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FURTHER CUTS TO DHS STAFF UNJUSTIFIABLE

Eligibility policy simplifications provide opportunity to improve service, not cut workers

During the 77th legislative session, Center staff will advocate for the simplification and streamlining of eligibility policies and enrollment procedures for Food Stamps, Medicaid, and TANF. The primary goal of eligibility policy reform is to minimize barriers for working families and ensure that clients receive the supports necessary to make a successful transition to self-sufficiency. Although early analyses of eligibility streamlining (by the Legislative Budget Board and the Comptroller's office) have proposed significant staff cuts for the Texas Department of Human Services (DHS), the Center strongly recommends that these policy changes not be paired with any new reductions in DHS eligibility office staff. Despite dramatic caseload declines in these programs since the implementation of welfare reform in 1996—resulting in thousands of DHS worker cuts—the total number of applications for benefits has remained steady, the workload and expectations of eligibility staff have increased, and the needs of DHS clients have shifted. In light of these changes, eligibility policy reform presents an excellent opportunity to re-examine the workload and responsibilities of DHS workers in order to tailor services to meet the needs of working families and those with multiple barriers to self-sufficiency. This Policy Page examines these issues and explains why eligibility policy streamlining does not justify further cuts in DHS eligibility staff for the 2002-2003 budget.

ELIGIBILITY POLICY

SIMPLIFICATION PROPOSALS

Most prominently, the Center is working with the Texas Children's Health Insurance Program (CHIP) Coalition and other organizations to promote simplification of the children's Medicaid eligibility process. (See our web page and www.main.org/txchip, the Texas CHIP Coalition web page.) We are also promoting policy changes in Food Stamps, TANF, and Family Medicaid eligibility that will make it easier for families to navigate the eligibility system and enroll in benefits for which they qualify. Following is a brief description of the major changes that are proposed:

- **Make children's Medicaid eligibility and enrollment policy parallel to CHIP:** By eliminating the face-to-face initial interview requirement and assets test and allowing 12 months of continuous eligibility, these changes will make applying for Medicaid as easy as applying for CHIP.
- **Allow families to own a reliable car and still be eligible for Food Stamps and TANF:** Under current policy, the fair market value above \$4,650 of most vehicles is counted toward the \$2,000 resource limit allowed for families applying for TANF or Food Stamps. This change would exempt entirely the value of one car entirely for the purposes of determining a family's resources.

- **Allow "hardship" clients to enroll in and recertify for Food Stamps over the phone:** This option would be available to households in which there is no earned income and all members are either elderly or disabled, as well as for Food Stamp recipients who are working or in job training, live in a rural area, or face another "hardship" as determined by DHS.

WHAT'S HAPPENED AT DHS OFFICES SINCE WELFARE REFORM

Program caseloads have declined, but applications remain steady

Despite a slight *increase* in the total applications for Food Stamps, Family Medicaid, and TANF (.8%) since 1996, the legislature cut DHS eligibility workers by 18% in that period—by 1,274 in 1998 and 1999 alone, and another 679 positions in 2000 and 2001.

Although the average number of monthly applications varies according to program, the number of families seeking services has *not* dropped the way caseloads have since welfare reform. Comparing 1996 to 2000, Food Stamp applications dropped by 12%, TANF applications dropped by 37%, BUT Medicaid applications *increased* by 18%. Because Food Stamp and Medicaid caseloads are so much larger than TANF, there was an actual increase in TOTAL applications of almost 1%.

Applications for Benefits, 1996-2000 (Average Applications Processed per Month)						
	FY 96	FY97	FY98	FY99	FY00	% change '96-'00
Food Stamps	76,908	72,748	67,054	69,282	68,724	-11.8 %
TANF	27,894	24,725	22,166	20,158	20,533	-36.5 %
Family Medicaid	83,016	83,322	86,173	92,838	99,980	18.3 %
Total Applications	187,818	180,795	175,393	182,278	189,237	0.8 %

Source: DHS Management Information Focus Reports

Fewer clients, but heavier workload

From 1996 to 1999, the amount of work required per client (how DHS measures workload) *grew* due to welfare reform policies and the substantial increase in the frequency of Food Stamp re-certifications and investigations. For example, the average time for an eligibility interview has increased from 50 minutes to 90 minutes. Despite this increase in workload, the number of authorized caseworkers (Full-Time Equivalents, FTEs) was *reduced* by 12% from 1996 to 1999, with a cumulative cut of 18.3% projected by the end of 2001.

These reductions occurred despite the passage of the Children's Health Insurance Program in 1999, a new program that required additional caseworkers. The fiscal note that accompanied the CHIP legislation projected the need for 35 new DHS eligibility workers in fiscal 2000, 129 in 2001, and 219 in 2002. The final state budget did not incorporate these projections, and 679 eligibility FTE positions were cut.

FTE Cuts in DHS' Budget, 1996-2001			
	Eligibility Workers	Annual Change	% Cut since Fiscal 1996
FY 1996	11,211		
FY 1997	11,104	-107	
FY 1998	9,859	-1,245	
FY 1999*	9,830	-29	-12.3%
FY 2000	9,120.5	-710	
FY 2001	9,151	31	-18.4%
Total Cut, '96-'01		-2,060	

*Fiscal 1999 is actual. Fiscal 2000 is the affordable budget load, and Fiscal 2001 is an estimate.

In its initial budget request to the 77th Legislature, DHS requested a substantial increase in caseworkers to address this heavier workload. Although Senate Bill 1—the draft budget bill before the legislature—recommends slightly higher FTE levels for the agency, even with this increase the amount of work per client is projected to grow. These workload projections are based on the assumption that caseloads will increase in fiscal 2002 and 2003.

Inadequate staffing creates problems at DHS offices

DHS offices are struggling to manage the workload at current staffing levels. Further, unrealistic workloads complicate the recruitment and retention of qualified staff. In its fiscal 2003-2003 budget request, DHS reports turnover rates that range from 32 to 38% in metro areas, with Austin and Houston among the worst. Training and customer service suffer as understaffed offices with inexperienced workers try to keep up with an unrelenting demand for services. In addition, many positions for new out-stationed eligibility workers (who accept Medicaid applications at certain hospitals and clinics) authorized by the 76th Legislature remained unfilled due to DHS' difficulty recruiting and retaining workers in the current job market.

Understaffing at DHS offices also may have resulted in fewer families receiving services for which they are eligible. For example, as of January 12, 2001, only about 1 in 4 children (20,000 of the 80,000) who applied for CHIP health coverage and were referred to DHS because they were found to be Medicaid-eligible have been successfully enrolled in Medicaid. (While CHIP only requires a 2-page mail-in application, a face-to face interview in a DHS eligibility office is required for Medicaid). Another 18,799 applications (beyond the 80,000) from children referred from CHIP to Medicaid were pending. Also of great concern, nearly 46,000 of these 80,000 children were denied Medicaid for procedural reasons, such as failure to keep an appointment, failure to furnish required information, and more than 20,000 "other/unknown" reasons. These statistics not only emphasize the need for a simpler Medicaid enrollment process (such as the one proposed by the CHIP Coalition), but also for adequate numbers of DHS eligibility staff to process the increased influx of children's Medicaid applications that has resulted from Texas' new outreach efforts to families of uninsured children.

Inadequate staffing levels and a lack of resources at eligibility offices have also lead to legal challenges. In January 2000, DHS settled a lawsuit filed by Gulf Coast Legal Foundation on behalf of Food Stamp clients who lost their benefits because of customer service shortcomings at DHS offices (*Diaz v. Bost* CA-H-98-3082, U.S. Dist. Ct. Houston Division). Other lawsuits related to eligibility services and the demand for better customer service are still pending (*Guevara v. Bost; Fennell v. Bost et al* U.S. Dist. Ct. Western District Texas SA-99-CA-591-HG).

CPPP RECOMMENDATIONS

The eligibility policy reform proposals before the 77th Legislature should result in a simpler process for clients to navigate and improved customer service at DHS offices. Given the current problems at DHS offices—understaffing, high turnover, inadequate training, and impossible workloads—eligibility streamlining should NOT be used as a justification to further cut eligibility FTEs from the agency's fiscal 2002-2003 budget. Instead,

eligibility policy reform offers an excellent opportunity to reshape the roles and responsibilities of DHS workers to ensure that low-income families receive services for which they are eligible and that both caseworkers and clients are treated with dignity and respect.

In light of these goals, the Center recommends the following initiatives to accompany eligibility policy simplification:

- **Appropriate funding for additional eligibility FTEs requested by DHS.** The agency is requesting an additional 921 eligibility staff by the end of fiscal 2003. The draft budget bill only recommends 173 additional staff.
- **Expand the use of call centers and Internet access to allow remote application and recertification for some benefits.** DHS is already using limited-service call centers, known as “Change Centers” for processing changes to existing cases only, and Internet access to information about DHS and other agencies’ programs is currently being field-tested by the Texas Integrated Eligibility Redesign System (TIERS) project.
- **Maintain a physical presence at DHS eligibility offices to serve clients who require personal attention.** Because there will always be clients who desire face-to-face assistance, and others who have complex needs and multiple barriers to self-sufficiency, adequate staff levels must be maintained at eligibility offices. In addition, federal law *mandates* a face-to-face interview for most Food Stamp clients and requires that one be made available to clients who ask for one.

Make salaries competitive for entry-level eligibility workers. In DHS’ budget request for the fiscal 2002-2003 biennium, the agency is asking for \$36 million (\$16 million in general revenue) to attract and retain qualified staff. The Center supports this request.

- **Offer caseworker bonuses to reward exemplary customer service.** Currently, there are no incentives in place that reward efforts to make sure that eligible families get benefits and are always treated with dignity and respect. The Center proposes developing performance measures to evaluate caseworker efforts in these areas and setting aside funds to reward improved performance.
- **Reinvest savings to promote better customer service.** Any savings that do accrue from streamlining policies should be reinvested in efforts to improve customer service or further simplify enrollment procedures. For example, caseworkers should be trained to offer specialized assistance to clients with multiple barriers to self-sufficiency (a situation facing the majority of the families who remain on the TANF rolls). Savings could also be used to promote services in high-need, underserved areas of the state (such as the *Colonia* initiative led by the Texas Health and Human Services Commission). Outreach would also help to address a concern raised by the Texas State Employees Union that eliminating the face-to-face interview for Medicaid clients might result in fewer families learning about and becoming certified for Food Stamps. By developing outreach and application materials and including them in mailings sent to Medicaid clients, DHS would ensure that these families were informed about Food Stamps.

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