

Prod Stamp
cash out

Food Stamp Cash-Out Criteria and Project Status

The USDA Appropriations Bill for FY 1995 prohibits the Department from approving more than 25 cash-out projects. Seventeen projects are currently operating or are approved to operate. Nine requests are pending. The Department will be applying the following criteria against which all projects will be judged.

1. The State is making **satisfactory progress** in the development and implementation of an **Electronic Benefit Transfer (EBT) System**. An Advance Planning Document will be approved prior to implementation of the demonstration.
2. The State will provide **nutrition education**, including money management, to participants.
3. There are adequate **safeguards** to prevent the cashing out of food stamps from resulting in reductions in other means tested programs. Recipients will be compensated for any loss of benefits due to sales tax on food.
4. The cash-out proposal is **geographically limited** and consistent with the evaluation.
5. The cash-out proposal clearly **relates to the objectives of the overall welfare reform demonstration** and to improving program administration and effectiveness beyond administrative savings.
6. The State has contacted or plans to **contact stakeholders** (e.g., advocate community and retailers) to consult with them on the cash-out proposal.
7. The cash-out proposal contains a **reasonable time limit**, with a credible plan for the conversion to coupons or EBT once the demonstration expires.
8. The proposal is **otherwise ready for approval**: all necessary State-level clearances have been obtained (e.g., State legislation authorizing the demonstration has been passed and signed by the Governor) and Federal review of the other waiver requests has been completed or is nearing completion.
9. The proposal poses a **testable hypothesis** that extends existing understanding of the effects of cash-out (beyond a determination of administrative savings.) The proposed **evaluation is rigorous, credible, and plausible**. The State has demonstrated a willingness to provide the resources necessary for the evaluation.

Approved

San Diego, CA
 Colorado
 Expedited Service (2)
 Vermont
 Minnesota
 Minnesota FIP
 Missouri
 New York CAP
 Oregon
 SSI Elderly (7)
 Utah
 Wisconsin

Under Review

Arizona
 Maryland
 Michigan
 Mississippi
 Nebraska
 Montana
 North Dakota
 Ohio

Other

Pennsylvania - approval letter in clearance 10/28

j:cashhans

Food Stamp Cash-Out Proposals Under Review as of November 3, 1994

WS = Wage Supplementation

I = Cash as Incentive

C = Cash in Lieu of Coupons

State/Submission Date	WS	I	C	Proposed Demo Start Date	EBT Activity P=Planning; O=Operational; E=Expanding
Mississippi (1/12/94)	X			1/1/95	P Implementation APD being developed.
Maryland (2/25/94)	X			Unknown. State legislature & Governor have not resolved differences. Proposal on hold pending elections.	O Statewide EBT since April 1993. System includes AFDC, general relief and child support payments, as well as food stamps.
Michigan (3/4/94)		X		4/1/95 (or 6 months from approval)	P Implementation APD under FNS review.
Montana (4/25/94)			X	10/1/95	P State has contracted with BDM to conduct feasibility study for multiple-program EBT system.
Ohio (5/26/94)	X			1/1/95 (or 3-6 months from approval)	E Operating a FS-only off-line system in Dayton since June 1992. FNS approved plans for statewide expansion based on preliminary evaluation results. State issued Implementation RFP in February 1994 and is now reviewing bids. State is considering expansion to WIC and AFDC.
Arizona (7/29/94)	X			7/1/95	None
North Dakota (9/6/94)			X	7/1/95	P Planning APD for two-State joint project with South Dakota approved in June 1993. Systems RFP closed 9/29/94. State is evaluating the proposals.
Nebraska (9/26/94)			X	7/1/95	None

I:cash-ebt.nlt 11/3/94

11-08-94 11:10AM FROM FOOD STAMP PROGRAM TO ASST. SEC. OFFICE P002/002

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FROM FOOD STAMP PROGRAM

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11-08-94 10:16AM P002 #37

FOOD STAMPS

(1)

11-8-94 Food Stamp Meeting: Larry Goodsky, Sid Johnson, Barry VanLare
Bill Ludwig, Patti Morris, Sheila ~~Stacy~~, Nolan Jones, Bonnie O'Neill.

Food Stamps Integrity Package

- 1) Review of QC & Error reduction efforts
- 2) Food Stamp trafficking
- 3) Client fraud

- Food Stamp Error Rate $\downarrow$ 1.8 billion.
- FNS will hold National Payment Accuracy.
- \$1 million available to Regional offices to assist in reducing payment accuracy.
- QC revisions will include incentives to states
- Error Reduction Federal team being established to assist in error reduction.
- Timeline for QC revisions - Farm Bill, '96 budget
 - include incentives for states to compete against the National average and their own state's record.
- Connection between disasters and food stamp allocation. →
FNS will "waive" federal reqs or distribute through "emergency allocation"
both are outside QC.
- * New QC revisions will include a hold harmless for special conditions - influx of immigrants (Florida) or state transition to new computer systems (6 months allowance for start-up).
- NGA doing food stamp policy in January - Winter Mtg.
- Need to focus on communication strategy for "error rate" in food stamp.
Reporters classify all "error rates" as fraud. About 1/2 the reports are client error, 1/2 are social worker error.

CRITERIA FOR FOOD STAMP CASH-OUT

- Currently there are more applications for food stamp cash-out than allowed.
- APWA - concerned that criteria "muscles" states toward EBT before Req. E is settled. ~~AND~~ Sid sees no connection between EBT and food stamp cash out.