting, states reported that caseworkers would have been overwhelmed by the combination of caseload increases and staff shortages, particularly because agencies have been unable to add staff to handle the growing number of cases. In Ohio, for example, the monthly number of applications (including both applications and reapplications) per worker had declined from about 25 to 19 when simplified reporting was first implemented in 2002. However, field staff indicated that the number had increased again to between 22 and 27 monthly applications per worker during summer 2003 owing to caseload increases and staff decreases. In Louisiana, despite fewer terminated cases to be reopened under simplified reporting, the total number of food stamp applications did not decline but instead increased as a function of overall caseload growth.

Workload reductions as a consequence of simplified reporting have helped offset early retirements and other staff cuts in the study states. All study states reported that they have either lost staff through attrition or had to cut staff in response to budget cuts. In Arizona, the department that handles food stamps has had to decrease administrative expenditures by $7 million since January 2003, leading to staff cuts of about 10 percent, or 300 positions.

2. Simplified Reporting Has Improved Client Access to the FSP

Study states also indicated that simplified reporting has improved client access to the FSP, largely by reducing the number of times that clients must recertify over the course of a year.

Simplified reporting has improved client access to the FSP in the following ways:

- ***Less Frequent Recertification Reviews.*** Another benefit of longer certification periods is that clients retain food stamps longer because they do not need to recertify as often. Longer certification periods are particularly helpful to working clients who may have trouble taking time off from work for recertification appointments and who often experience difficulty in juggling work and family responsibilities. The longer periods are also helpful to clients whose limited transportation options make it difficult to travel to the food stamp office. In focus groups conducted in study states, clients enthusiastically

[1] Special tabulations of FSPQC data for FY 2000 and FY 2003.

reported that less frequent recertifications made it much easier to participate in the FSP and retain benefits. Clients remarked that, with 3-month certification periods, they felt that it was time to start the recertification process over again as soon as they had completed one round of recertification reviews.

- ***Fewer Terminations Due to Incomplete Recertifications.*** Also because of the fewer recertifications under simplified reporting, clients are less likely to see their benefits terminated as a result of an incomplete recertification or failure to keep a recertification appointment. Accordingly, clients retain food stamps longer and receive a more stable income over a longer period.

- ***No Overissuance for Not Reporting Most Changes.*** Given that families do not have to report most changes between certification periods under simplified reporting (unless their gross income exceeds 130 percent of the federal poverty level), they do not receive overissuances for failing to report most changed circumstances. Despite little change in the number of changes that clients do report, there are no overissuances established for changes that are not reported and are not required to be reported.

- ***Less Frequent Periodic Report Forms for Clients in Louisiana.*** In Louisiana, which had used quarterly reporting before implementing semiannual reporting, clients submit fewer periodic reports each year, thus reducing the burden of retaining food stamps and reducing the likelihood that a client will see benefits terminated for not returning a periodic report form.

- ***Additional Time for Case Management or Coaching Activities May Help Clients Retain Food Stamps and Receive Additional Services.*** In Louisiana, staff workload reductions associated with fewer periodic reports under simplified reporting have allowed some caseworkers to spend more time helping applicants understand how to apply for and retain food stamps. Caseworkers also reported that they have more time to help clients with other case management activities such as learning about other programs that meet a wider array of needs.

3. Simplified Reporting Has Contributed to Caseload and Participation Rate Increases, Particularly for Working Families

Increasing access to the FSP by reducing the burden of retaining food stamps under simplified reporting has contributed to the increased participation of families and participation rates among those eligible; fewer families see their benefits terminated, cases remain open longer, and, in Louisiana, families have fewer opportunities not to submit a periodic report. All study states indicated that simplified reporting has increased or will increase caseload sizes and participation rates, particularly when the reporting option is broadened to most of the food stamp population. Although states do not have data to separate the contribution of simplified reporting from other factors such as increased

unemployment, increased outreach, and other policies, the study states believe that simplified reporting is indeed a factor in the caseload and participation rate increase.

Preliminary information from the two states that implemented simplified reporting for earners in 2001 (Louisiana and Missouri) appears to support the finding that the reporting option contributed to the increase in participation, particularly for working families in the FSP. Between FY 2001 and 2002, participation among working families with children increased by 22 and 30 percent, respectively, in Louisiana and Missouri compared with a 14 percent increase nationwide.[2] When FY 2003 data are available, they will permit more extensive comparisons. State participation rates among eligibles are not yet available for FY 2002, so it is still too early to examine the change in state rates.

Increased caseloads under simplified reporting can be expected to increase food stamp benefit costs, although the federal government rather than the states would cover these costs. While the study states did not have any quantitative information on the expected costs of simplified reporting, they indicated that, other than initial implementation costs (of designing the policy, conducting computer reprogramming, training, and developing new forms), overall cost savings attributable to workload reductions will allow them to handle higher caseloads with fewer resources.

4. Simplified Reporting Has Reduced QC Error Rates

Another objective of simplified reporting is to reduce, or at least not increase, QC error rates. After bringing down error rates under 3-month certification periods, some study state staff were concerned that the policy changes under simplified reporting, particularly the longer certification periods, might again increase error rates. However, staff in all study states indicated a decrease in their QC error rates under simplified reporting or at least no increase.

In Louisiana, which implemented simplified reporting for earners in 2001, staff have not been able to track the specific impact of the reporting option on error rates but believe that it has contributed to Louisiana's continued exceptionally low rate. Louisiana's error rate was unchanged between FY 2001 and FY 2002 (at 5.78 percent). In Missouri, which also implemented simplified reporting for earners in 2001 and expanded the option to the broadest possible population in 2002, the error rate declined in FY 2002 (from 10.21 to 9.77 percent) and then much more during FY 2003 (based on preliminary information from state staff, the FY 2003 error rate was down to 6.5 percent through July 2003). Missouri staff attribute much of the decline in the state's error rate to simplified reporting and, in particular, to expanding the option to the broadest possible population in February 2003 and acting on positive-only changes.

Both Arizona and Ohio implemented simplified reporting too recently (January 2003 and July 2002, respectively) to have developed any measure of the change in the QC error

[2] Special tabulations of FSPQC data for FY 2001 and FY 2002.

rate under the option, but both states indicated that simplified reporting has in fact contributed to reducing their rates. In Arizona, for example, QC staff conducted an informal analysis of the *potential* impact of simplified reporting on its error rate before implementing the option. QC staff examined the errors that were identified in cases pulled for QC review in FY 2001 and discovered that 69 of the 142 errors (50 percent) in FY 2001 would not have been errors under simplified reporting. Based on their analysis, they concluded that Arizona's FY 2001 error rate would have been almost 3 percentage points lower if simplified reporting policy had been in place.[3]

In Ohio, QC staff has tracked QC cases pulled for review that, because of simplified reporting, were not in error (or involved a smaller error) but would have been in error before the introduction of simplified reporting. Ohio's tracking exercise identified 6 cases, generally those involving failure to report a gain or loss of income that would have been in error without simplified reporting. The 6 cases not in error represent a reduction of two-thirds of a percentage point in the error rate from what it would have been absent simplified reporting.

Study states indicated that simplified reporting has helped reduce QC errors for the following reasons:

- ***No Error if Household Does Not Report Most Changes in Circumstances.*** Under the policies predating simplified reporting, if a household failed to report even a modest change in circumstances within 10 days, its food stamp benefit could be considered in error. Under simplified reporting, most changes in household circumstances and income that go unreported are not considered an error and thus do not count toward the states' QC error rate (unless the change caused the household's income to exceed 130 percent of the federal poverty level).

- ***Fewer Reported Changes Result in Less Exposure to Errors.*** If households report fewer changes, then there is less potential for a change to be processed incorrectly. According to USDA's Food Stamp Program QC Annual Report, about one-third of all QC errors occur after the most recent certification.[4] Many such errors could be eliminated if households did not report changes between reviews. It is still too early to examine the change in the proportion of errors occurring between reviews under simplified reporting, but such information will help assess whether errors between certification periods have indeed declined.

[3] QC staff acknowledge that, under simplified reporting, such analysis might not capture other types of errors, such as reported changes not acted upon properly.

[4] Food Stamp Program Quality Control Annual Report. USDA, FNS, Program Accountability Division, QC Branch, April 2002.

- ***Reduced Workload for Field Staff May Result in Fewer Errors.*** With fewer change actions, recertifications, and reapplications after termination under simplified reporting (and fewer periodic reports under semiannual reporting than under quarterly reporting), caseworkers have more time to process all applications, recertifications, and changes that they receive. To the extent that caseloads increase, simplified reporting still allows staff to spend more time per interview than in the absence of simplified reporting.

- ***Acting on Fewer Changes (for States That Act On Positive-Only Changes) Means Less Exposure to Errors.*** To the extent that clients continue to report both positive and negative changes, states that act only on positive changes (and exceptions such as those affecting TANF or those considered as VUR) are exposed to fewer potential errors. Changes not acted on (and not supposed to be acted on) cannot be errors. Missouri attributes some of its lower QC error rate to the positive-only policy.

B. STATES FACE SOME OPERATIONAL CHALLENGES UNDER SIMPLIFIED REPORTING

Overall, the simplified reporting option has allowed states to reduce their administrative workloads significantly, improve client access, and lower state QC error rates. However, study states have faced some operational challenges under simplified reporting, which in turn have made it difficult for them to realize fully the option's simplification promise. These challenges are mostly associated with the operation of interim changes, that is, changes that occur between semiannual reports or recertifications. Underlying these challenges are the lack of alignment of change reporting policies among the various benefit programs and the incomplete cultural or philosophic shift among caseworkers that is required under simplified reporting.

- ***Clients Continuing to Report Many Interim Changes.*** Under simplified reporting, most changes do not need to be reported between reports or reviews. In fact, *not reporting* changes is the lynchpin of the simplification process. Some changes, however, must be reported–income over 130 percent of the federal poverty level–while some clients want to report other changes, such as loss of income. However, when relatively small changes that *are not required* to be reported are nonetheless reported, the staff workload, client access, and QC error rate protection benefits of simplified reporting are not fully realized. All four study states have faced challenges in limiting interim change reporting by households under simplified reporting. The more stringent change reporting requirements in other programs essentially undermine this central component of simplification–*not* reporting the change. In addition, changing the culture for clients and caseworkers from one that has emphasized reporting of all changes to one of very limited reporting will necessarily take time, but all states agree that they underestimated the extent of the culture change involved.

- ***Complexity of Acting Or Not Acting on Changes Under the Positive-Only Approach.*** A premise of simplified reporting is generally to ignore, or not act

on, interim changes (other than income over 130 percent of the federal poverty level) unless the change would increase food stamps or meets an exception to the positive-only rule. In theory, such an approach reduces staff workload and provides QC protection for the simple reason that unreported changes are not considered errors. In practice, however, the complexity of determining whether a negative change should be acted on anyway has added to complexity and caseworker frustration. Field staff indicate that workload is not decreased; determining whether to act on a known interim change is no less work in positive-only states than acting on all changes. Staff have expressed concern that they may be making QC errors owing to the complexity of the decision making involved in determining when to act or not act on a change. In both Arizona and Missouri, field staff dislike the positive-only approach both philosophically and operationally. The office culture has not accepted the concept of either generally freezing benefits even if circumstances change or ignoring a known change. The legacy of the heavy emphasis on accuracy and acting on all changes has impeded acceptance of the simplified reporting and freeze concepts.

- ***Simplified Reporting Goals Undermined in Waiver States.*** Most of the states implementing simplified reporting including two of the study states (Louisiana and Ohio), have chosen to do so with a waiver of the positive-only rule and instead act on all known interim changes. While, among the four study states, local office staff in the waiver states generally are more comfortable with simplified reporting than staff in the other states, the states lose many of the potential benefits of simplification. With staff acting on all changes, the staff workload and client access goals are undermined. Given that action is always required, waiver states have greater QC exposure if the worker fails to act on a change. In these states, simplified reporting is largely a device for longer certification periods with QC protection for changes that go unreported.

1. Lack of Alignment of Change Reporting Requirements in Other Programs

A significant underlying cause of the operational challenges faced by the study states is the lack of alignment of change reporting requirements with other benefits received by families. Most families receiving food stamps also participate in other state-administered programs such as Medicaid, TANF, and child care. About 85 percent of children who received food stamps in 2002 also received Medicaid, and about 38 percent of food stamp households with children received TANF.

With the exception of Louisiana (and to lesser extent Arizona), study states have continued to require the reporting of all or most changes in household circumstances for Medicaid, TANF, and child care. Hence, for families participating in several programs, the stricter reporting requirements for other programs often undermine the simplified reporting requirements for food stamps. Clearly, with the exception of the FSP, the dominant change reporting message delivered by caseworkers and received by clients is to report all changes. To the extent that clients continue to report changes between certification periods or semiannual reports, the simplified reporting option does not reduce the burden on both

caseworkers and clients to report or process changes, with the result that states do not fully realize reduced exposure to QC errors.

Even in states that act only on positive-only changes, interim changes can lead to increased complexity as well as to reduced or closed food stamps because of other programs' change reporting policies. In Arizona and Missouri, a great deal of the complexity of whether to act on a change is related to whether information that is reported for another benefit program meets an exception to the positive-only rule. If the change is acted on in TANF, it is acted on in food stamps. Moreover, in some states, the process of verifying the change as a prerequisite to acting on it for another benefit program such as Medicaid can cause the change to become VUR and thus acted on in food stamps. This occurred under Arizona's approach to VUR but would not occur under Missouri's approach. In Missouri, a change is VUR only if it is received directly from the source of the information, such as the Social Security Administration.

Among the study states, Louisiana is the notable exception to not aligning reporting requirements. Louisiana has aligned the reporting requirements for food stamps, TANF, and child care and requires only the reporting of an interim change in income–over 130 percent of the federal poverty level.[5] Unique to Louisiana, the state administers Medicaid through an agency that generally does not interact with other programs.[6]

Louisiana stood out from the other states as the state whose line staff most enthusiastically embraced simplified reporting. Nonetheless, despite its simpler and clearly aligned message as to when changes need to be reported, the state has yet to realize the full benefits of the simplified reporting option; some clients still report more changes than required. Staff note that the long-term emphasis on the interim reporting of changes has made it difficult to change client behavior. And because Louisiana operates with a waiver to act on all changes, staff act on changes as they are reported.

Although Louisiana aligned TANF change reporting requirements under the simplified reporting options, the state continued to require TANF recipients to report wages monthly to demonstrate participation in TANF work activities. In an attempt to avoid the need to act on changes, the state subsequently implemented an alternative approach to obtaining the information it needs for tracking TANF work participation. The state asks TANF recipients to report *hours* rather than wages each month so that it does not learn of (and thus need not act on) income changes.

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[5] Those receiving child care assistance are also required to report (1) a change in child care provider and (as added subsequent to our site visit) (2) if a child receiving child care benefits moves out of the home or (3) if any parent or adult household member is no longer employed or participating in education or training.

[6] While Louisiana clients not receiving TANF face the burden of separately renewing and reporting Medicaid changes elsewhere, the Medicaid reporting requirement does not interfere with simplified reporting as it did in the 3 other states. In Louisiana, TANF recipients are automatically enrolled in Medicaid by virtue of their TANF status without a separate application required by the Medicaid agency and are not required to report changes separately for Medicaid.

Louisiana's staff expect that, given the reporting alignment already in place, an increase in the length and breadth of simplified reporting implementation will decrease the number of change reports over time. While the field staff has yet to notice a significant reduction in change reports, the reason may be that simplified reporting covered a smaller population of benefit recipients through July 2003 (earners only). The state also notes that it needs to focus more sharply on emphasizing the *limited* changes that need to be reported. Some caseworkers indicate that they interrupt clients when they start to report a small change unnecessarily. After it has expanded simplified reporting to the broader population for some time, the state expects that the consistent message of reduced reporting requirements across all 3 programs will likely result in fewer changes reported. It is desirable for clients to report some interim changes, such as a large drop in income, in order to receive increased food stamp benefits immediately. But many changes are relatively small and do not need to be reported until the next recertification or semiannual report.

Arizona succeeded in extending simplified reporting to TANF, but the simplification was significantly undercut because the state did not extend the reporting option to Medicaid, even though the same caseworker handles TANF and Medicaid benefits. Thus, the dynamic described in Chapter III–changes reported for Medicaid and, when verified, providing a basis for acting in food stamps–persisted. Interestingly, Arizona's family Medicaid program has a relatively high income cut-off–100 percent of the federal poverty level–and many or most of the reported changes did not affect Medicaid eligibility but nonetheless led to complexity and sometimes action in food stamps.[7] In sum, Arizona's alignment of reporting requirements in TANF and food stamps helps simplify administration and reduces staff workload between those two programs while the requirement that families report all changes under Medicaid undermines these goals.

Even though extending simplified reporting across programs is desirable to ease further the workload and participation burden of staff and clients, comprehensive use of simplified reporting across programs has proven difficult. For instance:

- Policy staff for other benefit programs often work in different agencies or divisions and have different priorities and incentives.

- When policy staff do not work together closely or do not coordinate across programs, policies sometimes undergo development without consideration of the implications for (or to) other programs.

- States are often reluctant to make changes in policies that they fear may increase TANF or Medicaid benefit costs or caseloads, particularly in the current climate of budget and staff cuts.

[7] Arizona is somewhat unusual in relying on a different funding source for higher-income Medicaid families than for those at TANF income levels; as a result, the state funding source is affected by fluctuations in family income even as the fluctuations do not make the family ineligible for benefits.

2. Incomplete Culture and Philosophic Shift Under Simplified Reporting

In addition to the operational challenges that have arisen with the implementation of simplified reporting, we observed cultural and philosophic challenges. The culture shift from an emphasis on the timely reporting of all changes to placing a limit on the changes that need to be reported has not yet been successfully completed. In addition, caseworkers in states that follow federal rules have yet to accept the concept of not acting on some known changes that would adversely affect food stamp benefits.

a. Culture Shift for Caseworkers

Recent years have seen a heavy emphasis on improving food stamp accuracy and avoiding QC errors. The depth and intensity of such a focus have permeated all aspects of daily work activities. As one worker put it, the message from caseworkers to clients was "report, report, report." And the message delivered to caseworkers was "act on all changes and improve accuracy."

Now, under simplified reporting, caseworkers find themselves operating in an entirely different landscape—one that they do not trust and often do not readily accept. They are told that clients generally need not report changes and that, when changes are known, they often must not act on the changes. For the most part and with the exception of Louisiana, caseworkers have responded negatively to the concept of the 6-month freeze on food stamp benefits that is permissible under simplified reporting. Some caseworkers voiced concern that the "freeze" was not good for clients because they would face a sharper drop in food stamps at the 6-month point. Several caseworkers noted the inequities that resulted when families with similar changes might have different food stamp consequences because of differences in other benefits they receive or because of how they communicate the change information to their caseworker.

Several states noted that they had underestimated how dramatic a culture change would be necessitated by simplified reporting and how long it would take caseworkers to accept that change. State and local staff in one state labeled the change "huge." In the states that acted on positive-only changes, the complexity of determining compliance with the exception to the positive-only rule increased the burden of processing changes and confused and frustrated staff. The culture change and the extent of negative staff reaction were dramatically greater in states that followed the federal rules (Arizona and Missouri) than in states that had received a waiver (Ohio and Louisiana). In Ohio, caseworkers undergoing training initially reacted strongly and negatively to the freeze concept of simplified reporting but then liked the concept in operation. They found that, despite the concept of a benefit freeze, they generally were learning about and acting on changes because of reports in other benefit programs and the waiver requirement to act on all changes.

Some caseworkers talked about clients "getting away with" receiving more benefits than they were "entitled" to; the terminology itself reflects a lack of acceptance of the correct amount of benefits calculated for a recipient. Not being able to reduce benefits in response to known changes in positive-only states caused the greatest frustration among caseworkers. As one caseworker intoned repeatedly during our site visits, the simpler and more sensible

policy should be that when "income goes up, benefits go down, income goes down, benefits go up." At times, caseworkers expressed concern about "fraud" and potential overpayments because clients were receiving more than they should (even when the amount was correct under simplified reporting). Some caseworkers volunteered examples of outcomes to which they objected, such as households whose members had left the home but that were still receiving the same food stamp benefit. Changes in household composition that would result in a lower benefit if acted upon, but that could not be acted upon in most cases under the positive-only policy, caused the greatest discomfort and frustration among field staff in Missouri. Several caseworkers also mentioned state and federal budget concerns and questioned whether taxpayers' money should be spent in the manner provided under simplified reporting. In one state, some caseworkers had contacted a state legislator to complain about the outcomes under simplified reporting.

In contrast, caseworkers in Louisiana accepted and embraced the concept of a freeze and its limited reporting obligations. In fact, they recommended elimination of the remaining reporting requirement—income exceeding 130 percent of the federal poverty level. State officials noted that they had already bridged the culture change when the state moved to quarterly reporting for food stamps some time earlier. (Louisiana was the only study state that had moved to simplified reporting from quarterly reporting.) Interestingly, caseworkers in Arizona also embraced the concept of a freeze of the food stamp amount in the context of their Transitional Benefit Alternative extension, regarding it as a useful work support and an extra incentive to be offered to clients. But the same attitude did not carry over to the freeze under simplified reporting, as discussed in Chapter V.

Staff often did not believe that a QC error would not occur if they did not act on the change. In Ohio, a QC person attended the training sessions, largely to reassure the staff that the changes would not represent errors. Some state staff suggested that caseworkers would more likely accept simplified reporting when they saw its successful QC impacts. Some veteran caseworkers, who had weathered many changes, were wary of how long this particular change would last.

Despite the difficulties in changing the culture around the limited reporting of changes between reviews, caseworkers embraced the simplified reporting option's workload benefits: the longer certification periods or less frequent reports. Not surprisingly, the caseworkers more readily accepted the aspects of simplified reporting that made their jobs easier than those aspects that they perceived as complicating their jobs. In Arizona, we visited a local office whose service delivery structure resulted in one group of caseworkers (the application/recertification unit) benefiting from the switch from 3-month to annual recertifications while another group of caseworkers (the change unit) had to assume the burden of processing semiannual reports and determining when to act or not act on changes. Needless to say, the change unit caseworkers expressed the greater displeasure with simplified reporting.

b. Client Reaction to Simplified Reporting

Simplified reporting has not led to changed client behavior with respect to reporting changes to an extent commensurate with the changed reporting requirements themselves. In all four study states, caseworkers noted that clients who generally reported changes continued to do so.

Several reasons suggest why food stamp recipients do not seem to have significantly changed their reporting behavior:

- Clients must report changes for other programs such as Medicaid and, in some instances, for TANF.

- The primary message received by clients was to continue to report all changes (which is the accurate message in most of the states when a household also receives Medicaid). As delivered, the message about 130 percent of the federal poverty level confuses clients and appears not to be understood.

- Clients continued to report all changes anyway, just to be safe.

- For both clients and caseworkers, the earlier emphasis on always reporting changes requires a dramatic culture shift if simplified reporting is to succeed in meeting its goals.

Interestingly, even in Louisiana–where clients receiving TANF and child care as well as food stamps through the local welfare office were not required to report *any* changes other than income over 130 percent of the federal poverty level and some changes affecting child care–caseworkers noted that many clients still continued to report changes. Louisiana staff observed that they needed to continue to work to communicate the message of limited reporting of changes.

In the two study states where we conducted focus groups, clients did not appear to understand the limited reporting requirements under simplified reporting. To be sure, they noticed the benefit of the longer certification periods or less frequent reports. Several clients recognized that some changes would not affect food stamps but still did not understand that they did not need to report the changes.

3. Other Minor Operational Challenges Faced by States

The study states have faced several other minor operational challenges under simplified reporting.

- ***Case Closures Due to Failure to Submit Semiannual Reports.*** In Arizona and Louisiana, both with 12-month certifications and semiannual reports, field staff reported that clients do not always return semiannual forms by the deadline or at all. Clients must therefore reapply for food stamps by submitting a full

application, undermining the staff workload and client burden reductions of 12-month certifications. In Arizona, which requires Medicaid reviews every 6 months, staff perceived that some clients did not understand the need to send in the semiannual report for food stamps because they had just visited the office for a Medicaid review.

- ***Case Closures Due to Use of the Formal Request for Contact.***[8] In Ohio and Arizona, caseworkers use the formal Request for Contact form when needed to verify a change. As discussed in Chapter III, use of this approach can lead to, first, case closure if the client fails to respond and then to a reapplication, which would unnecessarily increase the caseworker workload and client burden. In Missouri, caseworkers simply ask for verification via an informal letter or telephone call. As discussed in FNS guidance, in the instance of a more informal request, the caseworker does not close the case if the client does not respond. The benefit level simply remains unchanged. In Louisiana, caseworkers differed on how they handle unverified change reports.

- ***Increased Office Visits Necessary When Benefit Renewals are Not Synchronized.*** Three of the four study states implemented policies aimed at coordinating or synchronizing reviews across programs in order to reduce both the staff burden of duplicating the renewal process and the client burden of visiting the office. In Arizona, however, even though the food stamp recertification period is 12 months, families receiving Medicaid benefits must visit the office for an in-person interview every 6 months, thereby undermining the potential of reduced burden on staff and clients. We observed that the annual food stamp interview is not always synchronized with the two Medicaid interviews, leading in some instances to 3 separate interviews. Arizona has since taken steps to change its food stamp certification period to 6 months under simplified reporting in order to align with the Medicaid renewal period.

C. SUGGESTIONS FOR ADDRESSING THE CHALLENGES OF SIMPLIFIED REPORTING

Overcoming the operational challenges faced by local office staff will allow states to meet more fully the objectives of simplified reporting. Below are some suggestions based on input from state and local staff and site visit observations that may help states overcome these operational challenges.

- ***Coordinate More Closely With Other State-Administered Programs to Increase Alignment of Reporting Requirements Across Programs.*** Improved coordination and alignment of reporting requirements among programs is a crucial step toward reducing the number of interim change

[8] Although this issue is not unique to simplified reporting, it nonetheless undermines the potential work reduction benefits of acting on positive-only changes and was addressed in FNS Q&As under simplified reporting policy (Q&As, second set).

reports. Reducing the reporting of interim changes will reduce the burden of making and processing changes and further reduce QC errors under simplified reporting.[9] One first step might be to examine the opportunities and implications for the FSP and other programs of increased alignment of reporting requirements.

- ***Increase Client Education to Help Clients Better Understand the Simplified Reporting Rules and Thus Report Fewer Changes.*** Particularly when combined with increased coordination with other programs, increased client education about limited reporting requirements may also help reduce the number of changes reported. Increased client education about the need to return semiannual reports on time may also help increase the rate at which reports are returned and reduce the incidence of closures and reapplication.

- ***Expand Staff Training to Help Field Staff More Fully Understand the Rationale Behind the Benefit Freeze Concept and Reduced Reporting Requirements.*** A better understanding of the potential benefits of the simplified reporting freeze concept for staff workload, client access, and QC error rates may help staff more fully accept the major cultural and philosophic shift required for successfully implementing the option. One strategy could be to provide caseworkers with briefs on the advantages of simplified reporting or to highlight such advantages in training materials and sessions, with examples from other states.

- ***Provide More Guidance on When to Act on Negative Changes in States with Positive-Only Reporting.*** Simplifying the rules and providing clear and continuous guidance on when to act or not act on changes may be helpful to staff frustrated by the positive-only policy. In addition, states can use a narrow interpretation of when a change is verified upon receipt to reduce the changes that are acted on. The guidance might include an online help system with actual examples of typical as well as unusual situations, or more formal training for supervisors who can then assist caseworkers. Improved understanding of when to act on changes would help reduce workload, increase staff morale, and reduce QC errors.

Implementing initiatives such as increased training, client education, and coordination of reporting and other requirements among programs is an important step toward overcoming the operational challenges that have emerged under simplified reporting.

[9] The Center on Budget and Policy Priorities (CBPP) just released a report that highlights options for states to improve program integration, including alignment of reporting requirements. CBPP is also preparing a guidebook for states interested in improving alignment and program integration. The CBPP report can be found at http//www.cbpp.org/1-6-04wel.htm.

CHAPTER V

TRANSITIONAL BENEFIT ALTERNATIVE

The Transitional Benefit Alternative is intended to ensure that eligible families leaving TANF continue to receive food stamp benefits. Under this option, a household's food stamp benefit level is fixed at the amount the family received in the month before exiting TANF (adjusted for loss of TANF income), with recipients continuing to receive food stamps in that amount for up to five months. Recipients are not required to reapply or report changes in income during the TBA period. Accordingly, states are "protected" against QC errors during the TBA period.

Compared with the number of states that have implemented simplified reporting, fewer have chosen to adopt TBA. The Center for Budget and Policy Priorities reports that the following 12 states were providing transitional food stamp benefits as of February 2004: Arizona, California, Colorado, Maryland, Massachusetts, Nebraska, New Mexico, New York, North Carolina, Oregon, Pennsylvania, and Virginia.

Some states have been reluctant to adopt TBA owing to concerns about the need to modify computer systems and a belief that TBA would affect too few clients to make the option worthwhile. In Louisiana, for example, state administrators explained that the high cost of reprogramming the state's computer system has been a factor in their decision not to make TBA implementation a priority. They also doubted that TBA would produce notable workload savings for caseworkers. Missouri state staff noted that the positive impact of TBA would be limited in that only a small proportion of the overall food stamp caseload receives TANF.

In this chapter, we describe the experience of one state—Arizona—that offers transitional food stamp benefits. We highlight the choices state administrators made in designing the transitional benefit and then describe the implementation process, including changes to computer systems and caseworker actions. The chapter concludes by outlining important findings from Arizona's TBA implementation.

A. POLICY DESIGN DECISIONS

It was TBA's potential to help clients that motivated Arizona to adopt the option, according to administrators of the state's Family Assistance Administration. Administrators

believed that TBA would ensure that clients continued to meet their nutritional needs even as they stopped receiving cash assistance. They also felt that TBA would support clients' gradual progress toward self-sufficiency. Arizona started planning its TBA implementation in fall 2002 and began offering the benefit in January 2003. By November, over 6,500 food stamp cases were receiving TBA, representing about 3 percent of the state's total food stamp caseload.

In general, states can tailor TBA to their specific needs through decisions regarding (1) what types of TANF leavers will be eligible, (2) how long the benefit should be provided, (3) how to respond to household information received during the transition period, and (4) how to review cases at the end of the transition period. The nature of these decisions and Arizona's policy choices are described below.

Eligibility Among TANF Leavers. Federal regulations allow states to offer TBA to any household that leaves TANF for a reason other than a sanction.[1] State agencies may even choose to restrict TBA further to specific types of TANF leavers—for example, only those households that exit TANF due to earnings. Arizona applies a relatively broad definition of TBA eligibility such that most types of TANF closures automatically transition to TBA. Examples of TBA-eligible closure reasons include excessive income (earned or unearned), time limits, and voluntary withdrawal. Households that are not eligible for TBA under Arizona policy include those that leave cash assistance due to a sanction or those that have voluntarily quit a job or reduced their work hours without good cause. Arizona also excludes cases that are closed for procedural reasons, such as failure to reapply for TANF. According to the Center for Budget and Policy Priorities, two other states–Maryland and Nebraska—provide transitional benefits to households that decide to end their participation in TANF by not reapplying (Rosenbaum 2003).

Length of Benefit Period. Five months is the maximum time permitted for the transitional benefit, but states may choose to offer a shorter benefit period. Given that states are at lower risk for QC errors while TBA remains in effect, they would appear to have little reason to provide benefits for less than the full five months. Arizona offers a five-month transitional benefit, as do all other states that have implemented TBA as of October 2003.

Responding to Changes. TBA recipients are not required to report any changes in income, thereby creating a "freeze" in their food stamp benefits during the transition period. States have the option, however, to respond to household information that is received through other programs and that may help avoid modification of their computer systems and case management processes. On the other hand, responding to changes ignores the QC protection that states enjoy under TBA, creates the potential for additional paperwork to confirm changes, and may reduce the overall convenience and value of the benefit. Arizona's general policy is not to respond to information that would decrease benefits; the

[1] States may allow TBA for a household in which a member is in sanction when the case closes for another reason.

state's computer system does not alter the TBA benefit even if information on additional income is entered. If, however, the agency becomes aware of a change in household size, it may recalculate benefits.

Handling Recertification and TANF Reapplication. States that implement TBA must consider how to address two particular events that may occur during the TBA period and affect a household's status: recertification for food stamps and reapplication for TANF. Because the end of the five-month transitional benefit may not coincide with a household's scheduled food stamp recertification, states may adjust the timing of recertification for TBA recipients. In Arizona, recertifications that normally would occur *before* the end of the five-month TBA benefit are extended to the end of the TBA period. If the certification period would have ended *after* TBA expiration, it is shortened to match the end of the transitional benefit. For TBA households that reapply for TANF benefits, states may choose either to continue transitional benefits until expiration or require families to return to standard benefits. Arizona discontinues TBA when a family re-enters TANF, typically placing the household back into the simplified reporting cycle.

B. IMPLEMENTATION

Arizona's priority in implementing TBA was to simplify administration of the benefit by automating the process as much as possible. Significant steps at the state level included reprogramming the state's computer system to accommodate TBA, training local office staff in TBA procedures, and assessing how to handle QC for TBA cases. TBA implementation in local offices has proven to be relatively smooth. Line staff express support for the benefit and, with a few exceptions, have administered TBA cases as planned.

System Modifications. Implementing TBA in Arizona required substantial staff resources for reprogramming the Family Assistance Administration's computer system, known as AZTECS. Although state and local staff in Arizona note that administering TBA is straightforward as compared with simplified reporting, TBA administration nonetheless presents many challenges from a systems perspective. In particular, the transition to TBA is triggered by one of several TANF closure codes—15 in all. Upon entry of the codes, the system shuts down the existing food stamp case, registers a new application, and calculates the appropriate benefit level based on household size and benefit level in the month before closure of the TANF case. Benefits are adjusted for lack of cash assistance. The system also must establish a five-month approval period and automatically discontinue TBA if a family reapplies for TANF. Administration staff estimated that staff devoted about 500 hours of programming time to making the system changes necessary for TBA and simplified reporting, with most of that time expended on TBA-related specifications.

Training Line Staff. Automating many aspects of TBA administration limited the amount of training needed for Arizona's local office staff. Caseworkers received instruction on the purpose of TBA and the basic eligibility criteria for the benefit. They also studied case closure codes that would prompt AZTECS to provide a household with TBA. Caseworker discretion in the management of TBA cases comes into play mainly in handling information on changes received by the agency—despite the lack of a reporting requirement

for TBA households. Caseworkers thus learned how to input information in situations such as the addition or departure of a household member. Finally, they learned about conditions that would cause closure of a TBA case: the end of the five-month benefit period, reapplication and approval for TANF, or a household's voluntary withdrawal from food stamps. The time state staff budgeted for training—a session lasting just one hour—indicates how straightforward a caseworker's role is intended to be in processing TBA cases.

QC for TBA Cases. Administrators of Arizona's Family Assistance Administration did not indicate that QC protection was a primary reason for offering TBA but did feel it was necessary to assess how TBA cases would be handled for QC purposes. State staff assessed how QC reviewers might read various household and benefit scenarios under TBA. Although the QC standard was clear in most cases—errors would not be counted because households are not required to report changes—some confusion remained over the QC effect of changes in household composition.

TBA Administration in Local Offices. Caseworkers in local offices have generally responded favorably to TBA. In particular, line staff enjoy the opportunity to "reward" families that leave welfare and to support clients who become employed. In contrast to staff reactions to simplified reporting in some states, Arizona caseworkers do not feel that clients are "getting away with something" by receiving a fixed food stamp benefit for five months. Rather, caseworkers appear to see TBA as a reasonable cushion for someone who successfully exits TANF. Automation of most TBA processes relieves most of the burden in delivering TBA and thus contributes to easy acceptance of the benefit among caseworkers.

The minor problems that have arisen in local administration of TBA relate to caseworker perceptions regarding the fairness of the benefit's effective date and to errors on closure codes. In accordance with federal law, Arizona's system sets the effective date for TBA based on the date of TANF closure. When TANF households do not promptly report income, however, the case closure date may differ from the date the family "actually" became ineligible for TANF benefits. In such situations, TBA begins later than it would if the household had reported income without delay, and benefits remain at a high level for longer than they might have otherwise. Caseworkers saw this situation as an improper reward for households that failed to report changes in a timely fashion.

In some instances, caseworkers may err in denying TBA to qualified households. Such errors are an obvious risk in a highly automated system: an incorrect case closure code can result in unwarranted TBA denial. No information is available to indicate how often such mistakes occur, but site visitors did observe one case that used an incorrect closure code.

C. KEY FINDINGS ON TBA IN ARIZONA

Several general observations about Arizona's experience in implementing transitional food stamp benefits may be useful for other states considering adoption of TBA.

Designing a TBA Benefit was not Complex. States have a limited number of decisions to make in designing a transitional benefit, including specification of which TANF

leavers will be eligible and how long the benefit will last. With the federal government covering the cost of transitional food stamps, it appears to be in a state's best interest to define its eligibility criteria broadly and to take advantage of the maximum benefit period, five months. For Arizona, a generous benefit also supported a central goal underlying the state's adoption of TBA—meeting clients' nutritional needs as they moved toward self-sufficiency.

Automating TBA Processes Simplified Administration but Required Substantial Planning and Staff Resources. Arizona identified automation as an important element of TBA implementation, and staff with expertise in computer systems were involved in planning for TBA from the outset. Automatic triggers and benefit determination made it easy for line staff to administer TBA and reduced the amount of staff training needed to put the new policy into practice. Nonetheless, the task of putting in place a relatively simple process for administering the benefit demanded significant advance work, especially for the Family Assistance Administration's computer programmers. Staff resources devoted to system programming were substantially higher for TBA than for simplified reporting.

Caseworkers Welcomed TBA as a Benefit that Clearly Supported Families Leaving TANF. The response of line staff to the TBA benefit stands perhaps in strongest contrast with the state's experience in implementing simplified reporting. Local office staff in Arizona found simplified reporting difficult to administer and believed that some clients received excess food stamps as a result of the policy. On the other hand, caseworkers perceived TBA benefits as a valuable support for families that no longer needed cash assistance; they generally did not appear to question the fixed benefits that families received while on TBA. This response suggests that TBA does not demand the cultural or philosophic shift among caseworkers that might be required in successfully implementing simplified reporting.

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APPENDIX A

STUDY METHODOLOGY

The primary source of information for this study is in-depth case studies that examined the experiences of four states that have implemented the simplified reporting option (Arizona, Louisiana, Missouri, and Ohio) and one state (Arizona) that has implemented TBA as well. Most of the data collection occurred through site visit interviews conducted with state and local office staff in the four states.

1. Study State Selection Process

To identify potential study states, we first compiled information on the simplified reporting policies of states that had implemented simplified reporting as of January 2003 and, then in consultation with ERS, evaluated the states according to selection criteria to guide the selection process. We sought to achieve a mix of state design choices and other criteria. We considered the following:

- ***Simplified Reporting Implementation Date.*** Select states that implemented simplified reporting for earners under the pre-Farm Bill regulations (before October 2002) as well as states that implemented simplified reporting under the Farm Bill.

- ***Implementation of TBA.*** Select at least one state that has also implemented TBA.

- ***Simplified Reporting Certification Period.*** Select states with both 6- and 12-month certification periods to capture differences between the two systems and to understand how states with 12-month certification periods handle semiannual reports.

- ***Simplified Reporting Change Requirements.*** Select states that respond to all changes within the six-month period (by waiver) as well as states that respond to positive changes only (by regulation).

- ***Population Covered by Simplified Reporting.*** Select at least one state that covers households with and without earnings.

- ***Alignment of Simplified Reporting Change Requirements with Other Programs.*** Select at least one state that aligns its food stamp change reporting requirements with reporting requirements in other programs.

- ***Error Rate.*** Select states with a range of QC error rates.

- ***Region.*** Select states from a variety of USDA regions across the country.

- ***State Size.*** Select at least one large state (one in the top 10 of caseload sizes).

After selecting the four study states (Arizona, Louisiana, Missouri, and Ohio), we worked with state officials in each state to identify one local office to be visited. The four study states and local offices represent a broad range of approaches to simplified reporting and have established a fairly "typical" set of food stamp policies, thereby ensuring that the study's findings will be informative and applicable to other states. Table A-1 shows how the simplified reporting policies of the four selected study states correspond to the selection criteria.

2. Case Studies in Four States

Most of the information gathered for the study was obtained through intensive site visits to each of the four study states between April and August 2003. A team of two researchers conducted each visit at both the state and local office level over a three-day period. During the site visits, we conducted individual interviews, held small-group discussions, observed food stamp service delivery, and (at two sites) conducted focus groups with food stamp participants. We also spoke to local advocacy groups or community-based organizations in each state to learn about their role in simplified reporting implementation. Before the visits, we developed prototype interview protocols, which we then adapted as needed to address variations in state policies and operations.

State Office Interviews. The state office interviews focused on reviewing state simplified reporting (and TBA) policies and goals, discussing design issues and philosophy, and examining general implementation issues, successes and challenges, and integration issues. We also met with computer systems staff to understand system changes and computer automation and integration issues. We met with training staff to understand the type and extent of training delivered for simplified reporting implementation and conferred with QC staff to learn about QC error issues associated with simplified reporting.

Table A.1. Case Study States by Selection Criteria

Simplified Reporting Design Choices	Study States			
	Arizona	Louisiana	Missouri	Ohio
1. Early simplified reporting implementer?	No January 2003	Yes August 2001	Yes May 2001	Yes July 2002
2. Implementing TBA?	Yes January 2003	No[a]	No	No
3. Simplified reporting certification period	12 months	12 months	6 months	6 months
4. Simplified reporting change response	Positive only	All (waiver)	Positive only	All (waiver)
5. Simplified reporting population covered	Earners and nonearners	Earners only[b]	Earners and nonearners	Earners only
6. Alignment of change reporting requirements of other programs with food stamp reporting requirements	FSP and TANF	FSP, TANF, and child care	None	None
7. Error rate[c]	5.27	5.78	9.77	6.5
8. FNS region[d]	7	5	6	4
9. Big state?	No	No	No	Yes

[a]Louisiana has long-range plans to implement TBA.

[b]Louisiana expanded simplified reporting to nonearners in July 2003, shortly after our site visit.

[c]FY 2002 error rates; FY2002 national error rate was 8.26.

[d]1 = Northeast; 2=Mid-Atlantic; 3=Southeast; 4=Midwest; 5=Southwest; 6=Mountain Plains; and 7=West.

Local Office Interviews. The local office interviews focused on understanding the details of how food stamp applications, recertifications, and changes under simplified reporting are processed and how the processes interact with other programs. We also held discussions with administrators and caseworkers both individually and in groups to understand what they like and do not like about simplified reporting and how it affects their workload, caseloads, QC errors, and other aspects of their day-to-day activities. In addition, we solicited their recommendations and suggestions. We observed client interviews to see first-hand how recertifications are conducted and to understand how reporting and renewal obligations are addressed.

Focus Groups. In Louisiana and Missouri, we conducted focus groups with a group of about 12 food stamp participants to understand their experiences in the FSP under simplified reporting, particularly with regard to retention and recertification. The participants represented a range of perspectives, including persons with and without

earnings, those who had received food stamp benefits before simplified reporting was implemented and those who first applied under the new policies, and those who had lost food stamps in the past. Focus group participants received a small cash payment in appreciation for their time and assistance and for reimbursement of child care and transportation costs.

We based our analysis of the case study data on detailed site visit narratives prepared after each site visit. The narratives summarized information collected in all state and local office interviews, discussions, and focus groups. They include detailed descriptions of (1) reasons for implementing simplified reporting (and TBA) and the policies adopted in each state; (2) design issues; (3) the process used to implement simplified reporting (and TBA); (4) how simplified reporting (and TBA) works in the local office, including recertifications, interim reports, and semiannual reports; (5) issues relating to the alignment of reporting requirements and certification periods of other major programs with food stamps; (6) the impact of simplified reporting (and TBA) on workload, caseload, access, and QC error rates; (7) field staff and client response to simplified reporting (and TBA); and (8) essential findings, important successes, and challenges. We used the detailed narratives to compare operations, approaches, and significant implementation issues across the four study states.