

SENATE BILL REPORT

SB 6491

As Reported by Senate Committee On:
Human Services & Corrections, February 5, 2014

Title: An act relating to photo identification on electronic benefit cards issued to recipients of public assistance.

Brief Description: Requiring photo identification on electronic benefit cards.

Sponsors: Senators Tom, Sheldon, Bailey, Braun, Ericksen, Honeyford, Parlette, Benton and Roach.

Brief History:

Committee Activity: Human Services & Corrections: 2/04/14, 2/05/14 [DPS, DNP].

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: That Substitute Senate Bill No. 6491 be substituted therefor, and the substitute bill do pass.

Signed by Senators O'Ban, Chair; Pearson, Vice Chair; Hargrove and Padden.

Minority Report: Do not pass.

Signed by Senator Darneille, Ranking Member.

Staff: Joan Miller (786-7784)

Background: In Washington, there are a number of different programs that provide public assistance to individuals based on certain eligibility criteria. These programs include the Basic Food program, Temporary Assistance for Needy Families, and the Aged, Blind, or Disabled program.

Public assistance benefits are provided to recipients through an electronic benefits transfer (EBT) card. The benefit amount is electronically added to the card each month. The EBT card can be used at certain ATMs and at stores through a point-of-sale machine, similar to how debit cards are used.

There are a number of restrictions on how EBT cards may be used. For example, another person is precluded from using the recipient's EBT card unless the person is an eligible member of the household, has been designated as the recipient's authorized representative, is

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an alternative cardholder, or has been assigned as a protective payee. The recipient may not sell, attempt to sell, exchange, or donate an EBT card or any benefits to any other person or entity.

Possessing or being in control of EBT cards in the name of two or more persons is a misdemeanor when the person in possession does not have authorization to use the card from the recipient.

Summary of Bill (Recommended Substitute): DSHS must study issues related to requiring photo IDs on EBT cards and may consult with the Washington State Institute for Public Policy (WSIPP) for the purposes of this study. A report is due to the Legislature on December 1, 2014. The report should identify the benefits and practical implementation concerns associated with requiring and issuing photo ID cards. The report may include any recommendations to the Legislature that may help prevent the fraudulent use of EBT cards.

EFFECT OF CHANGES MADE BY HUMAN SERVICES & CORRECTIONS COMMITTEE (Recommended Substitute): The requirement that EBT cards include a photo ID of the authorized recipient is removed. The Department of Social and Health Services, in consultation with WSIPP, is tasked with studying issues related to requiring photo IDs on EBT cards. The study should identify the benefits and practical implementation concerns associated with the required use and issuance of photo ID cards. A report is due to the Legislature on December 1, 2014. The report may include any recommendations to the Legislature that may help prevent the fraudulent use of EBT cards.

Appropriation: None.

Fiscal Note: Requested on January 31, 2014.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: This bill is trying to start a conversation. Many of us believe that EBT cards are there to help individuals, but we do not want to see them resold on Craigslist or other venues. We need to make sure EBT cards are used as intended. I am not saying that this bill is the perfect vehicle to establish or meet that criteria, but the policy is one of those thoughts out there. Staff has come to me through their further investigation that there are some changes we would need to make as far as charging the new EBT cards to recipients, and also ensuring that recipients who are elderly or disabled can have someone else do their shopping. But overall, we need to make sure that the dollars are going to the individuals that the dollars are provided for.

CON: In order to put photo IDs on EBT cards, all 540,000 cardholders will need to go to their local community services office and have their picture taken. This is a huge hassle for elderly, disabled, and homebound individuals. When a person is arrested with multiple EBT cards, we already know that all of them cannot belong to that person because there is a name on the cards. So the photos would not make the prosecution for this crime any more effective. It is also important to consider that there are legitimate reasons for a person to

carry multiple cards. For example, friends, family, or neighbors may shop on behalf of each other; a recipient may use one bus pass to take a trip to the store and then shop for multiple families; or home care providers may have more than one client who they shop for as part of their services. A picture is not precisely calculated to address fraud. I urge a more tailored response that would be less of a burden on the 540,000 recipients.

OTHER: The Department of Social and Health Services (DSHS) supports the intent of this bill, which is to reduce fraud and ensure that EBT benefits are being appropriately used. We have taken a number of steps over the years to improve program integrity, including coordination with the Office of Fraud and Accountability (OFA), addressing questionable EBT spending patterns, and, starting next month, we will be issuing trafficking notices to those who have requested multiple replacement cards. The approach set forth in this bill, however, is not going to prevent fraud. Most states who have tried this policy have abandoned it as a result of the high cost and the finding that photo IDs do not in any way deter the trafficking of cards. Our concerns also relate to federal regulations of the U.S. Department of Agriculture that do not allow us to charge a recipient for the initial EBT card, which means the state would have to pay to replace 500,000 to 600,000 cards. We also cannot force a recipient to come in to replace the card. If we choose to apply this policy to only new cardholders, then I would foresee potential implementation issues resulting from one-half million cardholders not having the photo ID. Finally, there is no provision for a good cause waiver, so we worry about families who are homeless, elderly, or disabled. OFA has three staff persons dedicated to EBT fraud, and we disqualified 100 recipients last year for selling cards on Craigslist. We have also set up a 1-800 number for law enforcement to contact us to determine if a person is authorized to carry more than one card. There are complicated rules to allow for this, but there are situations where a person can be in possession of more than one card and not be illegal. The Washington Retail Association represents the merchants who accept EBT cards as forms of payment. We want to make sure the people who are using these cards are using them for the right purpose. We are happy to be a resource for committee members and the prime sponsor.

Persons Testifying: PRO: Senator Tom, prime sponsor.

CON: Robin Zukoski, Columbia Legal Services.

OTHER: David Stillman, DSHS Assistant Secretary; Steve Lowe, OFA; Mark Johnson, WA Retail Assn.