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Committees

Ways and Means, Chairman
Energy and Natural Resources
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Special Appointments

Tax Expenditure Review Committee
Ohio 2020 Tax Policy Study
Commission, Co-Chair
Study Committee on Receivership Laws

Tim Schaffer **State Representative, 77th House District**

House Health Committee **House Bill 58—Sponsor Testimony** **Tuesday, February 19, 2019**

Chairman Merrin, Vice Chair Manning, Ranking Member Boyd, and members of the House Health Committee, thank you for the opportunity to present sponsor testimony on House Bill 58.

House Bill 58 will place an account-holder photo on Electronic Benefit Transfer, or EBT, cards issued under the Supplemental Nutrition Assistance Program, or SNAP, the former food stamp program.

The purpose of the bill is to:

- 1. protect the integrity of the SNAP program,**
- 2. deter trafficking in SNAP cards for drugs and other illegal activity, &**
- 3. preserve the precious funds for those in need.**

This is a benefits protection bill, designed to protect those who need help.

The bill is written in response to an audit of the SNAP program completed by former Auditor Dave Yost's audit team, which evaluated the vulnerability of the program to fraud in the first six month period of 2015. Auditors found numerous weaknesses and anomalies indicating potential fraud:

- **Excessive balances** – The most a recipient can receive in benefits is \$1,169 per month for a family of eight. However, balances exceeding the minimum balance allowed totaled \$1.2 million.
 - One exceeded a balance of \$20,000.
- **Unusual Activity** -- Auditors found frequent transactions of the same amount, frequent manual card entry, even-dollar transactions, repeated replacement of lost or stolen cards, consecutive transactions in a one hour period and excessive attempts to enter a PIN number.
- **36 Deceased recipients** receiving \$24,406 in benefits more than a year after death.
- **Out-of-State Spending** – More than \$28.7 million was spent by 118,316 recipients out of state, suggesting recipients do not live in Ohio, are receiving benefits in more than one state, or are selling their cards.

This audit was the second audit of Ohio's SNAP program. In 2011, Auditor Yost found excessive cards being reissued, and 11 other states have found similar results in their SNAP audits.

Clearly, there is a problem that former Auditor Yost has identified, and we need to do everything we can to clean it up.

In 2012, President Obama found gaps in states' SNAP fraud detection abilities. The US Department of Agriculture discovered that Ohio suffers a five percent error rate in our SNAP program, a rate far too high for us to accept and tolerate for a **\$2.5 billion** program serving about **1.6 million Ohioans**.

And the Obama Administration estimated SNAP fraud at **\$750 million** per year nationwide—that's **\$26,250,000** in Ohio SNAP fraud.

Adding photos to Ohio's EBT SNAP cards will simply make Ohio's SNAP program stronger:

- It will safeguard the benefits of those who are legally entitled to them and need them; and
- It will help deter and detect crime that we know goes on today where cards are sold or traded for cash or drugs.

No one loses benefits!

No one suffers a delay in benefits!

This bill will feed those in need, not drug dealers.

SNAP is an important safety net for those in Ohio who have fallen on rough times. And I believe that a vast majority of individuals enrolled in the program need the benefits. As lawmakers, we have a responsibility to assure program integrity.

As Auditor Dave Yost has said, "this will be helpful to avoid trafficking in SNAP cards. A photograph is a simple, straightforward way to deter that."

I've had complaints in my district that people prowl grocery store parking lots asking customers to buy their cards, offering to go in and use their shopping lists, buy their groceries and in exchange for the groceries for \$0.50 on the dollar. Some states have seen these cards sold on Craig's List and other social media.

All these activities are crimes. And many times these crimes are feeding drug addictions.

Law Enforcement tell us they find stacks of SNAP cards when they bust drug houses.

Please listen to our experts – SNAP cards used fraudulently are being used to feed the drug crisis in Ohio.

Sgt. Rosser of the Butler County Sheriff's Department testified that his Food Stamp EBT Fraud Unit at his county JFS office has saved Ohio taxpayers more than \$32 million

through 402 arrests since 2012—all from busting SNAP Food Card fraud. The bill contains reasonable exemptions to the photo requirement.

- Adults who are 60 years of age or older,
- Blind citizens,
- Disabled citizens,
- victims of domestic violence, or
- those who have a religious objection to being photographed.

Retailers will not be required to check the photo ID at check-out. I know some people want retailers to inspect cards and grocery carts, but federal rules prohibit it.

The retailer will also not be allowed to hinder or prevent anyone's purchase as a result of the photo ID. The role of the retailer, if they wish to have one, is to report suspected fraud to the U.S. Department of Agriculture by calling a toll free number that will be printed on the back of cards or the flyers they already have in their stores.

Please do not be dissuaded by opponents of this bill who will dust off a number of overused objections that they use for all change legislation that they fear. They couldn't be more wrong. This legislation preserves the benefits for the poor and the integrity of the SNAP program.

For those who want to insist that this program will cost too much and take funds away from recipients, those complaints are unfounded.

- The federal government pays Ohio the benefits for the recipients. Benefits do not come from the same source as the administrative funds.
- According to LSC, the federal government reimburses 50% of administrative costs, including the cost of implementing this legislation.
- If the implementation of this plan even comes close to \$1 million, it is still a drop in the bucket compared to the sting in Butler County.
 - "It's the tip of the iceberg," said the Butler County Sheriff's Department.

As the Youngstown Vindicator said in its endorsement of the bill last session, "Seizures of SNAP cards at drug houses throughout the state indicate their use as barter for marijuana, cocaine, heroine...."

When we go home to our constituents, don't we want to tell them that we took a stand against the drug epidemic that's ravaging our communities?

Bottom line, as the Vindicator opines, "Photo IDs do represent one viable means to insert one additional layer of security into the program."

Placing photo identification on SNAP cards will act as a powerful deterrent for those who try to steal benefits from Ohio's most vulnerable population.

Also included in the bill:

1. We added an opt-in provision for any adults who are exempted from the photo requirement who will want to have the additional layer of protection for their benefits.
2. Permit the BMV to share photos on file with JFS to use on the cards. This is an important cost-saving measure.

No one loses benefits.

\$26 million more to feed the hungry.

Feed those in need, not drug dealers.

Thank you once again, Chairman Merrin, and the members of the committee, for the opportunity to present this issue to you today. I will be glad to answer any questions at this time.