

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 12, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB866 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 SB866, As Introduced : a negative impact of (\$3,516,060) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$196,086)
2023	(\$3,319,974)
2024	(\$3,348,999)
2025	(\$3,406,348)
2026	(\$3,466,147)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from GR Match for Food Stamp Admin 8014</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>
2022	(\$164,612)	(\$31,474)	(\$352,714)
2023	(\$70,035)	(\$3,249,939)	(\$3,249,939)
2024	(\$71,690)	(\$3,277,309)	(\$3,277,309)
2025	(\$72,925)	(\$3,333,423)	(\$3,333,423)
2026	(\$74,403)	(\$3,391,744)	(\$3,391,744)

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, 2024. 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.

Methodology

The analysis assumes one-time costs for application and system modifications to the EBT vendor software, the Texas Integrated Eligibility Redesign System (TIERS), and to develop and interface to allow the agency to obtain photographs from DPS of \$0.5 million in All Funds, including \$0.2 million in General Revenue, in fiscal year 2022 only.

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 2023. Cost to the EBT vendor is estimated to total \$6.6 million in All Funds, including \$3.3 million in General Revenue, in fiscal year 2023. These ongoing costs are projected to increase annually in fiscal years 2024 through 2026 based on caseload growth in the programs.

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.

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.

This analysis assumes there would be a minimal cost to DPS associated with implementing the provisions of the bill that could be absorbed within current resources.

Technology

Total technology costs are estimated to be \$0.5 million in All Funds, including \$0.2 million in General Revenue, in fiscal year 2022 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 Hlth & Human Svcs Comm, 601 Department of Transportation

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