



**Written Testimony in Opposition to SB17**  
**Senate Government Oversight and Reform Committee**  
**February 24, 2020**  
**Graham Bowman, Ohio Poverty Law Center**

Chair Roegner, Vice Chair McColley, Ranking Member Craig, and members of the Senate Government Oversight and Reform Committee,

My name is Graham Bowman and I am a staff attorney with the Ohio Poverty Law Center. Thank you for the opportunity to provide written testimony in opposition to Senate Bill 17 (SB17). The Ohio Poverty Law Center's mission is to reduce poverty and increase justice by protecting and expanding the legal rights of Ohioans living, working, and raising their families in poverty. Drawing on the day-to-day experiences of the legal aid attorneys who provide civil legal services to low-income Ohioans in every county, we oppose SB17.

SB17 is an enormous piece of legislation and entire hearings could be held to vet the impact that each provision would have on Ohio's social safety-net programs. Before discussing the many problems with the bill, I would like to highlight parts of the proponent testimony with which we agree.

**Agree - Data matching**

Blake Hanlon of Equifax stated during his testimony that data sharing agreements benefit both the state and applicants by easing the burden on applicants to produce verification documents. We agree with this statement. One of the primary reasons we oppose this legislation is that it would cause otherwise eligible low-income Ohioans to lose access to social safety-net supports because they are unable to comply with burdensome reporting requirements. Most SNAP and Medicaid recipients in Ohio are working, caretakers, or suffering from a physical or mental impairment. These issues make it different for busy or otherwise struggling individuals to make multiple trips to a county Job and Family Services office in order to verify eligibility requirements like their lack of income or Ohio residency.

Data matching agreements that allow the state to verify eligibility criteria using existing databases ease the burden on busy applicants to produce paper documents. It is our understanding that many of these data matching agreements are already in place. Nevertheless, in principle, we are not opposed to codifying practices that make it easier for eligible applicants to verify that they meet the program's requirements.

## **Agree - The benefits of job training**

During his testimony, Sam Adolphsen of the Opportunity Solutions Project (OSP) commented that helping people transition into work is the best way to end dependency on social safety-net programs. We agree.

OPLC has long advocated for high-quality workforce development programming that can be provided in conjunction with safety-net programs, such as the **SNAP 50/50 program**. Expanding this program would allow Ohio to draw down currently untapped federal dollars to fund community-based organizations that provide meaningful job training and related supports. This could be done without the need to spend state resources to support those programs.

We would be happy to provide more information about this program to members of this committee and how it could be used to help low-wage workers move into living-wage jobs. Unfortunately, this bill ignores the recommendations of the then Auditor Dave Yost's 2016 Report and instead pursues a series of expensive and unrelated policies that will weaken the integrity of the program.

**We oppose SB17 because it will make it harder for low-income Ohioans to access needed support through safety-net programs.**

## **Elimination of Asset Limits**

Safety net programs can be improved to better support working families by eliminating the “benefits cliff.” The cliff is the sudden and often unexpected decrease in some public benefits that can occur with a small increase in income. The cliff should be replaced with a “benefits bridge” that helps people gradually move off assistance programs.

Asset tests are a failed policy that discourage precisely the kind of household budgeting that is necessary for bridging that benefits cliff. **It is precisely contrary to the goal of eliminating dependency.** In August 2019, the National Conference of State Legislatures (NCSL) published an article “Addressing Benefits Cliffs.”<sup>1</sup>

Among numerous other policies, none of which are in this bill, NCSL proposes opting out of asset tests for public assistance programs. According to NCSL, “Asset limits sometimes unintentionally limit ownership of automobiles, create disincentives to save money for emergencies, or make families ineligible for the very benefits that enable a successful transition to work. Increasing or removing asset limits allows for asset development without impacting receipt of benefits.”

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<sup>1</sup> <https://www.ncsl.org/research/human-services/addressing-benefits-cliffs.aspx>

If needy families are not able to rely on their savings during an emergency then they will have no choice but to return to other safety-net programs like TANF, doing little to reduce dependency. Families that are newly poor due to the pandemic would have to spend down their meager savings and potentially sell off assets that are important to maintaining employment like their car before they could receive basic food assistance. Once the pandemic is over those individuals will be at a severe disadvantage when attempting to return to work.

Asset tests foster greater reliance on benefits programs and punish workers who are attempting to build precisely the kind of household wealth that is necessary for ending dependency on government programs. This policy should not be enacted.

### **Change Reporting**

Change reporting is perhaps one of the most destructive policies to the integrity of the SNAP program contained in this bill. This policy would require near-constant communication and paperwork between SNAP recipients and their county Job and Family Services offices, for little to no purpose. The majority of working poor are hourly and not salaried wage earners. Their incomes fluctuate constantly without ever rising to a level that would render them ineligible for benefits. Requiring these hourly workers to constantly verify the fact that they are still poor will place a crushing workload on county agencies that will threaten the state's ability to stay in compliance with federal law for multiple programs.

In fact, this is precisely what happened when Maine implemented this policy change in 2017. It is the only state in the nation to do so. Immediately afterward the state's SNAP error rate skyrocketed to 20 percent. The U.S. Dept. of Agriculture Food and Nutrition Services assessed millions of dollars of fines against the state and Maine was forced to abandon the policy after only two years. Just last month, the Maine General Assembly was forced to make a one-time allocation of General Revenue Funds to pay the remaining fines owed to the federal government. A hearing on this scandal in which a Maine Health and Human Services employee explains the impact of this policy choice can be watched here beginning at 5:52: <https://youtu.be/YIIfxxfZ4Z0?t=21092>.

This outcome was entirely predictable and will occur here as well. However, it should be noted that Maine has 157,300 people enrolled in SNAP. Ohio has 1,401,212. The fines assessed against our state as a result of this provision alone would be even more severe.

For more information on the Maine experience, please read Chris Hastedt from Maine Equal Justice's (MEJ) written testimony. MEJ is a legal services organization that was closely involved with addressing the many problems with the change reporting program in Maine.

## **Photo Electronic Benefit Transfer (EBT) Cards**

SB17's proposal to require a photo on the SNAP EBT cards in order to combat fraud is incoherent and seeks to combat a problem that does not exist. **Contrary to testimony you heard on February 17, 2021 from a representative of Auditor Keith Faber's office, then-Auditor Dave Yost's 2016 Report did not find evidence of widespread fraud and did not recommend that the state adopt photo EBT cards.** Much of Auditor Yost's 2016 report on SNAP fraud discusses methods that are already in place for detecting suspicious retailer activity and responding to those retailers who perpetuate fraud.

There is simply no evidence of widespread fraud in the SNAP program that would justify these drastic and expensive policy changes, particularly implementing photo EBT cards. Many of the statistics used to make the case for this legislation are taken out of context. The fact is, the error rate in the SNAP program is extremely low and at a level that any private organization would be proud of. The program already contains numerous safeguards and processes for rooting out fraud. A careful read of the Auditor Yost's 2016 Report confirms this and does not support the proposals in this legislation.

There has not been a single state or federal agency or government oversight entity that has recommended this policy. The reason is simple - the policy is incoherent and does not work for three reasons.

First, it will cause enormous confusion for retailers and the customers that will lead to longer lines and conflict at the grocery store.

Second, it will require an enormous investment of time and resources to implement in accordance with federal law.

Third, it will not accomplish the sponsor's stated goal of deterring the rare occurrence of selling of SNAP benefits for drugs.

These flaws are not unique to Ohio. At least 18 states have considered implementing photo EBT cards. The majority never moved forward due to concerns over cost, implementation, and effectiveness. Only four states implemented these requirements: Maine, Massachusetts, New York and Missouri. Three of those four, New York, Missouri, and Maine, abandoned the program. Massachusetts and Maine both received media attention for their failure to implement the requirement properly and the U.S. Department of Agriculture Food and Nutrition Services threatened to withhold SNAP funds from both states due to those problems.

Maine abandoned the program in April 2019 after repeated warnings from the Trump administration that it was violating stringent rules governing the policy. The Maine Department of Health and Human Services described the program as an “ineffective policy that threatens eligible Mainers' access to assistance.”<sup>2</sup>

Ohio will suffer the same fate as every other state that has attempted this policy. It will waste vital administrative resources implementing this program. It will likely face intense scrutiny from the federal government that could result in costly fines and corrective action that will likely doom the program. All of this will be an unwelcome distraction from the serious work that is needed to keep families afloat during this once-in-a-lifetime emergency.

### **Unemployment Recovery Against Innocent Claimants**

SB17 would require ODJFS to recover unemployment compensation overpayments to the fullest extent permitted under state and federal law that resulted from fraud or reasons other than fraud, which would include agency error. This is detrimental to Ohioans who have received an unemployment compensation overpayment through no fault of their own.

Although we have recently seen fraud in the unemployment compensation system, this fraud is occurring in the federal Pandemic Unemployment Assistance program, not in the state unemployment compensation system. In the state unemployment compensation, ODJFS has safeguards in place to prevent fraud and has prevented 110,000 fraudulent claims from being paid out.

Claimants who were affected by clerical errors from ODJFS or their employers should not be penalized as if they are criminal fraudsters. These overpayments should be waived if the recovery is against equity and good conscience.

### **Conclusion**

Taken together, the provisions of this bill would profoundly destabilize Ohio's social safety-net programs by restricting access for Ohio's most vulnerable, placing unfunded and impossible to meet mandates on county Job and Family Services agencies, and exposing Ohio to federal fines and oversight that will destabilize the functioning of these programs. We encourage this committee to abandon this bill and work with human services advocates on more productive strategies for ending dependency on public benefits and to continue to foster job growth and retention in Ohio.

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<sup>2</sup> MAINE DEPARTMENT OF HEALTH AND HUMAN SERVICES, News Release (April 26, 2019), <https://www.maine.gov/dhhs/press-release.shtml?id=1267811>