

Testimony on Supplemental Nutritional Assistance Program Payment Dates

Lourdes Padilla

Deputy Secretary, Office of Income Maintenance

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Good morning, Chairman Argall, committee members, and staff. I am Lourdes Padilla and I serve as the Deputy Secretary for the Office of Income Maintenance (OIM) in the Department of Human Services (DHS). On behalf of Secretary Dallas, I would like to thank you for the opportunity to testify today regarding benefit payment dates for the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. My testimony will focus on the current benefits administration system design and the impact a change to the schedule would have on SNAP recipients and DHS' operations.

Current System Design

DHS utilizes a 10-digit issuance schedule for SNAP. Each digit correlates to a business day in a month. Pennsylvania SNAP recipients receive their benefit on one of the first 10 business days of a month based upon the last digit of their case record number and their county of residence.

The state has assigned a benefit issuance schedule which utilizes each of the first 10 business days for approximately one-third of all counties; a relatively equal proportion of SNAP recipients in those counties have benefits distributed on each of the first 10 business days. For example, if the last digit of a case number is a 1, the benefit is issued on the first business day of the month and if the last digit of a case number is a 2, the benefit is issued on the second business day of the month. A last digit case number of 0 means the tenth business day of the month is the payment day.

The remaining counties are assigned a 1 or 2 day/digit issuance schedule. SNAP recipients in those counties with a single issuance day all receive their benefits on the same day during the first 10 business days. For example, all SNAP recipients in Lebanon County receive their benefits on the sixth business day of the month. In those counties with two issuance days, some

recipients receive their benefits on one of the first 10 business days and the rest of the recipients in that county all receive their benefits on a different one of the first 10 business days. For example, in Clinton County, if the last digit of a case number is 1 – 5, then a benefit is issued on the fourth business day, and if the last digit of a case number is 6 – 0, then a benefit is issued on the ninth business day. Despite many of the modern and adaptive features that DHS supports for its clients in the administration of its programs, county issuance schedules are a core part of the legacy, mainframe technology, the Client Information System (CIS), which DHS uses to administer the SNAP program, as well as other state and federal benefit programs. County assistance offices (CAO) have been utilizing their assigned issuance schedule for over 30 years.

County schedules impact all aspects of CAO operations and benefit processing from CAO staffing and workload management to notice response timeframes. The issuance schedule determines which dates are used to prompt the CIS to generate necessary reports to SNAP recipients in accordance with federal regulations 7 CFR 273.12(a)(5)(iii) for reporting changes of income, household composition, and/or changes in residence. This schedule is also tied to when cases can be closed, when notices must be mailed, and when the CIS triggers alerts for caseworkers to take actions. Many of these actions initiate the process in which the client must provide or return information. The date the client must provide verification or provide other reporting forms is also based on their county's issuance schedule.

In many counties, efficiency is achieved by having all semiannual review forms (a required change reporting form) returned and processed by the CAO on the same day. For other counties, it is more efficient and necessary to spread the return dates over 10 days to allow the workers time to process the number of forms received. Forms must be processed timely, relative to the

existing issuance schedule, to prevent benefits from being closed inappropriately and to ensure benefits are adjusted correctly to prevent potential overpayment or underpayment of benefits.

Cross State Comparisons

It has been noted that the state of Delaware recently changed its issuance schedule to a 22-day cycle based upon the first letter of the recipient's last name. In order to make this change, it was necessary for Delaware to phase it in over several months to ensure that a 40-day limit on non-receipt of benefits was not exceeded. Delaware and Pennsylvania are significantly different in regard to their SNAP populations and the number of certified SNAP retailers. The preliminary numbers from the United States Department of Agriculture's (USDA) Food and Nutrition Service (FNS) for January 2016, indicate that Delaware had 146,504 SNAP recipients. For the same month Pennsylvania had 1,870,344 SNAP recipients. For comparison, the state of Delaware has fewer SNAP recipients than Allegheny County. Additionally, Pennsylvania has 10,344 authorized SNAP retailers. Delaware only has 818. While we agree there may be some areas of the state with fewer certified SNAP retailers, many food retailers accept SNAP and expect the SNAP shopping population to be evenly distributed during the month. Several other large states such as Texas, New York, California, and Georgia also utilize a 10-digit payment cycle, like Pennsylvania.

Implementation Challenges

Timely payment of benefits is of the utmost importance to DHS. Any changes to our issuance schedule would carry a risk to the timely receipt of benefits and carry a financial burden to the commonwealth.

Changes to the issuance schedule would require a significant CIS redesign. This change would impact the department's processing timeframes and could negatively impact the department's error rate as it transitioned to the new schedule. Negative changes in the department's timeliness and error rate all carry the penalty of risking federal funding to the commonwealth.

Any modification in the SNAP schedule would require a change for the approximately 158,000 cash assistance recipients as well. DHS currently utilizes the same payment schedule for the cash assistance program issuances and processing time frames. These clients are extremely low-income and some of the most vulnerable people the department serves.

It is the interconnected nature of DHS' benefits administration program, CIS, which makes a change to the issuance schedule so expensive and risky to redesign. Changes such as this can take many months to develop and the department is limited in how many new changes to the system it can implement at once based on available staff and financial resources. It is expected that changing issuance dates from a 10 per month maximum to a 20 per month maximum would cost \$1,767,500 to \$1,929,100 and take eight to nine months. Along with the costs for the eligibility system changes, there would also be costs for the mailing and printing of outreach materials, as well as staff time and effort to support the initiative. When updating the CIS, DHS must always prioritize federally-mandated changes.

It is important for our clients to know their upcoming issuance dates as far ahead as possible, so they may budget and plan accordingly. The issuance dates are determined at a state level. The issuance payment dates for the following year are finalized by the end of the summer so the department can print and mail schedules to clients. DHS would need to make these system-based changes incrementally which would require multiple outreach attempts to multiple

counties depending upon the scope of the change in the issuance schedule. This has the potential for significant confusion among SNAP recipients.

Even with effective communication to the department's clients, the change would almost certainly compound an existing heavy workload for our local CAO staff due to heightened call and walk-in volume, as well as any redeterminations stemming from implementation errors. Changing the issuance schedule and a plan to communicate these changes to clients all require FNS approval.

Client Impact

A shift in the SNAP issuance schedule would likely have an adverse impact on the wellbeing of DHS clients. If, despite the implementation challenges, DHS were to change its issuance schedule, FNS requires that SNAP recipients do not go more than 40 days between benefit payment dates. This would likely mean the department must stagger its payment dates at a pro-rated amount to remain in compliance with the FNS limits. Staggering of these benefits could be especially difficult for families with children who are out of school for the summer break. This period is often a greater financial burden on client households, because the child cannot always receive school meals, forcing parents to stretch their benefits further than they would have at a time of the year while the child was in school.

The department's clients enrolled in the SNAP program are by definition, low-income. These individuals may work multiple jobs, utilize public transportation, and may not own an automobile. Due to their schedules, lack of reliable transportation, and/or distance from a food retailer these individuals may not be able to go shopping as they choose. For some, the

opportunity may only come once a month. Any change to the issuance schedule has potential to disrupt the already complicated lives of our clients and risk their already fragile food security.

Conclusion

DHS appreciates hearing concerns and suggestions not only from the people we serve, but from other involved stakeholders. It is for this reason DHS has devoted a great deal of effort into understanding the full effect of a potential change in the SNAP benefit issuance schedule. The implications of such a change are far more reaching than simply altering the date on which the department's clients in a specific county receive their benefits. This change would affect a significant number of the department's critical business processes in CAOs, potentially confuse not only SNAP clients but clients of the department's other benefit programs, and potentially harm those clients' ability to gain access to safe and healthy food. It carries significant cost in terms of financial expenditure, but, also, the department's time and energy. When considering this change, its cost, and its impact it is not clear that the benefits outweigh the risks.

In closing, I would like to thank you for your dedication to the citizens of Pennsylvania and for allowing us this opportunity to share our thoughts today.