

HB

451

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB451

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act prohibiting persons from receiving BRU: Public Assistance
or attempting to receive duplicate assistance Component: Public Assistance Data Processing
 Sponsor: Mulder COMPONENT SERIAL NO. 240
 Requestor: House HE3 See also (SN#): 220, 236,237

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	201.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	201.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	201.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	201.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

House Bill 451 establishes an automated fingerprint matching demonstration project for applicants for General Relief and Aid to Families with Dependent Children (AFDC) in Anchorage.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 2/22/96
 Date: 02/21/96
 Date: 2/27/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE - H&SS - PUBLIC ASSISTANCE - PUBLIC ASSISTANCE DATA PROCESSING

ANALYSIS (cont.):

Background

Federal law governing the AFDC program requires that program eligibility rules be uniform throughout the state. Different rules may be established for a political subdivision under only under a waiver granted under section 1115 of the Social Security Act, to test alternative rules that are expected to reduce program costs and achieve a policy objective that comports with the purposes of the AFDC program.

Federally approved demonstration projects must include a rigorous evaluation that compares the benefit costs of a randomly assigned experimental group to the benefit costs of a control group, also randomly assigned, that is not subject to the alternative rules. The federal government requires that the evaluation be conducted by an independent contractor.

Changes to the EIS computer system and linkage between EIS and the automated fingerprinting and matching system will be necessary. EIS programming changes are necessary to assign applicant and recipient families to experimental and control groups and track identifying information, benefit costs, length of program participation, compliance with fingerprinting requirements, and other eligibility data on the members of each group and periodically conduct to cost/benefit and other analysis. This data will be subjected to statistical analysis by the project evaluation contractor for federal reporting purposes.

Assumptions

DPA computer programming resources are not sufficient to develop and perform the EIS reprogramming required to accomplish this demonstration. We therefore assume that the reprogramming effort will be done by a private contractor, with support from existing DPA staff.

We assume no federal participation in the cost of this project. Federal waiver approval is unlikely because no AFDC program savings are anticipated. For fiscal note purposes, we assume that the federal government allows the project to be implemented but contributes no project funding.

Calculations (All costs are FY 97 contractual)

Develop RFP and ASPS (Authorization to Seek Professional Services)	6.0
Program, Test, and Implement System Changes	185.0
Train Project Staff in System Utilization	10.0
Total	210.0

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 451

Revision Date: _____	Dept. Affected: <u>Health and Social Services</u>
Title: <u>An Act prohibiting persons from receiving or attempting to receive duplicate assistance</u>	BRU: <u>Public Assistance</u>
Sponsor: <u>Mulder</u>	Component: <u>Fraud Investigation</u>
Requestor: <u>House HES</u>	COMPONENT SERIAL NO. <u>237</u>
	See also (SN#): <u>220, 236, 240</u>

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	51.9	51.9	51.9	51.9	0.0	0.0
TRAVEL						
CONTRACTUAL	127.5	127.5	127.5	87.5	0.0	0.0
SUPPLIES	0.7	0.7	0.7	0.7	0.0	0.0
EQUIPMENT	10.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	190.1	180.1	180.1	140.1	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	190.1	180.1	180.1	140.1		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	190.1	180.1	180.1	140.1	0.0	0.0

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

House Bill 451 establishes an automated fingerprint matching demonstration project for applicants for General Relief and Aid to Families with Dependent Children (AFDC) in Anchorage. The demonstration project authorized by this legislation produces need for an automated fingerprint collection and matching system (provided by a contractor), independent evaluation contract, and a full-time project support position.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance

Approved by Com: Karen P. Page, Commissioner
 Agency: Department of Health & Social Services

Phone: 2/22/96
 Date: 02/21/96

Date: 2/27/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE - H&SS - PUBLIC ASSISTANCE - FRAUD INVESTIGATION

ANALYSIS (cont.):

Background

Federal law governing the AFDC program requires that program eligibility rules be uniform throughout the state. Different rules may be established for a political subdivision under only under a waiver granted under section 1115 of the Social Security Act, to test alternative rules that are expected to reduce program costs and achieve a policy objective that comports with the purposes of the AFDC program.

Federally approved demonstration projects must include a rigorous evaluation that compares the benefit costs of a randomly assigned experimental group to the benefit costs of a control group, also randomly assigned, that is not subject to the alternative rules. The federal government requires that the evaluation be conducted by an independent contractor.

This data will be subjected to statistical analysis by the project evaluation contractor for federal reporting purposes.

Assumptions

The project position will develop the federal waiver application, develop the RFP for the project evaluation contractor, manage the contract with the fingerprint matching equipment contractor, respond to public inquiries about the project, and act as liaison between the federal Department of Health and Human Services and the Division of Public Assistance. The project position will be responsible to assure the operation of the demonstration within federal requirements, conduct periodic collection and analysis of data and progress reports, manage the evaluation contract, and work with the evaluation contractor to provide information necessary for the interim and final evaluation reports.

Automated fingerprint matching and equipment will be provided by an independent contractor with expertise in automated fingerprint collection and matching. The contractor will provide the fingerprint matching equipment, training, technical support, and equipment maintenance. The fingerprint matching contractor will also provide forensic expertise in cases of apparent duplicate identities.

Another independent contractor will conduct the project evaluation as a cost of \$35.0 over the course of the project.

We assume no federal participation in the cost of this project. Federal waiver approval is unlikely because no AFDC program savings are anticipated. For fiscal note purposes, we assume that the federal government allows the project to be implemented but contributes no project funding.

<u>Calculations</u>	FY 97	FY 98	FY 99	FY 00
Project Support				
Salary (R 16A)	37.0	37.0	37.0	37.0
Benefits	14.9	14.9	14.9	14.9
Contractual (Phone, space, postage)	2.5	2.5	2.5	2.5
Equipment (Computer, furniture, misc.)	10.0	0.0	0.0	0.0
Supplies	0.7	0.7	0.7	0.7
Fingerprint Equipment/ Support (Contractual)	115.0 (6 months)	120.0	120.0	70.0 (7 months)
Contractual (Project Evaluation)	<u>10.0</u>	<u>5.0</u>	<u>5.0</u>	<u>15.0</u>
Total	190.1	180.1	180.1	140.1

Position Title Eligibility QC Tech I		No. of Positions 1	Range/Step 16A	Bargaining Unit GGU
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		37.0		
Benefits		14.9		
Premium Pay				
Other				
Total Personal Services		51.9		
Travel				
Contractual		2.5		
Commodities		10.0		
Equipment		0.7		
Other				
Total Cost		65.1		
FUNDING SOURCE for TOTAL COST				
1002 Federal Receipts				
1003 GF Match				
1004 General Fund		65.1		
1005 GF/Program Receipts				
1007 I/A Receipts				
1037 GF/MH				
1061 CIP Receipts				
Other ()				
<p>Justification</p> <p>The demonstration project authorized by this legislation produces for an independent evaluation contractor and a full-time project support position.</p> <p>The project position will develop the federal waiver application, develop the RFP for the project evaluation contractor, and act as liaison between that federal Department of Health and Human Services and the Division of Public Assistance. The project position will be responsible to assure the operation of the demonstration within federal requirements, conduct periodic collection and analysis of data and progress reports, manage the evaluation contract, and work with the evaluation contractor to provide information necessary for the interim and final evaluation reports.</p>				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance

COMPONENT: Fraud Investigation

FY97

Page: 1

Revised Date:

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 451

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act prohibiting persons from receiving BRU: Public Assistance
or attempting to receive duplicate assistance Component: Eligibility Determination
 Sponsor: Mulder COMPONENT SERIAL NO. 216
 Requestor: House HES See also (SN#): 220, 236, 240

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	34.2	34.2	34.2	34.2	0.0	0.0
TRAVEL						
CONTRACTUAL	2.5	2.5	2.5	2.5	0.0	0.0
SUPPLIES	0.7	0.7	0.7	0.7	0.0	0.0
EQUIPMENT	10.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	47.4	37.4	37.4	37.4	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF	47.2	37.4	37.4	37.4	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	47.4	37.4	37.4	37.4	0.0	0.0

Estimate of any current year (FY98) cost: 90.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Administration of the fingerprinting requirements established by HB 451 will require one additional clerical support position in the Anchorage eligibility office. Workload covered by this position includes operation of fingerprinting equipment, on-site oversight of equipment and routine contacts with the fingerprinting system contractor regarding the operation of the system.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 2/22/96
 Date: 02/21/96
 Date: 2/22/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

ANALYSIS (cont.):**Assumption:**

We assume no federal participation in the cost of this project. Federal waiver approval is unlikely because no AFDC program savings are anticipated. For fiscal note purposes, we assume that the federal government allows the project to be implemented but contributes no project funding.

<u>Calculations</u>	FY 97	FY 98	FY 99	FT 00
Salary (R 8B)	23.0	23.0	23.0	23.0
Benefits	11.2	11.2	11.2	11.2
Contractual (Phone, space, postage)	2.5	2.5	2.5	2.5
Equipment (Computer, furniture, misc.)	10.0	0.0	0.0	0.0
Supplies	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
Total	47.4	37.4	37.4	37.4

Position Title Administrative Clerk II			No. of Positions 1	Range/Step 8B	Bargaining Unit GGU
Time Status PFT	Staff Months 12.0		Location Anchorage		Election District
TYPE of EXPENDITURE			AMOUNT		
Salary			23.0		
Benefits			11.2		
Premium Pay					
Other					
Total Personal Services			34.2		
Travel					
Contractual			2.5		
Commodities			0.7		
Equipment			10.0		
Other					
Total Cost			47.4		
FUNDING SOURCE for TOTAL COST					
1002 Federal Receipts					
1003 GF Match					
1004 General Fund			47.4		
1005 GF/Program Receipts					
1007 I/A Receipts					
1037 GF/MH					
1061 CIP Receipts					
Other ()					
<div data-bbox="910 423 2042 808" data-label="Text" style="border: 1px solid black; padding: 10px;"> <p>Administration of the fingerprinting requirements established by HB 451 will require one additional clerical support position in the Anchorage eligibility office. Workload covered by this position includes operation of fingerprinting equipment, on-site oversight of equipment and routine contacts with the fingerprinting system contractor regarding the operation of the system.</p> </div>					

**REQUEST for
NEW POSITION**

AGENCY: **Health and Social Services**

BRU: **Public Assistance**

COMPONENT: **Eligibility Determination**

FY97

Page: **1**

Revised Date:

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 451

Revision Date: _____	Dept. Affected: <u>Health and Social Services</u>
Title: <u>An Act prohibiting persons from receiving or attempting to receive duplicate assistance</u>	BRU: <u>Public Assistance</u>
Sponsor: <u>Mulder</u>	Component: <u>AFDC</u>
Requestor: <u>House HES</u>	COMPONENT SERIAL NO. <u>220</u>
	See also (SN#): <u>236, 237, 240</u>

Expenditures/Revenues:	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
CHANGES IN REVENUES ()						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a demonstration project in Anchorage to test the effects of electronic fingerprint matching on fraudulent applications for public assistance. We anticipate no impact on AFDC or General Relief program costs as a result of this bill.

There is no evidence to support a conclusion that this legislation would produce program savings. All Anchorage clients are handled through one office at Fourth and Gambell streets. DPA staff knows the clients and would quickly identify individuals who attempted to apply under duplicate identities. In the only known instance of an individual applying under a false identity, DPA staff discovered the offense before any duplicate benefits were issued; the offender is now in prison for welfare fraud.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance

Approved by Com: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 2/22/96
 Date: 02/21/96

Date: 2/27/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

ANALYSIS (cont.):

Federal welfare reform is likely to include time limits on eligibility that apply across state lines. The states will need to exchange information about recipients to assure against fraud. Such data exchange will have to be developed under a common national data exchange standard using identification information that is collected by all states. Fingerprint data is a very unlikely candidate for inclusion in the national data exchange standard.

Public assistance staff routinely verify the residency of applicants. If an applicant is new to Alaska, staff checks with the last state of residence to prevent duplicate benefits. Alaska's lack of a common border with any other state also mitigates against this kind of fraud. The existing system effectively weeds out potential program abuse; state and federal Quality Control findings show that interstate duplication of benefits is extremely rare in Alaska.

SPONSOR STATEMENT

HB 451

REPRESENTATIVE ELDON MULDER

House Bill 451 requires the use of fingerprints for identification of welfare recipients, just as the federal government requires fingerprinting of its employees. Today, we require teachers, substitute teachers, bank employees and many other workers to be fingerprinted. Fingerprinting has long been established as a valid method of identification. Electronic fingerprinting avoids the mess of ink used in the traditional fingerprinting. It is also a much easier and quicker to perform.

It also adds two new sections to our laws that makes it a violation to seek or receive duplicate benefits under the General Relief program and the Aid to Families with Dependent Children Programs.

House Bill 451 would establish a pilot program to use electronic fingerprinting to identify applicants for General Relief Assistance and Aid to Families with Dependent Children. This will allow the state to be certain that no one is able to enroll under multiple names, using the fingerprints for absolute identification. As state and federal programs limit duration of benefits, this will enable Alaska to keep accurate track of recipients and to work with other states to determine if applicants have received federal funded benefits outside Alaska.

Electronic fingerprinting is a simple procedure, both for the applicant and the individual taking the fingerprint. The process requires a person put their index finger and thumb on a glass screen. A computer takes a picture creating an accurate and permanent record. There is no messy ink usually associate with fingerprinting. The fingerprint can be saved in a data bank and used to compare with current and future applicants.

Electronic fingerprinting of welfare recipients is not a new idea. The states of California, New York and Pennsylvania are currently using this system.

New York saved \$500,000 in a two county pilot program and has expanded the program state wide. New York City, alone, will save \$35 million with this program.

Sponsor Statement

HB 451

Page 2

California began its pilot program in Los Angeles County in 1991 with its general assistance program. It was so successful that in 1994 they expanded it to the AFDC program. The independent consulting firm of Ernst & Young evaluated the program in Los Angeles and recommended it for implementation statewide.

HB 451 gives Alaska the opportunity to take the lead in preventing welfare fraud by developing a system that can identify our applicants and compare them to those who have received benefits in other states.

SECTIONAL ANALYSIS
House Bill 451

HB 451 Directs the Department of Health and Social Services (DHSS) to establish a pilot program to use electronic fingerprinting to identify welfare recipients. It also prohibits persons from receiving or attempting to receive duplicate benefits.

Section 1: Adds AS 47.25.175

Requires the DHSS to deny applications for General Relief or Aid to Families with Dependent Children (AFDC) if the person is receiving benefits under the General Relief Program. It makes it a violation to receive or attempt to receive duplicate benefits through intentional conduct.

Section 2: Adds AS 47.25.367

Requires the DHSS to deny applications for General Relief or AFDC if the person is receiving benefits under the AFDC Program. It makes it a violation to receive or attempt to receive duplicate benefits through intentional conduct.

Section 3: Uncodified Law

(1) Requires the DHSS to establish a pilot program, in the Municipality with the largest AFDC population, requiring electronic fingerprinting for identification of welfare recipients. The purpose of the program is to detect duplicate applications and enrollment.

(2) The department may enter into agreements with other states to implement cross matching identification systems.

(3) Access to the identification information is limited to the department and departments in other states that are also using electronic fingerprinting to identify welfare recipients.

(4) It requires the department make reports on multiple enrollments, effectiveness in deterring fraud, usefulness in tracking recipients and whether the pilot project should be continued.

Section 4: The pilot program becomes effective January 1, 1997.

Section 5: The pilot program ends on February 2, 1999.

ALASKA STATE LEGISLATURE

News

State Capitol
Juneau, AK 99801-1182
(907) 465-3804

Actuality line: 1-800-478-6540

Mulder Bill to Limit Duplicate Welfare Benefits

For Immediate Release:
January 26, 1996

Contact:
Rep. Mulder
(907) 465-2647

JUNEAU - Representative Eldon Mulder (R-Anchorage) introduced legislation Friday to prevent duplicate public assistance benefits. HB 451 proposes to establish a pilot program in Anchorage requiring the use of electronic fingerprinting to verify that welfare recipients are receiving only what they are due.

"There are currently many proposals to limit the length of time a person can receive benefits. Electronic fingerprinting will provide a means to identify and track recipients over time," said Representative Mulder.

"This pilot program will enable the state to assure that individuals receive benefits under one name and only for the term permitted by state or federal law," said Mulder. "With this program in place, people playing by the rules will no longer be tainted by those who do not. Electronic fingerprinting avoids many of the problems of traditional fingerprinting. It is quick, easy and doesn't require ink."

"At the federal level, there are proposals to limit the time a person can receive federal welfare benefits. This proposal will allow Alaska to work with other states to identify recipients that may have received benefits in more than one state. Alaska should be on the cutting-edge. It's important we take a pro-active role regarding this process," said Rep. Mulder.

California, Pennsylvania and New York have successfully implemented this program.

"New York saved \$500,000 in a two county pilot program and has expanded the program to the rest of the state, including New York City, which is expected to save \$35 million. California began its pilot program in Los Angeles County in 1991 with general assistance recipients and expanded it to the Aid to Families with Dependent Children in 1994. A report by Ernst & Young verifies that the program works well and provides substantial savings to the state," said Rep. Mulder.

Mulder noted there are a number of privacy issues that need to be addressed.

"These issues will be flushed-out and discussed in the committee process. We are not wed to any particular solution, but we must begin a discussion on this issue," said Rep. Mulder.

Broadcast Note: An audio actuality is available from Rep. Mulder by calling 1-800-478-6540.

###