



Senate Health, Human Services and Medicaid Committee

TESTIMONY OF LISA HAMLER FUGITT
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House Bill 50

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Good afternoon Chairman Burke, Vice-Chair Beagle, Ranking Member Tavares and members of the Senate Health, Human Services and Medicaid Committee, thank you for allowing me to testify today regarding House Bill 50. My name is Lisa Hamler-Fugitt, and I am executive director of the Ohio Association of Foodbanks, which is Ohio's largest charitable response to hunger. Our members are the state's 12 Feeding America foodbanks and 3,300 food pantries, soup kitchens, homeless shelters and supplemental food partners. Through this statewide network, we deploy comprehensive hunger relief in all 88 Ohio counties. This includes outreach of the Supplemental Nutrition Assistance Program, (SNAP) formally known as the Federal Food Stamp Program, we also operate the state's largest SNAP work experience program for work mandated recipients.

Eligibility to receive SNAP benefits is rigorous and only the poorest of the poor can even qualify. Household income cannot exceed 130% of the Federal Poverty Level (about \$27,000 for a family of three). SNAP benefits are also very modest and can only be used to purchase food and cannot be used to purchase personal care, personal hygiene or household cleaning items.

We agree with the sponsor of House Bill 50 that the SNAP program is an "important safety net" as it provides critical nutrition assistance, a nutritional lifeline to 1,424,986 Ohioans (PAMS Report: 1/2018).

- 66% of Ohio SNAP participants are families with children
- 36% are families with members who are elderly or disabled

Protecting the integrity of the SNAP program by safeguarding it against any fraudulent activity is essential. The Ohio Association of Foodbanks knows firsthand how the loss of SNAP benefits, in any manner, is damaging to hungry Ohioans who need this critical support to feed themselves and their families.

As members of the Senate Health, Human Services and Medicaid Committee, I want to note that SNAP participation is also linked to reduced health care costs. On average, low-income adults participating in SNAP incur about \$1,400, or nearly 25 percent, less in medical care costs in a year than low-income adults who don't participate in SNAP.

Due to sweeping policy changes in 2014, which imposed time limits of 3 months of eligibility in every 36 month period on unemployed and underemployed adults without dependents between the ages of 18 to 49 year olds, Ohio has lost over \$2.1 billion in 100 percent federally funded SNAP benefits. As a result of these cuts, 375,000 Ohioans have been removed from the program, forcing them to turn toward our emergency food network in order to eat. For this reason alone, hungry Ohioans and our state's economy cannot afford to lose any more SNAP benefits.

I commend Representative Shaffer for taking an interest in this important issue and for his effort to present a possible solution to a complex problem. Unfortunately, we need a solution that is not only administratively feasible, but also conducted in a manner that does not cause a loss of benefits to Ohioans who are most in need.

We must do all we can to combat fraud of any type. However, as an advocate for Ohio's most vulnerable populations, I believe that House Bill 50 has room for improvement. Not only does it lack evidence of its effectiveness, it also lacks transparency in relation to the actual cost our state agencies will have to shoulder with its implementation.

House Bill 50, exempts households that do not include any adult members, 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.

Profile of January 2018 ODJFS Case Load Breakdown.

January 2018 SNAP Public Assistance Report		Enrollment/Benefit	Percentage	SNAP Participation in 1/1/2017
Assistance Groups		703,616		800,879
Person enrolled		1,424,986		1,627,479
January issuance		\$ 173,534,363.00		\$ 200,988,977.00
Average per recipient		\$ 121.78		\$ 123.50
January 2018 Caseload Profile				
Children		717,439		
Child only cases		19,549		
	Total Children	736,988	51.7%	
Seniors age 60 plus		201,933	14.2%	
Disabled		358,228	25.1%	
	Total exempt from HB 50/SB 80	1,297,149	91.0%	
Reported domestic violence		0		
ODJFS will need to review cases individually to determine status				

I'd like to point your attention to the ODJFS January 2018 SNAP Public Assistance Report. There appear to be major discrepancies between House Bill 50 and USDA federal regulation (7 CFR 274.8(f)(4)). First, the federal regulation exemptions include all children under 18 years of age, but House Bill 50 only includes households without an adult member. And further review of this data illustrates that ODJFS does not track victims of domestic violence. Additionally, House Bill 50 omits two federal regulation provisions (7 CFR 274.8(f)(4)) that are mandated by USDA FNS:

- “Victims of domestic violence shall be able to self-attest and cannot be required to submit documentation to prove domestic violence. The ability to self-attest must be applied equally regardless of if the victim is a female or male.”
- Homeless households are exempt.

Another significant omission from House Bill 50 that is required by federal regulatory requirement is that it provides no accommodation for those who will face an undue hardship as a result of the EBT photo requirement, such as those with an illness, transportation difficulties, caretakers of a household member, hardships due to residency in a rural area, prolonged severe weather, or those who work or train during times that prevent the household from being available during the hours that photos are taken in-office, as mandated by USDA federal regulation (7 CFR 274.8(f)(5)). The point I hope you take away from this is that the EBT photograph requirement is more nuanced than has been previously articulated, and the bill as drafted, fails to adhere to federal regulatory requirements.

While I absolutely agree that every effort should be made to crack down on fraud, I also believe the cost of doing so via an EBT photo mandate outweighs any potential benefits. According to proponent testimony, the cost of implementing this policy is estimated at \$1.5 million in the first year, with an annual maintenance fee of \$200,000. This is simply not accurate and is inconsistent with the LSC Fiscal Note concerning initial costs borne by smaller states that implemented similar policies. Research from The Urban Institute on this very topic found that Massachusetts invested:

- \$4 million in the inaugural year of its photo EBT program
- \$3 million in annual costs to the EBT vendor
- \$1 million in annual staffing costs
- And upwards of \$400,000 in annual costs of notices to clients

This \$8.4 million startup cost did not even include the printing of ID cards or the digital storage required to securely maintain the data. What the Fiscal Note highlights in our neighboring state of Pennsylvania's experience is that each EBT photo card costs \$8 per card. Consider this: Massachusetts is roughly half of the size of Ohio in population, in SNAP participation, and in the issuance of SNAP dollars. Should we not estimate, then, that their expenses would be half of what Ohio might expect to spend? In other words, Ohio would presumably pay double that of Massachusetts to implement this onerous policy. If that is the case, Ohio could expect to pay \$16.8 million in its first year just to launch the program and \$8.8 million annually. Additionally, government offices such as CDJFS and ODJFS would incur additional, incalculable costs related to such issues as card design, cameras, printing

equipment, secure electronic data storage, software, and hardware, as well as post-implementation assessment and evaluation, additional staffing to meet both programmatic and regulatory compliance, and any other unforeseeable administrative costs.

There are also lessons to be learned from some well-documented pitfalls that Massachusetts faced when implementing a similar policy. For instance, insufficient information was given to SNAP participants about the photo ID requirement, and they were not informed of their rights to the same treatment as non-SNAP grocery customers. This information would need to be dispersed immediately and through various communication conduits. An additional recommendation to consider in light of the experiences of Massachusetts would be the need to notify each recipient who is exempt from the photo EBT card requirement. Also, this policy would not only require a sufficiently-staffed hotline for recipients to call with issues when cards are deactivated, or with any other issues caused by this policy, it would also necessitate a hotline for reporting improper behavior on the part of retailers, such as discrimination or refusal to accept the card to purchase food. To that point, a robust training program for retail employees would need to be implemented to mitigate the risk of unlawful behavior and civil rights violations on the part of the retailer. Who will bear the cost of this training?

Previous testimony has focused on the presumption that adding a photo to EBT cards would reduce the incidence of fraudulent activity, and ultimately deter criminals from abusing the system. It has also been stated that retailers may not deny a recipient their benefit, they may only contact a hotline if there is suspicion of fraud.

There are several flaws in prior testimony. First, cashiers are often not aware of the type of cards being used due to self-use credit card scanners and self-check outs and adding a photo to EBT cards will not change this. Second, federal regulations deem it impermissible for a cashier to ask to see an EBT card to verify the cardholder if verification is not the practice of the retailer for debit or credit cards, this will not change if a photo is added to EBT cards. Frankly, this is why photos on credit cards have fallen to the wayside. Our world is becoming automated and the self-check kiosk does not do a face recognition against the photo on the card, so it is believed to be a wasteful and fruitless effort. I do realize that the federal regulations on this may change in the future, but we must build policy contingent

upon what we know to be factual at this moment and the well-documented research we have available to us.

Other facts that must be considered include:

- Issuing multiple EBT photos cards to household members affiliated with the primary beneficiary will add additional cost to an already costly policy in which there is an uncertain return on investment.
- Not all non-exempt SNAP participants have a state ID on file with the BMV.
- Those who do have a state ID will face EBT deactivation if their address on file is not current and the new EBT cards are undeliverable due to unreported address change.

Massachusetts used this cost-cutting method and consequently, 12,000 undeliverable EBT cards were deactivated for this reason (*Source: Urban institute*). While we may be fortunate enough to sit in judgment and consider not reporting an address change as irresponsible act, the fact of the matter is that 43 percent of SNAP participants in Ohio are hard-working people who may not be able to contact ODJFS during normal business hours, some have transportation issues, some are not well enough to handle these administrative requirements, and many more legitimate reasons that prevent change of address reporting. Further, the homeless population would be negatively affected by this cost-cutting measure AND this policy, as they will not be able to receive communication via any method about the EBT photo requirement because there is no address to send the new card if the photo is transferred from the BMV. The homeless population already faces enough hardship without having to add increased hunger to their list.

While this bill is purported to “deter and detect crime,” in all actuality, House Bill 50 will not be a deterrent for fraudulent activity when those who are willing to engage in trafficking are in collusion, and thus complicit, in this crime. What it will do is deter hungry low-income families from applying for, or from retaining the benefits they are eligible to receive.

To that end, my question to you is, how will the state of Ohio safeguard SNAP participants from selective scrutiny and/or discrimination? From loss of benefits through deactivation? From stigma and embarrassment? From health issues brought about by hunger? And are Ohio courts prepared for an onslaught of civil rights litigation?

In conclusion, I ask that you reject House Bill 50 and recommend to this committee that you instead invest the \$25.6 million over the biennium, funds which House Bill 50 is projected to cost, to implement the following investments:

- Develop a statewide database that can aggregate data across agencies to improve collaboration among local, state and federal public safety officials, and public agencies to streamline reporting and data collection systems.
- Evaluate and provide additional support, if required to the Ohio Investigative Unit to support additional staff who can spend time focusing on small retailers where the fraudulent activity is likely occurring.
- Increase funding for critically needed food assistance provided by the Ohio Association of Foodbanks and our 3,300 charities.

I want to leave you with this thought: The SNAP program is not our biggest source of fraud, in fact, SNAP has the lowest documented fraud of all publicly funded programs. If you want to plug the hole in the sieve that is leaking our state's public funds due to fraud, you should follow the money trail to where the big leaks are – that is not the SNAP program.

Thank you, and I'll be glad to take any questions you may have.