Department of Planning and Budget
2016 Fiscal Impact Statement

1. **Bill Number:** HB714

House of Origin	☒ Introduced	☐ Substitute	☐ Engrossed
Second House	☐ In Committee	☐ Substitute	☐ Enrolled

2. **Patron:** Marshall, R.G.

3. **Committee:** Helath, Welfare and Institutions

4. **Title:** Supplemental Nutrition Assistance Program; electronic benefit transfer (EBT) card.

5. **Summary:** Requires food stamp program recipients to show photo identification in order to use an EBT card to access benefits. The bill directs the Department of Social Services to establish procedures to ensure that all appropriate household members or authorized representatives of such recipients are able to access benefits from the account as necessary and that the electronic benefit transfer system is implemented and operated in a manner that maintains equal treatment of food stamp program recipients and other patrons.

6. **Budget Amendment Necessary**: Yes

7. **Fiscal Impact Estimates:** Preliminary. See Item 8.

    7a. Expenditure Impact:

Fiscal Year	Dollars	Positions	Fund
2016	$806,000		General
	$806,000		Nongeneral
2017	$530,978		General
	$530,978		Nongeneral
2018	$9,000		General
	$9,000		Nongeneral
2019	$9,000		General
	$9,000		Nongeneral
2020	$9,000		General
	$9,000		Nongeneral
2021	$9,000		General
	$9,000		Nongeneral
2022	$9,000		General
	$9,000		Nongeneral

8. **Fiscal Implications:** This legislation would introduce additional costs for the commonwealth due to the requirement that SNAP recipients must show photo identification in order to access their benefits. The Department of Social Services (DSS) cannot simply require SNAP recipients to have photo ID as that would violate federal regulations which ensure equal treatment of SNAP recipients with respect to the non-SNAP population.

Therefore, the Department proposes putting a photo ID on EBT cards for those SNAP recipients who do not have a government issued photo ID. It is estimated that the legislation would introduce one-time implementation costs related to an educational/media campaign, equipment purchases, and vendor system and contract changes in FY 2017 and FY 2018.

Vendor System Changes
Currently, DSS contracts out the operations of the EBT program to a vendor that provides EBT cards to SNAP recipients and loads the cards with the SNAP benefits monthly. In order to implement a photo ID requirement, one-time costs in FY 2017 will be needed to cover vendor systems modifications. Based on the costs of similar legislation proposed in Georgia, systems implementation expenses for this program are estimated at $250,000 ($125,000 state general fund and $125,000 federal funds), subject to the specific needs of the Commonwealth.

Local SNAP Vault Card Printing
In addition to the cards created by the vendor, local Departments of Social Services (LDSS) also produce EBT cards called vault cards in their offices when SNAP applications are approved too late in the processing cycle to meet the timely issuance standards through mail. These vault cards are used until the vendor issued card is mailed and would now need to include a photo of the SNAP recipient if the recipient does not have government issued photo ID. Therefore, each of the 120 LDSS offices would need a machine capable of printing photos on the cards. On average, such a printer is estimated to cost $5,100 for a total cost of $612,000 ($5,100 X 120) in FY 2017. It is assumed that the Department would incur these expenses at a 50 percent general fund and 50 percent federal fund split.

Public Awareness
This legislation would also require a public awareness or media campaign so that recipients and retailers would understand the changes in the policy and practice. Under federal law, SNAP retailers must treat SNAP recipients the same as all other shoppers in their stores or else the retailers and the state will not be in compliance with federal regulations. Therefore, under this legislation, SNAP approved retailers will have to ask all shoppers who use debit cards to show ID. There are approximately 6,500 SNAP retailers and 842,957 SNAP recipients in the state of Virginia who will need to be notified of these changes. Direct mailings, posters, and television, radio, and various print ads are options that can be used to inform the SNAP recipients and retailers. Although there are many factors that can impact the cost of notifications and advertising, a conservative estimate of $750,000 ($375,000 state general fund and $375,000 federal funds) is used in this analysis. This is a one-time cost that will be needed in FY 2017.

New Photo ID cards
As of November 2015, there were 395,067 SNAP households and 842,957 recipients. Currently, each household has one EBT card that, pursuant to federal regulations, may be used by any eligible household member. For purposes of this analysis, it is assumed that cards will be given to all SNAP heads of households, and other family members and authorized representatives who may purchase groceries. A report by the United States

Department of Agriculture in November 2014 stated that an average of 62 percent of SNAP clients were adults. Therefore, 522,633 (.62 x 842,957) SNAP adult recipients would need new EBT cards. Furthermore, a survey by New York University's Brennen Center for Justice reported that approximately 15 percent of citizens with comparatively low incomes did not have a valid government-issued photo ID. Consequently, it is assumed that 15 percent or 78,395 (.15 x 522,633) of Virginia SNAP adult recipients will also not have photo identification to show when redeeming their benefits and will therefore need a photo EBT card. It is further estimated that another 84,296 or 10 percent of SNAP recipients under the age of 18 would need their own photo ID cards in order to purchase eligible SNAP items for their families. Finally, SNAP recipients may have authorized representatives, for example caretakers for elderly recipients, who do their grocery shopping. These authorized representatives, estimated at 10 percent of the SNAP households or 39,507 people, would need photo cards with their own photograph but tied to the recipients' SNAP accounts. Therefore a total of 202,197 (78,395 + 84,296 + 39,507) new photo cards would be needed.

The Department of Social Services will contract with the EBT vendor to print and mail the new cards. As a result of this legislation, the card production cost will increase with the photo identification requirement. Estimated costs for cards with photos are $2.33 and cards without photos are $1.33. Printing photo cards requires additional equipment for the vendor and requires a much greater involvement in the card processing and handling than non-photo cards. Since 202,197 people are expected to need a photo ID card, the costs for the cards is $471,120 ($2.33 X 202,197). To maintain uniformity throughout the program and reduce confusion among retailers, a new card with a similar design to the photo card would need to be issued for the remaining 85 percent or 444,238 (.85 x 522,633) SNAP adult recipients who have photo identification. The cost for non-photo identification cards is estimated at $590,837 ($1.33 X 444,238). The total estimated cost to supply current SNAP recipients with new cards is $1,061,957 ($530,978 state general fund and $530,978 federal funds). It is assumed that due to contract negotiation changes and the time needed to implement the program, that the SNAP photo ID requirement will not go into effect until FY 2018 at which time the new cards will be needed. The costs to print the cards are found in the table below.

SNAP ID card printing costs:	
SNAP cases	395,067
Avg. # people per case	2.13
Total number of people receiving SNAP benefits	842,957
Percentage of people without a photo ID	15%
Total SNAP recipients receiving photo ID cards + add'l 10% for authorized representatives	202,197
Total SNAP recipients receiving new cards without photo	444,238
Cost of photo ID card	$2.33
Cost of regular card	$1.33
Cost to print cards for current SNAP	$471,120

recipients receiving photo ID cards	
Cost to print cards for current SNAP recipients receiving new cards without photo	$590,837
TOTAL cost to print new cards for current SNAP population:	**$1,061,957**

Each new case that generates the need for one or more photo ID cards will cost DSS an additional one dollar to print ($2.33 photo ID cost - $1.33 non-photo card cost). On average, 57,000 new SNAP cases are opened each year with an average of 2.1 recipients per case. Assuming the average case numbers, approximately 120,000 recipients will need cards; 15 percent (18,000 people) of them will need photo ID cards, which will cost an additional $18,000 a year ($9,000 state general fund, $9,000 federal funds).

The estimated ongoing operational costs resulting from this bill are expected to be comparable to current SNAP EBT expenses and can be absorbed within current appropriations.

Total Costs
Total costs of this legislation are estimated at $1,612,000 in FY 2017 and $1,061,957 in FY 2018 split 50 percent state general fund and 50 percent federal funds. It is possible that there are other unknown expenses not included in this analysis that would be necessary for Virginia to remain in compliance with federal regulations; as such, the Department will take any necessary steps to maintain federal compliance.

9. **Specific Agency or Political Subdivisions Affected:** Department of Social Services, local Departments of Social Services

10. **Technical Amendment Necessary:** No

11. **Other Comments:**