

FAX COVER



Income Maintenance Branch

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503



To:

Diane Fortuna, DPC Pam Johnson, NAR

Organization:

Fax Number:

From:

Jeff Farkas

Date/Time:

Number of Pages:

Cover + 4

Notes:

Final letter sent to Oregon on
Food Stamp waiver request

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686

APR 17 1998

Mr. Jim Neely
Deputy Administrator
Department of Human Services
Adult and Family Services Division
Human Services Building
500 Summer Street N.E.
Salem, Oregon 97310-1013

Dear Mr. Neely:

This letter is to respond to your request to operate an experimental demonstration project under the Food Stamp Program. We applaud your efforts through Oregon Option in seeking alternatives to improve the public assistance system and to assist families in becoming self-sufficient. The Department is committed to giving States flexibility to design new approaches to their local problems, within the context of existing Federal law.

Your base proposal is a form of block grant under which Oregon would receive a consistent share of food stamp funding regardless of caseload size and benefits issued to households in any given year. Oregon would "reinvest" food stamp benefit funds in other related activities. We have questions as to whether our waiver authority would allow us to approve this funding formula and reinvestment plan. In order to make a more informed decision, we will need more information on the funding proposal, including the specific reinvestment activities you contemplate.

With respect to the remaining elements of the proposal, we are confident that we can work successfully with you using our demonstration authority and the Simplified Food Stamp Program (SFSP). The SFSP may provide additional flexibility, depending on the households intended to be targeted in the project, although its effect may be limited because it is only available for households in which at least one member is receiving benefits under the Temporary Assistance for Needy Families Program. In order to facilitate our further discussions on these issues, there are several areas where we need more information, and they are identified in the enclosed attachment.

Mr. Jim Neely

2

The Food and Nutrition Service looks forward to working with you on your project. We would like to meet with you so that we can begin to work together to develop a proposal that will meet our mutual goals of improving the public assistance system and assisting families in becoming self-sufficient. Please contact John Knaus or Gini Gerbasi of my staff so we can begin to move forward on your proposal. They can be reached at (703) 305-2519.

Sincerely,

Susan Carr Gossman
Deputy Administrator
Food Stamp Program

Attachment

USDA:FNS:FSP:GiniGerbasi: incl:4/17/98:305-2519
PDB/Demos/Oregon's New Request/Oregon - Gini

Symbol	A	Signature	Date
		<i>[Signature]</i>	4/17/98
		<i>[Signature]</i>	4/17/98
		<i>[Signature]</i>	4/17/98

OFFICIAL RECORD COPY

Areas for Further Discussion and Development in the Expansion of Oregon Option

Project Objectives

We need to understand the specific outcomes and objectives Oregon is trying to achieve with this project. State agency staff have indicated that the project is intended to help "long term" food stamp recipients become self-sufficient. Because of changes made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), many of the households that can receive food stamp benefits for longer periods of time are elderly or disabled. As we understand the proposal, it does not apply to elderly and disabled clients. In order for us to work together to develop a project that will help Oregon achieve its goals, please identify for us the target population, what the goals are for these participants, and what specific policies Oregon would like to change to meet those goals.

Current Statutory Barriers

We need to understand how the current statutory authority is a barrier to the policies that Oregon would like to implement in order to accomplish the project's goals. It appears that the Food Stamp Act, as amended by PRWORA, may provide Oregon with substantial flexibility to accomplish many of the policy changes contained in the proposal *without* demonstration waivers. For example, the proposal identifies intensive, individualized case management as the key to Oregon's success in increasing the self-sufficiency of food stamp recipients. Section 16(h)(2) of the Food Stamp Act, as amended by PRWORA, specifically allows the Food and Nutrition Service (FNS) to share the costs of case management and casework services with States when the services facilitate the transition from economic dependency to self-sufficiency. Please let us know what additional authority Oregon needs (beyond that which is already provided in the Food Stamp Act) to provide these case management services, or to accomplish the other goals of the project.

Cost and Benefit Reduction Data

The proposal includes a request for more conventional waivers to simplify program administration and increase self-sufficiency. The proposal would simplify the shelter deduction and standard utility allowance, increase the resource limit to \$10,000, and allow one vehicle per household. FNS will work with Oregon on these waivers, so they can meet the cost neutrality and benefit reduction tests. However, in order to begin to evaluate the cost implications and potential benefit reductions, we need the following information:

- the characteristics and number of households that will be affected by the project;
- an estimate of the number of households that will become eligible due to the resource waivers, and the estimated benefit cost increases;
- an estimate of the number of households that will have benefits reduced (and the estimated benefit reductions) as a result of the penalties for failing to meet the new

- eligibility requirements (e.g., not fulfilling the terms of the self-sufficiency plan, or failing to pursue assets); and
- an estimate of the number of households that will move off of the FSP each year (and the estimated resulting benefit savings) because they have become self-sufficient as a result of the waivers.

Evaluation Issues

Given the nationwide implications for testing these changes to the way the Food Stamp Program is administered in Oregon, we believe that a rigorous evaluation is needed to fully determine the effect of this demonstration. We would like to work with you to develop a joint evaluation plan. Among the issues that an evaluation plan will need to address are: how much the demonstration would cost in relation to current law, the impacts on individuals and households, distinguishing the effects of the demonstration project from economic and other factors, and the types of outcomes that are to be measured by the evaluation.

Measuring Program Outcomes

Oregon proposes to measure program outcomes other than Payment Accuracy as is now required under the Quality Control provisions of the Food Stamp Act. We would note that FNS supports and will provide administrative match funding for Oregon to expand its measurement of program outcomes beyond payment accuracy.

FAX COVER



Income Maintenance Branch

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503



To:

Barbara Chow
Diana Fortuna
Pam Johnson

Organization:

Fax Number:

From:

Jeff Farkas

Date/Time:

Number of Pages:

Cover + 4

Notes:

Revised Oregon letter from FNS.
Please get me comments ASAP, but no
later than 12:30 p.m. today.

Thanks

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686

Mr. Jim Neely
Deputy Administrator
Department of Human Services
Adult and Family Services Division
Human Services Building
500 Summer Street N.E.
Salem, Oregon 97310-1013

Dear Mr. Neely:

This letter is to respond to your request to operate an experimental demonstration project under the Food Stamp Program. We applaud your efforts for seeking alternatives to improve the public assistance system and to assist families in becoming self-sufficient. The Department is committed to giving States flexibility to design new approaches to their local problems, within the context of existing Federal law. Or opt

Your base proposal is a form of block grant under which Oregon would receive a consistent share of food stamp funding regardless of caseload size and benefits issued to households in any given year. Oregon would "reinvest" food stamp benefit funds in other related activities. We have questions as to whether our waiver authority would allow us to approve this funding formula and reinvestment plan. In order to make a more informed decision, we will need more information on the funding proposal, including the specific reinvestment activities you contemplate. Nada re policy?

With respect to the remaining elements of the proposal, we are confident that we can work successfully with you using our demonstration authority and the Simplified Food Stamp Program (SFSP). The SFSP may provide additional flexibility, depending on the households intended to be targeted in the project, although its effect may be limited because it is only available for households in which at least one member is receiving benefits under the Temporary Assistance for Needy Families Program. In order to facilitate our further discussions on these issues, there are several areas where we need more information, and they are identified in the enclosed attachment. QC?

The Food and Nutrition Service looks forward to working with you on your project. We would like to meet with you so that we can begin to work together to develop a mutually acceptable proposal that will meet the goals of your project. Please contact John Knaus or Gini Gerbasi of my staff so we can begin to move forward on your proposal. They can be reached at (703) 305-2519.

~~OK N?~~
~~in att?~~

Sincerely,

Susan Carr Gossman
Deputy Administrator
Food Stamp Program

USDA:FNS:FSP:GiniGerbasl: mcl:4/16/98:305-2519
PDB/Demos/Oregon's New Request/Oregon - Gini

Areas for Further Development in the Expansion of Oregon Option

Project Objectives

We need to understand the specific objectives Oregon is trying to achieve with this project. State agency staff have indicated that the project is intended to help "long term" food stamp recipients become self-sufficient. Because of changes made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), many of the households that can receive food stamp benefits for longer periods of time are elderly or disabled. As we understand the proposal, it does not apply to elderly and disabled clients. In order for us to work together to develop a project that will help Oregon achieve its goals, please identify for us the target population, what the goals are for these participants, and what specific policies Oregon would like to change to meet those goals.

Current Statutory Barriers

We need to understand how the current statutory authority is a barrier to the policies that Oregon would like to implement in order to accomplish the project's goals. It appears that the Food Stamp Act, as amended by PRWORA, may provide Oregon with substantial flexibility to accomplish many of the policy changes contained in the proposal *without* demonstration waivers. For example, the proposal identifies intensive, individualized case management as the key to Oregon's success in increasing the self-sufficiency of food stamp recipients. Section 16(h)(2) of the Food Stamp Act, as amended by PRWORA, specifically allows the Food and Nutrition Service (FNS) to share the costs of case management and casework services with States when the services facilitate the transition from economic dependency to self-sufficiency. Please let us know what additional authority Oregon needs (beyond that which is already provided in the Food Stamp Act) to provide these case management services, or to accomplish the other goals of the project.

Cost and Benefit Reduction Data

The proposal includes a request for more conventional waivers to simplify program administration and increase self-sufficiency. The proposal would simplify the shelter deduction and standard utility allowance, increase the resource limit to \$10,000, and allow one vehicle per household. FNS will work with Oregon on these waivers, so they can meet the cost neutrality and benefit reduction tests. However, in order to begin to evaluate the cost implications and potential benefit reductions, we need the following information:

- the characteristics and number of households that will be affected by the project;

- an estimate of the number of households that will become eligible due to the resource waivers, and the estimated benefit cost increases;
- an estimate of the number of households that will have benefits reduced (and the estimated benefit reductions) as a result of the penalties for failing to meet the new eligibility requirements (e.g., not fulfilling the terms of the self-sufficiency plan, or failing to pursue assets); and
- an estimate of the number of households that will move off of the FSP each year (and the estimated resulting benefit savings) because they have become self-sufficient as a result of the waivers.

Evaluation Issues

Given the nationwide implications for testing these changes to the way the Food Stamp Program is administered in Oregon, we believe that a rigorous evaluation is needed to fully determine the effect this demonstration will have on food stamp administration and operations, program costs, program integrity, and client service. Among the issues that a State evaluation plan will need to address are: how much the demonstration would cost in relation to current law, the extent to which the demonstration affects benefits for individuals or households, how the impact of the demonstration would be properly isolated and measured in an evaluation; and the types of outcomes that are to be measured by the evaluation.

REVISED 4/15/98 P.M.

Mr. Jim Neely
Deputy Administrator
Department of Human Services
Adult and Family Services Division
Human Services Building
500 Summer Street N.E.
Salem, Oregon 97310-1013

DRAFT

Dear Mr. Neely:

This letter is to respond to your request to operate an experimental demonstration project under the Food Stamp Program (FSP). We applaud your efforts for seeking alternatives to improve the public assistance system and to assist families in becoming self-sufficient. The Department is committed to giving States flexibility to design new approaches to their local problems, within the context of existing Federal law.

Your base proposal is a form of block grant under which Oregon would receive a consistent share of food stamp funding regardless of caseload size and benefits issued to households in any given year. Oregon would "reinvest" food stamp benefit funds to fund other related activities. We have questions as to whether our waiver authority would allow us to approve this funding formula and reinvestment plan. In order to make a more informed decision, we will need more information on the funding proposal, including the specific reinvestment activities you contemplate.

With respect to the remaining elements of the proposal, we are confident that we can work successfully with you using our demonstration authority and the Simplified Food Stamp Program (SFSP). The SFSP may provide additional flexibility, depending on the households intended to be targeted in the project, although its effect may be limited because it is only available for households in which at least one member is receiving benefits under the Temporary Assistance for Needy Families Program. In order to facilitate our further discussions on these issues, we need some additional information in the four areas outlined below.

First, we need to understand the specific objectives Oregon is trying to achieve with this project. In discussions on February 25, 1998, your staff indicated that the project was intended to help "long term" food stamp recipients become self-sufficient. Because of changes made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), many of the households that can receive food stamp benefits for longer periods of time are elderly or disabled. As we understand the

proposal, it does not apply to elderly and disabled clients. In order for us to work with you to develop a project that will help you achieve your goals, please identify for us the target population, what the goals are for these participants, and what specific policies you would like to change to meet those goals.

Second, we need to understand how the current statutory authority is a barrier to the policies that Oregon would like to implement in order to accomplish the project's goals. It appears that the Food Stamp Act, as amended by PRWORA, may provide Oregon with substantial flexibility to accomplish many of the policy changes contained in the proposal *without* demonstration waivers. For example, the proposal identifies intensive, individualized case management as the key to Oregon's success in increasing the self-sufficiency of food stamp recipients. Section 16(h)(2) of the Food Stamp Act, as amended by PRWORA, specifically allows the Food and Nutrition Service (FNS) to share the costs of case management and casework services with States when the services facilitate the transition from economic dependency to self-sufficiency. Please let us know what additional authority Oregon needs to provide these case management services.

Third, your proposal includes a request for more conventional waivers to simplify program administration and increase self-sufficiency. The proposal would simplify the shelter deduction and standard utility allowance, increase the resource limit to \$10,000, and allow one vehicle per household. FNS will work with you on these waivers, so they can meet the cost neutrality and benefit reduction tests. However, in order to begin to evaluate the cost implications and potential benefit reductions, we need the following information:

- the characteristics and number of households that will be affected by the project;
- an estimate of the number of households that will become eligible due to the resource waivers, and the estimated benefit cost increases;
- an estimate of the number of households that will have benefits reduced (and the estimated benefit reductions) as a result of the penalties for failing to meet the new eligibility requirements (e.g., not fulfilling the terms of the self-sufficiency plan, or failing to pursue assets); and
- an estimate of the number of households that will move off of the FSP each year (and the estimated resulting benefit savings) because they have become self-sufficient as a result of the waivers.

Finally, given the nationwide implications for testing these changes to the way the FSP is administered in Oregon, we believe that a rigorous evaluation is needed to fully determine the effect this demonstration will have on food stamp administration and operations, program costs, program integrity, and client service. Among the issues that a State evaluation plan will need to address are: how much the demonstration would

Mr. Jim Neely

3

cost in relation to current law, the extent to which the demonstration affects benefits for individuals or households, how the impact of the demonstration would be properly isolated and measured in an evaluation; and the types of outcomes that are to be measured by the evaluation.

FNS looks forward to working with you on your project. Please contact John Knaus or Gini Gerbasi of my staff so we can begin to move forward on your proposal. They can be reached at (703) 305-2519.

Sincerely,

Susan Carr Gossman
Deputy Administrator
Food Stamp Program

PDB/Demos/Oregon's New Request/Oregon - fourth version

D R A F T

FAX COVER



Income Maintenance Branch

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503



To:

Diana Fortune

Organization:

Fax Number:

x 6-7028

From:

Jeff Farkas

Date/Time:

Number of Pages:

Cover + 3

Notes:

Revised FNS letter on Oregon waiver

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686

DRAFT

*Able to approve part
around
February??*

Mr. Jim Neely
Deputy Administrator
Department of Human Services
Adult and Family Services Division
Human Services Building
500 Summer Street N.E.
Salem, Oregon 97310-1013

Dear Mr. Neely:

This letter is to respond to your request to operate an experimental demonstration project under the Food Stamp Program (FSP). We applaud your efforts for seeking alternatives to improve the public assistance system and to assist families in becoming self-sufficient. The Department is committed to giving States flexibility to design new approaches to their local problems, within the context of existing Federal law.

Your base proposal is a form of block grant under which Oregon would receive a consistent share of food stamp funding regardless of caseload size and benefits issued to households in any given year. Oregon would "reinvest" food stamp benefit funds to fund other related activities. While we are unable to approve this funding formula under the current legislative framework, we believe that we have sufficient authority under our demonstration authority and the Simplified Food Stamp Program (SFSP) to work successfully with you on the other elements of the proposal. The SFSP may provide additional flexibility, depending on the households intended to be targeted in the project, although its effect may be limited because it is only available for households in which at least one member is receiving benefits under the Temporary Assistance for Needy Families Program. In order to facilitate our further discussions, we need some additional information in the four areas outlined in this letter.

First, we need to understand the specific objectives Oregon is trying to achieve with this project. In discussions on February 25, 1998, your staff indicated that the project was intended to help "long term" food stamp recipients become self-sufficient. Because of changes made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), many of the households that can receive food stamp benefits for longer periods of time are elderly or disabled. As we understand the proposal, it does not apply to elderly and disabled clients. In order for us to work with you to develop a project that will help you achieve your goals, please identify for us the target population, what the goals are for these participants, and what specific policies you would like to change to meet those goals.

Second, we need to understand how the current statutory authority is a barrier to the policies that Oregon would like to implement in order to accomplish the project's goals. It appears that the Food Stamp Act, as amended by PRWORA, may provide Oregon with substantial flexibility to accomplish many of the policy changes contained in the proposal *without* demonstration waivers. For example, the proposal identifies intensive, individualized case management as the key to Oregon's success in increasing the self-sufficiency of food stamp recipients. Section 16(h)(2) of the Food Stamp Act, as amended by PRWORA, specifically allows the Food and Nutrition Service (FNS) to share the costs of case management and casework services with States when the services facilitate the transition from economic dependency to self-sufficiency. Please let us know what additional authority Oregon needs to provide these case management services.

Make
for
obnox.
(buthon
p)

Third, your proposal includes a request for more conventional waivers to simplify program administration and increase self-sufficiency. The proposal would simplify the shelter deduction and standard utility allowance, increase the resource limit to \$10,000 and allow one vehicle per household. FNS will work with you on these waivers, so they can meet the cost neutrality and the benefit reduction tests. However, in order to begin to evaluate the cost implications and potential benefit reductions, we need the following information:

- the characteristics and number of households that will be affected by the project;
- an estimate of the number of households that will become eligible due to the resource waivers, and the estimated benefit cost increases;
- an estimate of the number of households that will have benefits reduced (and the estimated benefit reductions) as a result of the penalties for failing to meet the new eligibility requirements (e.g., not fulfilling the terms of the self-sufficiency plan, or failing to pursue assets); and
- an estimate of the number of households that will move off of the FSP each year (and the estimated resulting benefit savings) because they have become self-sufficient as a result of the waivers.

Finally, given the nationwide implications for testing these changes to the way the FSP is administered in Oregon; we believe that a rigorous evaluation is needed to fully determine the effect this demonstration will have on food stamp administration and operations, program costs, program integrity, and client service. Among the issues that a State evaluation plan will need to address are: how much the demonstration would cost in relation to current law, the extent to which the demonstration affects benefits for individuals or households, how the impact of the demonstration would be properly isolated and measured in an evaluation; and the types of outcomes that are to be measured by the evaluation.

DRAFT

FNS looks forward to working with you on your project. Please contact John Knaus or Gini Gerbasi of my staff so we can begin to move forward on your proposal. They can be reached at (703) 305-2519.

Sincerely,

Susan Carr Gossman
Deputy Administrator
Food Stamp Program

PDB/Demos/Oregon's New Request/Oregon - third version

DRAFT

**PROGRAM DEVELOPMENT DIVISION
FOOD STAMP PROGRAM**

**DATAFAX REQUEST COVER SHEET
DATAFAX # 703-305-2486**

DATE: 3-26-98

TO: Diana Fortuna

OFFICE: The White House

PHONE: (202) 456-5570

FROM: Art Foley

OFFICE: FCS: FSP: PDD: PDB

PHONE: (703) 305-2490

SUBJECT: Oregon's Request for FS Demonstration

REMARKS: _____

NO. OF PAGES INCLUDING COVER SHEET: 2

OREGON'S REQUEST FOR FOOD STAMP DEMONSTRATION WAIVERS

There are four basic components to Oregon's statewide proposal for food stamp demonstration waivers. The Food and Nutrition Service (FNS) cannot approve two of the most significant elements, but will work with Oregon in the remaining areas to explore possible waivers. However, even in those areas in which waivers would not be statutorily prohibited, we need additional information because it is not clear what problems and barriers Oregon is trying to address with this project.

- **Block grant proposal:** The fundamental component of Oregon's proposal is a block grant under which Oregon would receive a consistent share of food stamp funding regardless of caseload size. Oregon would then "reinvest" savings in areas such as WIC, food banks, education and other local programs. **FNS does not have the legal authority to approve a block grant, and Oregon cannot "reinvest" food stamp funds because they cannot be used for any other program or purpose. (Reinvestment means turning food stamp benefit dollars into 100% administrative money for various purposes).** Moreover, the Administration has **strongly opposed block granting food stamps as a threat to the nutritional safety net.**
- **Outcome based Quality Control:** The second major component of Oregon's proposal is a request to measure outcomes other than payment accuracy in its quality control (QC) system. **FNS does not have the legal authority to replace the current QC system with one that would measure different outcomes (e.g., poverty or hunger).** Without a waiver, Oregon can measure other outcomes in addition to payment accuracy, which FNS believes is an appropriate outcome based measure.
- **Case Management:** The third component of Oregon's proposal focuses on providing case management services to assist people in moving toward self-sufficiency. Clients would be required to develop and follow a self-sufficiency plan, and case workers would provide intensive support in fulfilling the terms of each client's plan. **FNS can work with Oregon in this area, but Oregon has not identified any specific barriers in the Food Stamp Act that would require waivers in order to accomplish Oregon's objectives.** The welfare reform legislation substantially increased States' flexibility in the area of case management (e.g., FNS can now share case management costs with States).
- **Conventional simplification/ self-sufficiency waivers:** The fourth component of Oregon's proposal includes several more conventional waivers that would simplify program administration and increase self-sufficiency. The proposal would simplify the shelter and the standard utility allowances, increase the resource limit to \$10,000, and exclude one vehicle per household. **FNS will work with Oregon on these waivers, but they must be cost neutral and meet the benefit reduction limits and other requirements in the Food Stamp Act.** At least one waiver (the request to standardize shelter deductions even for households with very low costs) is specifically prohibited by the Food Stamp Act.

*Due 4/20
Block grant*

Mr. Jim Neely
Deputy Administrator
Department of Human Services
Adult and Family Services Division
Human Services Building
500 Summer Street N.E.
Salem, Oregon 97310-1013

Dear Mr. Neely:

This letter is to respond to your request to operate an experimental demonstration project under the Food Stamp Program (FSP). We applaud your efforts for seeking alternatives to improve the public assistance system and to assist families in becoming self-sufficient. The Department is committed to giving States flexibility to design new approaches to their local problems, within the context of existing Federal law.

Oregon's base proposal is a form of block grant under which Oregon would receive a consistent share of food stamp funding regardless of caseload size and benefits issued to households in any given year. Oregon would "reinvest" food stamp benefit funds to fund other related activities. The Food Stamp Act and appropriations law does not give Food and Nutrition Service (FNS) the authority to approve block grants or allow benefit funds to be used for other purposes. Furthermore, the Department strongly opposed block grants for nutrition programs due to the need for a federally supported nutrition safety net.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PRWORA, made significant changes to certification policy and demonstration authority. As a result of PRWORA, Section 16 (h) (2) of the Food Stamp Act allows for 50/50 funding including the cost for case management and casework to facilitate the transition from economic dependency to self-sufficiency. This change should allow Oregon to provide the case management services it has proposed.

Oregon proposes to measure programmatic outcomes other than payment accuracy as is now required under the Quality Control (QC) provisions of the Act. While FNS supports and will provide 50/50 administrative funding for Oregon to expand its measurement of program outcomes beyond payment accuracy, FNS does not have the legal authority to waive the current QC payment accuracy system.

Mr. Jim Neely

2

Oregons' proposal also includes a request for more conventional waivers to simplify program administration and increase self-sufficiency. The proposal would simplify the shelter deduction and standard utility allowance, increase the resource limit to \$10,000 and allow one vehicle per household. FNS will work with Oregon on these waivers, so they can meet the cost neutral and the benefit reduction tests.

In reviewing the proposal, it is not clear what barriers and problems Oregon is trying to overcome with this project. As a beginning, it would be helpful if you could provide clarification of the following:

- How will Oregon use the case management services to reduce caseload size in relation to the regular E&T activities
- What sanctions will be imposed if the recipient does not fulfill their self-sufficiency plan
- Identify what specific services Oregon intends to do for different groups of people. Please identify activities according to whether they are currently eligible for 50% cost sharing or whether they represent expenditures which are not reimbursable under current law.

FNS is willing to explore other options and assist you in pursuing your project. FNS looks forward to working with you.

Please contact John Knaus or Gini Gerbasi of my staff as we work together on Oregons' proposal. We can be reached at (703) 305-2519.

Sincerely,

Susan Carr Gossman
Deputy Administrator
Food Stamp Program

KOREDA OPTION

OREGON'S DEMO WAIVER REQUEST**Appropriations and other funding prohibitions:**

- Oregon proposes a funding formula that would provide it with a consistent share of food stamp funding. FNS does not have the legal authority to provide a block grant. (This funding scheme would also not be cost neutral when caseload drops.)
- Oregon proposes to reinvest the "savings" in WIC, food banks, education, referral services and other local programs. The Act prohibits states from using FS funds for any other program or purpose.

Benefit Reductions:

The Act would prohibit this project if it would reduce benefits by more than 20% for more than 5% of the households. (Oregon is proposing that this project be statewide.) Waivers that would reduce benefits include:

- Applicants will be required to pursue certain assets (e.g., unemployment compensation) in order to be eligible for FS benefits. (This waiver could also affect the application processing standards, which cannot be waived.)
- Recipients will be required to follow a self-sufficiency plan in order to maintain eligibility. There are two models for penalties. One model has a flat penalty of \$122 per month; the other progresses from \$50 to a permanent disqualification.

Proposals that Increase Costs:

- Increases resource limit for on-going households to \$10,000.
- Excludes the combined fair market value of all vehicles up to \$10,000 per household.
- Standard Utility Allowance for households with non-citizens will not be prorated.
- Use a standard shelter allowance for households with some shelter costs. (This cannot be approved under the Act.)

Quality Control:

- Oregon proposes that quality control reviews should focus on outcomes, rather than payment accuracy. Under the Act, quality control cannot be altered.

Due Process Concerns:

- Oregon proposes that households must have a pre-hearing conference before a hearing is granted. We would need to ensure that the proposal would not violate clients' due process rights.

Expansion of the "Oregon Option for Economic Independence"

Oregon's proposal for reinventing Food Stamps

Oregon's Vision

Oregon is nationally recognized for its success in "reinventing" welfare for people who receive cash benefits in the Temporary Assistance for Needy Families (TANF) program. By focusing on each client's unique strengths and providing intensive case-management and job-preparation services, Oregon has helped move thousands of welfare clients to self-sufficiency.

Much of the success is due to the latitude Adult & Family Services (AFS) gained under the *Oregon Option*, a 1994 agreement with the federal government allowing the state to redesign programs to be "outcome based," with their success judged by the results they achieve rather than by traditional "process" measures.

Now, in 1998, AFS wants to expand the *Oregon Option* to the Food Stamp Program. We want to use the strategies developed for TANF clients to help people on Food Stamps. A "self-sufficiency plan" would be created for Food Stamp clients, mapping the activities and services needed to move closer to financial independence. Clients would be required to follow their plan in order to continue receiving full Food Stamp benefits. (This would not apply to elderly and disabled clients.)

We believe our proposal would:

- ⇒ help Food Stamp recipients improve their employment and living situations.
- ⇒ increase their chances of moving out of poverty and dependence on Food Stamps.
- ⇒ improve nutrition for recipients.
- ⇒ offer the USDA the opportunity to evaluate a model consistent with the federal "Government Performance and Results Act."

Oregon's Request

In the spirit of the *Oregon Option*, we are requesting the following from the federal government, to enable AFS to implement a Food Stamp demonstration project:

- ⇒ flexibility in the eligibility and procedural requirements of the program, to bring them into line with Oregon's self-sufficiency strategy.
- ⇒ a system of quality control that looks only at the outcomes of the program.
- ⇒ a funding formula that provides Oregon a consistent share of the nation's food stamp funding.
- ⇒ the ability to "reinvest" savings into self-sufficiency and nutrition efforts.

Principles

Oregon's Food Stamp demonstration project would operate under the following principles:

- ⇒ Food Stamp recipients have a responsibility to attain their highest level of self-sufficiency.
- ⇒ AFS case management services will be aimed both at helping people move toward self-sufficiency and improving their nutrition.
- ⇒ Everyone who is eligible for Food Stamps will continue to receive benefits that are accurate and on time.

The key: case management

Because of its experience with TANF families, AFS now has a workforce that is highly skilled in case management. Case management involves working with clients to establish goals, identifying barriers standing in the way of success, and helping the client overcome barriers and achieve goals. Strategies can be as simple as helping a client find dependable child care or reliable transportation, or as complex as dealing with domestic-violence or drug-abuse issues.

Under our Food Stamp proposal, case management services would include:

- ⇒ assessing the strengths and needs of the individual or family.
- ⇒ developing, with the client, a case plan to guide them in attaining their highest level of self-sufficiency.
- ⇒ connecting the client with services and monitoring their progress, in collaboration with partner agencies.
- ⇒ re-evaluating the family's situation and revising the plan as needed.

Reinvestment strategies

AFS is proposing that current nationwide Food Stamp statistics be used to determine the percentage of the federal Food Stamp funding allotted to Oregon. This percentage would remain constant during the demonstration project, regardless of the state's caseload numbers. As the demonstration project produces savings, we would like to reinvest those funds into strategies such as:

Block
grant

- ⇒ enhanced employment and training services for Food-Stamp clients
- ⇒ expanded nutritional education and outreach
- ⇒ Food Stamp benefits for needy groups who are now ineligible, such as legal immigrants and people in foster care.
- ⇒ expanded case management, particularly in the area of job retention.
- ⇒ "transitional" benefits and services for clients leaving Food Stamps because they've become employed.

Expansion of the Oregon Option for Economic Independence

A Food Stamp Program Demonstration for Reinventing Welfare

I. Oregon's Vision

Oregon is nationally recognized for being successful at reinventing welfare for recipients of cash public assistance benefits. By focusing on each client's unique strengths and providing intensive case management and job readiness services, Oregon has developed a process which, without question, moves public assistance clients toward self-sufficiency. The results are astounding. Over the past two years, the public assistance caseload has dropped from 37,597 cases to 19,452 cases, which translates to a reduction of 51%. As the caseload diminishes, the savings are reinvested into services to help the remaining, harder to serve, population still in need of public assistance.

This achievement with the cash public assistance benefits is due to the cooperation and hard work of many people and groups. Teamwork between the Federal, State and local entities to redesign and test an outcomes-oriented approach to service delivery resulted in the ground breaking Memorandum of Understanding endorsed and signed by the Vice President called the Oregon Option. Under the terms of the Oregon Option Memorandum of Understanding Oregon proposes continued cooperation with the Federal government to achieve the same successful results with the Food Stamp population.

Due to a healthy economy and success in moving the Able-Bodied Adult Without Dependents (ABAWD) population toward self-sufficiency the Food Stamp caseload in Oregon is showing a decrease. Additional and dramatic decreases are expected if food stamp households are provided with the same self-sufficiency opportunities as the cash assistance clients. Recognizing that food stamp benefits are the safety net to ensure adequate nutrition, the proposed demonstration would combine provision of food stamp benefits with case management services to help recipients move from poverty and dependency to higher levels of self-sufficiency. Helping food stamp recipients to overcome barriers to employment and improved living situations will be the focal point of the demonstration.

Such outcomes can only be achieved through cooperation and coordination between the Federal and State governments. Therefore, Oregon submits this proposal with the hope that it is accepted as an opportunity for the USDA to not only define and use outcome and performance measures in the Food Stamp Program as directed by the Government Performance and Results Act, but also to lead the newest effort to effect meaningful and long lasting progress in ending poverty and inadequate nutrition. With the USDA's

Food Stamp Program Demonstration
Page 2

approval and assistance, Oregon is prepared to coordinate its State's nutrition initiatives in a coordinated effort to improve nutrition and nutrition education and the long term prospects for food stamp households.

II. Oregon's Request

In the spirit of the *Oregon Option*, Oregon is specifically requesting the following in order to successfully implement a Food Stamp program demonstration that is an outcomes-oriented approach to intergovernmental service delivery:

- ✓ • Flexibility as needed with Food Stamp program eligibility and procedural requirements.
- ✓ • A funding formula which allows Oregon's share of the national cost for the Food Stamp program to remain constant.
- ✓ • The ability to reinvest saved Food Stamp program funds.
- The flexibility to phase-in the implementation of various provisions of this initiative.
- Quality Control reviews of outcomes only.

III. Principles Of Operation

Oregon proposes that the Food Stamp Program demonstration will operate within the following guiding principles:

- Program recipients are accountable for attaining their highest level of self-sufficiency.
- The Division will provide case management services that will assist people in moving toward self-sufficiency, without disadvantaging them.
- Eligible recipients will receive program benefits in a timely and appropriate manner.
- The Division will provide case management services or other resources as needed, which will enable recipients to maximize the benefits they gain by participating in the Food Stamp Program. For example, this may include help in accessing nutrition

**Food Stamp Program Demonstration
Page 3**

education information, other food programs in the community, or helpful tips on managing a home budget.

IV. The Outcomes

Experience has shown us that the *Oregon Option* methodology is a successful approach for saving caseload dollars. However, caseload savings is by no means our primary goal. Instead, we believe changes in of the Food Stamp program are necessary in order to blend the food stamp benefits with our other array of services as we move toward the goal of self sufficiency for all clients. As we are successful in moving clients out of poverty, benefit dollars are freed up which can be used to serve others in need. Therefore, desirable outcomes from this demonstration will include the following:

- An increase in children's access to adequate nutrition by moving them out of poverty. This outcome is consistent with one of the "Oregon Benchmarks" adopted by the State legislature as a standard to measure statewide progress. Specifically, Oregon's goal is to reduce the number of children in poverty from 11% in 1994 to 8% by the year 2000 and then to 0% in 2010.
- An increase in the ability of Food Stamp program participants to use available resources to meet nutritional needs. A recent survey of clients using emergency food resources revealed that 91% of households receiving food stamps ran out of their allotment within the first 3 weeks of the month, and 76% of adults cut the size of or skipped meals because they did not have enough money for food.
- Benefit issuance in a timely and appropriate manner.
- An increase in other potential sources of income available to clients in order to lower the dependency on food stamp benefits. This would be measured by tracking information such as job placements, increased earnings for clients already in the job market, increased receipt of child support, and increased ability for clients receiving food stamp benefits to pay court-ordered child support.
- A decrease in the food stamp caseload and/or cost per case.

V. The Process: Case Management

Because of Oregon's experience with public assistance, we now have a workforce highly skilled in delivering case management services. Case managers determine the applicant's

Food Stamp Program Demonstration
Page 4

basic needs and issue support services, including food stamp benefits, to address those needs. At the same time, case managers and clients mutually establish attainable goals and identify issues keeping the clients from those goals. Issues may be fairly simple to resolve, such as arranging child care or developing reliable transportation. However, many issues are more complicated, such as domestic violence in the home or motivating a child to stay in school. Case managers refer clients to the appropriate resource to deal with their particular issues and follow up with frequent contacts to track their progress. Once family issues have been addressed, the client is referred to the appropriate job readiness or job search activity that will move them toward employment and self-sufficiency. We continue to work with families who become employed by helping them both to realize their full earning potential and to avoid the need for welfare in the future. Through this intensive case management strategy, we address the issue of client dependency and the Food Stamp program becoming a way of life, rather than use of the program as a temporary safety net as Congress intended.

Oregon serves singles of all ages, one-parent families and two-parent families under the Food Stamp Program. These people are working poor, have low fixed incomes, or temporarily find themselves with little money because of a change in their circumstances. Because we deal with people from all walks of life, what we expect in terms of moving them toward self-sufficiency will vary widely, from individual to individual. For example, a client who has a physical or mental issue, but does not meet the Food Stamp Program definition of "disabled" because they do not receive certain disability benefits, will have a plan appropriate to their level of functioning. Their plan might consist of keeping medical appointments, following through with a vocational rehabilitation assessment, etc. All plans will consist of activities the client can achieve and that will benefit them.

Services to the Elderly and Disabled

We expect that most clients meeting the Food Stamp Program definition of elderly and disabled will have already attained their highest level of financial self-sufficiency. Nonetheless, case management plans also will be offered to these clients, on a voluntary basis. These plans will involve increasing the client's skills or information base on how to access adequate nutrition. Elderly and disabled clients will not be disqualified for failure to accept and cooperate in their plans.

Services to Others

Oregon proposes, to develop self-sufficiency plans on a case-by-case basis with all adult and teen food stamp recipients who the Division determines would benefit from such a plan. Each plan will be customized to meet the needs of and consider the abilities of each individual. Depending on the person, these plans will involve activities that :

Food Stamp Program Demonstration
Page 5

- **Lead directly to employment or career advancement,**
- **Require attainment of basic education in preparation for employment,**
- **Require the client to access cash resources other than employment that would reduce their need for program benefits, or**
- **Guide the recipient toward information or services that will move them toward a higher level of self-sufficiency.**

In partnership with the client, the Division will develop a self-sufficiency plan with an appropriate goal or goals as described above. Other community partners will be involved in developing the plan when further expertise is needed. Expectations outlined in the plan will be reasonable. For example, if domestic violence is an issue for the client, the plan will first focus on establishing a safe living situation. Only after the living situation has been stabilized will the plan focus on appropriate self-sufficiency activities.

Each client's plan will be monitored regularly to assess the client's current situation and to ensure that the client is making progress. The plan will be modified as needed to increase the client's likelihood of success.

Service Components

Clients in plans with education and employment goals will have access to the full range of services available to recipients of cash assistance. Clients may have the opportunity to participate in any of the following:

- **Basic Education**, including completion of High School or a GED, Adult Basic Education or English as a Second Language.
- **Job Readiness**, a class covering the Life Skills necessary for competing in the local labor market.
- **Job Search**, an activity providing skills needed to find and obtain employment. It may include writing resumes, instruction in interviewing skills, group or individual job search.
- **Job Skills Training**, an activity involving classroom training in vocational and technical skills in a specific job area.

Food Stamp Program Demonstration
Page 6

- **JOBS Plus**, an on-the-job training activity where food stamp benefits are used to pay the client's wages at not less than Oregon minimum wage in exchange for the employer's skills training and mentoring.
- **Self-Initiated Training**, full-time attendance at an institution of higher education or other school offering vocational or technical training financed by the client and approved by the Division.
- **Sheltered/Supported Work**, an employment situation coupled with intensive staff support, skill training, intervention and counseling with gradual increases in responsibility until the participant can function in employment independently.
- **Work Experience**, work at a job site for no more than 9 months without pay, in order to gain good work habits and basic job skills to enhance employability. Job sites exist with private for-profits, nonprofits and public agencies.
- **Drug/Alcohol/Mental health services**. The full range of transition services currently offered to TANF clients.

Support Services

In addition, support service payments will be provided at the level needed for the client to succeed in their plan. Transportation and other costs will not be capped at \$25 per participant per month as they were previously. This will enable case managers to pay for all reasonable expenses that will help move the client toward self-sufficiency. These costs include but are not limited to renewing driver's licenses, minor car repairs, interviewing or work clothing, etc.

Students

Full-time students in higher education who are eligible for food stamps will not be exempt from participating in a self-sufficiency case plan. Case management services will be provided to ensure that the client in self-initiated training is making progress in their educational plan.

Progress Evaluation

All self-sufficiency plans will be supported by case management services. This means they will be monitored regularly to track the client's progress. Conciliation will be an ongoing process. The Division will make good cause determinations and reevaluate the appropriateness of self-sufficiency plans for any client who fails to make progress. When

**Food Stamp Program Demonstration
Page 7**

the Division determines that a client failing to make progress can still benefit from a plan, we will work with the clients to modify the plan so the client can succeed. On a case-by-case basis, when the Division determines the client has already reached their highest potential for achieving self-sufficiency and is not able to benefit further from a plan, the plan activity will be discontinued.

Re-engagement Process

The goal of any re-engagement process is to motivate people to cooperate with their self-sufficiency plans, not to remove people from the food stamp roles. Oregon will seek waivers for two models of a re-engagement process. Although, the first model would be the preferred process to motivate individuals, a more progressive model may be necessary. It is envisioned that the first model would be implemented and tested. Only if this is not successful in achieving the State's goal, the second model would be implemented.

Either of these models would only apply to non-TANF clients. TANF sanctions would be applied to those households receiving TANF benefits. If the TANF household loses TANF benefits, then the food stamp sanctions would be applied. This would extend the period of time for those households to cooperate with self-sufficiency plans.

LPA

Model 1:

We propose to replace Food Stamp Program penalties for failure to cooperate with employment and training activities and the ABAWD time limit with the following re-engagement process.

Adults who are not elderly or disabled, and are able but refuse to cooperate with their plan without good cause, will lose benefits for one person's need (\$122). This applies to each adult in the household. Therefore, if two adults refuse to cooperate without good cause, the household will lose benefits for two person's needs (\$244).

Throughout this process, the Division will assess the client's situation and develop a re-engagement plan. This plan includes identification of other resources available to support the individual or other family members.

Model 2:

We propose to replace Food Stamp Program penalties for failure to cooperate with employment and training activities and the ABAWD time limit with the following re-engagement process.

Food Stamp Program Demonstration
Page 8

For clients who are not elderly or disabled, and are able but refuse to cooperate with their plan without good cause, there will be progressive penalties as follows:

- Loss of \$50 benefits for the first failure to cooperate.
- Loss of \$122 benefits (one person's needs) for the second failure to cooperate.
- Benefit termination for the entire food stamp household for the third and subsequent failure to cooperate.

NO ADJWD

LOOSELY VARYING PENALTIES

Note: One-person food stamp households will only have the first penalty (loss of \$50) and termination of benefits penalties.

These penalties are consistent with Oregon's cash assistance penalties for noncooperation.

The progressive penalties will be used with the goal of motivating people to cooperate with their self-sufficiency plans, and not to remove people from the food stamp roles. We will use the penalties to re-engage clients so that they can move forward on the self-sufficiency continuum. The progressive penalty approach is intended to convince the client of how important it is for them to take the responsibility to improve their lives and move out of poverty.

Benefits will not be terminated unless there has been a staffing (with other community partners when appropriate), to confirm the reasonableness of the plan and the client's ability to complete assigned activities. Throughout all steps of the penalty process and prior to imposing the final penalty, the Division will assess the client's situation and develop a re-engagement plan. This plan will include identification of other resources available to support the individual or other family members should the client choose loss of food stamp benefits rather than cooperating in their self-sufficiency plan.

VI. Program Flexibility Under the Demonstration

In order to reach these outcomes, Oregon will need flexibility in determining Food Stamp program eligibility. Policy will need to be modified and simplified considerably, to support the goals of case management and so that time will be available in the local offices to devote to case management. As we discover policies that are barriers to achieving self-sufficiency goals, Oregon wants the flexibility to change or modify those policies. Some examples of policies which may be modified follows.

**Food Stamp Program Demonstration
Page 9**

A. Students

Full time students in higher education who are eligible for food stamp benefits will not be exempt from participating in a self-sufficiency case plan. Case management services will be provided to ensure that the client in self-initiated training is making progress in their educational plan.

to student
EXEMPTION

B. Resource Limit

Applicants:

Oregon proposes that the resource limit for food stamp eligibility would remain unchanged for new applicants. The limit would be \$2000 for most households and \$3000 for households with at least one member who is age 60 or over.

Recipients:

We propose that the resource limit for recipients cooperating in their self-sufficiency plan will be \$10,000. This amount is consistent with Oregon's cash assistance program. Experience shows this a reasonable amount to allow. The higher resource limit allows clients to acquire some assets not only for stabilizing their current living situation, but also for meeting future needs, such as for an unexpected crisis or a child's education.

\$10k
for recipient

Vehicles:

We propose to change the way licensed vehicles are treated for all clients. The current process of determining exclusions, excess fair market value and equity value is cumbersome and error prone. Instead, we propose that the combined equity value of all licensed vehicles up to \$10,000 be excluded for each household. The vehicle equity value in excess of \$10,000 (including income-producing vehicles) would be counted in the appropriate resource limit for the household. Again, this simplified approach is consistent with Oregon's cash assistance program.

\$10k
EQUITY

C. Pursuing Assets

Food Stamp Program applicants will be required to pursue ^{benefits} assets or they will not be eligible for food stamp benefits. These assets will include unemployment insurance, Social Security benefits, veterans' benefits, and other benefit payments attainable at no cost to the client.

It will include accessing IRAs and KEOGHs, and other retirement plans.

Applicant/recipients will not have to access these plans if they are cooperating with a self-

Food Stamp Program Demonstration
Page 10

sufficiency plan. If they are not cooperating with a self-sufficiency plan, they must access the plans based upon the specific plan's criteria.

Applicants who qualify for expedited service will still be issued benefits within the required 7 days, if evidence of pursuing an available benefit cannot be obtained within that short time frame.

D. Separate Economic Unit

Oregon believes that people who live together as families should be required to apply for the food stamp program together. Under current food stamp policy, even a boyfriend living with a woman who they admit is pregnant by him, can get food stamp benefits as a separate economic unit. Once the baby is born they then become one unit. } what is criteria?

E. Utilities

Oregon has implemented a single Standard Utility Allowance (SUA) for federal fiscal year 1998. This changed from different SUA amounts, depending on the number of persons in the household and the season of the year to one SUA amount regardless of the number of persons and season. Under the new structure, Oregon proposes not to prorate this simple SUA for households containing non-citizens or sharing expenses with other families in the same dwelling. } COST

F. Flat Shelter Amount

Oregon proposes to use a standard shelter allowance for households, other than homeless households, to calculate benefits. In cases where actual shelter expenses exceed the standard allowance, the household may use the actual expenses. In cases where separate food stamp households or food stamp households and non-household members share shelter costs, the shelter allowance will be based on the number in the food stamp household, unless actual shelter expenses exceed this portion of the standard. In cases where the shelter is shared and the actual shelter expenses exceed the prorated share of the shelter standard, use the actual expenses. In cases where the household incurs no cost for shelter, allow zero as the shelter expense.

STANDARD
SHELTER

SHELTER

STANDARD

Using a standard allowance would improve the Food Stamp Program efficiency by simplifying administration of the Program, thereby enabling the state agency to issue accurate benefits to eligible households more quickly.

Households would benefit by being able to access food stamps easier by having to provide less verification. For households using the standard shelter allowance, no verification of

**Food Stamp Program Demonstration
Page 11**

actual shelter costs would be required even when the household moves. Verification would only be required for households claiming actual shelter costs above the standard. No household would be adversely affected by this change, since they could claim actual shelter costs any time those costs exceeded the standard shelter allowance amount.

G. Pre-hearing Conference Required

Oregon proposes that households must have a pre-hearing conference before a hearing is granted.

Note: Find out from specialists how difficult this has been and add a few sentences here.

VII. Reinvestment

Oregon proposes to use current nationwide caseload statistics to determine the state's allocation of the federal Food Stamp program funding. We will consider this allocation Oregon's fair share, much like a block grant. As clients move toward self-sufficiency, Oregon's food stamp caseload and average benefit amount will decrease. However, we propose that Oregon will continue to receive its fair share of the federal funding, regardless of caseload size.

Oregon will use the money no longer needed for funding program benefits at the higher level, to reinvest in services for the remaining clients still eligible for benefits. Potential uses for these funds are:

- Enhanced employment and training components.
- Provide transitional benefits to those households leaving the food stamp program. This could be for a specific period time, such as six months.
- Provide a guaranteed period of eligibility, such as six months.
- Expanded nutrition and nutrition education. This could include activities to coordinate local resources for WIC, food banks, education by the Extension Service, referral services and other local programs.
- Allocations to food banks, school lunch programs, summer food programs or child care food programs.

**Food Stamp Program Demonstration
Page 12**

- Providing food stamp benefits to needy groups who are now ineligible, such as immigrants, persons in foster care or other low-income groups.
- Other activities that will support self-sufficiency, such as an incentive to cooperate with child support collection (possibly retaining child support, with no income deductions, for six months).
- Job Retention will provide focussed services around budgeting income, food selection and purchasing, food preparation in limited time, and other nutritional services.

VIII. Quality Control Reviews

The purpose of this demonstration project is to achieve the outcomes as listed above. Therefore, in order to evaluate its effectiveness, we believe quality control should review to those outcomes, rather than reviewing for traditional payment accuracy. Success will be measured by how successful Oregon is at improving people's lives with higher income levels that can in-turn fund higher levels of nutrition.