

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 5, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1443** by Creighton (Relating to electronic benefits transfer cards used by recipients of benefits under certain assistance programs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1443, Committee Report 1st House, Substituted: a negative impact of (\$978,227) through the biennium ending August 31, 2019.

An estimate for any potential savings associated with a reduction to fraud, waste or abuse cannot be determined because the number and amount of transactions currently made by unauthorized individuals is unknown.

The Health and Human Services Commission is only required to implement the provisions of the bill if the legislature appropriates money specifically for that purpose.

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
2018	(\$640,297)
2019	(\$337,930)
2020	(\$337,930)
2021	(\$344,571)
2022	(\$351,349)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Probable Savings/(Cost) from Federal Funds
	1	555
2018	(\$640,297)	(\$619,883)
2019	(\$337,930)	(\$327,156)
2020	(\$337,930)	(\$327,156)
2021	(\$344,571)	(\$333,585)

Fiscal Analysis

The bill would amend Chapter 531 of the Government Code to require the Health and Human Services Commission (HHSC) to ensure that the front side of electronic benefits transfer (EBT) cards issued to recipients of Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) benefit programs display the name and photograph of the recipient along with certain other information. The Department of Public Safety (DPS) would be required to provide HHSC with the photographs of program recipients that DPS has in its records. Certain recipients of the programs would be exempt from the photograph requirement.

The bill requires HHSC to ensure that the EBT cards for TANF and SNAP used on or after August 31, 2020 conform to the requirements of the bill. The bill would take effect September 1, 2017.

Methodology

This analysis estimates that implementing the provisions of the bill related to the information displayed on EBT cards would cost \$640,297 in General Revenue and \$1.3 million in All Funds in fiscal year 2018 and \$337,930 in General Revenue and \$665,086 in All Funds in fiscal year 2019.

HHSC anticipates there would be several one-time costs to implement the provisions of the bill in fiscal year 2018. This analysis assumes that application/system modifications to the EBT vendor software and to the Texas Integrated Enrollment Redesign System (TIERS) would be \$1.1 million in All Funds. In addition, HHSC estimates there would be a cost of \$139,680 in All Funds associated with technology modifications to allow the agency to obtain photographs from DPS.

According to HHSC, there would be ongoing costs associated with EBT card issuance. HHSC assumes that it would begin issuing cards for new applicants and renewal cards in fiscal year 2019 that comply with the provisions of the bill. This analysis estimates that EBT vendor issuance costs would be \$664,646 in All Funds in fiscal year 2019. This assumes that 664,646 cards will be issued by the EBT vendor at \$1 per card. These ongoing costs are projected to increase annually in 2021-2022 based on caseload growth in the programs. In addition, this analysis estimates an annual cost of \$440 related to an increase in client and retailer inquiry calls beginning in fiscal year 2019.

The HHSC Office of the Inspector General anticipates that the fraud hotline and website information on EBT cards would result in an increased volume of reports of fraud, waste, and abuse. This analysis assumes that costs associated with an increase in caseload at the HHSC Office of the Inspector General could be absorbed.

HHSC indicates there may be a reduction in fraud, waste, and abuse resulting from the additional identifying information on EBT cards. However, a specific estimate cannot be determined because the number and amount of transactions currently made by unauthorized individuals is unknown.

DPS estimates there would be a minimal cost associated with technology modifications to allow the agency to provide photographs to HHSC. It is assumed that these technology costs could be absorbed within existing resources.

Technology

Technology would be \$1.3 million in All Funds in fiscal year 2018 for the application/system

modifications to the EBT vendor software and TIERS.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 529 Health and Human Services Commission, 608 Department of Motor Vehicles

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