

# **Hungry in Florida:**

**Three Options in the  
Food Stamp Program  
to Help Alleviate Poverty and  
Improve Food Security**

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## **Executive Summary**

Hunger in America and in Florida has been well documented by the United States Department of Agriculture (USDA).<sup>1</sup> The Food Stamp Program is one way to ensure that Floridians throughout the state are receiving enough to eat. Unfortunately, USDA research found that 48% of eligible Floridians are not participating in the Food Stamp program.<sup>2</sup> Florida can make positive changes that will encourage more people who need Food Stamps to participate in the program and may qualify Florida to receive bonuses from the federal government.<sup>3</sup> The 2002 Farm Bill offered states a number of options to improve their Food Stamp Programs.<sup>4</sup> The Department of Children and Families (DCF), which administers the Food Stamp Program in Florida, has already adopted some of the options in the bill. However, DCF can make three additional changes that would dramatically improve the program.

First, DCF can align its Food Stamp vehicle rule with its TANF childcare rules.<sup>5</sup> Currently, DCF allows Food Stamp clients to own a car worth up to \$8500, but any value over \$8500 counts toward the \$2000 asset limit. By adopting the TANF childcare rule, DCF would no longer consider vehicles in determining whether or not a person is eligible for Food Stamps. This policy change will allow more Floridians to own a reliable vehicle *and* qualify for Food Stamps. Florida's current policy is more restrictive than the policy in 44 other states.<sup>6</sup>

Second, DCF can automatically provide five months of transitional Food Stamp benefits to people when they leave TANF, thus making the transition from welfare to work much smoother for Floridians. In California, it is estimated that this policy change will bring an additional \$80 million of federal funding into the state.<sup>7</sup>

Third, DCF can change its sanctions policy. Currently, if the head of the household is sanctioned for not meeting work or education requirements, then DCF sanctions the entire household. Instead of withholding Food Stamp benefits from the adult and the children, Florida could change its policy so that it only sanctions the head of the household. Research has identified the **direct** link between access to food during childhood and a person's success in school, health, positive social interaction with others and productivity as an adult.<sup>8</sup> Keeping eligible children in the Food Stamp Program is good public policy.

Making these changes does not require legislative approval. DCF simply notifies the regional USDA office in Atlanta of its desire to implement these policies. DCF will demonstrate its firm commitment to Floridians by adopting these options; thousands (including children) will benefit. Florida's economy will also benefit from the millions of federal dollars that will enter the state because of these changes.

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<sup>1</sup> Florida Impact- Food Insecurity for the State of Florida-  
[http://www.flimpact.org/poverty%20stats.htm#TABLE%20ONE%20%20FLORIDA%20FOOD%20INSECURITY%20\(Number%20of%20Households\)](http://www.flimpact.org/poverty%20stats.htm#TABLE%20ONE%20%20FLORIDA%20FOOD%20INSECURITY%20(Number%20of%20Households))

<sup>2</sup> USDA "State Food Stamp Participation Rates in 2000" Dec 2002.  
<http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/Reaching2000.pdf>

<sup>3</sup> *Justification Review: Economic Self-Sufficiency Performance Mixed; Food Stamp Improvements Could Yield Federal Bonuses*, Report No. 03-52, October 2003 <http://www.oppaga.state.fl.us/monitor/reports/pdf/0352rpt.pdf>

<sup>4</sup> USDA Food Stamp Program "State Options Report". October 2003.  
[http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State\\_Options/third/state-options-final.pdf](http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State_Options/third/state-options-final.pdf)

<sup>5</sup> The Temporary Assistance to Needy Families replaced Aid to Families with Dependent Children (AFDC) under the Welfare Reform passed in 1996.

<sup>6</sup> New State Options to Improve the Food Stamp Vehicle Rule" Jan 16, 2001. <http://www.cbpp.org/1-16-01fs.pdf>

<sup>7</sup> Save Money Cut Hunger Act (A.B. 231) <http://www.cfpa.net/>

<sup>8</sup> Center on Hunger and Poverty "Statement on the Link Between Nutrition and Cognitive Development in Children" 1998  
<http://www.centeronhunger.org/cognitive.html#intro>

# Hungry in Florida:

## Three Options in the Food Stamp Program to Help Alleviate Poverty and Improve Food Security

Yalila, a single mother and her two children live in Miami. Yalila works full time and is an American citizen, yet the Department of Children and Families (DCF) denied her application for Food Stamp benefits. Being employed is not what prevented Yalila from receiving Food Stamp benefits; surprisingly, how Yalila gets to work did. Yalila uses her car, a 2001 Nissan Sentra that has been in two accidents, to drive to work every day. While this car enables Yalila to work, it also makes her and her children ineligible for Food Stamp benefits. (The car, valued by DCF at \$10,000, exceeded Florida's car limit of \$8,500 and counted \$1500 towards the asset limit of \$2,000 she had more than \$500 in other assets, putting her over the limit.) Yalila, like too many other Floridians, is forced to decide between owning a reliable vehicle **or** receiving Food Stamp benefits.

### Introduction

Real life stories such as Yalila's illustrate some of the contradictions in Florida's current Food Stamp Program and emphasize the drastic need for policy changes. While Food Stamp benefits provide food that is desperately needed, there are several DCF policies that act as barriers to people participating in the program, especially those who are working or are making the transition from welfare to work. This report examines three policy changes that DCF can make to improve the Food Stamp Program in Florida.

➤ **Hunger is an issue that too many Americans are currently experiencing.**

Poverty in America is a well-documented problem that contributes to people not getting enough food and/or skipping meals. Research by the United States Department of Agriculture (USDA) indicated that in 2002, 11.1 % of U.S. households were food insecure. In other words, at some point during 2002, 12.1 million households did not have enough food for all members due to a lack of resources.<sup>1</sup> A 2003 survey released by the U.S. Conference of Mayors found that:

On average, 14 percent of the requests for emergency food assistance are estimated to have gone unmet during the last year. For families alone, 15 percent of the requests for assistance are estimated to have gone unmet. In 56 percent of the cities, emergency food assistance facilities may have to turn away people in need due to lack of resources.<sup>2</sup>

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<sup>1</sup> *Household Food Security in the United States, 2002 FANRR-35* [www.ers.usda.gov/publications/fanrr35](http://www.ers.usda.gov/publications/fanrr35)

<sup>2</sup> The United States Conference of Mayors Hunger and Homelessness Survey, Dec 2003.

<http://www.usmayors.org/uscm/hungersurvey/2003/online-report/HungerAndHomelessnessReport2003.pdf>

The number of hungry people in Florida mirrors national statistics. Florida Impact, a non-profit organization based in Tallahassee, cites USDA research on Florida that reported 12.2 percent of households as food insecure during 2001 and 6,341,121 food insecure households during 1999.<sup>3</sup>

➤ **Food Stamp benefits are a tool that can provide food security.**

The name “Food Stamps” is a bit of a misnomer because clients now receive an “Electronic Benefits Transfer Card” (EBT). Therefore, this paper uses the term “Food Stamp benefits” as opposed to “Food Stamps.” A person uses their EBT card like a debit card and enters their Personal Identification Number (PIN) at the grocery store in order to purchase food. Depending on the size of the household and the amount of household income, a set amount of funds (which can only be used to purchase food) are placed on the card each month. The Economic Self Sufficiency Program (ESS), a division of DCF, administers the Food Stamp Program in Florida. ESS also administers the Temporary Assistance to Needy Families (TANF) program and the TANF-funded childcare program. In 2003, the Food Stamp Program provided \$987 million in benefits to the 1.1 million Floridians who participated in the program.<sup>4</sup>

➤ **DCF policy is a barrier to participation in the Food Stamp Program.**

Unfortunately, USDA research found that 48 percent of households eligible for Food Stamp benefits in Florida are not participating in the program.<sup>5</sup> The 2002 Farm Bill grants state Food Stamp Programs the opportunity to adopt a number of options and provides incentives for states to increase the amount of eligible people who are receiving Food Stamp benefits.<sup>6</sup>

➤ **DCF policy does not have to be a barrier.**

This report will examine three practical options that DCF is permitted and encouraged by the USDA to adopt under the 2002 Farm Bill.<sup>7</sup> The first option, changing the Food Stamp vehicle rule to match the TANF-funded childcare eligibility rules, would allow low income Floridians to own a reliable vehicle and still qualify for Food Stamp benefits. The second option, changing DCF policy to automatically grant those leaving TANF five months of Food Stamp benefits, would assist Floridians as they transition from welfare to work. The third option, modifying the sanctions rule, would stop sanctioning the entire household when the head doesn’t meet work or other requirements. Making these changes does not require legislative approval. DCF simply needs to notify the regional USDA office in Atlanta of its desire to change the options. Adopting these three options will enable DCF and the Food Stamp Program to better serve the 1.1 million Floridians who depend on this program every year.<sup>8</sup> In addition, these options will allow more low-income Floridians to utilize Food Stamp benefits.

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<sup>3</sup> Florida Impact- Food Insecurity for the State of Florida <http://www.flimpact.org>

<sup>4</sup> USDA Food Stamp Program Benefits <http://www.fns.usda.gov/pd/fsfybft.htm>;

USDA “Food Stamp Program Number of Person Participating” <http://www.fns.usda.gov/pd/fslatest.htm>

<sup>5</sup> USDA “State Food Stamp Participation Rates in 2000” Dec 2002.

<http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/Reaching2000.pdf>

<sup>6</sup> USDA “Under secretary summary of state options” July 2002.

[http://www.fns.usda.gov/fsp/rules/Memo/02/undersec\\_options\\_letter.htm](http://www.fns.usda.gov/fsp/rules/Memo/02/undersec_options_letter.htm)

<sup>7</sup> USDA “Under secretary summary of state options” July 2002.

[http://www.fns.usda.gov/fsp/rules/Memo/02/undersec\\_options\\_letter.htm](http://www.fns.usda.gov/fsp/rules/Memo/02/undersec_options_letter.htm)

<sup>8</sup> USDA “Food Stamp Program Number of Person Participating” <http://www.fns.usda.gov/pd/fslatest.htm>

### ➤ **Cost of Adopting Options**

While considering the following options, it is important to note that state and federal governments split (50/50) the administrative cost incurred in distributing Food Stamp benefits. If Florida adopts these proposed changes, the administrative costs (such as changing the computer system) would be split between the federal and state governments, with each paying half. The federal government alone pays the actual cost of Food Stamp benefits. The vehicle rule would be the easiest to implement and will require no additional computer modifications. Providing transitional benefits and changing the sanctions policy will require computer modifications, but these changes will also bring in additional federal dollars. Additionally, the USDA has specific funding set aside for state officials to travel to other states to see how they have implemented some of the options.

### ➤ **Benefit of Adopting Options**

As more people use the Food Stamp Program (the anticipated result from adoption of these three proposed options), additional federal dollars will enter the local economy, benefiting the entire state. Food Stamp benefits are spent in local stores, driving local economies and creating local jobs.<sup>9</sup> In 2003 alone, the federal government injected \$988 million into Florida's economy via Food Stamp benefits.<sup>10</sup> USDA research determined that every \$5 in Food Stamp benefits generates an additional \$9.20 in economic activity.<sup>11</sup> Using this model, in 2003, the \$988 million of Food Stamp benefits distributed in Florida generated over \$1 billion in economic activity.

### ➤ **Error Rate**

In order to receive federal bonuses for improvements in the Food Stamp Program (and avoid paying penalties) DCF has renewed its focus on reducing Florida's error rate.<sup>12</sup> Therefore, addressing the potential for error in any policy change is important. The error rate is determined by examining the number of mistakes made by DCF in calculating benefits levels and eligibility for Food Stamp clients. The federal government, under the 2002 Farm Bill, set aside \$48 million in bonuses for states that can improve their error rate and enroll more eligible participants.<sup>13</sup> These three options will be neutral in the state error rate and could possibly lower Florida's error rate. For instance, this will translate to less errors resulting from improperly issuing Food Stamp benefits to a household whose car should have made them ineligible. For the transitional Food Stamp benefits option, USDA policy states that the amount is correct for the five months even if an error occurred earlier in the case. In addition, the USDA provides states a 120-day "grace period" to correct any glitches that may occur from adopting these options. During this grace period, any errors made are not counted towards the state's error rate.<sup>14</sup>

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<sup>9</sup> "Effects of changes in Food Stamp expenditures across the U.S. economy" Hanson and Golan, 2002.

<http://www.ers.usda.gov/publications/fanrr26/fanrr26-6/fanrr26-6.pdf>

<sup>10</sup> USDA Food Stamp Benefits <http://www.fns.usda.gov/pd/fsfybft.htm>

<sup>11</sup> Testimony of Eric M. Bost, Under Secretary, Food, Nutrition, and Consumer Services July 24, 2003

<http://www.fns.usda.gov/cga/Speeches/CT072403.html>

<sup>12</sup> Justification Review: Economic Self-Sufficiency Performance Mixed; Food Stamp Improvements Could Yield Federal Bonuses, Report No. 03-52, October 2003 <http://www.oppaga.state.fl.us/monitor/reports/pdf/0352rpt.pdf>

<sup>13</sup> Ibid.

<sup>14</sup> Center on Budget and Policy Priority "Implementing New Changes to the Food Stamp Program: A Provision by Provision Analysis of the Farm Bill" 12/2/03 <http://www.cbpp.org/8-27-02fa.pdf>;

Questions and Answers Regarding the Farm Bill (USDA web site)

[http://www.fns.usda.gov/fsp/rules/Legislation/2002\\_farm\\_bill/farbill-QAs.htm](http://www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farbill-QAs.htm)

## OPTION ONE: CHANGE THE VEHICLE RULE

### Vehicles help Floridians achieve self-sufficiency.

On DCF's Economic Self Sufficiency web page (<http://www.dcf.state.fl.us/ess/aboutus.shtml>) a heading declares: “**WE PROMOTE SELF-SUFFICIENCY.**” Below the heading, this statement is reiterated with: “We help a variety of Floridians achieve self-sufficiency by linking them to jobs and helping them maintain homes in communities across Florida.”<sup>15</sup> Adopting TANF-funded childcare vehicle rules in the Food Stamp Program is an excellent opportunity for DCF to align its policies with its stated goal of economic self-sufficiency for all Floridians. This policy change would more realistically reflect the need for a reliable vehicle to support finding and keeping a job. Currently, however, Florida's vehicle rules are more restrictive than 44 other states.<sup>16</sup>

Florida integrated its Food Stamp vehicle rule with TANF rules in 2001 to allow a vehicle exclusion of up to \$8500.<sup>17</sup> However, this exclusion still acts as a barrier for otherwise eligible people. The Center on Budget and Policy Priorities reports that for the vehicle limit today to have the same real value as the original Food Stamp limit (set in 1977) it would need to be set at more than \$12,800.<sup>18</sup>

Federal legislation passed in 2000 allows states to align their Food Stamp vehicle rules with those of certain TANF or TANF-funded programs, such as childcare.<sup>19</sup> This legislation permits Florida to align its Food Stamp vehicle rule to the TANF-funded childcare program; a program without a vehicle limitation.<sup>20</sup> Florida meets the USDA criteria for this option because it uses federal TANF funds for childcare assistance.<sup>21</sup> Therefore, Florida can apply the TANF childcare eligibility policy (which excludes vehicles in the asset test) to the Food Stamp Program.

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<sup>15</sup> “Department of Children and Families Economic Self Sufficiency Web Page”

<http://www.dcf.state.fl.us/ess/aboutus.shtml>

<sup>16</sup> Center on Budget and Policy Priority

“New State Options to Improve the Food Stamp Vehicle Rule” Jan 16, 2001. <http://www.cbpp.org/1-16-01fs.pdf>

<sup>17</sup> Appendix C “Federal Food Stamp Options and Waivers”

<http://www.oppaga.state.fl.us/monitor/reports/pdf/0352rpt.pdf>;

Florida Department of Children and Families Policy Manual

[http://www.dcf.state.fl.us/publications/esspolicymanual/pa1600\\_fstca.pdf](http://www.dcf.state.fl.us/publications/esspolicymanual/pa1600_fstca.pdf)

<sup>18</sup> “New State Options to Improve the Food Stamp Vehicle Rule” Jan 16, 2001.

<http://www.cbpp.org/1-16-01fs.pdf>

<sup>19</sup> As cited in C.B.P.P. report, “New State Options to Improve the Food Stamp Vehicle Rule” Jan 16, 2001.

<http://www.cbpp.org/1-16-01fs.pdf>

<sup>20</sup> Per Florida Administrative Code-“65A-4.218 Child Care” <http://fac.dos.state.fl.us/faconline/chapter65.pdf>;

<sup>21</sup> [http://www.acf.dhhs.gov/programs/ofs/data/tanf\\_2002.html](http://www.acf.dhhs.gov/programs/ofs/data/tanf_2002.html) In 2002, Florida reported spending \$30.7 million in federal TANF funds on childcare assistance and \$3.2 million in federal TANF funds on transportation and other supportive services assistance. Florida spent an additional \$13.6 million in state Maintenance of Effort (MOE) on childcare assistance and \$0.5 million MOE on transportation and other supportive services assistance. Note: Preliminary analysis by the Center on Budget and Policy Priorities of the TANF spending data for fiscal year 2003 that Florida submitted to the Department of Health and Human Services. There are no indications that spending on child care assistance programs has changed since federal fiscal year 2002, while transportation assistance continued to be funded in FY 03, but at a lower level than FY 02.

Under current DCF policy, if John Smith applies for Food Stamp benefits and he owns a car that is valued at \$10,000 (and he doesn't owe anything on it), then \$1500 would be counted towards his assets (\$10,000 - \$8,500 exclusion = \$1,500). If he already had \$600 in assets (e.g. checking/savings account), then he would be \$100 over the state's current asset limit of \$2,000 and therefore wouldn't qualify for Food Stamp benefits. This rule effectively places a person and/or the family in the mutually exclusive position of either owning a reliable vehicle or being eligible for Food Stamp benefits. If a family is forced to sell a vehicle to qualify for Food Stamp benefits, then achieving self-sufficiency becomes harder. Without a car, looking for and retaining a job is incredibly difficult. Furthermore, owning a lower value, less reliable car may require additional money for costly repairs. Senator Harkin (D-Iowa) testified in support of reforming vehicle rules in 2000: "Particularly in an era of welfare reform, we should not be forcing households to choose between reliable transportation and needed food assistance, as current rules effectively do."<sup>22</sup>

By adopting this policy, DCF will demonstrate a strong commitment to helping people achieve self-sufficiency. Additionally, this option assists *all* people applying for Food Stamp benefits, not just those receiving TANF benefits (only 21 percent of Food Stamp households also receive TANF benefits).<sup>23</sup> USDA guidelines state:

If a state decides to apply the policies from a State TANF or MOE-funded program to evaluate vehicles for Food Stamp purposes, those policies will apply to all Food Stamp households in the state, whether or not they receive or are eligible to receive TANF assistance of any kind.<sup>24</sup>

### **Implementation:**

By adopting the vehicle exclusion option DCF would join the ranks of 24 other states that already recognize that owning a car should not be a barrier to participation. These 24 states exclude the value of all vehicles in the asset test for the Food Stamp Program. An additional 15 states exclude the value of one vehicle.<sup>25</sup>

Adopting this option may actually lower Florida's error rate. This option eliminates the possibility of improperly issuing Food Stamp benefits to a household whose car made it ineligible. It would also require less paper work and less computation (required to determine the value of the vehicle) and thus leave less room for human error.

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<sup>22</sup> As cited in C.B.P.P. report, "New State Options to Improve the Food Stamp Vehicle Rule" Jan 16, 2001. <http://www.cbpp.org/1-16-01fs.pdf>

<sup>23</sup> USDA "Characteristics of Food Stamp Households"

<http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2002Characteristics.htm>

<sup>24</sup> Susan Carr Grossman, Deputy Administrator, Food Stamp Program, FNS, USDA. 3 (January 4, 2001) (set out below in Appendix B) as cited in C.B.P.P. report, "New State Options to Improve the Food Stamp Vehicle Rule" Jan 16, 2001. <http://www.cbpp.org/1-16-01fs.pdf> Note: "MOE indicates "Maintenance of Effort" Under TANF block granting, states are required to maintain state funding levels for TANF or related programs that would benefit TANF populations or potential TANF populations, even as caseloads decline.

<sup>25</sup> Center on Budget and Policy Priorities, "States Vehicle Asset Policies in the Food Stamp Program" Revised Jan 2004. <http://www.cbpp.org/7-30-01fa.pdf>



**Estimated Cost:**

While DCF could change their computer system to accommodate this change, a cost-free alternative also exists: DCF could simply instruct eligibility workers to not include vehicles when they compute a family's assets. (For example, when John Smith applies for Food Stamp benefits, the DCF eligibility worker would not ask him about his vehicle or would simply enter \$0 as the vehicle value.)

**Estimated Benefit:**

If DCF adopts this option, Floridians who have been denied benefits in the past would now be allowed to own a reliable car and be eligible for Food Stamp benefits. Owning a vehicle should not be a barrier to obtaining food, and this policy change will help to increase food security in Florida.

Additionally, the Center on Budget and Policy Priorities' research determined that if Florida increases its Food Stamp participation rate by 10 percentage points, from 52 percent to 62 percent, it could bring an additional \$250 to \$300 million in Food Stamp benefits into Florida's economy.<sup>26</sup> Thus, by changing this rule, and thereby increasing the amount of people using Food Stamp benefits, DCF will have a direct, positive effect on Florida's economy

**OPTION TWO: TRANSITIONAL FOOD STAMP BENEFITS****Transitional Food Stamp benefits assist people going from welfare to work.**

Governor Jeb Bush stated that he supports the idea of welfare to work, and acknowledged that there are obstacles in the process. Speaking in 1999 about a federal welfare grant, Governor Bush stated: "getting people off the welfare rolls was just the start. With this funding, we can address some of the obstacles that remain a problem for people coming off of welfare."<sup>27</sup> One of the most difficult obstacles in this transition is having enough money to buy food; this option ensures that people will be able to eat while transitioning from welfare to work.

Part of the 2002 Farm Bill, this option automatically provides a person leaving TANF transitional Food Stamp benefits for five months (without additional contact from their eligibility worker).<sup>28</sup> Those people sanctioned from TANF, and/or disqualified from the Food Stamp Program are ineligible for this option.<sup>29</sup>

Most families who leave TANF remain eligible for Food Stamp benefits. However, many are unaware of this, or do not want to complete additional paperwork. This option will ensure that people know they are still eligible for Food Stamp benefits; it will also increase the benefit level for some households.

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<sup>26</sup> Center on Budget and Policy Priorities, Unpublished Analysis by Dottie Rosenbaum.

<sup>27</sup> Press Release, Oct 1999 [http://sun6.dms.state.fl.us/eog\\_new/eog/library/releases/1999/october/welfare-to-work\\_10-5-99.html](http://sun6.dms.state.fl.us/eog_new/eog/library/releases/1999/october/welfare-to-work_10-5-99.html)

<sup>28</sup> USDA Section by Section Summary of Provisions affecting Food Stamp Provisions [http://www.fns.usda.gov/cga/2002\\_Farm\\_Bill/food\\_stamps.html](http://www.fns.usda.gov/cga/2002_Farm_Bill/food_stamps.html)

<sup>29</sup> Letter from Under Secretary Eric Bost to state commissioners, July 2002. [http://www.fns.usda.gov/fsp/rules/Memo/02/undersec\\_options\\_letter.htm](http://www.fns.usda.gov/fsp/rules/Memo/02/undersec_options_letter.htm);

For instance, under the current system, if John Smith leaves TANF (for reasons other than sanctions), it is possible that he will be moved off of the Food Stamp Program as well. However, if DCF were to adopt transitional Food Stamp benefits, then John's eligibility worker would close John's TANF case and automatically calculate John's Food Stamp benefit level without the TANF income (because he is no longer receiving it). John's Food Stamp benefit level would be certified at this amount for five months. At the end of five months, if John wants to continue receiving Food Stamp benefits, he would then meet with a DCF eligibility worker to recertify.

Ten other states have already adopted transitional benefits to support people moving from welfare to work.<sup>30</sup> In announcing transitional Food Stamp benefits for the state of New York, Governor Pataki said: "By providing this extension, we will ensure that New Yorkers will continue to receive this valuable benefit as they move from welfare to work."<sup>31</sup> New York recognized the need for assistance during the difficult transition from welfare to work; now it is time for Florida to do the same.

The benefits of this option are significant for the client and DCF. First, it reduces paper work and certification work for the eligibility worker and family. All the state needs to know is that the household left TANF. The five-month transitional benefit amount is automatically calculated by taking the last month of food stamp benefits and removing the TANF income from the budget. This is the right benefit level even if there was an earlier error in the case. Second, this option clarifies for clients that although a family may no longer be eligible for TANF or no longer wish to receive TANF, it is likely that they are still eligible for Food Stamp benefits. (It is a common mis-conception among clients that when they leave TANF, they are no longer eligible for Food Stamp benefits.)<sup>32</sup> Finally, and perhaps most importantly, by offering transitional Food Stamp benefits, Florida can show its strong commitment to assisting Floridians' move from welfare to work. Research demonstrates that clients who use other government benefits (such as the Food Stamp Program) after they leave TANF are less likely to return to TANF.<sup>33</sup>

### **Implementation:**

In a Justification Review from October 2003, DCF stated it would not pursue the option of transitional Food Stamp benefits for the following reasons:

1. It poses a risk to the state, with a high potential for errors, which must be recouped.
2. Errors would occur because other changes to a household's financial status would still need to be acted upon even though Food Stamps remain unchanged.

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<sup>30</sup> USDA Food Stamp Program "State Options Report". October 2003.

[http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State\\_Options/third/state-options-final.pdf](http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State_Options/third/state-options-final.pdf)

<sup>31</sup> New York State Families to Receive Automatic Three Month Extension of Benefits. November 2001.

[http://www.state.ny.us/governor/press/year01/nov15\\_2\\_01.htm](http://www.state.ny.us/governor/press/year01/nov15_2_01.htm)

<sup>32</sup> U.S.D.A. letter to governors-

[http://www.fns.usda.gov/fsp/rules/Memo/Support/00/governors\\_FSEligibility.htm](http://www.fns.usda.gov/fsp/rules/Memo/Support/00/governors_FSEligibility.htm);

Loprest, Pamela. "Use of Government Benefits Increases among Families leaving Welfare" Aug 2003.

<http://www.urban.org/Template.cfm?NavMenuID=24&template=/TaggedContent/ViewPublication.cfm&PublicationID=8551>

<sup>33</sup> Ibid.

3. It would be especially difficult to implement since all assistance programs are integrated into one computer system and would lead to changes to Food Stamps that should not occur.
4. It could be confusing for households with different reporting requirements across programs.<sup>34</sup>

It is important to analyze the validity of these concerns. The Center on Budget and Policy Priority directly addresses many of them in its report on Transitional Benefits.<sup>35</sup>

1. “It poses a risk to the state, with a high potential for error, which must be recouped.”

In fact, transitional Food Stamp benefits may actually *lower* the rate of error. By issuing transitional Food Stamp benefits, the department decreases the amount of paper work and contact needed from clients. The eligibility worker simply uses the client’s TANF information (such as household size, income, etc.) already in the computer (from the previous month) to determine the Food Stamp benefit level (minus the TANF benefits). Finally, the 120-day “grace period” gives DCF ample time to correct any glitches in the system as a result of the change.<sup>36</sup>

2. “Errors would occur because other changes to a household’s financial status would still need to be acted upon even though Food Stamps remain unchanged.”

This is another issue that could be overcome at the computer programming level. DCF can program the computer to override other information and authorize the Food Stamp benefits at a frozen level for five months. For example, if John Smith started a job and his TANF case closed because he was making too much money, he would automatically receive five months of transitional Food Stamp benefits as he makes the transition from welfare to work. The eligibility worker would use his new income information to determine whether or not John is still eligible for other programs, such as Medicaid.

A good model for this policy is DCF’s Transitional Medical Assistance (TMA), which it provides to people leaving TANF. If a client leaves TANF due to increased earnings, the client and his family automatically become eligible for TMA for six months, regardless of the amount of income (as long as the family still has minor children in the house).<sup>37</sup> USDA guidelines state that the eligibility worker does not need to act on any other changes unless the family reappplies for Food Stamp benefits.<sup>38</sup> (This includes unknown income information if the client was moved off of TANF due to income).<sup>39</sup>

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<sup>34</sup>Appendix C “Federal Food Stamp Options and Waivers”

<http://www.oppaga.state.fl.us/monitor/reports/pdf/0352rpt.pdf>

<sup>35</sup> Center on Budget and Policy Priorities “Transitional Food Stamps: Background and Implementation Issues” Nov 2003. <http://www.cbpp.org/11-10-03fa.htm>

<sup>36</sup> Center on Budget and Policy Priority “Implementing New Changes to the Food Stamp Program: A Provision by Provision Analysis of the Farm Bill” 12/2/03 <http://www.cbpp.org/8-27-02fa.pdf>;

<sup>37</sup>DCF ESS Program Policy Manual <http://www.dcf.state.fl.us/publications/esspolicymanual/PA2000.pdf>  
2030.0614

<sup>38</sup> Center on Budget and Policy Priorities “Transitional Food Stamps: Background and Implementation Issues” Nov 2003. <http://www.cbpp.org/11-10-03fa.htm>

<sup>39</sup> USDA Questions and Answers Regarding the Food Stamp Program-

[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.htm)

3. “It would be especially difficult to implement since all assistance programs are integrated into one computer system and would lead to changes to Food Stamps that should not occur.”

This is another issue that can be addressed at the computer programming level. For instance, DCF already uses a code for TMA that allows them to ignore and override income information for 6 months. This code functions regardless of the effect of that income information on the other programs integrated into Florida’s computer system. (In other words, DCF has already proven that it can overcome this small obstacle effectively and without error.)

Some states have automated the process so that transitional Food Stamp benefits are triggered by the code the eligibility worker uses when the client’s TANF case is closed. (This also prevents errors from happening; if a client’s TANF case was closed due to a sanction, then the code would *not* trigger transitional Food Stamp benefits).<sup>40</sup>

4. “It could be confusing for households with different reporting requirements across programs.”

Households are already confused about whether or not they still qualify for Food Stamp benefits when they leave TANF.<sup>41</sup> By adopting the transitional benefits option, DCF would help eligible Food Stamp clients understand that they are still eligible for Food Stamp benefits when they leave TANF. Research suggests that households who leave TANF (many of whom also leave the Food Stamp Program, unaware of their eligibility) are more likely to face economic hardship, which forces members of the household to skip meals due to lack of resources.<sup>42</sup> By providing transitional Food Stamp benefits, DCF will help prevent Floridians from going hungry.

As previously discussed, TMA also has a “different reporting requirement” (the client does not have to report any information for 6 months) and has been an excellent program for people leaving TANF. It is far more valuable for DCF to change this policy and encounter some temporary confusion (which can be overcome with written notices and worker explanations) than it is to not adopt this policy and not support clients who are making the difficult transition from welfare to work.

While DCF has expressed concern about adopting transitional benefits, most of these concerns can be addressed at the computer programming level and have been successfully implemented in other programs such as TMA. . Perhaps most importantly, transitional Food Stamp benefits can provide people the crucial support they need as they move from welfare to work.

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<sup>40</sup> Center on Budget and Policy Priorities “Transitional Food Stamps: Background and Implementation Issues” Nov 2003. <http://www.cbpp.org/11-10-03fa.htm>

<sup>41</sup> Loprest, Pamela. “Use of Government Benefits Increases among Families leaving Welfare” Aug 2003. <http://www.urban.org/Template.cfm?NavMenuID=24&template=/TaggedContent/ViewPublication.cfm&PublicationID=8551>

<sup>42</sup>The Urban Institute “Disconnected Welfare Leavers Face Serious Risks” August 2003. [www.urban.org/Template.cfm?Section=ByTopic&NavMenuID=62&template=/TaggedContent/ViewPublication.cfm&PublicationID=8552](http://www.urban.org/Template.cfm?Section=ByTopic&NavMenuID=62&template=/TaggedContent/ViewPublication.cfm&PublicationID=8552)

## **Estimated Cost**

Adopting this option would entail a one-time cost: changing the computer system. Wisconsin estimated their programming cost between \$238,000 to \$272,000 and taking 2,800 to 3,200 computer programming hours.<sup>43</sup> Maryland estimated their costs at \$179,000.<sup>44</sup> In calculating the expense, it is important to recall that the administrative costs are split half and half between the federal and state governments; additionally these options will bring in hundreds of thousands of additional federal dollars into Florida's economy.

## **Estimated Benefit**

In California it is estimated that their implementation of transitional Food Stamp benefits will bring an additional \$80 million into the state.<sup>45</sup> It is important to keep in mind that this change will bring in money in two ways. First, it will mean Food Stamp benefits for people who might not have otherwise received them. Second, it will provide transitional Food Stamp benefits calculated without the TANF income (or any increases in household income), which translates to a higher benefit level.

To determine the benefits of adopting this option, it is necessary to calculate the number of people leaving TANF in Florida and therefore becoming eligible for transitional Food Stamp benefits. In December of 2003, 8,642 TANF cases were closed in Florida. 3,993 of these client's cases were closed due to sanctions, meaning they would be ineligible for transitional Food Stamp benefits. However, the remaining 4,648 of the clients would, under this option, be eligible for transitional Food Stamp benefits.<sup>46</sup> On a national level, 35 percent of people whose TANF cases are closed continue to receive Food Stamp benefits.<sup>47</sup> It is therefore safe to estimate that of the 4,648 TANF cases closed, 1,626 households continued receiving Food Stamp benefits. However, for the remaining 3,022 households, transitional Food Stamp benefits would have helped ease the transition from welfare.

The average Food Stamp benefit per household in Florida for fiscal year 2003 was \$163.78.<sup>48</sup> This amount distributed for five months would provide a total of \$818.90 for a household leaving TANF. \$818.90 multiplied by the 3,022 eligible clients, totals \$2.4 million in benefits. It is inaccurate to multiply \$2.4 million by the twelve months in a year because some of the same client's cases would reappear. (For example, a client could qualify for TANF again if they lost their job.) However, it is reasonable to infer that changing this option would bring in at least \$5 million worth of additional Food Stamp benefits in one year.

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<sup>43</sup> Wisconsin: "Transitional Food Stamp Benefits Issue Paper and Policy Considerations" 5/19/03 (no website)

<sup>44</sup> Center on Budget and Policy Priorities "Transitional Food Stamps: Background and Implementation Issues" Nov 2003. <http://www.cbpp.org/11-10-03fa.htm>

<sup>45</sup> Save Money Cut Hunger Act (A.B. 231) <http://www.cfpa.net/>

<sup>46</sup> DCF Economic Self Sufficiency, Monthly Caseload Report <http://www.dcf.state.fl.us/ess/reports/>

<sup>47</sup> Loprest, Pamela. "Use of Government Benefits Increases among Families leaving Welfare" Aug 2003. <http://www.urban.org/Template.cfm?NavMenuID=24&template=/TaggedContent/ViewPublication.cfm&PublicationID=8551>

<sup>48</sup> Food Stamp Program: Average Monthly benefit per Household [http://www.fns.usda.gov/pd/fsavghh\\$.htm](http://www.fns.usda.gov/pd/fsavghh$.htm)

### **OPTION 3: CHANGE THE SANCTIONS POLICY**

#### **Stop punishing adults by withholding food from their children.**

Education is a top priority of Governor Bush's administration.<sup>49</sup> Changing the Food Stamp sanction policy is another way for the governor and DCF to demonstrate its strong commitment to children. According to the National Center for Children in Poverty, in 2001, 179,000 households with children received Food Stamp benefits in Florida; representing a total of 414,000 children who received Food Stamp benefits in 2001.<sup>50</sup> Under current DCF Food Stamp policy, the entire household is sanctioned if the head of the household does not meet work/education requirements.<sup>51</sup> Fortunately, USDA regulations do not require Florida to sanction the entire household and this policy can be changed. In fact, 36 other states do **not** sanction the entire household.<sup>52</sup>

Currently DCF Food Stamp policy states that on the head of household's first offense, the entire household is sanctioned (meaning they don't receive their allotted Food Stamp benefits) for one month. The head of the household remains ineligible until the work requirement is met. On the second offense, the entire household is sanctioned for three months. The head remains ineligible until he or she meets their work requirements. On the third (and subsequent) offense(s), the entire household is sanctioned for six months and the head is ineligible until work requirements are met.<sup>53</sup>

By sanctioning the entire household, DCF **withholds food from children**. Children's health, well being, and academic performance all depend on children receiving enough food to eat. When children are hungry and worrying about their next meal, they falter in *all* of these areas.<sup>54</sup>

#### **Implementation:**

Instead of sanctioning the entire household, DCF should punish only the head. DCF already uses a similar policy for TANF. During the head of the household's second and third sanctions, the TANF benefits for a child can be administered through a protective payee (for example, a close relative).<sup>55</sup> In this manner, DCF ensures that important resources are not withheld from the children when their parents are sanctioned.

DCF should use this protective payee policy for its Food Stamp Program as well. For households with two parents, DCF should allow the parent who did meet work requirements to continue receiving their own benefits as well as the children's. For households with only one parent, DCF should allow the parent to designate a "protective payee" to administer the children's Food Stamp benefits. Food Stamp Program sanctions are much longer in length

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<sup>49</sup> Governor's Office, "Did you know?" Information about the Governor's A+ Plan for Education.

[http://www.myflorida.com/myflorida/government/governorinitiatives/aplusplan/pdfs/ed\\_fact\\_02.pdf](http://www.myflorida.com/myflorida/government/governorinitiatives/aplusplan/pdfs/ed_fact_02.pdf)

<sup>50</sup> National Center for Children in Poverty [http://nccp.org/state\\_detail\\_FL\\_policy\\_20.html](http://nccp.org/state_detail_FL_policy_20.html)

<sup>51</sup> DCF ESS Program Policy Manual Section 1410.1922.01

[http://www.dcf.state.fl.us/publications/esspolicymanual/pa1400\\_fstca.pdf](http://www.dcf.state.fl.us/publications/esspolicymanual/pa1400_fstca.pdf)

<sup>52</sup> USDA Food Stamp Program "State Options Report". October 2003.

[http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State\\_Options/third/state-options-final.pdf](http://www.fns.usda.gov/fsp/rules/Memo/Support/03/State_Options/third/state-options-final.pdf)

<sup>53</sup> DCF ESS Program Policy Manual Section 1410.1922.01

[http://www.dcf.state.fl.us/publications/esspolicymanual/pa1400\\_fstca.pdf](http://www.dcf.state.fl.us/publications/esspolicymanual/pa1400_fstca.pdf)

<sup>54</sup> Center on Hunger and Poverty "Statement on the Link Between Nutrition and Cognitive Development in Children" 1998 <http://www.centeronhunger.org/cognitive.html#intro>

<sup>55</sup> DCF ESS Program Policy Manual Section 1420.1940.

[http://www.dcf.state.fl.us/publications/esspolicymanual/pa1400\\_fstca.pdf](http://www.dcf.state.fl.us/publications/esspolicymanual/pa1400_fstca.pdf)

than TANF, lengthening the amount of time benefits are withheld from the children. Thus, it is crucial that DCF allow protective payees in the Food Stamp Program on the head's first sanction.

**Estimated Cost:**

Like the transitional Food Stamp benefits, adopting this option will involve a one-time cost of adjusting the computer system to process Food Stamp sanctions in the same manner as TANF sanctions. Again, this administrative cost would be split half and half between the state and federal governments.

**Estimated Benefit:**

In December of 2003, 3,993 TANF cases were closed in Florida due to sanctions.<sup>56</sup> The average Food Stamp benefit level per person in Florida is \$79.06.<sup>57</sup> Using an average Food Stamp household of three people, this amounts to \$237.18 in benefits per household, per month. Under current DCF policy, this money is not distributed to anyone in the household during a sanction. However, if DCF were to adopt this option, these benefits (minus the head's benefits) would be distributed to the children during the head's sanction period. Thus, the children in the household would still receive \$158.12 worth of Food Stamp benefits, ensuring that they have enough to eat.

This has broader implications for the state economy. Using the above example, Florida lost \$631,373 in federal money in December of 2003 because of its sanction policy. Over the course of a year, this amounts to Florida losing \$7.5 million in federal money. This lost \$7.5 million would have created \$13 million in economic activity.

Changing this policy will benefit children who desperately need food as well as introduce more than \$7 million dollars into Florida's economy every year.

**Conclusion**

**Three practical changes to alleviate hunger in Florida**

Florida can and must do better for its citizens, especially its children. First, by adapting the Food Stamp vehicle rule, Florida will demonstrate its support and encouragement of working citizens. Second, by providing transitional Food Stamp benefits, Florida will show its strong commitment to those making the transition from welfare to work. Third, Florida will affirm its commitment to children by not withholding precious Food Stamp benefits (read: food) from them when their parents are sanctioned. With these three practical changes, DCF will provide Floridians the food they need to live healthy and productive lives. In addition, these changes will inject millions of federal dollars into Florida's economy, thus making it stronger.

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<sup>56</sup>DCF ESS Reports Page- <http://www.dcf.state.fl.us/ess/reports/openclose.xls>

<sup>57</sup>USDA Food Stamp Program "Average Monthly Benefit per Person" <http://www.fns.usda.gov/pd/fsavgben.htm>