Photos on Lone Star Cards: Costly and Unnecessary

The Texas legislature is considering multiple bills that would require photographs to be placed on Lone Star EBT (electronic benefit transfer) cards containing Supplemental Nutrition Assistance Program (SNAP) and/or Temporary Assistance for Needy Families (TANF) benefits.

The stated intent of these bills is to reduce the state’s already historically-low fraud rates in these programs. However, requiring photos on Lone Star cards is not only expensive and unnecessary, it risks undermining the progress that Texas has made to modernize its benefits eligibility system.

The Current Lone Star Card System is Effective

- Texas has issued SNAP (formerly Food Stamps) and TANF benefits on Lone Star cards since 1995 as an efficient method to safely deliver and track benefits for nearly 1.7 million Texas households each month. Texas clients can access these benefits in more than 16,300 participating retail locations across the state.
- Administered by the Texas Health and Human Services Commission (HHSC), the Lone Star card is scanned/swiped for payment in a manner similar to a commercial debit card. A client must enter his or her personal identification number (PIN) to use the card.
- SNAP benefits, which can only be used to purchase food, are determined for the household as a whole and are required to be accessible to all members of the household. TANF benefits, which can be used to pay for necessities like toilet paper or bus passes, are determined for the children and their caregivers on each case. HHSC currently issues a Lone Star card to the head of the household, and will issue a second card to another authorized user if requested.

Robust Fraud Prevention Already Exists

HHSC and USDA take fraud very seriously. The HHSC Office of the Inspector General (OIG) has a robust system in place to combat recipient and retailer fraud, including:

- a rigorous application and screening process that solicits and then verifies complete information on household income, expenses and composition;
- a fraud hotline available for individuals to report suspicious behavior to the OIG;
- an individualized PIN number for each EBT card to protect against unauthorized use if the card is stolen;
- monitoring and restrictions on the number of replacement cards that households can request;
- reviews of the EBT card archive system conducted by the OIG;
- fraud hearings to disqualify recipients found to have committed an intentional program violation;
- the Public Assistance Reporting Information System (PARIS) Interstate Match, which allows HHSC to see if individuals are receiving benefits from other states; and
- the Antifraud Locator Using EBT Retailer Transactions System (ALERT), which allows for real time data mining from the point of sale to flag unusual spending patterns.
Modernization Efforts will be Undermined

- HHSC’s YourTexasBenefits.com website allows applicants to screen for potential eligibility, complete an online benefit application and upload support documents for multiple programs. These efforts have greatly reduced the need for applicants to travel to eligibility offices. As HHSC has moved the application online, it has developed a robust third-party electronic verification system used to verify applicant information (including identity), resulting in improved program integrity. Due to these efforts HHSC was able to process a sixteen percent caseload increase since 2011 without an increase in staffing.
- Currently seventy percent of benefit applications to HHSC are submitted online, with a goal of reaching ninety percent. These efforts have allowed for greater accuracy in determinations and benefits, less fraud, reduced costs and easier management of these programs.
- Forcing clients to travel to HHSC offices for a photo will undo a decade of progress in this area.

Photos on Cards are Expensive and Ineffective

- According to research done by the Pennsylvania Legislative Budget & Finance Committee, the addition of a photo would cost Texas an additional $7.77 for each card produced. This equates to approximately $13M for all Texas SNAP households.
- The Legislative Budget Board has estimated the cost of implementation in Texas at nearly $11M in General Revenue for FY 2017 and an additional 37 FTEs for HHSC. This investment could be better used to increase existing fraud detection work.
- In most grocery stores, shoppers are able to swipe their EBT cards through the readers themselves. Therefore cashiers rarely handle EBT, debit, or credit cards.

Photos on Cards May Have Unintended Consequences

- Under federal law, SNAP recipients are protected by a non-discrimination clause. If debit and credit card users are not asked to show photo IDs, SNAP recipients cannot be asked to show them either. If retailers are forced to check photo IDs, they could be at risk for being charged with discriminating against SNAP shoppers.
- It is a federal requirement that all household members must be able to utilize a household’s SNAP EBT card. Retailers are not allowed to deny purchases by a household member, such as a teenager, who is not pictured on the card. Doing so would violate federal law.
- Seniors and disabled individuals often have an authorized representative, such as an extended family member or caretaker do their grocery shopping for them. If a retailer denied an authorized representative from making a SNAP purchase because they did not match the photo on the card, the retailer would violate federal law. This could also impact the Meals on Wheels grocery delivery program.

Questions?

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