

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** HB2208

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

**2. Patron:** Pogge

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

**4. Title:** Food stamp program; electronic benefit transfer (EBT) card.

**5. Summary:** Requires that each EBT card issued to a food stamp program recipient display a photograph of the recipient. The bill directs the Department of Social Services to (i) establish procedures to ensure that all eligible household members or authorized representatives of the recipient are able to access benefits from the account as necessary; and (ii) enter into memoranda of understanding or other similar agreements with other departments, agencies, and institutions of the Commonwealth, including the Department of Motor Vehicles, to share photographs, when available.

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

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

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	-	-	-
2018	\$918,468	-	General
	\$918,468	-	Nongeneral
2019	\$32,336	-	General
	\$32,336	-	Nongeneral
2020	\$32,336	-	General
	\$32,336	-	Nongeneral
2021	\$32,336	-	General
	\$32,336	-	Nongeneral
2022	\$32,336	-	General
	\$32,336	-	Nongeneral
2023	\$32,336	-	General
	\$32,336	-	Nongeneral

**8. Fiscal Implications:** This legislation would introduce additional costs for the commonwealth due to the requirement that Supplemental Nutrition Assistance Program (SNAP) recipients must have photo ID on their EBT cards. It is estimated that the legislation would introduce one-time implementation costs related to equipment purchases and vendor system and contract changes in FY 2018 and FY 2019.

### 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 2018 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.

### New Photo ID cards

As of August 2016, there were 377,462 SNAP households and 806,472 recipients. Currently, pursuant to federal regulations, each household has one EBT card that may be used by any eligible household member. For purposes of this analysis, it is assumed that one new EBT card with a picture will be given to each SNAP household and one to each authorized representative of the household. Authorized representatives are caretakers for elderly recipients who also do their grocery shopping. These authorized representatives, estimated at 10 percent of the SNAP households or 37,746 people, would need photo cards with their own photograph that is tied to the recipients' SNAP accounts. Printing photo cards requires additional equipment for the vendor and requires a much greater involvement in the card processing and handling; therefore, the card production costs will increase with the photo identification requirement. Estimated costs for cards with photos are \$2.33. Since 415,208 (377,462 + 37,746) people are expected to need a photo ID card, the costs for the cards are \$967,435 (\$2.33 X 415,208).

Currently, EBT cards without photos cost approximately \$1.33 each. The incremental cost of \$1.00 (\$2.33 - \$1.33) per card is estimated in the second year and every year thereafter as an ongoing expense when new cards are issued. It is estimated that 57,171 new SNAP EBT cards will be issued each year; therefore, the ongoing SNAP EBT card cost will be \$57,171 (57,171 x \$1.00) beginning in FY 2019 and each year thereafter.

### 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. 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 2018. It is assumed that the Department would incur these expenses at a 50 percent general fund and 50 percent federal fund split.

### New MOA

The Department of Social Services would also need a new memorandum of agreement (MOA) with the Department of Motor Vehicles (DMV) to share client data and photographs. Fulfillment of this MOA is estimated to cost \$7,500 per year.

Total Costs

Total costs of this legislation are estimated at \$1,836,935 in FY 2018 and \$64,671 each year thereafter. These expenses would be split 50 percent general fund and 50 percent nongeneral 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:**