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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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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 Option² 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

Key Decisions	Study States			
	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

^aLouisiana 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.