

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2334 - HB 2487**

February 10, 2018

**SUMMARY OF BILL:** Requires the Department of Human Services (DHS) to submit an implementation plan to the United States Department of Agriculture Food & Nutrition Services (FNS) for approval to implement mandatory photo identification on electronic benefit transfer (EBT) cards. Requires the DHS to replace all existing EBT cards with a photo identification card within 12 months of approval.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$1,661,700/One-Time  
\$59,400/Recurring**

**Increase Federal Expenditures – \$1,661,700/One-Time  
\$59,400/Recurring**

Assumptions:

- It is assumed that DHS will receive FNS' approval to implement mandatory photo identification on EBT cards and that such implementation will take place in FY18-19.
- Based on information provided by the DHS, the proposed legislation cannot be accommodated within existing resources. The DHS will have to modify their Automated Client Certification and Eligibility Network for Tennessee (ACCENT) system and interface with the DHS county offices in order to meet the requirements of the proposed legislation.
- The DHS will contract with a vendor for required system modifications. An estimated 2,640 hours at approximately \$65 per contract hour will result in a one-time increase in state expenditures estimated to be \$171,600 would be required to implement all of the required changes to the ACCENT system.
- All 99 of DHS' county offices will need to be outfitted with photographic capabilities. Assuming one computer at a cost of \$1,100 and one digital camera at a cost of \$42 per office, the one-time increase in expenditures is estimated to be \$113,058 [(\$1,100 + \$42) x 99 offices].
- All computers will require desktop support and Local Area Network and Wide Area Network connections estimated to be \$100/month. The total recurring increase in

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expenditures associated with computer support needs is estimated to be \$118,800 (\$100 x 12 months x 99 offices).

- The DHS is required to notify Supplemental Nutrition Assistance Program (SNAP) benefit recipients of changes. Based on the cost of a previous mass mailings by the DHS, the one-time increase in state expenditures is estimated to be \$281,000.
- The DHS will train Family Assistance staff on the provisions of the proposed legislation. The one-time increase in state expenditures associated with the training is estimated to be \$21,700.
- The DHS contracts with an outside vender for SNAP Electronic Benefit Transfer (EBT) card services. Required modifications to the vendor systems in order to meet the requirements of the proposed legislation will result in a one-time increase in state expenditures estimated to be \$200,000.
- The DHS is required to exempt the elderly, the disabled, children under 18, homeless households, and individuals that self-attest to being a victim of domestic violence from mandatory photo identification EBT cards.
- All EBT cards will have to be replaced whether or not the recipient of the card is required to have the photo ID or is exempt from the requirement due to the reformatting process required to allow a designated area for the photos on the card.
- There are currently 989,672 EBT cards issued in this state.
- The cost of an EBT card with a photo is \$2.75 and the cost without a photo is \$1.50.
- An estimated 15 percent or 148,451 (989,672 x 15.0%) of EBT recipients would be exempt from being required to obtain the photo ID. The one-time increase in state expenditures associated with the non-photo EBT cards is estimated to be \$222,677 (148,451 recipients x \$1.50).
- The remaining 85 percent or 841,221 (989,672 x 85.0%) of EBT recipients would be required to obtain the photo ID. The one-time increase in state expenditures associated with the photo EBT cards is estimated to be \$2,313,358 (841,221 recipients x \$2.75).
- All costs are funded under the DHS' federal SNAP administration award which requires a 50 percent state match. It is assumed that FNS will approve federal expenditures for the state's implementation of mandatory photo identification on EBT cards.
- The total one-time increase in expenditures is estimated to be \$3,323,393 (\$171,600 + \$113,058 + \$281,000 + \$21,700 + \$200,000 + \$222,677 + \$2,313,358).
- The one-time increase in state expenditures is estimated to be \$1,661,697 (\$3,323,393 x 50.0%); the one-time increase in federal expenditures is estimated to be \$1,661,697 (\$3,323,393 x 50.0%).
- The total recurring increase in expenditures is estimated to be \$118,800.
- The recurring increase in state expenditures is estimated to be \$59,400 (\$118,800 x 50.0%); the recurring increase in federal expenditures is estimated to be \$59,400 (\$118,800 x 50.0%).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista M. Lee in black ink.

Krista M. Lee, Executive Director

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