



## POLICY ALERT

An Urgent Update on Issues that Affect You

Center for Public Policy Priorities

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### U.S. Senate passes amendment prohibiting privatization of Food Stamp Program operations

On Wednesday, the U.S. Senate passed the 2006 agricultural appropriations bill with an amendment that prohibits states from using federal funds if they privatize more than 10% of their Food Stamp Program operations.<sup>1</sup> The federal government (USDA) typically reimburses states for 50% of the costs of running the Food Stamp Program (the benefits themselves are 100% federal). Under this amendment, a state that privatized its Food Stamp operations would no longer be eligible for any federal reimbursement of program administrative costs.

The Food Stamp amendment (#1835) was added by Iowa Sen. Tom Harkin. Harkin's floor statement on the amendment may be downloaded at [http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2005\\_record&page=S10247&position=all](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2005_record&page=S10247&position=all), beginning on page "S10284".

If the amendment is successful, it would likely prevent Texas from going forward with its plans to privatize Food Stamp enrollment under the contract it signed with Accenture in June (which also includes enrollment in CHIP, Medicaid, and TANF cash assistance). Originally, state officials had planned to begin implementation of the new system in November. USDA has yet to approve this contract, however, which is necessary before Texas can proceed.

Under the contract with Accenture, 99 eligibility offices would be shut down, and 44 full-time offices would be converted to "satellite" offices open on a part-time, as needed basis. The eligibility workforce would be downsized by 22% (compared to November 2004 levels), and more than 1,200 state workers would lose their jobs.

The 2006 appropriations bill has already passed in the House of Representatives, and a conference committee has been appointed to reconcile the differences between the House and Senate bills. The House bill does not include the anti-privatization amendment.

#### Action

Texas Sen. Kay Bailey Hutchison and Congressman Henry Bonilla are two of the conferees making the final decision on this legislation. It is important that you contact their Washington, D.C. offices **ASAP** and urge them to support the Senate version of the 2006 Agriculture Appropriations Bill (HR 2744, the FY 2006 appropriations bill for the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies).

Their contact information follows:

Congressman Henry Bonilla Phone: 202-225-4511	Senator Kay Bailey Hutchison Phone: 202-224-5922 Staff: Courtney Hazen
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<sup>1</sup> Certain expenditures—such as those for nutrition education or EBT—are exempt from the ban on privatization.

### **Concerns with Texas' Plans to Privatize**

CPPP is concerned that the state's proposal to replace local eligibility offices and staff with privately run call centers could negatively affect access to services, in particular for persons with disabilities, seniors, persons with language barriers, and rural residents. While we agree that new technology and more choices for clients have the potential to improve the current system and support public-private partnerships that leverage the expertise and resources of the nonprofit and business sectors, we are concerned that the proposed staffing cuts will leave many of our most vulnerable residents without the services they qualify for and need to survive. Private contracts may be a major avenue for reducing future costs, but it is unlikely that Texas can reduce its present state staff and maintain services to clients. To see the letters members of Congress have sent to USDA opposing Texas' privatization plans, visit [http://www.cppp.org/admin/file\\_edit.php?aid=455](http://www.cppp.org/admin/file_edit.php?aid=455).

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