



Center for Public Policy Priorities

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

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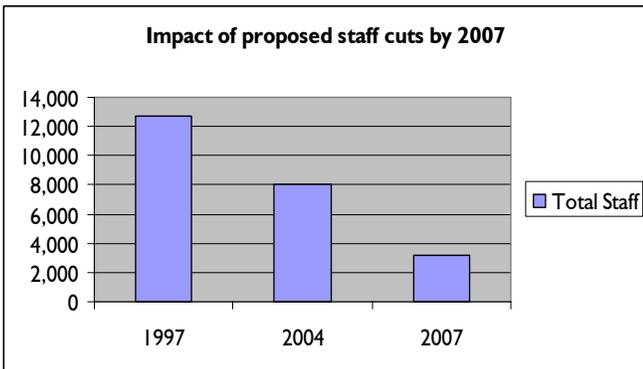
The Center for Public Policy Priorities offers the following comments on LBB’s proposed FY 2006-07 budget for the Health and Human Services Commission.

**Article II – Rider 54: Appropriations Reduction for Integrated Eligibility**

CPPP is opposed to the proposed reduction of 4,809 FTEs at HHSC related to integrated eligibility. This represents a 60 percent reduction over current levels. These FTE cuts are related to the implementation of an integrated eligibility system, under which the majority of local HHSC eligibility offices would be replaced with three call centers, an Internet application, and volunteer assistance from local community-based organizations. These staff are responsible for enrolling people in CHIP, Food Stamps, Medicaid, and TANF.

CPPP’s chief concern with HHSC’s plan is not with the model itself: call centers, better technology, online application, and community partnerships all have the potential to improve the eligibility determination process and save the state money. However, we question several of the basic assumptions used to justify such a drastic reduction in the eligibility workforce, which has already been downsized 37 percent since 1997—despite growing caseloads and workload. The new model should first be implemented as an *enhancement*, not a replacement, to the current system and properly evaluated before the legislature cuts the state’s eligibility workforce another 60 percent.

SB 1’s proposal would cut eligibility FTEs another 60 percent by fiscal 2007, which would reduce the total number of staff to 3,211.



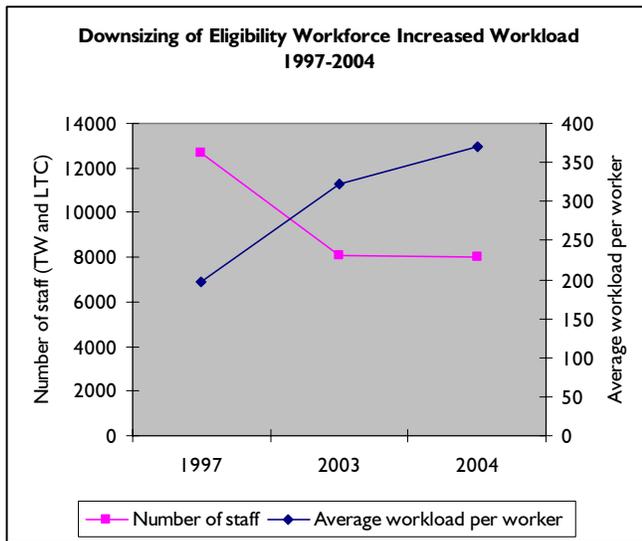
*If the proposed FTE reductions are made, eligibility staff will have been cut 75 percent since 1997, when there were 12,670 staff.<sup>1</sup>*

Eligibility staff cuts from 1997-2004 have increased the workload per worker by 102 percent, on average, for Texas Works staff, and by 46 percent for Long-Term Care staff. The following graph illustrates the impact of these cuts on the workload per worker.<sup>2</sup> In

DHS (now HHSC) Regional Information and Performance Report, Aug. 14, 1997; HHSC Eligibility Services Staff by Region 11/4/04; DADS CCAD Staffing Summary Staffing Summary, November 2004; LBB’s Summary of Legislative Budget Estimates

<sup>2</sup> DHS (now HHSC) Regional Information and Performance Report, Aug. 14, 1997; DHS State Office Program Budget and Statistics, November 2003; Data Access Reports, DHS LTCS Website; DHS Legislative Appropriations Request for Fiscal 2004-2005; HHSC Eligibility Services Staff by Region 11/4/04; DADS CCAD Staffing Summary Staffing Summary, November 2004; DADS presentation to the House Appropriations Subcommittee on Health and Human Services, February 9, 2005;

certain regions of the state, the increase in workload has been even more pronounced, with the Dallas region losing 47 percent of its Texas Works staff and the caseload per worker jumping 190 percent.



This massive downsizing in the eligibility workforce has complicated Texas’ eligibility determination process, with local eligibility offices and staff in a constant struggle to do more with less. An inadequate number of staff at eligibility offices has led to lapses in customer service; the deterrence of potential clients; lawsuits; and, most recently, disruptions in services to Medicaid clients as a result of a backlog in the processing of renewals. HHSC is addressing current staffing shortages in certain parts of the state through temporary hires.

HHSC’s cost-effectiveness study for call centers did not address how the workload per worker would change under the integrated eligibility model. Although heavy workloads in the current system

have caused many of the problems highlighted by HHSC in its attempt to develop and justify the new model, the proposal completely ignored the staffing shortages that plague eligibility offices now. This is a critical flaw in the model that raises doubts about the projected savings and potential for staff reductions.

HHSC’s exceptional item #22 is requesting all of the \$168.1 million in savings related to the integrated eligibility initiative. We assume this request is related to uncertainty on the part of commission about 1) how much savings and FTE reductions are possible under the integrated eligibility initiative and 2) the timeline necessary to achieve these savings, both of which are dependent on whether HHSC decides to outsource operation of the system to a private company.

An integrated eligibility process supported by new technologies, more efficient processes, and the right mix of call centers, online tools, and local eligibility offices could produce a state-of-the art system. However, no model—no matter how genius—will work without an adequate number of staff. Should HHSC decide to implement the proposed model—with or without the help of a private contractor—the new system should be implemented in phases, with full testing and evaluation of each component and its impact on clients, workers, program integrity, and cost-savings assumptions. These pilots will give HHSC and the legislature *accurate* information about the necessary number of staff and local offices. We urge this committee to postpone such drastic staff reductions until this process is complete.

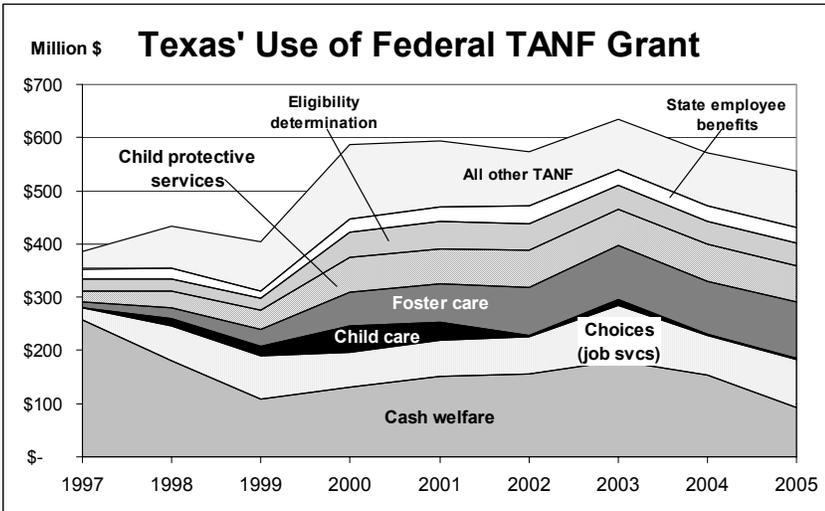
**Article II – Rider 39: High Performance Bonus for Administration of the Food Stamp Program**

This rider was originally put in the state budget in 1999. Between 1998 and 2003, Texas received between \$19 million and \$29 million per year in enhanced food stamp funding for high payment accuracy and minimal fraud. In previous budgets, up to \$2 million of these dollars were allocated to nutrition programs outreach. This funding has been used to bolster participation in the Summer Food Service Program—which makes sure children in low-income communities eat well while school is out—and food stamp education and outreach. Both of these programs have successfully increased participation in these nutrition assistance programs—which are 100% federally funded. CPPP recommends reinstating a specific amount in this rider and suggests that \$2 million be allocated to continuing these successful efforts.

**General comments about TANF cash assistance grants (Strategy D.1.1)**

CPPP supports HHSC’s exceptional item request #20 to increase the annual “back-to-school” payments from \$30 to \$60 for families on the Temporary Assistance for Needy Families cash assistance program. This payment was reduced by the 78<sup>th</sup> Legislature.

We would also encourage this committee to look closely at how TANF dollars are being spent across the board—particularly in the area of cash assistance grants—and take a comprehensive approach to TANF funding decisions. As you can see from the graph below, less and less of Texas’ TANF block grant is being spent on lifting extremely poor families out of poverty and toward self-sufficiency.



SB 1 shows TANF caseloads dropping from 272,894 recipients in 2004 to 235,432 in 2006, and then to 232,171 in 2007. Funding for this strategy is proposed to decline from \$203.5 million in 2004 to \$196.8 million in 2006, and then increase slightly to \$204.6 million in 2007.

Caseloads have already dropped 25% between 2003 and 2004 as a result of the full-family sanction policy adopted by HB 2292 in 2003 (resulting in over \$60 million less in cash assistance grants). This decline occurred despite

only a minimal improvement in the economy. Before this dramatic one-year drop, TANF caseloads had actually been increasing slightly each year between 2000 and 2003 in response to the weak economy.

The full-family sanction policy unfairly punishes children. The first month that the new sanction policy was implemented (Sept 03), 71,571 recipients, including 51,903 children (74%), lost their benefits. This represents approximately one-fifth of all TANF recipients.

Between October 2003 and June 2004 (the latest month for which data are available), a monthly average of 16,175 recipients (11,328 children) lost their benefits as a result of sanctions. This policy is **not** increasing compliance with program requirements. It is simply forcing families off the program, as is indicated by the continuing caseload decline.

By the end of fiscal 2005, LBB projects a \$54 million surplus of TANF block grant funds. This is a direct result of the caseload drop and less spending on cash assistance than was appropriated in the current biennium. CPPP urges this legislature to revisit the full-family sanction policy and this committee to invest more of the TANF block grant in cash assistance to extremely poor Texans. In 1996 cash assistance (then known as AFDC) reached 22 percent of the 3.2 million poor persons in Texas, by 2002 only 11 percent of the state’s 3.4 million poor were receiving TANF.