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Resources, Community, and
Economic Development Division

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June 11, 1987

The Honorable Patrick Leahy
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate

Dear Mr. Chairman:

As requested in an April 17, 1986, letter from Senator Jesse Helms, former Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, this report analyzes the design and implementation of the Food Stamp Program's Simplified Application Demonstration Project and the results of the Department of Agriculture's evaluation of that demonstration. In 1981 the Congress authorized the Food Stamp Simplified Application Demonstration Project to test certain strategies designed to reduce administrative costs and errors in Food Stamp Program eligibility and benefit determinations.

The demonstration project tested procedures that could provide the Department of Agriculture with an opportunity to achieve administrative cost savings and error reductions. Although the project achieved some administrative cost savings and reduced benefit issuance errors, it resulted in increased program benefit costs which more than offset the administrative cost savings and error reductions. Specifically, individual benefits increased because the Agriculture and Food Act of 1981 specified that under the demonstration project average food stamp allotments should be at least as large as the average allotments that would have been provided under conventional Food Stamp Program procedures.

For the four locations at which the demonstration was conducted, it had the following effect on Food Stamp Program costs. In Illinois, program costs increased about $15.8 million. In Oklahoma, the increase was about $200,000. Neither we nor Agriculture determined the effect on program benefit costs for San Diego and Fresno because of the limited changes implemented by these California counties.

Background

The Food Stamp Program is administered nationally by Agriculture's Food and Nutrition Service, which pays all food stamp benefits—$10.8 billion in fiscal year 1985—and about half of the states' administrative expenses—about $900 million in fiscal year 1985. States are responsible for local administration and day-to-day operation of the program. The program provides food assistance benefits to households that meet program eligibility requirements. Income, household size, and liquid assets, such as bank accounts, are the principal factors for determining household eligibility. Benefits are issued in the form of food coupons that eligible households can use to purchase food and obtain a more nutritious diet.

The Agriculture and Food Act of 1981 authorized the Food and Nutrition Service to conduct a demonstration project to test strategies for simplifying application processing and eligibility determination and to evaluate the demonstration's results. The Service initiated the demonstration in fiscal year 1984 and conducted it statewide in Illinois and Oklahoma and in two counties in California—Fresno and San Diego. In September 1986 Agriculture issued a report evaluating the demonstration's results.

The demonstration project simplified Food Stamp Program administration by deeming applicant households categorically resource eligible if one or more household members were eligible to receive assistance from either the Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), or Medicaid Programs. The project also authorized states to standardize benefit amounts (allotments) by household size rather than determine them individually as is done under conventional procedures.

Eligibility and benefit determination procedures for the demonstration varied at each state or county. Only Illinois implemented standard allotments. In Illinois, under conventional procedures, participant's allotments are manually calculated, but under the demonstration they were calculated by simply referring to allotment tables that showed benefit amounts due participating households based on such factors as the household's size and amount of earned income. Oklahoma developed a standard procedure for determining food stamp income but did not streamline the benefit determination process as Illinois did. San Diego and Fresno, California, both implemented the most limited policy change by merely substituting the AFDC for the Food Stamp Program definition of income. (See appendix III for a detailed description of demonstration policies implemented at each site.)

Results of Demonstration

Since the demonstration project was conducted in only two states and two counties, national projections of project results were not possible. However, the demonstration provided the Service with insights into the cost-effectiveness of designing and implementing simplified eligibility procedures and standard allotments. In evaluating the demonstration, we generally reached the same conclusions as did the Service that the gain from administrative cost savings and error reductions must be weighed against the impact on increased program benefit costs.

For example, we found that in fiscal year 1984, the increases in Illinois' benefit costs under the demonstration exceeded its administrative and error reduction savings by about $15.8 million. The demonstration caused Illinois to increase its benefit issuances by an estimated $19 million while enabling it to achieve about $3.2 million in savings—$1.9 million in federal program administrative costs because of reduced staff time and $1.3 million in benefit overissuances and issuances to ineligible persons that occurred during the demonstration. Illinois' increased benefit costs stemmed primarily from its standard allotments that included a standard deduction of $125 for shelter costs—the maximum allowable—given to all households regardless of their shelter expenses. We estimate that because of the demonstration, the increase in Oklahoma's annual program costs exceeded its administrative cost savings by about $200,000. Because of limitations in the data, neither we nor the Service could determine the impact for SSI participants on the amount of savings resulting from the reduction in Oklahoma's payment errors. Because of the limited changes implemented by San Diego and Fresno Counties, neither we nor the Service performed a cost-benefit analysis of them.

To evaluate the demonstration project, we visited each demonstration site and gathered and analyzed available state or county data on benefit and administrative costs and program error rates. We interviewed Service, state, and county officials and representatives of advocacy groups to obtain their views on the project. We also reviewed the evaluation reports prepared by the Service's contractor, interviewed the contractor, and examined the data and documents that supported the contractor's evaluations. (For a more detailed description of our objectives, scope, and methodology, see appendix I.)

Agency Comments

In providing comments on a draft of this report, officials from the Food and Nutrition Service and the states of Illinois and Oklahoma said that the report generally presented an objective description of the subject material and that the information in our report was factually correct. In addition, the officials suggested several technical and minor changes that we have made in the final report.

We are sending copies of this report to Senator Jesse Helms, former Chairman, Senate Committee on Agriculture, Nutrition, and Forestry, and to the Chairman, Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, House Committee on Agriculture. We also will send copies to the Secretary of Agriculture and the Director, Office of Management and Budget. We will make copies available to others on request.

If you have further questions regarding the information contained in this report, please contact me at (202) 275-5138.

Major contributors to this report are listed in appendix IV.

Sincerely yours,

Brian P. Crowley

Brian P. Crowley
Senior Associate Director

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Abbreviations

AFDC	Aid to Families with Dependent Children
GAO	General Accounting Office
SSI	Supplemental Security Income
RCED	Resources, Community, and Economic Development Division (GAO)

Objectives, Scope, and Methodology

Senator Jesse Helms, former Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, in an April 17, 1986, letter, requested that we evaluate the results of the Department of Agriculture's Food Stamp Program Simplified Application Demonstration Project. The former Chairman specifically asked us to analyze the design and implementation of the demonstration project as well as the data and results of the evaluation made by the Service's contractor. He asked us to address the following questions:

- What eligibility and benefit determination procedures were employed at each location during the demonstration?
- What was the project's impact on program and administrative costs?
- Did the demonstration affect payment error rates?
- Can the procedures implemented for the demonstration be implemented nationwide?

To identify the eligibility and benefit determination procedures employed at each location and the feasibility of implementing these procedures nationwide, we (1) reviewed each state's or county's proposal to participate in the demonstration project, (2) visited each of the four sites and obtained and reviewed policy statements, procedural guidance, and other relevant material, (3) interviewed the project directors and other appropriate state and local officials, and (4) discussed the demonstration's national applicability with federal, state, and local officials and representatives of national and local advocacy groups.

To determine the demonstration's impact on program (i.e., benefit) and administrative costs, we gathered cost data from the states of Illinois and Oklahoma and from the contractor the Food and Nutrition Service hired to study the project. (Because of the limited changes implemented by Fresno and San Diego, California, neither we nor the Service's contractor estimated the demonstration's impact in those two counties.) We evaluated the contractor's methodology for estimating the demonstration's impact on benefits and administrative costs and developed alternative methods for making such estimates. Further, we compared our estimates with the contractor's estimates.

To examine possible payment error reductions, we compared payment error rates that Illinois reported for conventional eligibility and benefit determination procedures with those it reported for the demonstration. We also evaluated the contractor's payment error rate calculations. (Data limitations in Oklahoma and the demonstration's limited impact in Fresno or San Diego precluded such an analysis for these locations.)

Because it is impossible to project nationwide results based on observations from only four locations, we were unable to project the cost impacts of implementing the demonstration procedures nationwide.

Several limitations apply to our review. We developed our own estimates of the demonstration's impact, but the estimates of benefit increases, administrative savings, and error reductions that this report presents are those the contractor developed because we found that the methodology and calculation procedures employed by the Service's contractor were reasonable. For Oklahoma, data were not adequate to estimate the impact for SSI participants in the demonstration. Our coverage of Fresno and San Diego Counties was restricted to the merits of common criteria, procedures, forms, and terminology because the policy and procedural changes that those two sites implemented were so limited that they did not significantly affect program or administrative costs. We could not develop estimates of the cost savings from any reductions in Oklahoma's, Fresno's, or San Diego's benefit issuance errors because of data limitations in Oklahoma and the project's limited impact in the California counties.

We conducted our review in accordance with generally accepted government auditing standards between February 1986 and April 1987.

Food and Nutrition Service, Illinois, and Oklahoma officials reviewed a draft of our report and provided us with official oral comments. They agreed with our findings, analyses, and methodology and suggested several technical and minor changes that we have made in the final report. The officials said that the report generally presented an objective description of the subject material and that the information in our report was factually correct.

Savings From Simplified Procedures Offset by Increased Program Costs

The results of the Food Stamp Program's Simplified Application Demonstration Project indicate that the simplified procedures tested could achieve administrative cost savings and reduce program errors. However, the demonstration results also indicated that because of the procedures used to determine benefit levels, increases in benefits issued to households (i.e., program benefit costs) in both Illinois and Oklahoma exceeded any savings. (As noted earlier, because of the limited changes implemented by Fresno and San Diego, California, neither we nor the Service performed such an analysis of them.) The increase in Illinois' program benefit costs for the demonstration project dramatically outweighed potential savings, while Oklahoma's increased costs slightly exceeded savings. In fiscal year 1984, Illinois' program cost increases exceeded estimated administrative cost savings and savings from payment error reductions by about $15.8 million. For that year, Oklahoma's cost increases exceeded savings by about $200,000. (For Oklahoma, data were not adequate to determine the impact on Supplemental Security Income (SSI) participants in the demonstration, and savings from reductions in payment errors could not be calculated because of data limitations.) Agriculture officials stated that from the demonstration's inception, they realized that program costs would increase because of the decision to minimize any decreases in benefits to households participating in the demonstration.

Food Stamp Program Background

The Food Stamp Program provides food assistance benefits to households that meet program eligibility requirements. Benefits are issued in the form of food coupons that eligible households use to purchase food and, thus, obtain a more nutritious diet.

Agriculture's Food and Nutrition Service administers the program nationally, with 100-percent federal financing of the food stamp benefits—$10.8 billion in fiscal year 1985. The federal government finances part (usually 50 percent) of the states' administrative expenses; its share of such expenses was about $900 million in fiscal year 1985. States are responsible for local administration and day-to-day operation of the program.

Local administration includes processing households' applications to participate in the program. Application processing under conventional (i.e., not demonstration project) procedures involves reviewing a completed application form, interviewing the applicant, and verifying application information by using information from third parties or collateral data supplied by the applicant. Information that must be gathered and verified includes household assets; income; expenses, such as medical, child care, and shelter costs, that are deductible from income; household composition; citizenship or alien status; residency; and social security numbers. The local office determines eligibility for food stamps on a case-by-case basis. At the time of the demonstration, to be eligible for benefits, a household could not have (1) countable assets of over $1,500 (or $3,000 for households with elderly or disabled members), (2) gross income greater than 130 percent of the Office of Management and Budget poverty guidelines (e.g., annual income of $12,870 for a family of four), and (3) net income (gross income less deductions) greater than 100 percent of the poverty guidelines for households without elderly or disabled members. If the household is found to be eligible, the local office then calculates each household's monthly food stamp benefit by subtracting 30 percent of the household's net income from Agriculture's Thrifty Food Plan (which provides guidance on the cost of economically meeting a household's nutritional needs).

The Simplified Application Demonstration Project

The Agriculture and Food Act of 1981 (Public Law 97-98) authorized the Food and Nutrition Service to conduct and evaluate a simplified application demonstration project to test strategies for streamlining application processing and determining eligibility to receive food stamps. The test was to cover not more than two states and an additional 14 political subdivisions in other states. The test was to include only those households in which one or more household members were eligible to receive either Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), or Medicaid, and where the household's income did not exceed the Food Stamp Program's gross and net income limits. Participating states and subdivisions were authorized to standardize food stamp allotments (i.e., amount of benefits issued) by household size and type of assistance rather than to determine them individually. The act specified that the average allotments should be at least as large as the average allotments that would have been provided under conventional procedures.

The Service approved statewide demonstrations in Illinois and Oklahoma and in two counties in California—Fresno and San Diego. The Illinois and Fresno County projects, initiated in October 1983 and April 1984, respectively, included cases in which all food stamp household members also were AFDC participants. Beginning in January 1984, the San Diego County project included households in which at least one food stamp household member also received AFDC benefits. Beginning in April

1984, the Oklahoma project included households in which each member received assistance from at least one of the three assistance programs.

Each state or county designed its own benefit determination policies and procedures. Illinois made the most significant changes by simplifying eligibility criteria and standardizing allotments. Oklahoma also substantially changed its eligibility and benefit procedures but did not standardize allotments. Oklahoma developed a standard procedure for determining food stamp income that eliminated some deductions, primarily for work-related expenses. Both California counties implemented limited changes because they merely used AFDC income definitions and did not standardize allotments. Fresno and San Diego Counties also introduced a consolidated application form for the AFDC and Food Stamp Programs, but the application form was designed for another initiative rather than expressly for this demonstration project. (See appendix III for a more detailed description of demonstration policies at each state or county.)

Because the planned demonstration period ended and because Illinois' demonstration project was so costly the Service terminated it on December 31, 1984, and authorized a phase-out period through June 1985. The 1985 Food Stamp Security Act (Public Law 99-198) authorized up to five states to permanently simplify and/or standardize the food stamp application process, and the Service has extended Oklahoma's simplified procedures until it determines whether Oklahoma will be one of the states allowed to do so. At its request, Fresno's participation in the demonstration ended on November 30, 1984. San Diego continued the project until the demonstration period ended on March 31, 1985. County officials said that they dropped out of the demonstration because they believed that the project's limited gains did not justify further participation.

Administrative Cost Savings

The Service contracted with Mathematica Policy Research, Inc., to evaluate the effects of simplified eligibility and benefit determination procedures on program benefit and administrative costs, error rates, and participation. The Service issued the contractor's interim report in July 1985, followed by a final report in September 1986.

We and the Service's contractor found that implementing the simplified eligibility and benefit determination procedures authorized by the demonstration reduced federal administrative costs. Using the contractor's data, we estimated that the demonstration procedures employed by both

Illinois and Oklahoma would reduce annual federal administrative costs by about $12 per participant household.[1] The Service's contractor concluded that the simplification procedures employed by Illinois would lead to annual federal administrative cost savings of about $1.9 million in that state. According to the contractor, Oklahoma's procedures would result in annual federal administrative savings of about $100,000 to $250,000 for Oklahoma. These savings stem from reducing the amount of time and effort required to certify eligibility and determine benefit levels.

As noted previously, although Illinois streamlined its procedures to a greater extent than did Oklahoma, both states achieved about the same $12 federal administrative savings per participant household. Illinois' larger caseload—154,700 versus 15,600 for Oklahoma—caused the difference in total savings. However, under its conventional procedures, Illinois spends about half as much per case as does Oklahoma—federal administrative funds of about $60 versus $120. Therefore, the demonstration project's administrative savings represented a greater share of Illinois' administrative costs per household than they did for Oklahoma (see table II.1).

Table II.1: Federal Administrative Cost Savings Under the Simplified Application Demonstration Procedures Compared to Conventional Administrative Costs

Figures represent savings or cost per household

State	Savings under simplified application demonstration	Costs under conventional procedures	Savings as a percentage of conventional costs
Illinois	$12	$60	20
Oklahoma	12	120	10

Officials in both Illinois and Oklahoma expressed support for the demonstration and the administrative cost savings generated by it. The Director of the Illinois Department of Public Aid said that the state had enjoyed reduced administrative costs that were derived from lower labor costs, supervisory involvement, and overhead. The Oklahoma project director said that the streamlined procedures have allowed caseworkers to continue providing necessary services despite both a growing workload resulting from an increased unemployment rate, that is higher than the national average, and furloughs of department staff because of budget constraints.

[1] As noted previously, the estimates for Oklahoma do not include SSI participants in the demonstration.

In evaluating the contractor's study, we found that the contractor's methodology and calculation procedures for estimating annual administrative cost savings and the estimates themselves seem reasonable. Therefore, the administrative cost estimates that this report presents are based on those the contractor developed.

Program Benefit Cost Increases

The contractor estimated that, under the demonstration, program benefit costs increased in both Illinois and Oklahoma. According to the contractor, Illinois' annual program costs increased an estimated $19 million while Oklahoma's increased about an estimated $400,000 annually.[2] The increase was not caused by expanding eligibility to include previously ineligible households, but rather by increasing benefits to eligible households. In Illinois, the demonstration resulted in an average annual increase of about $128 per household or 6 percent. In Oklahoma, the average annual increase was about $27 per household or 1 percent (see table II.2).

Table II.2: Comparison of Benefits Under Conventional and Simplified Procedures

Figures represent average annual benefits per household

State	Conventional procedures	Simplified procedures	Percent change
Illinois	$2,028	$2,156	6
Oklahoma	1,944	1,971	1

By substituting standard allotments for individually tailored allotments, Illinois increased benefits to nearly half of the households included in the demonstration project while decreasing benefits for only about 3 percent of the participants (see table II.3). When Oklahoma streamlined its benefit calculations by eliminating deductions such as work-related expenses from food stamp income, it did not change the benefit levels for most participant households. It only increased benefits to about 6 percent of the households and decreased benefits to about 2 percent. Therefore, both states complied with the intent of the Congress to minimize any reductions in household benefits (about 90 percent of the benefit decreases in both states were less than $15) but both states, especially Illinois, increased their program benefit costs.

[2]We found no problems with the contractor's methodology for estimating benefit costs and have used its figures in this report. As a test check, we used a different methodology to estimate benefits and in doing so produced results similar to the contractor's. Also, as noted previously, the estimates for Oklahoma do not include SSI participants in the demonstration.

Table II.3: Households With Changes in Food Stamp Benefits Under the Demonstration, Fiscal Year 1984

	Illinois		Oklahoma	
Type of change	Number of households	Percent	Number of households	Percent
Increases	69,400	44.9	900	5.5
Decreases	5,000	3.2	300	2.0
No change	80,300	51.9	14,400	92.5
Total	**154,700**	**100.0**	**15,600**	**100.0**

Illinois' treatment of the shelter expenses that food stamp participants are allowed to deduct was the major reason benefit costs increased much more in Illinois than in Oklahoma. In developing its tables for calculating standard allotments, Illinois credited each household with a $125 deduction for shelter costs—the maximum allowable under law. Oklahoma, on the other hand, limited households to deducting their actual shelter expenses using conventional Food Stamp Program procedures. Using these procedures, on the average, nationally about two-thirds of all Food Stamp Program participants claim less than the maximum $125 shelter deduction. Oklahoma's program benefit increases were caused by the state's decision to use the AFDC program's slightly more lenient income definitions to calculate income for Food Stamp Program purposes.

Representatives of national and local advocacy groups expressed satisfaction with the demonstration. They said that the demonstration had not restricted program eligibility or had any adverse impact on program participation. They noted that they had not received any complaints about the service provided, and that they favored the slightly higher benefit levels that the demonstration generally provided. Illinois officials said that they could have saved federal dollars if they had differently structured their procedures for determining the amount of food stamps to give participants. However, the Illinois officials noted that doing so would have caused more participants to receive less assistance—and the Congress specified that the demonstration should be designed to minimize any adverse impact on participants.

Reduction in Payment Errors but Not in Corresponding Costs

The demonstration project showed that the simplified procedures used in Illinois reduced error rates by eliminating the need to collect, verify, and use information on such factors as unearned income and shelter expenses when determining eligibility for food stamps. However, the reduction in payment errors did not correspondingly reduce program costs by reducing benefit overissuances or issuances to ineligible persons (called overpayments.) The demonstration procedures used in Oklahoma also reduced error rates, but we and the Service's contractor were unable to estimate the amount of program dollars that were saved as a result.

Before the demonstration project was implemented, Illinois had a 5.02-percent overpayment error rate for those households eligible for the project. During the demonstration, the error rate for those households dropped to 2.73 percent. If benefits were reduced accordingly, such an error reduction could save about $7.7 million per year. However, for $6.4 million of that amount, the demonstration merely eliminated several sources of error that existed under conventional procedures but did not result in a corresponding change in benefit levels, or program savings, because, as required, Illinois developed standard allotments that did not result in lower benefit levels. For example, under conventional procedures, states have to collect and verify unearned income information and then use that information to compute the household's food stamp benefit. In 1983 we reported that mistakes in determining households' unearned income cause about 22 percent of all overissuances and issuances to ineligible households.[3] Under Illinois' demonstration procedures, unearned income data for individual households were not used in determining benefits because Illinois implemented standard allotments. These allotments were computed using historical averages for such factors as earned and unearned income for each size household. Therefore, the state's demonstration procedures removed potential errors in the computation of unearned income and other factors, such as the deduction for shelter expenses, but did not result in a corresponding amount of program savings because the demonstration was designed to minimize any decreases in benefits to participating households. Using the contractor's data, we estimated that $1.3 million in overpayments were eliminated during the demonstration. These savings could have resulted from the simplified procedures implemented during the demonstration or could have been caused by any other events not related to the demonstration that occurred in Illinois during the demonstration project period.

For Oklahoma, the contractor reported that the error rate declined during the demonstration. However, because of data limitations, it was impossible to estimate possible dollar impacts of the error rate reductions.

[3] Need for Greater Efforts to Recover Costs of Food Stamps Obtained Through Errors or Fraud (GAO/RCED-83-40, Feb. 4, 1983).

Conclusions

The Food and Nutrition Service could not statistically project cost results nationwide because the demonstration was carried out at only two states and two counties; however, it did gain valuable insights into the benefits and problems involved in designing and implementing simplified procedures and standard allotments. As calculated by the Service's contractor and verified by us, the Simplified Application Demonstration Project achieved some administrative cost savings while reducing program error rates, but these gains were more than offset by increased program benefit costs. The benefit increases primarily stemmed from the congressional requirement that households not receive fewer benefits because of the demonstration. However, the modest administrative and error reduction savings achieved by the demonstration means that widespread use of the demonstration's procedures will most likely increase program expenditures.

Demonstration Project Policies

According to the Simplified Application Demonstration Project rules, households that were already approved to participate in either the AFDC, SSI, or Medicaid Programs were defined as being eligible for food stamps as long as their income did not exceed the Food Stamp Program's income limits. Within this framework, each state or county participating in the project developed its own policies and procedures for determining food stamp eligibility and benefit levels.

Each state or county determined which income assistance programs to include in its demonstration project population. Illinois and Fresno County selected pure AFDC households (i.e., all household members received AFDC benefits) for the demonstration. San Diego County included pure and mixed AFDC households (i.e., either all or some members received AFDC benefits). Oklahoma selected pure AFDC, SSI, and Medicaid and mixed AFDC/SSI/Medicaid households (i.e., each member received assistance from at least one of the three programs). All of the projects relied on AFDC or SSI criteria to measure household assets and used AFDC or SSI income definitions to determine food stamp gross income. All SSI recipients are categorically eligible for Medicaid.

Each state or county took a different approach to calculating the amount of benefits. Illinois based benefit levels on standard allotments for various household categories—household size, earned income, presence of an aged or disabled member, and county of residence. Standard allotments simplified benefit determinations because benefits could be determined for a whole class of households rather than on a household-by-household basis and with much less individual household information than was needed under conventional procedures. By eliminating the work-related expense and dependent care deductions, Oklahoma standardized its procedures for calculating the amount of food stamp income. Fresno and San Diego Counties used AFDC instead of food stamp definitions of gross income but followed conventional food stamp procedures when calculating food stamp benefit amounts.

Table III.1 summarizes the demonstration policies of each of the projects.

Table III.1: Demonstration Project Policies

Policy	Illinois	Oklahoma	Fresno	San Diego
Eligible population	Pure AFDC households	Pure AFDC, SSI, and Medicaid households; and mixed AFDC/SSI/ Medicaid households	Pure AFDC households	Pure and mixed AFDC households
Resource eligibility limits	Eliminated	Eliminated	Eliminated	Eliminated
Gross income definition used for eligibility determination	Based on AFDC income definitions	Based on AFDC, SSI, and Medicaid income definitions	Based on AFDC income definitions	Based on AFDC income definitions
Gross income definition used for benefit determination	Based on AFDC income definitions	Based on AFDC income definitions	Based on AFDC income definitions	Based on AFDC income definitions
Benefit calculation formula	Based on standard allotments for various household categories	Simplified by eliminating work-related and dependent-care deductions	Conventional calculation	Conventional calculation

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