

STORAGE NAME: h1409.cfs.doc
DATE: March 27, 2001

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
CHILD & FAMILY SECURITY
ANALYSIS**

BILL #: HB 1409
RELATING TO: Food Stamps
SPONSOR(S): Representative(s) Lerner

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) CHILD & FAMILY SECURITY
 - (2) FISCAL POLICY & RESOURCES
 - (3) COUNCIL FOR HEALTHY COMMUNITIES
 - (4)
 - (5)
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I. SUMMARY:

This bill provides a methodology for valuing vehicles as assets for purposes of food stamp eligibility that excludes certain such vehicles from consideration. It directs the Department of Children and Family Services to adopt and implement rules by January 1, 2002.

Under HB 1409 the state would adopt the more generous TANF methodology for determining vehicle value as allowed by Public Law 106-387. This would provide fewer administrative differences between Food Stamp and TANF eligibility rules. The new rule would give the state more flexibility to open up the food stamp program to low-income working households who need a modest vehicle to get to work.

The Food Stamp program is a federal program operated by the Florida Department of Children and Family Services to provide basic food and nutrition to low income families. To be eligible a household must meet federal eligibility standards that include income and resources, employment, and other standards. Total household resources may not be more than \$2,000. All licensed vehicles, unless excluded, are evaluated for their fair market value in determining household resources and any value over \$4,650 is counted as an asset against the \$2,000 household limit for food stamp eligibility. The National Automobile Dealers Association (NADA) wholesale book value is used to determine fair market value. The asset value counts regardless of the amount owed on the vehicle.

The value of vehicles excluded for Temporary Assistance for Needy Families (TANF) eligibility in Florida is \$8,500. In 1998, Congress amended Food Stamp eligibility standards to allow states to use their own TANF vehicle exclusion standards instead of federal Food Stamp standards.

The bill provides the act shall take effect upon becoming law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Public Law 106-387, in 1998, amended the Food Stamp Act of 1977 to allow state agencies the option to use their Temporary Cash Assistance for Needy Families (TANF) vehicle allowance rules, rather than the fair market value rules used in the Food Stamp Program, where doing so will result in a lower attribution of household resources for determining food stamp eligibility.

Food Stamps

The Food Stamp program is a federal program administered by the Department of Agriculture to end hunger and improve nutrition and health. It helps low-income households buy the food they need for a nutritionally adequate diet. The program is operated by the states with federal oversight. In Florida, the Department of Children and Family Services operates the Food Stamp program as part of the state's economic assistance program, as provided for in s. 414.32, F.S.

To be eligible for food stamps, a household must meet certain eligibility standards that include income and resources, employment and other standards. U.S. citizens and some aliens who are admitted for permanent residency may qualify.

The gross monthly income of most households must be 130 percent or less of the federal poverty guidelines (\$1,533 per month for a family of three). Net monthly income must be 100 percent or less of federal poverty guidelines (\$1,180 per month for a household of three). Net income is figured by adding all of a household's gross income, and then taking a number of approved deductions for childcare, some shelter costs and other expenses. Households with an elderly or disabled member are subject only to the net income test.

The amount of benefits an eligible household receives depends on the number of people in the household and the amount of income the household has. For example, a household of three people with no income can receive up to \$329 a month in benefits. Households with income are expected to use about 30 percent of their own money after certain deductions allowed for food.

Household Resource Limits:

Under federal law, households may have no more than \$2,000 in countable resources, such as a bank account, to be eligible for food stamps (\$3,000 if at least one person in the household is age

60 or older). Certain resources such as a home and lot and vehicles up to a certain value are not counted.

Value of Vehicles Excluded from Household Resources for Food Stamp Eligibility is \$4,650.

In 1977, Congress set \$4,650 as the value of a car that is not counted against the \$2,000 limit on household resources for food stamp eligibility. This allows a family to have a car to get to work, childcare and medical care. This limit did not change until 1998.

All licensed vehicles, unless excluded, are evaluated for their fair market value (each vehicle is appraised independently). Current state eligibility rules for the food stamp program use the fair market value of vehicles to determine the value of vehicles as a family resource. To determine the fair market value, the wholesale value of the vehicle is established using the National Automobile Dealers Association (NADA) book value. Then \$4,650 is subtracted from the wholesale value and any remainder is counted as an asset to the assistance group. The asset value counts regardless of the amount owed on the vehicle.

In 1998 Congress amended the allowance provisions for valuation of a vehicle for Food Stamp eligibility in section 847 of P.L. 106-387. The new law allows states to substitute their Temporary Assistance for Needy Families (TANF) vehicle rules for the food stamp vehicle rules.

Florida's Vehicle Resource Exclusion for TANF Eligibility is \$8,500

For TANF eligibility, Florida has a combined equity exclusion of \$8,500 for all vehicles. This exclusion was established by the Legislature in s.414.075, F.S, 1996 for the WAGES program to allow families to have transportation needed for training, employment and educational purposes.

Application of TANF Policy to All Food Stamp Households

Under the new law, states may adopt vehicle allowance rules from any program that receives TANF or TANF maintenance-of-effort (MOE) funds as long as that program provides benefits that meet the definition of "assistance" according to TANF regulations. If a state decides to apply the policies from a TANF or MOE-funded program to evaluate vehicles for food stamp purposes, those policies are to apply to all food stamp households in the state, whether or not they receive or are eligible to receive TANF assistance of any kind.

C. EFFECT OF PROPOSED CHANGES:

House Bill 1409 amends F.S. 414.31 that establishes department operation of the federal food stamp program to require the department to adopt more favorable TANF methodologies for valuing vehicles as assets for purposes of food stamp eligibility. Under current Florida TANF rules, the provisions of the bill will allow families a combined equity exclusion of \$8,500 for all household vehicles against the limit of \$2,000 of family resources for eligibility for Food Stamps instead of the current vehicle exclusion of \$4,650 for Food Stamps.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 414.31, F.S., to require the state to adopt values of vehicles excluded from resource restrictions for Food Stamp eligibility based on Florida's exclusions for Title IV, Part A programs (TANF), as provided for in Public Law No. 106-387. The bill requires the state to apply the most favorable rules for resource exclusion and the most favorable rules for non-primary vehicles from either the food stamp program or part A, Title IV programs. The department is

authorized to adopt rules to implement the provisions and is required to implement the rules by January 1, 2002.

Section 2. Provides the act shall take effect upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

According to the department the food stamp caseload may increase, but more working families attempting to become self-sufficient will be able to have vehicles to get to work. Existing resources would be used to implement this change. Food stamps are federally funded.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce revenue-raising authority.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

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V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

Rule making authority is provided in the bill.

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON CHILD & FAMILY SECURITY:

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