

Department of Planning and Budget 2017 Fiscal Impact Statement

1. **Bill Number:** HB2207-ER

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

2. **Patron:** Robinson

3. **Committee:** Passed Both Houses

4. **Title:** Food stamp program; excessive requests for replacement of electronic benefit transfer card.

5. **Summary:** Requires the Department of Social Services (Department) to monitor all requests for replacement of electronic benefit transfer (EBT) cards issued to food stamp program recipients. The bill provides that a request for replacement of an EBT card shall be deemed excessive if a food stamp program recipient or a member of his household has made four such requests within 12 months prior to the request. The bill requires the Department, upon receipt of a fourth request for replacement of an EBT card within a 12-month period, to give written notice to the recipient household that it has reached the threshold allowance for replacement requests, its account is being monitored for suspicious activity, and future replacement requests will require contact with the Department to provide an explanation before a replacement card will be issued. The bill requires the Department, upon receipt of a fifth replacement request within a 12-month period, to give written notice to the recipient household that it has exceeded the threshold allowance for replacement requests and that the replacement EBT card is being withheld until the household contacts the Department to provide an explanation for the high volume of replacement requests. The bill provides the terms under which a replacement card will be issued or withheld, delineates factors that require the Department to investigate excessive card replacement requests, and sets forth requirements for notices sent under the provisions of the bill.

6. **Budget Amendment Necessary:** Yes.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	-	-	-
2018	\$101,315	0.5	General
	\$101,315	0.5	Nongeneral
2019	\$41,734	0.5	General
	\$41,734	0.5	Nongeneral
2020	\$41,734	0.5	General
	\$41,734	0.5	Nongeneral
2021	\$41,734	0.5	General

	\$41,734	0.5	Nongeneral
2022	\$41,734	0.5	General
	\$41,734	0.5	Nongeneral
2023	\$41,734	0.5	General
	\$41,734	0.5	Nongeneral

- 8. Fiscal Implications:** The proposed legislation requires that the Department give written notice to the household receiving assistance through the Supplemental Nutrition Assistance Program (SNAP) that it has reached the threshold allowance for replacement cards, upon receipt of the fourth request for replacement of an EBT card within a 12-month period. Additionally, this bill requires that SNAP recipients are to be notified that their accounts are being monitored for suspicious activity and that future replacement requests will require contact with the Department to provide an explanation for the high volume of replacement requests before any future cards will be issued.

The Department already has a process in place to notify households requesting more than four EBT cards in a 12-month period that they have exceeded a four replacement card limit. Currently, just over 5,000 notifications go out each year to households reaching the four replacement card limit. Approximately 3,600 households currently exceed four replacement cards in a 12-month period. This bill adds the requirement that the Department will withhold the fifth replacement card until an explanation is provided by the recipient to justify the request.

Under this legislation, upon the fifth replacement request, 3,600 household accounts will need to be notified that the request is excessive, be monitored for potential suspicious activity and contact the Department to explain the high volume of replacement requests before the replacement card is released.

To implement this bill, adjustments to the EBT system and additional staff monitoring are needed. The proposed legislation requires an additional step in monitoring excessive card replacements necessitating increased coordination between the EBT vendor, Department fraud management, and the local departments of social services (LDSS). A SNAP program specialist will be needed to monitor the excessive card replacements, communicate with the EBT vendor, and coordinate reports with local offices. Using an average salary of \$50,830 for the program specialist, an additional \$88,630 (\$44,315 general fund / \$44,315 nongeneral funds) will be needed for salary, benefits, and operating costs in FY 2018; and \$83,468 (\$41,734 general fund / \$41,734 nongeneral funds) will be needed in FY 2019 and each year thereafter for salary, benefits, and operating costs. SNAP expenses are funded with 50 percent general fund dollars and 50 percent federal funds.

Currently, the commonwealth contracts out the operations of the EBT program to a vendor that provides EBT cards to SNAP recipients and loads the accounts with the monthly SNAP benefits. In order to restrict a recipient from receiving a replacement card after four have been issued, the EBT vendor will need to make adjustments to the current system to limit the number of replacement cards in a 12-month period. Based on a preliminary estimate provided by the vendor, systems modifications and implementation expenses for this

legislation are estimated at \$114,000 (\$57,000 general fund / \$57,000 nongeneral funds) in FY 2018 only. Actual costs will be subject to contract negotiations.

The total cost of this legislation is \$202,630 (\$101,315 general fund / \$101,315 nongeneral funds) in FY 2018 and \$83,468 (\$41,734 general fund / \$41,734 nongeneral funds) in FY 2019 and each year thereafter.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services, local departments of social services

10. Technical Amendment Necessary: No.

11. Other Comments: