



February 12, 2007

80<sup>th</sup> Legislature

**House Appropriations Subcommittee on Health and Human Services**

**SB 1, General Appropriations Act for 2008-09 (HHSC)**

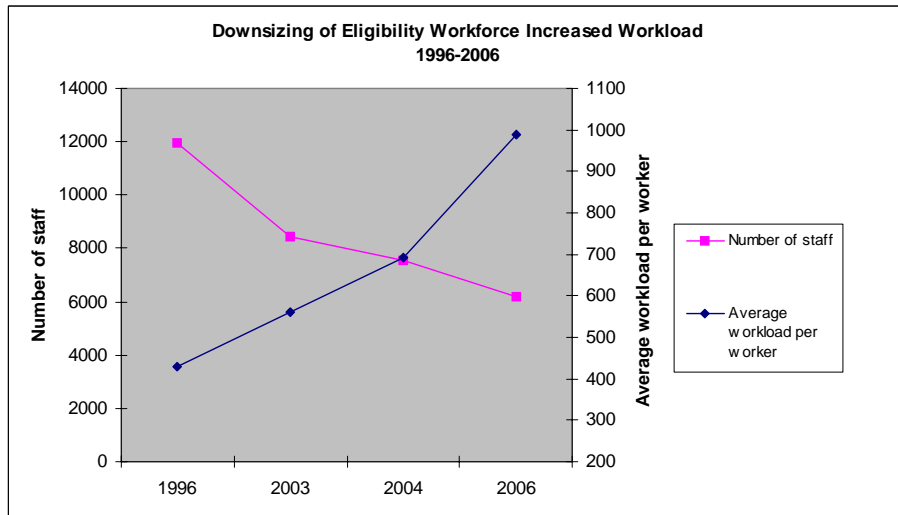
My name is Celia Hagert. I am a senior policy analyst for the Center for Public Policy Priorities. Thank you for the opportunity to testify today. I would like to use my time to address two issues before the committee today: HHSC’s integrated eligibility and enrollment system and the use of TANF funds in the 2008-2009 budget.

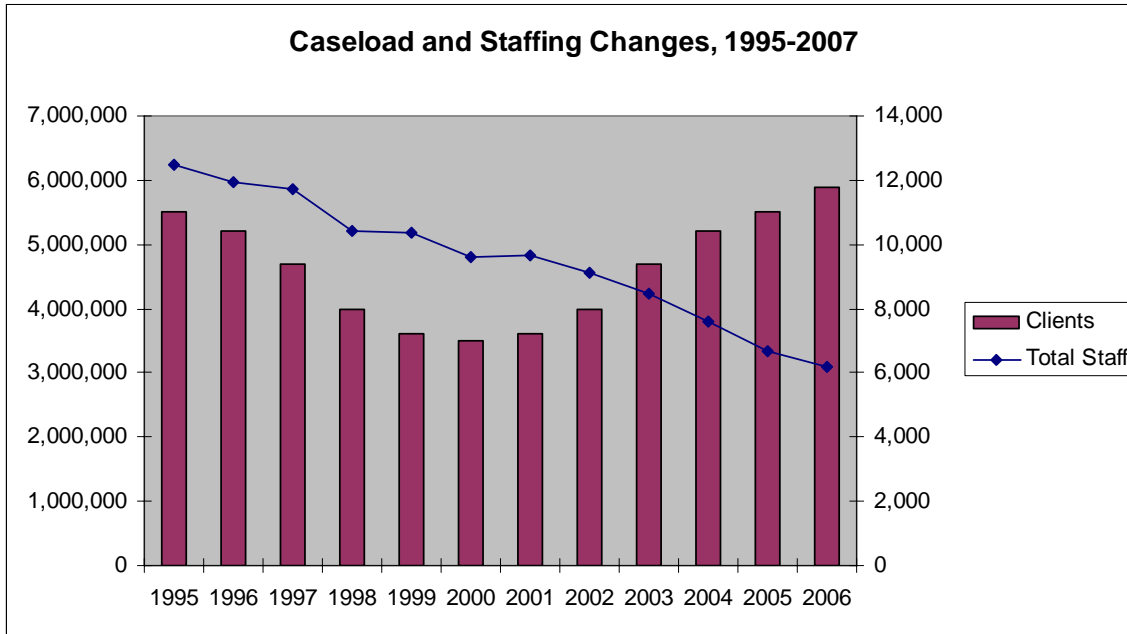
**Integrated Eligibility and Enrollment (Office of Eligibility Services – OES exceptional item #3)**

As you know, in December HHSC revised its strategy for the integrated eligibility system. We support the new strategy, in particular its technology-first approach and the new balance of labor between state and vendor staff. Under the new approach, state staff will assume the bulk of the functions related to application processing and eligibility determination, while the role of the vendor’s staff has been reduced. Because the role of state staff has increased, more eligibility workers are needed than are currently funded. To support the revised approach and ensure a successful transition to the new eligibility system, we urge you to fund exceptional item #3 and provide HHSC with the staff and resources needed to ensure timely and accurate services to clients moving forward.

There are several measures to determine how many staff are needed and whether there are enough staff right now. These include workload measure and timeliness and accuracy in application processing. On all of these counts, it is evident that more staff are needed. Workload is heavy, delays in application processing are occurring in most major metro areas of the state, and Food Stamp error rates are on the rise. (see figures below)

Workload has increased dramatically over the last two year, from an average workload per worker of 700 cases to almost 1000 cases. This is the result of a significant loss of staff since the IE project was launched 2004.





Timeliness in initial application processing is also well below federal standards across all programs. Federal law requires that Food Stamp and Medicaid applications be processed within certain timeframes (30 days for Food Stamps and 45 for Medicaid). States must process 95% of applications within these timeframes. As you can see from the chart below, statewide timeliness ranged from 81% to 83% in November 2006. In Region 7, which hosts the IE pilot, only 52% of Medicaid applications were processed on time. In Houston and Dallas Ft. Worth, as well as East Texas, timeliness is below the statewide average for all programs. This means that families may wait months to get the assistance they need to feed, house and otherwise take care of their families. Children may wait months to get the benefits they need to see the doctor and get critical medical care.

Percent of Applications Processed Timely			
Region	Food Stamps	Medicaid	TANF
01	96.6%	95.7%	96.3%
02	92.6%	95.0%	95.0%
03	70.3%	81.5%	73.1%
04	95.4%	95.8%	95.8%
05	91.9%	93.0%	94.2%
06	76.6%	75.4%	74.3%
07	83.2%	51.7%	82.5%
08	96.1%	97.8%	97.2%
09	95.6%	94.8%	94.6%
10	95.7%	94.1%	93.3%
11	91.2%	96.3%	90.3%
<b>TOTAL</b>	<b>83.8</b>	<b>81.4%</b>	<b>83.2%</b>

Finally, Food Stamps error rates are for the first year since 1998 above the national average. For the last seven years, state eligibility workers have helped Texas qualify for more than \$130 million in federal bonus

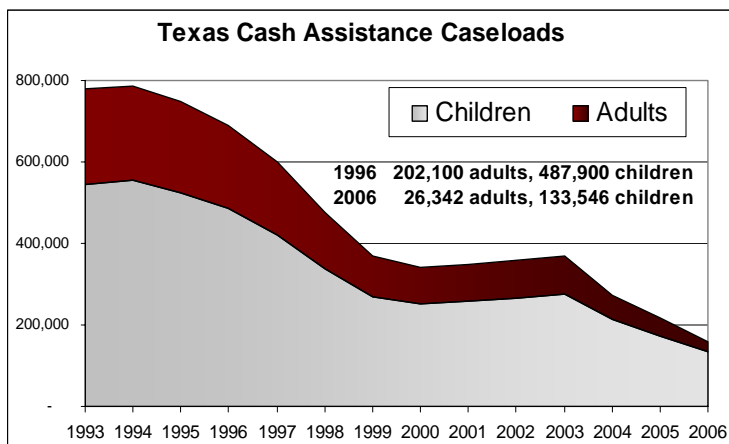
funds for achieving a high level of accuracy in Food Stamp benefits determinations. If there is no improvement this fiscal year and next, Texas could face the threat of financial penalties in 2008.

Food Stamp Rates in the Big Eight States in FFY 05 & 06				
State	FY 05 Cumulative Error Rates	Rank in 05 (lowest to highest)	FY 06 YTD Cumulative Error Rates (through May 06)	Rank in 06 (lowest to highest)
Pennsylvania	4.51%	1	2.96%	1
<i>Texas</i>	<b>5.03%</b>	<b>2</b>	<b>6.82%</b>	<b>5</b>
Illinois	5.75%	3	6.20%	4
California	6.38%	4	6.06%	3
Florida	7.19%	5	9.38%	8
New York	7.23%	6	5.23%	2
Michigan	7.34%	7	7.07%	7
Ohio	8.65%	8	7.01%	6
<b>United States</b>	<b>5.84%</b>		<b>5.75%</b>	
SOURCE: Summary data reported by states to USDA's Food and Nutrition Service. Data for FY 05 are preliminary as of 2/1/06. Data for FY 06 are unweighted and preliminary as of 9/22/06.				

These problems won't go away until the new eligibility system is rolled out statewide and the efficiencies promised for the past two years have been realized. In the meantime, more staff are needed to put an end to the delays in application processing, ease the workload of staff, and avoid financial penalties.

While it is never possible to anticipate all potential problems in a project of this magnitude, the problems that do occur can be mitigated with proper contingency planning. We urge you to hope for the best from HHSC's new strategy, but plan for the worst. One possible approach would be to create a reserve fund that is tied to timeliness rates. Then, in the event that there are more delays in the rollout, or the new system does not perform as expected, HHSC will have the flexibility to increase staffing levels to ensure timeliness and accuracy in the delivery of services to clients.

### Use of the TANF block grant (HHSC exceptional item #6)



TANF's primary goals as spelled out in federal law are to ensure that needy families can care for their children in their own homes or in the homes of relatives; help needy families become independent of government assistance through job preparation, employment, and marriage; reduce out-of-wedlock pregnancies; and to promote the formation of two-parent families. States are required to use their TANF block grant funds to meet these purposes.

Over the last 10 years Texas has spent less and less on TANF's core goals and more and more in other areas of the budget. This has hampered Texas' efforts to help families make a successful transition from welfare to the workforce and out of poverty.

For the 2008-09 biennial budget, state agencies submitted almost \$1.2 billion in funding requests for federal TANF dollars, including \$77 million in exceptional items. SB 1 as introduced leaves \$184 million in TANF federal requests unfunded, as well as a balance of \$128 million in unspent TANF by the end of 2009. The charts below show Texas' historical TANF and MOE spending.

If approved by the 80<sup>th</sup> Legislature, SB 1 would continue spending almost half of federal TANF funds on child protective services, foster care, and other programs overseen by the Department of Family and Protective Services. As worthy as these programs are, they are not the core purpose of the TANF program. Moreover, they are back-end programs, necessitated by our failures on the front-end to address core TANF issues. In particular, SB 1 as introduced does not provide enough funding to meet the caseload projections for TANF cash assistance in the 08-09 biennium. HHSC's exceptional item #6 would remedy this and we urge you to fund it. As you consider other agencies' and members' requests for TANF, particularly for the surplus dollars, we urge you to focus TANF spending in the next biennium on the program's core goals. We have developed some recommendations to achieve this goal, which are included in my written testimony.

Respectfully submitted,

Celia Hagert  
Senior Policy Analyst

