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BEFORE THE
SUBCOMMITTEE ON DEPARTMENT OPERATIONS, OVERSIGHT, NUTRITION AND FORESTRY
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES
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Mr. Chairman, Representative Clayton, members of the Committee, my name is Jerry Friedman and I am the Executive Deputy Commissioner for the Texas Department of Human Services. Thank you for the opportunity to speak with you about the upcoming reauthorization of the Food Stamp Program. We truly appreciate your allowing us to provide information on subjects you have identified as important in considering the administration of the program such as simplification of the program for families in need of assistance and for states administering the program. We also look forward to providing you information on the status of Texas' implementation of EBT and how it has worked in our state.

We regard food stamps as a supportive service to working poor, the elderly, persons with disabilities, and families and individuals who are in transition to a more stable economic life. In Texas, we have taken some significant steps to assure that people know of their potential eligibility for food stamps. For example, we conducted over a dozen worker, client and advocate forums across the state to gather input regarding access to services. Specific efforts related to access to the program include:

- **an outreach and education campaign** which included development and distribution of PSAs to TV, radio and the print media; distribution of over one million pamphlets and posters to various organizations statewide—libraries, schools, homeless shelters, food banks and soup kitchens; and establishing a food stamp hotline, specific to the effort;

- **extended business hours** in 88 offices statewide to accommodate working recipients;

- **a contract with the Texas Association of Community Action Agencies** to conduct community outreach, education, and application assistance related to the food stamp and nutrition programs, using some of the enhanced federal funds the agency earned due to high accuracy rates in determining eligibility for the Food Stamp Program;

- design and upcoming implementation of a program which **increases access to the Food Stamp program for the elderly**;

- **a redesigned application** developed by a workgroup made up of client advocates, other state agencies, legislative staff and DHS workers to simplify the process for clients, making it more user-friendly;

- **two customer service surveys** (one a "Mystery Shopper" design) conducted to determine satisfaction with the agency's client service delivery; and,

• a web-based client tool, called **STARS which allows clients to screen for services** they may be eligible for across health and human service agencies from any location that has Internet access—hospitals, libraries, schools, WIC clinics, etc. The client screener is currently available in selected DHS offices. It will be available on the Internet in July 2001.

Finally, Texas state law requires expedited food stamp benefits be provided in 24 hours rather than the 7 day maximum set in federal provisions.

I am proud of the Texas effort to assure those in need are receiving the supportive services the Food Stamp Program provides. Although it is impossible to assume a direct correlation, the state has seen a modest increase in Food Stamp participation in the past year. This means a great deal in a state like Texas where a 3% increase means over 40,000 more people receiving Food Stamps.

I am also proud of this state's commitment to the integrity of the Food Stamp Program because such a commitment results in public support of the program. Texas has earned enhanced federal funds for the last three years. In FFY 1998, the state earned almost $20 million because of our 5.27% payment error rate. In FFY 1999, the state earned $27.9 million based on a payment error rate of 4.56%. And in FFY 2000, Texas earned $28.6 million based on a payment error rate of 4.14%.

As you can see, Texas is committed to a Food Stamp program that is accessible to all and that has the support of the public because of accuracy in the administration of the program.

The reauthorization of this vital program gives us an opportunity to consider changes which allow the Food Stamp Program to best fulfill its intent—provide nutritious food to individuals and families in need as they seek to maximize their independence. Texas would offer these recommendations.

First, the program must be accessible to those who are eligible, and simplification is the key. Second, the program must be accountable in a way that protects the integrity of the program while allowing for good customer service, maximum participation, and low administrative costs. Third, the program should support the states' efforts to move people on to social and economic stability as quickly as possible.

Specifically, we would recommend two major changes related to simplification:

- Simplify eligibility by using a single deduction
- Simplify reporting by modifying the change-reporting requirements.

These two changes would improve access, with benefits to both clients and administering agencies through a simplified application process, improved customer service, and reduced paperwork and verification. Such changes would also make the program more supportive of work and the movement of individuals and families to social and economic stability. Finally, the changes would increase program accountability by changing the focus from technical errors to a broader range of issues including program effectiveness, customer service and education regarding the program.

Another concern for Texas is the need to improve access to the Food Stamp program for the elderly and disabled. Many of our most vulnerable citizens are potentially eligible for food stamps, but may not participate because of difficulties they face in the application process or the limitations related to the amount of benefit because of the deductions. We would recommend three changes which would improve access to these vulnerable citizens:

- An increase in the minimum benefit for the elderly
- A standard medical deduction to ease the application process for elderly applicants

Additionally, Texas would recommend vehicle exemptions be changed to reflect and support policies that focus on work and the goal of self-sufficiency, using reasonable limitations on the value of vehicles. As the committee is aware, transportation is a major barrier to employment for individuals and families with low-income. Texas remains a largely rural state and many of our clients have to drive considerable distances to get to work—thus they need dependable transportation. Such a change provides a clear message that work and the essential tools of work are important. Also in support of work and the goal of self-sufficiency, Texas would recommend flexibility in the administration of the Food Stamp Employment and Training (E & T) program. Currently, the E & T program has limitations on how these funds may be spent which restricts our ability to serve all those in need.

Changes are also needed to improve the accountability system of the Food Stamp program. The current system presents challenges to good customer service and adds significant administrative costs. Please know that we support the integrity of the Food Stamp Program—we think Texas has shown its commitment over the last few years—but at the same time, we believe that accountability for the program should be reassessed with a focus on:

1. A credible measure of payment accuracy
2. A sound theoretical and research basis for standards
3. Accountability of states for things under state control
4. Measurements related to program purpose

In addition, currently, quality control error rates allow for variances of $25 or less for over and under issuance, but the same disregard is not applied to ineligible cases. This inconsistent criteria does not allow for an accurate assessment of the state's payment error rate. And, we would ask for reconsideration of the provision in PRWORA which requires state agencies to collect on all benefit overpayments, regardless of how the overpayment occurred. We would request flexibility in the collection of agency error claims, including consideration of the age of the claim.

Finally, the committee had asked for a status on implementation of EBT systems and the effectiveness of those systems. Texas was the second statewide EBT system in the country, with initial implementation beginning in October 1994 and full implementation completed in November 1995. Known as the Lone Star card, our system provides both cash (TANF) and food (FS) benefits to over 500,000 cardholders, and handles an average of 4.9 million transactions per month. The EBT program has been an extraordinary success, supported fully by all stakeholders including clients, retailers, and the general public.

In February of this year, we entered into the second generation of EBT—or as we call it, EBT-2. The state had determined that a single vendor approach presented problems which should be avoided in subsequent contracts. Texas successfully implemented a multi-vendor approach which is not only innovative, but also effective in providing services to clients while assuring state control of the system. I would be remiss if I did not mention that the strong working relationship with our federal partner, FNS, has been critical to the success of our EBT program.

Texas is known for its work in EBT trafficking. The state has pioneered the effort to combat food stamp trafficking using the electronic trail available in an EBT system. In fact, the GAO identified Texas as one of two states that account for almost all trafficking cases prosecuted by the states.

We appreciate the recent regulations which allow states to retain a share of recovered funds in these cases at the same rate as other fraud cases (35%). But the truth is, trafficking investigations take a great deal of time and resources—and the basis for retaining funds is only those recorded transactions which reflect a very small amount of the entire theft by any one retailer. Since the federal government uses the evidence developed by the state to obtain sizeable civil monetary penalties from the retailer who commits the trafficking violation, we believe the state should be entitled to a portion of the sanction.

I hope that these comments provide useful information regarding opportunities the committee has to consider the reauthorization of the Food Stamp program. That concludes my remarks. I would be happy to address any questions you may have.