

## CHAPTER V

### TRANSITIONAL BENEFIT ALTERNATIVE

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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.<sup>1</sup> 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 foodstamp 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

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<sup>1</sup> 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 particularevents 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 transitionalbenefit 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

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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. Automated 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.