

SB 1016 & HB 581:
THIRD PARTY ELIGIBILITY VERIFICATION CONTRACTS ARE EXPENSIVE,
REDUNDANT AND HURT ELIGIBLE FAMILIES

Proposed legislation requiring DCF to contract with third party vendors for elaborate and excessive data sharing in the Supplemental Nutrition Assistance Program (SNAP) is expensive, duplicates existing verification, and can restrict access or families that meet all program requirements.

Our state is already doing effective eligibility checks and using the best available data to ensure only the truly needy get the assistance they are eligible for. Contracts with third party vendors can create incentives to terminate eligible families, rather than root out waste, fraud, and abuse as proponents claim. There are better ways for the state to improve program integrity and performance.

- **Preventing fraud and errors are a top priority for Florida.** Our state knows that every dollar misspent is a dollar not going to people who truly need the help. Florida vigorously enforces program rules and strives to continuously improve program effectiveness. Due to years of state and federal efforts, error rates in SNAP – a measure of benefits provided to ineligible households and incorrect issuance amounts – are at historic lows. States are required by federal law to regularly verify data from existing databases for eligibility criteria. Most states conduct additional data matching.
- **The proposed legislation will be costly to administer.** SNAP has longstanding and rigorous verification requirements. The state already checks with numerous databases to verify critical eligibility information and flags cases for further review if there are anomalies, such as differences in reported income and a database match. Resolving inconsistent information costs money, even when the database proves to be the incorrect source. Adding databases and outside contractors to duplicate the work of the state agency adds to the cost of running the program. The “cost savings” from initiatives to mandate excessive verifications are often grossly exaggerated. In Illinois, despite predicted cost savings of \$350 million, the state’s actual savings were substantially less. Further, much of the savings was achieved by terminating coverage for thousands of eligible recipients because the data match provided incorrect or outdated information.
- **Most of the proposed data matching is redundant or unnecessary.** DCF already verifies identity and eligibility using multiple state, federal and private databases. When someone applies for benefits, and then at regular intervals, eligibility workers run household information against a number of data sources to check for earned income, unemployment benefits, social security benefits, and child support income, to name a few. They also check birth records, verify the names and social security numbers against national databases, and confirm residency in the state. The proposed legislation just duplicates existing verifications performed by the state, only it requires us to pay a private vendor to do so.

- **Investments can improve the program but unnecessary and costly vendor contracts are not the way.** The proposed legislation is not targeted to the needs of our state. Better investments would ensure that our state has the systems, data sources, and human resources necessary to effectively process applications and monitor changes in the household. Such an investment would have a greater long-term impact and be more efficient than hiring a third party to perform largely the same functions that the state is already doing, and would lead to more accurate eligibility determinations and better customer service.
- **Many people are likely to lose benefits, though they remain eligible.** Vendors match applicants and recipients against many databases, digging for information that *might* indicate a family is no longer eligible, and require the family to provide proof of their continuing eligibility. The vendors have to apply complex program rules and often make mistakes and request unnecessary information from recipients, which can lead to households losing benefits, though they remain eligible. Ending coverage for eligible families leads to hardship for the family and increased workload for eligibility workers, but does not lead to savings. When eligible families lose coverage, they are likely to quickly reapply and restore their coverage. When this happens, the family must go for a time without needed supports and complete a time-consuming re-application process. This burdens state workers processing these re-applications, and eliminates any supposed cost savings from cancelling these eligible families.
- **Contracts are often structured in a way that incentivizes removing recipients.** Vendor contracts can include bonuses for reducing the caseload, or require the vendor to show that the “savings” to the state from cutting the caseload is greater than the money paid to the vendor. Under these terms, in order to earn bonuses and justify their involvement in the process, vendors have an incentive to remove as many enrollees as possible, even if the caseload reduction is actually terminating *eligible* individuals.