

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 12, 2015

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3463 by Springer (Relating to a photo identification requirement to use certain state benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3463, As Introduced: a negative impact of (\$5,990,381) through the biennium ending August 31, 2017.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$34,746)
2017	(\$5,955,635)
2018	(\$5,560,181)
2019	(\$5,560,181)
2020	(\$5,560,181)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2015
2016	(\$34,746)	\$0	0.0
2017	(\$5,955,635)	(\$5,706,075)	103.0
2018	(\$5,560,181)	(\$5,327,193)	103.0
2019	(\$5,560,181)	(\$5,327,193)	103.0
2020	(\$5,560,181)	(\$5,327,193)	103.0

Fiscal Analysis

The bill would amend Chapter 531 of the Government Code to require the Health and Human Services Commission (HHSC) to adopt rules to disqualify a retailer, for up to one month, as a participating retailer, if they fail to require Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) recipients to present photo identification

when using their electronic benefits transfer (EBT) card. The bill would also amend Chapters 31 and 33 of the Human Resources Code to require retailers to ask for photo identifications during certain transactions. The bill requires HHSC to adopt rules and implement the provisions of the bill by December 1, 2015. The bill authorizes HHSC to seek federal approval to implement the provisions of the bill and delay implementation if necessary.

The bill would go into effect on September 1, 2015.

Methodology

The bill is estimated to result in a cost of \$5,990,381 in General Revenue and \$11,696,456 in All Funds through the biennium and \$22,670,924 in General Revenue and \$44,358,578 in All Funds over five years.

HHSC has indicated that the Office of the Inspector General (OIG) does not currently have an oversight function that includes this type of retailer monitoring and as such, OIG would incur costs of additional staff throughout the regions to perform retail monitoring. An increase of 103 FTEs (9 Administrative Assistants, 90 Investigators, 3 Managers, and 1 Director) in each fiscal year from fiscal year 2017 through 2020 would total to \$5,699,499 in General Revenue and \$11,160,170 in All Funds for fiscal year 2017, and \$5,366,561 in General Revenue and \$10,508,246 in All Funds per fiscal year for fiscal years 2018-20.

HHSC estimates a one-time contracted services cost in fiscal year 2016 of \$34,746 in General Revenue for notifications sent to TANF cardholders and retailers informing them of the new requirements of the bill.

Federal SNAP rules prohibit a retailer from requiring identification in order to make a purchase. HHSC assumes that bill would only apply to TANF cash withdrawal transactions and not to point of sale transactions.

HHSC is transitioning between systems used to issue EBT cards. If the bill is meant to require HHSC to manage and track periods of disqualification and restrict transactions from disqualified retailers, EBT system changes would need to be made. Because the new EBT vendor is not in place, HHSC is unable to estimate the cost of these changes.

Technology

FTE-related technology costs include seat management services and basic data storage under the contract for data center services. These costs total to \$256,137 in General Revenue and \$501,541 in All Funds for fiscal year 2017, and \$193,621 in General Revenue and \$379,129 in All Funds per fiscal year in fiscal years 2018-20.

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, NB, MH, CG