

**Testimony of the  
Department of Health and Human Services**

**Before the Joint Standing Committee on Health and Human Services**

**LD 1144**

An Act to Ensure the Integrity of the Temporary Assistance to Needy Families Program

**Sponsored by: Representative McCabe**

**Hearing Date: May 12, 2015**

Senator Brakey, Representative Gattine and Members of the Joint Standing Committee on Health and Human Services, I am Sam Adolphsen, Chief Operating Officer in the Department of Health and Human Services (DHHS). I am here today to speak in opposition of LD 1144, An Act to Ensure the Integrity of the Temporary Assistance for Needy Families Program.

LD 1144 prohibits the use of the electronic benefits transfer system at tobacco specialty stores and requires the Department to develop an education program that emphasizes that benefits are to be used for supporting dependent children and not to be used for inappropriate purchases such as tobacco products. It also establishes penalties for such use. Finally, it requires the Department to collect information regarding the use of TANF benefits for prohibited uses and report its findings to the Legislature.

While the Department supports and encourages the strengthening of our public assistance programs, LD 1144 is redundant in some ways, and does not go far enough in others in the effort to deter the misuse of public benefits.

The Department has already taken many steps to educate recipients regarding the misuse of Temporary Assistance for Needy Families (TANF) benefits. This has been done through letters, TANF orientation, updated EBT brochures, signed acknowledgement forms, changes to the pine tree card website, and updates to the EBT card identifying improper cash withdrawals at certain establishments. We have also blocked the use of EBT cards at ATM's in establishments prohibited under current law.

Penalties for misuse as outlined in this bill are more lenient than the penalties that are already established in the TANF program. Currently, recipients who knowingly violate program rules are penalized one year for the first offense, two years for the second offense and permanently for the third offense.

The Department cannot provide details to the legislature about the hundreds of Intentional Program Violations (IPV's) and criminal welfare fraud cases each year because of confidentiality information. We can tell you there were 228 IPV's in 2014 and 147 in the first quarter of 2015. In addition, there have been hundreds of cases referred to the Attorney General's office in the last two years, including many cases for misuse of public benefits. There are many publicly available accounts of prosecuted welfare fraud cases.

While the Department supports increased accountability in our public welfare programs, LD 1144 does not implement adequate deterrents around the misuse of public benefits. The Department does support other proposed initiatives relating to misuse of benefits such as the Governor's proposal and LD 1097 which aligns with the Departments goals of reducing fraud, waste and abuse in our public welfare programs.

I would be happy to answer any questions you may have and would be glad to make myself available for questions at the work session.