

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 734 (Second Edition)

SHORT TITLE: Require Photo ID/Food Stamps Program.

SPONSOR(S): Representatives T. Moore, Lewis, L. Brown, and H. Warren

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES:					
EXPENDITURES:	No State Impact; See Assumptions for Impact to County Governments				
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Health and Human Services; County Departments of Social Services					
EFFECTIVE DATE: July 1, 2012					

BILL SUMMARY: Enacts new 108A-52.1 requiring the Department of Health and Human Services to issue benefits in the form of an electronic benefits transaction card that contains a color photograph of the recipient and the recipient’s full name, mailing and residence addresses, physical description, including sex, height, eye color, and hair color, date of birth, and signature. Requires provision for one additional individual to use the card on recipient’s behalf and to be named on the card. Provides for replacement cards and specifies a \$25.00 charge to the recipient for such replacements.

ASSUMPTIONS AND METHODOLOGY:

The Special Nutrition Assistance Program (SNAP, formerly known as food stamps) is a federal food assistance program administered by the county departments of social services under the supervision of the Division of Social Services (DSS) within the NC Department of Health and Human Services. In April 2011, over 700,000 North Carolina residents were receiving SNAP benefits, which are provided in the form of an electronic benefit transfer (EBT) card. Using the EBT card, along with a personal identification number (PIN), recipients may purchase foods at participating retail outlets. The federal government pays for 100 percent of SNAP food benefits

costs. SNAP administration is shared evenly by the federal government and county governments, with no State funds appropriated for this purpose. North Carolina SNAP administrative costs for the current fiscal year are projected to be approximately \$140 million. The State does incur some costs, approximately \$11,000, for the supervision of the contract with a private vendor, E-Funds Corporation, which produces the EBT cards. The cost of the private vendor contract, about \$4.4 million annually, is shared by the federal and county governments, in addition to another \$2 million for an EBT call center.

HB 734 would require that the EBT card contain a color photograph of the recipient, along with the recipient’s full name, mailing and residence addresses, physical description (including sex, height, eye color, and hair color), date of birth, and signature. One additional individual would be named on the EBT card and allowed to use it on behalf of the primary SNAP participant. If the EBT card is lost, stolen, or damaged, the SNAP recipient would be charged 150 percent of the production cost. Recipients may be issued additional replacement cards at a charge of \$25 each.

The Division of Social Services (DSS) reports that about 1,000,000 EBT cards are currently issued to active and non-active SNAP recipients throughout the State. Under HB 734, these cards would no longer be accepted for SNAP purchases and would be replaced. DSS estimates that the cost to replace the 1,000,000 existing EBT cards would be \$25 million non-recurring. This estimate includes the costs to 1) retrieve and destroy the existing EBT cards and 2) to produce and issue new cards. County social services departments would incur one-time cost to purchase the equipment to photograph SNAP participants, a total of \$50,000 for all 100 departments. DSS estimates that it would cost each county \$500 to purchase a digital camera, camera stand, and back drop. The total non-recurring costs to implement HB 734, \$25,050,000, would be shared by the federal and the county governments. DSS’ cost would be minimal and would be associated with amending the existing contract.

In addition to the non-recurring cost, DSS estimates that annual recurring cost would increase by \$2.3 million in FY 2011-12 and up to \$2.6 million by FY 2015-16. The increase in recurring costs is attributed to the higher production cost for EBT cards issued to new SNAP participants entering the program in future years. The recurring costs would be shared by the federal and county governments, with no increased cost to the State.

HB 734 would have no measurable costs for the State. However, the county and federal governments would incur combined costs of \$25 million non-recurring and \$2.3 million to \$2.6 million in annual recurring costs.

Summary of HB 734 Implementation Costs for Federal and County Governments		
	FY 2011-12 Non-Recurring Cost	FY 2012-13 Recurring Cost
1) Retrieve and destroy 1,000,000 existing EBT cards	\$25,000,000	n/a
2) Produce and issue 1,000,000 new EBT cards for existing SNAP		

participants		
Increased cost to produce EBT cards for new SNAP participants	n/a	2,265,320
Cost to purchase photography equipment for 100 county social services departments	\$50,000	n/a
Total	\$25,050,000	\$2,265,320

HB 734 would require that county social services departments charge SNAP participants 150 percent of the production cost to replace lost, stolen, or damaged EBT cards. Assuming a production cost of \$25, SNAP participants would be charged \$37.50 to replace each card reported as lost, stolen, or damaged. Additional replacement cards may be issued to the participant for a \$25 charge. DSS did not provide historical data on the number of replacement EBT cards that are issued annually under the existing system. Thus, the Fiscal Research Division is unable to project the amount of revenue that would be collected by the counties for replacement cards. However, these receipts would be credited to the federal and county governments, not to the State.

SOURCES OF DATA: NC Department of Health and Human Services.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Denise Thomas

APPROVED BY:

Lynn Muchmore, Director
Fiscal Research Division



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