

BILL ANALYSIS

Senate Research Center

S.B. 1400
By: Moncrief
Health & Human Services
4-7-97
As Filed

DIGEST

Currently, Texas uses a statewide electronic benefit transfer (EBT) program that allows recipients to access food stamp and welfare benefits with a Lone Star card, a debit card similar to an automated teller machine card. The program is administered by the Texas Department of Human Services (DHS), but the U.S. Department of Agriculture (USDA) is responsible for certification of retailers and for ensuring compliance with the program. Although the USDA and DHS have taken efforts to combat fraud in the EBT program at the retail level, recent investigations have found that up to 15 percent of the retailers participating may be ineligible. Additionally, research has shown that improved returned mail practices and expanded use of EBT data could result in further efficiencies in the EBT and Aid to Families with Dependent Children (AFDC) programs. This legislation aims to increase the efficiency of the EBT program by directing the state's EBT contractor to report suspicious retailer circumstances to the USDA; requiring DHS to collaborate with the Comptroller's Office to enhance enforcement; shortening the length of time that an AFDC account can remain dormant without being purged; and improving returned mail policies at DHS.

PURPOSE

As proposed, S.B. 1400 provides for the prevention and detection of fraud in certain programs administered by the Texas Department of Human Services.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 22, Human Resources Code, by adding Section 22.0255, as follows:

Sec. 22.0255. RETURNED-MAIL REDUCTION. Requires the Texas Department of Human Services (department) to develop and implement policies and procedures designed to improve the department's electronic benefits transfer (EBT) cards used for federal and state entitlement programs administered by the department. Sets forth the terms by which the department is required to set an annual goal of reducing the amount of returned mail it receives. Requires the department to submit a biennial report to the governor's office, the legislature, and the Legislative Budget Board detailing the progress made by the department in reaching its goals.

SECTION 2. Amends Section 22.027, Human Resources Code, by adding Subsections (e) and (f), to require the department and the comptroller to coordinate their efforts to cross-train agency staff whose duties include fraud prevention and detection to enable the staff to identify and report possible fraudulent activity. Requires a local law enforcement agency that seizes an EBT card to immediately notify the department of the seizure and return the card to the department. Requires the department to take certain measures to ensure that local law enforcement officials are aware of this requirement.

SECTION 3. Amends Chapter 33, Human Resources Code, by adding Sections 33.0022 and 32.0023, as follows:

Sec. 33.0022. FRAUD PREVENTION IN FOOD STAMP PROGRAM. Sets forth the

terms by which the EBT system operator and installer is required to report to the department and the United States Department of Agriculture suspicious activity relating to a retailer's participation in the food stamp program. Establishes the conditions under which the department is required to determine whether a retailer is eligible to receive free point-of-sale terminals. Requires the department to provide any information reported under Subsection (a) to the Public Assistance Fraud Oversight Task Force at least once each fiscal quarter. Defines "retailer."

Sec. 33.0023. FOOD STAMP INFORMATION MATCHING SYSTEM. Requires the department, through the use of a computerized matching system, to detect and prevent fraud in the food stamp program. Requires the department, the comptroller, and the appropriate agencies to take all measures necessary to protect the confidentiality of information provided under this section. Defines "retailer."

SECTION 4. Amends Chapter 31B, Human Resources Code, by adding Section 31.043, as follows:

Sec. 31.043. INACTIVE ELECTRONIC BENEFITS TRANSFER ACCOUNTS. Provides that this section applies only to an account to which financial assistance has been transferred under the EBT system for access and use by a recipient of that assistance. Requires the department to close an account that has not been used by the account holder during the preceding 12 months. Requires the comptroller to withdraw any unused benefits remaining in the account and disburse the benefits as authorized by federal and state law.

SECTION 5. Emergency clause.
Effective date: upon passage.