

## FISCAL NOTE

August 16, 2017

<b>Bill No:</b>	HB 1095	<b>Printer's No:</b>	1357	<b>Sponsor:</b>	Heffley (R)
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### COST / (SAVINGS)

Fund (s)	2017-18	2018-19
Multiple - General Fund Appropriations	\$ 37,055,826	\$ 37,055,826

**SUMMARY:** This legislation would require identification of lawful presence in the United States (U.S.) as a prerequisite for the receipt of public benefits.

**ANALYSIS:** The bill would require an applicant for public benefits, including contracts and grants issued by state or local governments, to provide proof of lawful presence in the U.S. Acceptable forms of identification would include:

- A valid driver's license
- A valid identification card from a commonwealth agency
- A valid identification card issued by the U.S. government, a state government, or the Canadian government
- A document from a U.S. agency or a state National Guard stating that the person is a current member or a veteran of the U.S. Army Forces or National Guard; or
- A form of identification listed in the U.S. Attorney General's order relating to guidance of citizenship verification

Additionally, this legislation would require an applicant to execute an affidavit verifying U.S. citizenship or legal permanent residency.

The administering agency must verify that an individual is lawfully present in the U.S. through the Systematic Alien Verification of Entitlement (SAVE) program or other program designated by the Department of Homeland Security. The affidavit may be presumed as valid verification of an applicant's lawful presence in the U.S. until completion of verification.

Exemptions from the identification and affidavit requirements would apply to:

- Individuals under the age of 18
- Individuals currently receiving supplemental security Income (SSI) or SSI disability, or
- Individuals currently benefiting from Medicare Part A, B, or both are exempt from providing the outlined forms of identification

This act would take effect in 120 days.

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### FISCAL IMPACT:

#### **Department of Labor and Industry (L&I)**

L&I would incur a cost of \$20,994,810. The department processes more than 1.5 million applications for unemployment compensation (UC) annually. Currently, the department requires proof of identity only for non-citizen applicants. This legislation would require the department to verify proof of identity for all applicants. The department would need 388 additional staff members to receive and process proof of identity documentation and affidavits to meet the requirements of this legislation. Monthly, the department would have to submit 39,000 applications to the SAVE system. Each application would cost \$0.50. Meeting the requirements of the bill would likely delay the prompt payment of UC benefits and would raise a compliance issue with Federal UC Law that could potentially impact federal funding for program administration.

Implementation Effort	Total Cost
Affidavit Processing	\$ 20,668,760
Employee Training	\$ 21,200
SAVE System Processing	\$ 234,000
Mailings and Postage	\$ 69,650
Administrative Pamphlets	\$ 1,200
<b>Total</b>	<b>\$ 20,994,810</b>

#### **Department of Revenue (DOR)**

DOR would incur a cost of \$14,730,523 for additional personnel to process Property Tax Rent Rebate (PTRR) claims in accordance of this legislation. The department would need to modify the PTRR application to include adding a check-off box for the exemptions of this legislation so that the department may verify the applicant's eligibility for the exemption.

Implementation Effort	Total Cost
SAVE System Processing	\$ 5,736,956
Follow-up inquires	\$ 1,639,130
Scanning affidavits	\$ 1,153,077
Operating costs (Cubicles, phone, computer, chairs, etc.)	\$ 371,000
Printing, mailings and postage	\$ 3,480,360
System updates and costs	\$ 2,350,000
<b>Total</b>	<b>\$ 14,730,523</b>

#### **Department of Community and Economic Development (DCED)**

DCED would incur a cost of \$383,000. The bill's verification requirements would likely place a significant burden on state and local governments and on contractors that administer human services program.

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Implementation Effort	Total Cost
SAVE System Processing	\$ 378,000
System costs (10,000 at \$.50 each)	\$ 5,000
<b>Total</b>	<b>\$ 383,000</b>

### **Department of Conservation and Natural Resource (DCNR)**

DCNR would incur a minimal fiscal cost as a result of this legislation. The bill's verification requirements would create an administrative cost in the department's contract and grant process. Currently, DCNR processes approximately 2,000 contracts per year. At a cost of \$0.50 per application via SAVE processing, DCNR would incur an additional cost of approximately \$1,000 per year.

Implementation Effort	Total Cost
SAVE System Processing	\$ 1,000
<b>Total</b>	<b>\$ 1,000</b>

### **Department of Environmental Protection (DEP)**

DEP would incur a cost of \$55,785. The department processes 5,000 applications from individuals and sole proprietors requesting grants, loans, rebates and contracts through the SAVE system this year. Approximately 4,000 applicants will be seeking one-time direct pay rebates and grants; those applications will be processed on the SAVE system once. Approximately 1,000 applicants will be seeking recurring payment through contracts and grants, which would require on average, four inquiries to the SAVE system per year, as currently processed through the Contractor Responsibility Program.

In addition, the department will incur \$51,375 in administrative costs as a result of this legislation.

Implementation Effort	Total Cost
SAVE System Single Processing	\$ 2,055
SAVE System Processing - Recurring payment applications	\$ 2,055
Administration – Obtaining ID, processing, filing	\$ 51,375
Mailing and postage for deficient applications	\$ 300
<b>Total</b>	<b>\$ 55,785</b>

### **Department of General Services (DGS)**

DGS would incur a cost of \$687,750. The department procures more than 8,500 contracts with an average of three commonwealth bidders annually. The commonwealth vendor pool comprises of approximately 33,000 vendors. Currently, DGS does not verify a vendor's lawful presence status.

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To verify a vendor’s lawful presence status, DGS would need to conduct approximately 25,000 SAVE reviews annually. The department would also have to make changes to the vendor enrollment system to track non-citizen vendors. Additionally, DGS would incur costs in training, storage, and additional staff time to process SAVE applications.

Implementation Effort	Total Annual Cost
SAVE System Processing	\$ 335,000
Staff Review	\$ 25,000
Employee training	\$ 12,750
System upgrade costs	\$ 300,000
Storage costs	\$ 15,000
<b>Total</b>	<b>\$ 687,750</b>

### **Department of Military and Veterans Affairs (DMVA)**

DMVA would incur a fiscal impact of \$102,736. The department processes grants, contracts, as well as provides assistance to individuals and veteran families. Currently, the department requires proof of identity for veterans through the Certificate of Release or Discharge from Active Duty form (DD Form 214). The department would need an additional staff of 117 members, who would need training, to verify the lawful presence status of applicants. DMVA provides benefits to approximately 7,549 recipients, grants and contracts annually. Additionally, approximately 75 applications per month would require verification through the SAVE system, as the Veterans Homes currently have non-veterans residents, as well as applicants who are eligible spouses and children of veterans. The department will also incur costs for system updates.

Implementation Effort	Total Annual Cost
Affidavit processing	\$ 89,852
Additional Staff	\$ 4,991
SAVE System Processing	\$ 452
Add Check-off of Proof of Citizenship to existing database	\$ 7,441
<b>Total</b>	<b>\$ 102,736</b>

### **Pennsylvania Commission on Crime and Delinquency (PCCD)**

PCCD would incur a minimal fiscal impact of \$1,000 in training costs. Additionally, PCCD may experience a reduction in compensation payments since some victims may not meet the citizenship requirement.

Implementation Effort	Total Cost
Employee Training	\$ 1,000
<b>Total</b>	<b>\$ 1,000</b>

### **Pennsylvania Department of Agriculture (PDA)**

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PDA would incur a cost of \$100,222 as a result of this legislation. This legislation would increase the workload for the department’s staff to complete the legal presence verification on all of the department’s contracts, which would necessitate the hiring of an additional employee.

Implementation Effort	Total Cost
Additional Staff - Salary and Benefits	\$ 100,222
<b>Total</b>	<b>\$ 100,222</b>

### **Pennsylvania Housing Finance Agency (PHFA)**

PHFA would not incur a cost as a result of this legislation. Many of its programs, including federally subsidized rental housing programs, currently limit participation to U.S. citizen, nationals or noncitizens that have eligible immigration status. The agency’s homeownership loan programs also currently require identification and lawful presence verification due to federal law.

This legislation would affect disaster and emergency services programs to the homeless or other vulnerable populations, such as the Homeowners’ Emergency Mortgage Assistance Program (HEMAP). This legislation would require a victim of a disaster or emergency to provide suitable identification before receiving emergency assistance. This additional level of verification could result in additional costs to the agency.

### **Department of Human Services (DHS)**

DHS currently requires identification based on federal laws for each program, including the use of the SAVE system. Therefore, DHS would not incur any additional costs due to this legislation.

### **Pennsylvania State Police (PSP)**

PSP would not incur any additional costs due this legislation.

### **Department of Corrections (DOC)**

DOC would not incur any additional costs due to this legislation.

### **Pennsylvania Board of Probation and Parole (PBPP)**

PBPP would not incur any additional costs due to this legislation.

### **Department of Health (DOH)**

DOH would not incur any additional costs due to this legislation.

### **Pennsylvania Insurance Department (PID)**

PID would not incur any additional costs due to this legislation. Chip was transferred to DHS.

### **Department of State (DOS)**

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DOS would not incur any additional costs due to this legislation.

**Office of the Administration (OA)**

OA would not incur any additional costs due to this legislation.

**Summary of Agencies with Costs**

Agency	Total Agency Cost Full Year of Implementation
Department of Labor and Industry (L&I)	\$ 20,994,810
Department of Revenue (DOR)	\$ 14,730,523
Department of Community and Economic Development (DCED)	\$ 383,000
Department of Conservation and Natural Resources (DCNR)	\$ 1,000
Department of Environmental Protection (DEP)	\$ 55,785
Department of General Services (DGS)	\$ 687,750
Department of Military and Veterans Affairs (DMVA)	\$ 102,736
Pennsylvania Commission on Crime and Delinquency (PCCD)	\$ 1,000
Pennsylvania Department of Agriculture (PDA)	\$ 100,222
<b>Total</b>	<b>\$ 37,056,826</b>