

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 14, 2019

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: **SB671** by Creighton (Relating to electronic benefits transfer cards used by or for recipients of benefits under certain assistance programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB671, As Introduced: a negative impact of (\$1,747,600) through the biennium ending August 31, 2021.

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 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
2020	(\$344,143)
2021	(\$1,403,457)
2022	(\$1,431,526)
2023	(\$1,460,157)
2024	(\$1,489,360)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>GR Match for Food Stamp Admin</i> 8014	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2020	(\$17,207)	(\$326,936)	(\$389,637)
2021	(\$1,403)	(\$1,402,054)	(\$1,437,549)
2022	(\$1,432)	(\$1,430,094)	(\$1,466,300)
2023	(\$1,460)	(\$1,458,697)	(\$1,495,626)
2024	(\$1,489)	(\$1,487,871)	(\$1,525,538)

Fiscal Analysis

The bill would 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) benefits display the name and photograph of the recipient along with certain other information. HHSC would be required to ensure that EBT cards used to deliver SNAP and TANF benefits conform to this provision on or before August 31, 2022. The bill would require the Department of Public Safety (DPS) 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 would take effect September 1, 2019.

Methodology

The analysis assumes one-time costs for application and system modifications to the EBT vendor software and to the Texas Integrated Enrollment Redesign System (TIERS) of \$594,100 in All Funds, including \$202,929 in General Revenue, in fiscal year 2020 only. In addition, HHSC estimates there would be a one-time cost of \$139,680 in All Funds, including \$68,890 in General Revenue, in fiscal year 2020 for development of an interface to allow the agency to obtain photographs from DPS.

According to HHSC, there would be ongoing costs to the EBT vendor related to issuance of EBT cards that conform to the provisions of the bill. The analysis assumes EBT cards that conform to the provisions of the bill would begin to be issued in fiscal year 2021. Cost to the EBT vendor is estimated to total \$2,841,006 in All Funds, including \$1,403,457 in General Revenue, in fiscal year 2021. These ongoing costs are projected to increase annually in fiscal years 2022 through 2024 based on caseload growth in the programs.

HHSC anticipates that the fraud hotline and website information on EBT cards may result in an increased volume of reports of fraud, waste, and abuse to the Office of Inspector General (OIG). The analysis assumes any cost associated with an increase in caseload at the OIG could be absorbed within existing resources.

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

Total technology costs are estimated to be \$590,100 in All Funds, including \$202,929 in General Revenue, in fiscal year 2020 for application and system modifications to the EBT vendor software and TIERS.

Local Government Impact

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

Source Agencies: 405 Department of Public Safety, 529 Health and Human Services Commission, 601 Department of Transportation

LBB Staff: WP, AKi, EP, RD, RC