

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 15, 2013**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB191** by Birdwell (Relating to requirements for cash withdrawals from Temporary Assistance for Needy Families benefits accounts.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB191, As Introduced: a negative impact of (\$456,753) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$364,762)
2015	(\$91,991)
2016	(\$92,048)
2017	(\$92,106)
2018	(\$92,163)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Probable Savings/(Cost) from Federal Funds</b>
	<b>1</b>	<b>555</b>
2014	(\$364,762)	(\$290,202)
2015	(\$91,991)	(\$87,984)
2016	(\$92,048)	(\$88,061)
2017	(\$92,106)	(\$88,139)
2018	(\$92,163)	(\$88,217)

**Fiscal Analysis**

The bill would amend Chapter 31 of the Human Resources Code by adding a requirement that a recipient of financial assistance benefits through the Temporary Assistance for Needy Families (TANF) program present photo identification in order to make a cash withdrawal from their electronic benefits transfer card.

## **Methodology**

The cost estimate in the tables above and discussed in the text below is associated with the conforming changes that would need to be made to the existing system of Texas Electronic Benefits Transfer (EBT) cards in order to make effective the bill's requirement that recipients show a photo identification.

Based on the analysis of the Health and Human Services Commission (HHSC), the total cost to implement the bill would be \$654,964 in fiscal year 2014; \$179,975 in fiscal year 2015; \$180,109 in fiscal year 2016; \$180,245 in fiscal year 2017; and \$180,380 in fiscal year 2018.

Currently, the Texas Electronic Benefits Transfer (EBT) card is used for both TANF and Supplemental Nutrition Assistance Program (SNAP) benefits, but only TANF clients can make cash withdrawals. The account holder name is not currently printed on the Texas EBT cards, but it would need to be on the cards in order for a merchant to verify a cardholder's identity. HHSC would need to promulgate and adopt rules, train staff and contractors, conduct new procurements or amend contracts, and conduct prior outreach and notification. HHSC indicates these start up activities could be accomplished by February 2014.

HHSC anticipates a one-time cost of \$503,750 in All Funds for the EBT vendor to supply card printers in each of the 325 regional eligibility offices. In addition, there is a cost of \$40/month per printer for ongoing printer maintenance and supplies, totaling \$78,000 for six months in fiscal year 2014, and \$156,000 in each subsequent year. Mailing initial replacement cards to TANF recipients in fiscal year 2014 is expected to cost \$31,290 in All Funds. Printing new cards in eligibility offices per SNAP and TANF recipient is expected to cost \$.03 per card, totaling \$11,924 in fiscal year 2014, \$23,974 in fiscal year 2015, \$24,109 in fiscal year 2016, \$24,245 in fiscal year 2017, and \$24,381 in fiscal year 2018. HHSC indicates there will be a one-time cost of \$30,000 for contracted services to provide outreach to recipients, handle increased calls about the replacement initiative and new requirement, and for vendor technology modifications to force the expiration of old cards.

The method of financing of the All Funds cost is based on HHSC's federally required and approved Public Assistance Cost Allocation Plan.

## **Technology**

Total technology costs are estimated to be a one-time equipment cost of \$503,750 in fiscal year 2014.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** UP, CL, MB, ES, VJC, KKR