

MINUTES
SENATE HEALTH & WELFARE COMMITTEE

DATE: Wednesday, March 12, 2014

TIME: 3:00 P.M.

PLACE: Lincoln Auditorium

MEMBERS PRESENT: Chairman Heider, Vice Chairman Nuxoll, Senators Lodge, Hagedorn, Guthrie, Martin, Lakey, Bock and Schmidt

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the Committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Heider** called the meeting to order at 3:05 p.m.

H 565 **Relating to Public Assistance: Representative Christy Perry**, began by stating this legislation is making changes to Title 56, Chapter 2, by instituting a policy change to direct the Department of Health and Welfare (Department) to stagger the Supplemental Nutrition Assistance Program (SNAP) benefits. The bill directs the Department to stagger these benefits so that they are issued over the course of ten days instead of just the one day as they are now. The legislation also allows the Department to use any SNAP performance bonus money that they may receive on the program itself as funds for the stagger issuance.

Representative Perry stated that the bonus money is not always guaranteed, however the Department has received bonus money for the past several years, including this past fiscal year. It is believed that the food stamp performance bonus program in the new farm bill will be more specific and require the bonus money to be used for SNAP expenses specifically. These expenses could include technological improvements, and administration costs, as well as the prevention efforts of fraud, waste and abuse, instead of just any purpose which has previously been the case. This legislation aligns very well with that intent.

If a performance bonus is not received from the U.S. Department of Agriculture then the Department will go through the usual Joint Finance-Appropriations Committee (JFAC) process. She stated that the administrative costs are split with half being from the State and the other half from the federal government. Finally, given the demands on the Department and in trying to balance the needs of the public as well, the bill allows for implementation to occur anytime between now and December 31, 2015 with the final date being June 30, 2016.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see attachment 1).

DISCUSSION: **Vice Chairman Nuxoll** wanted to know if this legislation would still allow for the 50/50 split between the State and federal, or would the bonus be issued and then it would be determined what is left and who would pay for it. **Representative Perry** responded that the administration portion of the food stamp program is what is paid 50/50, the actual benefit is paid entirely by the federal government. So how this would all work is that the State's portion is where the bonus money would be applied.

Vice Chairman Nuxoll asked if the Department is dedicated to making sure they use that money from the bonus for this program first since she is aware that \$1.4 million of this money went to help the state healthcare exchange.

Representative Perry answered that it was made very clear in their discussions with the Department, and also in the legislation, that the money is to be used first towards any implementation of the SNAP program.

Senator Lodge requested to hear from Richard Armstrong, Director of the Department of Health and Welfare to respond to questions. **Chairman Heider** answered that he would be addressing the Committee later in the meeting.

Senator Martin wanted to clarify the implementation date since she had mentioned it would be on or before June 2016 and wanted to know if that was correct.

Representative Perry stated that was correct to her understanding, and the way that the legislation is written is that the Department has up until June 30, 2016 to implement the legislation, but it can be worked into their program earlier at their discretion if possible.

TESTIMONY:

Elizabeth Criner, representing Northwest Food Processors Association (Association), which is a tri-state trade association. She is an advocate and resource for the Association in an ongoing effort to enhance the competitive capabilities of member food processors in Idaho, Oregon and Washington. Processors who provide fresh product, especially products that require refrigeration were most impacted by Idaho's transition a few years ago to a single-day issuance for SNAP benefits. Production is working monthly to accommodate the significant increase in demand at the first of each month. In addition, temperature controlled storage is limited for many retailers.

She went on to say that in rural communities where distributors deliver weekly, they run short on many products in the weeks that include the first of the month. For more urban areas, it can result in more than daily deliveries of product to accommodate the peak in demand on the first of the month. These peaks in production and delivery often require overtime, which results in added costs. In the highly competitive food economy, these costs can impact a processor significantly. Idaho is the only state in our region that has a single-day issuance for SNAP benefits, adversely impacting local fresh product processors.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see attachment 2).

DISCUSSION:

Senator Lodge wanted to know if all of the people who are receiving food stamps and are now getting them on the first of the month, were working at a job and were all paid by their employer on the first of the month, how would that situation impact the food producers.

Ms. Criner responded that SNAP is a supplemental program and is not designed to last the recipient the full month. Many of the beneficiaries are employed and receive a paycheck but it is not enough to meet their needs. The hope is that eventually these people will be able to get better employment with higher paying jobs that would take them off of the SNAP benefit program. Since this is a supplemental program, it doesn't last very many of them to the end of the month so that by the time they do receive it on the first of the next month it has created a stronger demand.

Senator Lodge wanted to clarify, if these people are in fact working and this is a supplemental benefit, they should be able to spread the benefit over the course of the entire month. She then asked if they were all paid from their jobs on the first of the month and there was no SNAP program in place, how would this impact the food producers.

Ms. Criner stated this was a difficult hypothetical question since there are so many variables. What she could say though was that when the State did move from multiple day issuance down to just the one day, over time processors saw a significant increase in demand and started to utilize overtime for their employees increasing their costs.

TESTIMONY: **Jane Wittmeyer**, representing the Darigold Company, a marketing and processing subsidiary of the Northwest Dairy Association. Darigold is a producer that is cooperatively owned and has been around since the early 1900s. Because it's a cooperative, it's owned by dairy farmers who created the cooperative to jointly process milk and milk products. In Idaho, Darigold has 79-member owner families who employ an additional 308 employees and produce 2.06 billion pounds of milk with \$2.2 million in annual sales here in the State. Darigold is in support of **H 565**, have reviewed the suggested amendment and are in full agreement with it.

She stated that since Darigold is a processing and production group, anything that causes large or small fluctuations in the distribution system creates difficulties for the company and its member processors. The distribution on a multi-day service for the SNAP program instead of the single day as it is presently would be much easier for the company to deal with.

TESTIMONY: **Jim Lowe**, representing the Food Producers of Idaho, which is made up of a broad base of Idaho agriculture businesses throughout the State. He said that the food producers he represents are in support of **H 565** and see the current system as a challenge to agriculture to meet such large demand at one time of the month. He understands that this legislation will not solve all of the problems involving the SNAP program, but it is seen as an improvement and a small step.

TESTIMONY: **Richard Armstrong**, Director of the Department of Health and Welfare (Department), began by addressing some of the concerns already voiced by the Committee, specifically, Senator Lodge. He said that on the House side with the original bill, he had testified against it for two different reasons. Those reasons were that it was unsustainable and the other reason was that it was an un-funded mandate. There was no funding allocated at the time, other than bonus money that might come through for high performance with the SNAP program, and that cannot always be counted upon.

He confirmed, as Vice Chairman Nuxoll had previously mentioned, that the Department had spent the bonus money on the improvements for the eligibility system over the last several years. They did not pay it to the healthcare exchange as Vice Chairman Nuxoll had stated, but it did go to help interface with that system to determine eligibility.

The Department has been successful in changing their performance quite dramatically. He went on to explain the improvements the Department has made since he took over in June of 2006. At that time Idaho was ranked 48th in the nation for its poor Department performance. On his first week on the job he had to take care of a letter from the federal government which was penalizing the State for \$265,000. By 2009 things had turned around by the Department to such a degree that the federal government had awarded the State for being the most improved in the nation. He stated that since that time, Idaho has been ranking among the top ten states in the nation for performance and receiving bonuses to award the Department for its efforts.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see attachment 3).

DISCUSSION: **Vice Chairman Nuxoll** congratulated the Director and the Department on their improved effectiveness. She was curious about the bonus money as to whether the amount is increased if the number of people on food stamps goes up. **Mr. Armstrong** responded that the bonus is given as incentive for states to perform better in the handling of the business and has nothing to do with increasing the number of participants.

Senator Guthrie wanted to clarify regarding the money that is required in the process to screen for Medicaid eligibility, would it be the same whether it is for a state or a federal exchange system. **Mr. Armstrong** answered that he did not think it would be the same. By being efficient you can reduce the costs of operation, for example in the web services and applications being made more user friendly.

Senator Lodge complimented the Director on the improvements that have been made to the Department since he took over. She wanted to know if the Director thought the Department will be able to meet the June 2016 deadline as outlined in the legislation. Would that be enough time for them to be up and going? **Mr. Armstrong** stated that he didn't feel there was ever enough time for things, but in discussions with the other members involved in the Department they have assured him that they will be able to have the system in operation by that date. It may not be the final system but will be the first phase since things and systems are always changing and improving.

Senator Lodge commented that the biggest lesson she has learned in all of this is that we come up with good ideas, but we don't always think about all of the problems or implications as the idea is being put into place. She appreciated the education that the Director gives to the Committee to help them see how all of the ideas and projects have to interact with each other to be effective.

Chairman Heider added his appreciation from the Committee to the Department for all the help they give on a regular basis. He recognized (on behalf of the other Committee members) the effort the Department puts forth for the citizens of Idaho to make the programs run efficiently and effectively.

Mr. Armstrong thanked the Committee for the kind comments and confidence in him and the Department.

Representative Perry concluded by stating there has been a lot of research done by different individuals and groups regarding the legislation. Everyone understands that at one time Idaho had been on a staggered SNAP benefit issuance. The recession caused a lot of changes with adjustments needing to be made, and one of them was going to the single day issuance. Those changes had many unintended consequences that couldn't have been foreseen at the time. As the economy has improved some of those cutbacks have been adjusted, and processes have gone back to the way things were done before the recession, and that is the case with the SNAP benefits.

MOTIONS: **Senator Guthrie** moved that **H 565** be referred to the 14th Order for amendment. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Hagedorn** moved to approve the February 4, 2014 Minutes as written. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Hagedorn** moved to approve the February 26, 2014 Minutes as written. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

PAGE PRESENTATION: **Chairman Heider** asked Anne Young to approach the podium and introduced her as the Senate Health and Welfare Page for the second half of this Legislative Session. He commented that the Committee had been very appreciative of her fine work, she's done a wonderful job and has been there every day willing to help. The Committee had two letters of recommendation for her and invited her to address them on anything she had learned in her experience.

Ms. Young wanted to thank the Committee for the opportunity. She said she has had a lot of fun and has learned so much, especially about the healthcare issues the Committee is involved with.

ADJOURNED: Due to time constraints, **Chairman Heider** apologized to the three Idaho State University School of Pharmacy students who were to make a presentation before the Committee and asked them to return at another time. There being no further business before the Committee the meeting was adjourned at 3:55 p.m.

Senator Heider
Chair

Linda Hamlet
Secretary

Linda Harrison
Assistant Secretary