

FISCAL NOTE

January 26, 2017

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|-----------------|---------|----------------------|------|-----------------|-------------|
| Bill No: | SB 0009 | Printer's No: | 0097 | Sponsor: | Stefano (R) |
|-----------------|---------|----------------------|------|-----------------|-------------|

COST / (SAVINGS)

| Fund (s) | 2016-17 | 2017-18 |
|--|---------------|---------------|
| | ½ Year | Full Year |
| Multiple - General Fund Appropriations | \$ 18,528,415 | \$ 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)

The Department of Labor and Industry 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 application 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 |
| Total | \$ 20,994,810 |

Department of Revenue (DOR)

The Department of Revenue would incur a cost of \$14,729,523 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 add 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 |
| Total | \$ 14,729,523 |

Department of Community and Economic Development (DCED)

The Department of Community and Economic Development 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 |
| Total | \$ 383,000 |

Department of Conservation and Natural Resource (DCNR)

The Department of Conservation and Natural Resources 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 |
| Total | \$ 1,000 |

Department of Environmental Protection (DEP)

The Department of Environmental Protection 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 |
| Total | \$ 55,785 |

Department of General Services (DGS)

The Department of General Services would incur a cost of \$687,750. The department procures more than 8,500 contracts with an average of three commonwealth bidders annually. The

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commonwealth vendor pool comprises of approximately 33,000 vendors. Currently, DGS does not verify a vendor’s lawful presence status.

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 |
| Total | \$ 687,750 |

Department of Military and Veterans Affairs (DMVA)

The Department of Military and Veterans Affairs 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 |
| Total | \$ 102,736 |

Pennsylvania Commission on Crime and Delinquency (PCCD)

The Pennsylvania Commission on Crime and Delinquency will 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 |
| Total | \$ 1,000 |

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Pennsylvania Department of Agriculture (PDA)

The Pennsylvania Department of Agriculture 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 |
| Total | \$ 100,222 |

Pennsylvania Housing Finance Agency (PHFA)

The Pennsylvania Housing Finance Agency 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 department'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 department.

Department of Human Services (DHS)

The Department of Human Services 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)

The Pennsylvania State Police would not incur any additional costs due this legislation.

Department of Corrections (DOC)

The Department of Corrections would not incur any additional costs due to this legislation.

Pennsylvania Board of Probation and Parole (PBPP)

The Pennsylvania Board of Probation and Parole would not incur any additional costs due to this legislation.

Department of Health (DOH)

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The Department of Health would not incur any additional costs due to this legislation.

Pennsylvania Insurance Department (PID)

The Pennsylvania Insurance Department would not incur any additional costs due to this legislation. Chip was transferred to DHS.

Department of State (DOS)

The Department of State would not incur any additional costs due to this legislation.

Office of the Administration (OA)

The Office of the Administration 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) | \$ 14,729,523 |
| 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 |
| Total | \$ 37,055,826 |