



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: Verification of Immigration Status - SAVE.
Bill Number: House Bill 29 (First Edition)
Sponsor(s): Representatives Cleveland, Warren, Yarborough, and Clampitt

SUMMARY TABLE

FISCAL IMPACT OF H.B. 29, V.1 (\$ in millions)

	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
State Impact					
General Fund Revenue	-	-	-	-	-
<u>Less Expenditures</u>	-	-	-	-	-
General Fund Impact	No Estimate Available - Refer to Fiscal Analysis Section				

NET STATE IMPACT	No Estimate Available - Refer to Fiscal Analysis Section
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Local Impact

Local Revenue	-	-	-	-	-
<u>Less Local Expenditures</u>	-	-	-	-	-

NET LOCAL IMPACT	No Estimate Available - Refer to Fiscal Analysis Section
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FISCAL IMPACT SUMMARY

H.B. 29 prohibits State agencies, State agency licensing boards, and occupational licensing boards from providing public benefits to qualified aliens, nonimmigrant aliens, and aliens paroled into the United States. Additionally, this bill requires use of the federal Systematic Alien Verification Entitlement (SAVE) system in the process of verifying the legal status of applicants for public benefits.

The bill will have a fiscal impact with the potential for significant costs to some agencies, including the Department of Administration, Department of Public Safety, the Department of Health and Human Services (and its local partners), and others. Most State agencies and boards do not currently collect information on the immigration status of applicants for public benefits. No specific estimates are available for the costs of collecting that information, which is necessary to use the SAVE system. For that reason, only a partial estimate of the fiscal impact of this bill is available.

Additionally, there is no estimate available for any cost savings resulting from newly withheld benefits.

FISCAL ANALYSIS

H.B. 29 requires all State agencies, State agency licensing boards, and occupational licensing boards to verify the immigration status of applicants for public benefits. The bill uses the definition of a public benefit as defined in 8 U.S.C. § 1621. That definition includes:

- Any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government; and,
- Any retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family unit by an agency of a State or local government or by appropriated funds of a State or local government.

The bill also requires agencies and boards to use the federal Systematic Alien Verification for Entitlements (SAVE) system to verify the immigration status of applicants for public benefits. SAVE is operated by the United States Citizen and Immigration Services (USCIS) agency, which is housed in the U.S. Department of Homeland Security.

The SAVE system is an information service for authorized agencies to verify legal status of immigrants applying for services. SAVE provides nonimmigrant status, immigrant status, and US citizenship of naturalized and derived citizens. Federal, State, and local government agencies and licensing bureaus can use the SAVE system. The system requires input of a first and last name, date of birth, and a numeric identifier, including: Alien Number, Form I-94, Arrival/Departure Record, Student and Exchange Visitor Information System (SEVIS) ID number, or unexpired foreign passport number.

SAVE can only verify information from immigrations records. Native-born citizens of the United States would not have such a record. To comply with this bill, agencies and boards would need to determine whether each public benefit applicant is an immigrant. For immigrant applicants, agencies and boards would need to collect information for verifying legal status via the SAVE program. The majority of agencies and boards affected by this bill do not currently collect immigration status information from public benefit applicants.

The cost to agencies and boards for determining immigration status and collecting the necessary information to verify the status of immigrant applicants using SAVE could not be determined. However, once agencies and boards have that information, the costs of using SAVE likely do not exceed \$200,000 for any State agency or board.

The SAVE system has the following costs for electronic verification:

- \$0.50 per initial verification
- \$0.50 per retry initial verification
- \$0.50 per additional verification
- \$1.50 = maximum charge per verification

There is no monthly charge to agencies if there are no verifications in a given month. However, if there are any verifications, there is a minimum monthly service transaction fee of \$25.

The US Census American Community Survey estimates the immigrant population in North Carolina to be about 8% (877,639 of a total population of 10,448,084). Fiscal Research used 8% to calculate the estimated costs to agencies to access the SAVE system in instances where the number of immigrants applying for benefits was unknown. To the extent that the actual number of immigrants requiring verification is higher or lower, the estimates in this fiscal note may be under- or overstated.

It is unclear how many individuals who currently receive public benefits would no longer receive benefits if H.B. 29 were enacted. Therefore, there is no estimate available for any cost savings resulting from newly withheld benefits. Additionally, H.B. 29 includes a \$10,000 daily penalty to all agencies and boards that do not comply with court orders related to enforcement of the bill. That penalty would impact agencies and boards individually but would not have an impact on the overall State budget.

The following sections provide information on the costs associated with using the SAVE system for each agency that would be impacted.

I. General Government

Department of Administration

The Division of Purchase and Contracts (P&C) in the Department of Administration (DOA) oversees all State contracting procedures related to non-IT goods and services. As defined in 8 U.S.C. § 1621, any contract provided by an agency of State government constitutes a public benefit. This bill would require P&C to verify the immigration status of contract recipients upon award.

P&C already does require some immigration status verification from organizations bidding on State contracts. More specifically, when bidding on a State contract, all organizations with 25 or more employees must submit a written attestation that they have verified the immigration status of their employees using the federal E-Verify program.

P&C is unable to give an estimate of the direct cost for the bill. If the existing P&C requirements remain in effect but prospective contractors are instructed to use SAVE instead of E-Verify for verifying employee immigration statuses, then there is no direct fiscal impact to the State related to P&C. However, if H.B. 29 shifts the burden to P&C to independently verify the immigration status of all employees working for State contract recipients, there would be significant costs to the agency.

Moreover, the DOA Council for Women and Youth Involvement (CFW) awards State-funded grants to eligible organizations that provide domestic violence (DV) and sexual assault (SA) services across North Carolina. During FY 2019-2020, those organizations provided in-person services to a total of 69,952 people and responded to 126,815 total phone calls. State grant funds are often mixed with other funding sources in the organizations' operating budgets, including federal funds. Federal law prohibits DV and SA organizations that receive federal funding from withholding services on the basis of immigration status. Therefore, it is unclear how the requirements of H.B. 29 would apply to recipients of DV and SA services.

Assuming that all in-person services are considered public benefits subject to the requirements of H.B. 29, that the number of individuals served remains similar, and that 8% of individuals seeking services are immigrants, the CFW or the grant recipients would need to complete 5,596 SAVE verifications ($8\% \times 69,952$) annually. The projected annual cost of those verifications is at least \$3,098 (transaction fee of \$0.50 \times 5,596 applications = \$2,798, plus base fee of \$25 \times 12 months = \$300). If repeat checks are required on applicants, the estimated cost would rise.

If all new costs and administrative responsibilities are handled by the grant recipients, there would be no impact to the State budget. However, those new responsibilities could cause delays or disruptions to the provision of services to those who qualify. If the costs and administrative responsibilities are handled by DOA, the annual cost would impact the CFW budget and staff workload.

Department of Insurance

The Department of Insurance (DOI) issues licenses to insurance brokers, various adjusters, credit agents, insurance producers, bail bondsmen, and other insurance related entities that would be covered by the bill. Additionally, DOI licenses home inspectors, code enforcement officials, and manufactured housing salespersons that would also be covered by the bill. In 2019, the latest full year of data not impacted by the coronavirus pandemic, a total of 74,118 applications for licensure were processed by DOI or its third-party vendors who handle some of the initial application screening. With the exception of some licenses, DOI does not currently require immigration status information from applicants.

Assuming 8% of applicants are immigrants, DOI would need to complete 5,929 verifications each year ($8\% \times 74,118$). The annual cost of those verifications is \$3,265 ($\$0.50 \times 5,929$ applications = \$2,965, plus base fee of \$25 \times 12 months = \$300). If repeat checks are required on applicants, the estimated cost would rise accordingly.

In addition to the costs of verifying applicants' immigration status, the agency anticipates needing an additional Administrative Associate II position and operating expenses at a cost of approximately \$29,589 for FY 2021-22 and \$55,415 for the first full year of implementation.

Licensure costs are offset by the State's Insurance Regulatory Fund and other filing fee collections, thus there would be no impact to the General Fund associated with the implementation of this legislation.

Secretary of State

The Department of the Secretary of State (SOS) is responsible for issuing several types of registrations and processing mandatory filings. However, due to the ambiguous federal definition of a public benefit (8 U.S.C. § 1621), it is unclear which registrations or filings processed by SOS constitute public benefits subject to the requirements of this bill. Approximately 879,000 registrations and filings were processed in FY 2019-20.

Assuming 8% of filers and registrants are immigrants, SOS would need to complete 70,320 SAVE verifications annually ($8\% \times 879,000$). The cost of performing these verifications would be \$35,460 per year ($70,320 \times \$0.50 = \$35,160$, plus $\$25 \times 12 = \300).

In addition to the costs of verifying applicants' immigration status, the agency anticipates needing additional personnel to oversee verifications in its Business Services and Securities divisions. The cost of adding an Administrative Specialist II to each division to assist with new responsibilities would be approximately \$62,000 per position (\$124,000 total) per year. That amount includes salary and benefit costs.

NC Housing Finance Agency

The NC Housing Finance Agency (HFA) provides a public benefit in the form of home rehabilitation projects paid for by direct loans to individuals and through community partner loans. In 2020, a total of 959 direct loans were provided to individuals for rehabilitation projects and 286 people received community partner loans. These two benefits impacted a total of 1,245 individuals in 2020. HFA does not currently collect information on the immigration status of those individuals.

Assuming the number of future loan awards is similar, and the percentage of immigrant applicants is 8% of the total, HFA would need to verify the status of 100 people annually via the SAVE system ($8\% \times 1,245$). The projected annual cost of those verifications is \$350 ($100 \times \$0.50 = \50 , plus $\$25 \times 12 = \300). If repeat checks are required on applicants, the estimated cost would rise accordingly.

In addition, HFA estimates one-time information technology costs of \$49,000 to receive immigration information from community partners and to store the data. There would also be additional administrative costs to the agency and to the community partners to comply. Per statute, HFA cannot use General Fund appropriations for administrative costs, so these expenses would be covered by receipts.

II. Occupational Licensing Boards

There are 61 active occupational licensing boards in the State, which license approximately 800,000 individuals. An occupational license qualifies as a public benefit under this bill and therefore any immigrant licensees would need to be verified through the SAVE system. Most occupational licensing boards in the State do not currently verify the immigration status of their licensees. The costs to implement this bill for licensing boards would involve verifying the immigration status of any license renewal applicants and first-time license applicants.

Other costs associated with this bill would be administrative and related to updating information technology capacity to capture immigration information and store the data, as well as staff time.

Occupational licensing boards are receipt supported, so these expenses would be covered by non-General Fund dollars.

III. Justice and Public Safety

Department of Public Safety – Office of Victim Services

The Office of Victim Services (OVS) does not currently verify immigration status of recipients of either the Victims Compensation Program or the Rape Victim Assistance Program. Between FY 2015-16 and FY 2019-20, OVS reported an annual average of 3,342 claims filed with the agency and 2,544 awards issued by the agency.

Assuming 8% of the claimants are immigrants, OVS would need to complete an average of 267 verifications annually ($8\% \times 3,342$). The estimated annual cost of those verifications is at least \$434 ($\$0.50 \times 267 = \134 , plus $\$25 \times 12 = \300), assuming there is no need for repeat verifications. OVS also anticipates increased costs related to amending the application to require identification and training other agencies who refer victims to their programs and assist victims with the applications, such as victim-witness coordinators in District Attorney offices and nonprofits who focus on domestic violence.

IV. Natural and Economic Resources

Department of Agriculture and Consumer Services

The Department of Agriculture and Consumers Services (DACS) does not currently use the SAVE system. The agency anticipates that many of their programs and services would fall under the State or local benefit definition, including licenses for pesticide applicators, scale technicians, meat handlers, and others. The agency also contracts with individuals for booth space at fairs/marketing shows and provides grants and cost share assistance through various programs. The Department estimates that it issues permits and licenses to approximately 58,522 individuals annually and contracts with about 1,300 individuals.

Assuming immigrants comprise approximately 8% of the State's licensees and contractors, DACS would need to verify 4,786 individuals each year ($8\% \times 59,822$). The cost of verifying 4,786 individuals with an initial verification would be \$2,693 ($4,786 \times \$0.50 = \$2,393$, plus $\$25 \times 12 = \300). If repeat checks are required on applicants, the estimated cost would rise accordingly.

An outstanding question for DACS is whether participants in the USDA Nutrition programs, outside of the School Lunch programs, are subject to the SAVE verification under this act. The Department serves approximately one million individuals annually through the Emergency Food Assistance Program, and 11,500 through the Commodity Supplemental Food Program. If 8% of these recipients were included, DACS would need complete 80,920 additional SAVE verifications ($8\% \times 1,011,500$). The additional cost of those verifications would be \$40,760 annually ($80,920 \times \$0.50 = \$40,460$, plus $\$25 \times 12 = \300).

Department of Commerce

The Department of Commerce, Division of Employment Security, currently uses the SAVE system, but this bill would not broaden the Department's use of the program.



Department of Environmental Quality

The Department of Environmental Quality (DEQ) does not currently use the SAVE system. The agency anticipates that all of its licensure programs would fall under the State or local benefit definition. Those include licenses for commercial fishing (13,889 licenses), for-hire fishing (834 licenses), and water and wastewater operator licenses for water pollution control, drinking water systems, and animal waste management systems (500 licenses).

In total, DEQ issues approximately 15,223 licenses annually. Assuming 8% of all licensees are immigrants, the agency would need to complete 1,218 each year ($8\% \times 15,223$). The initial verification cost of those checks would be \$909 ($1,218 \text{ times } \$0.50 = \609 , $\$25 \times 12 = \300). If additional checks are required, the cost may increase.

In addition to the direct cost of using the system, DEQ anticipates additional costs associated with employee and licensee training and public information. No estimate is available for these associated costs.

V. Education

State Education Assistance Authority

Since 2017, the State Education Assistance Authority (SEAA) has been tasked with determining the residency status (in-state or out-of-state) for every student attending a public post-secondary institution in North Carolina and with determining residency status for students receiving the NC Need-Based Scholarship at eligible private institutions in North Carolina. They accomplish this through the Residency Determination Service (RDS), a centralized system of residency verification developed and maintained by SEAA.

SEAA does not currently use SAVE to verify the immigration status of every foreign-born student seeking a residency determination. However, SAVE is currently used on an ad hoc, individual basis when residency decisions are being appealed. SEAA received an annual average of 5,214 noncitizen applications for NC residency over the last two calendar years. The cost of performing a SAVE verification for each application would be \$2,907 ($5214 \times \$0.50 = \$2,607$, plus $\$25 \times 12 = \300).

SEAA also anticipates costs from planning and developing new technology processes to use the SAVE system to verify immigration status by integrating this into their existing program, as well as potential additional staff time spent on the verifications. SEAA cannot provide an estimate for the cost of incorporating SAVE into their existing program nor can they anticipate whether this would increase the number of appeals handled by staff.

Additionally, because the RDS process is already designed to make sure only NC legal residents receive tuition and scholarship benefits, verifications via the SAVE program would not generate savings associated with newly withheld benefits.



VI. Transportation

Division of Motor Vehicles

The Division of Motor Vehicles currently participates in the SAVE program; no additional costs are expected from this bill.

VII. Department of Health and Human Services

Most Department of Health and Human Services (DHHS) programs and services covered by H.B. 29 are administered at the local level. These entities include Local Health Departments, county Departments of Social Services, and other non-governmental organizations (NGOs), including both State and county subcontractors. They conduct intake and eligibility determination for the service or benefit and would be responsible for verifying eligibility using the SAVE system. Due to the variability in how these entities operate, DHHS is unable to estimate the cost to implement the bill.

Programs administered through the Division of Social Services (DSS) through the county Departments of Social Services and various NGOs already utilize the SAVE system to verify immigration status as required by federal law. The major programs already using SAVE include but are not limited to: Medicaid, Work First Family Assistance, and Food and Nutrition Services.

The Division of Vocational Rehabilitation Services (DVRS) and the Division of Services for the Blind (DSB) in DHHS do not use SAVE. These divisions directly administer service programs to individuals. While there is a requirement for the DVRS and DSB Vocational Rehabilitation programs to verify that an individual applying for services has legal status to work within the US, the agencies are presently not required by federal or State law to collect information pertaining to whether a service recipient is an immigrant.

DVRS and DSB provide the following services or benefits that would be subject to SAVE:

- Education/Training
- Health
- Housing
- Human Service Assistance
- Loans/Grants
- Voter Registration
- Workforce Development

The estimated number of people receiving one or more of these services each year is approximately 55,000. Assuming 8% of those individuals are immigrants, 4,400 verifications through the SAVE system would be required each year ($8\% \times 55,000$). The cost of those verifications for the DVRS and DSB programs would be \$2,500 ($4,400 \times \$0.50 = \$2,200$, plus $\$25 \times 12 = \300). If additional checks are required, that cost may increase. Also, this analysis assumes that DHHS would need to pay the base monthly fee of \$25 only once across its various programs.

The Key Subsidy Program, which is administered by the Division of Aging and Adult Services (DAAS), receives approximately 2,160 new applications per year. Assuming that 8% of participating households are immigrants and an average household size of 1.25 people, the Department would



need to conduct 216 SAVE verifications annually for new applicants (2,160 x 8% x 1.25). Those verifications would cost \$243 annually (216 x \$0.50). If additional checks are required, that cost may increase.

Finally, the Well Contractor's Certification Commission is administratively housed in the Division of Public Health, Environmental Health Section. It certifies and licenses well contractors. There are approximately 100 new licensees annually. Assuming that 8% of licensees are immigrants, the Department would need to perform 8 verifications annually (8% x 100 = 8). The annual cost of those verifications would be \$4 (8 x \$0.50).

Many programs in DHHS use federal receipts to pay a portion of the administrative costs. Information on whether SAVE verifications would qualify for a federal match within the affected programs is not immediately available.

DHHS also anticipates increased costs related to staff time for implementation and to monitor compliance. Although specific total additional administrative costs cannot be determined, they estimate an additional cost per year for DVRS and DSB of \$20,000.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES; DEPARTMENT OF ADMINISTRATION; DEPARTMENT OF COMMERCE; DEPARTMENT OF ENVIRONMENTAL QUALITY; DEPARTMENT OF HEALTH AND HUMAN SERVICES; DEPARTMENT OF PUBLIC SAFETY; DEPARTMENT OF SECRETARY OF STATE; DEPARTMENT OF TRANSPORTATION, DIVISION OF MOTOR VEHICLES; NC HOUSING FINANCE AGENCY; VARIOUS OCCUPATIONAL LICENSING BOARDS; US CENSUS BUREAU; US DEPARTMENT OF HOMELAND SECURITY

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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April 20, 2021



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