

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: SB 718
AUTHOR: M. Leno

BILL SUMMARY

This bill would eliminate the Statewide Fingerprint Imaging System (SFIS) requirement for food stamp applicants who do not also apply for or receive CalWORKs benefits.

FISCAL SUMMARY

This bill would result in significant annual General Fund costs by reducing the state's ability to deter and identify duplicate aid fraud. Eliminating the fingerprint requirement for food stamp-only cases would likely result in a gradual increase in fraudulent, duplicate aid cases to the California Food Assistance Program (CFAP) and federal Food Stamp program. Although benefits for the federal Food Stamp program are paid directly by the federal government, the state has a 35 percent share of administration costs. In addition, the state pays 100 percent of the benefit and administration costs of the state-only CFAP.

Previous estimates, assuming that all cases currently estimated to be deterred from committing duplicate aid fraud would apply for and successfully obtain duplicate aid, were that increased annual General Fund costs would be approximately \$239,000 for the Food Stamp program, and \$230,000 for the CFAP. An updated estimate which considers the current caseload and economy is currently not available. Given Food Stamp and CFAP benefit expansions that have since occurred, the costs likely would be higher than estimated previously.

By imposing additional workload on counties administering the federal Food Stamp program, this bill could result in a reimbursable state mandate. As a result, the non-federal cost of this measure would be borne entirely by the General Fund.

COMMENTS

The Department of Finance is opposed to this bill because:

- This bill would result in significant General Fund expenditures attributable to an increase in duplicate aid cases that currently are being deterred and/or detected through the use of the SFIS.
This bill would eliminate the SFIS requirement, which is a valuable tool used in the early detection of fraud, thereby severely compromising the integrity of the Food Stamp program.
This bill would undermine California's ongoing efforts to reduce the food stamp error rate for overpayments and underpayments, since the SFIS has proven to be a successful tool in the reduction of the error rate in the past. Further, by eliminating use of the SFIS for Food Stamp-only cases, the state may incur future federal sanctions for failing to meet accuracy goals, while also reducing California's chances of receiving millions of dollars in federal awards for meeting Food Stamp program payment accuracy targets.

Analyst/Principal Date Program Budget Manager Date
(0511) J. Wordlaw Lisa Ann L. Mangat

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

M. Leno

Original

SB 718

Existing law requires all persons who apply for aid through the Food Stamp Program to have their fingerprints processed via the SFIS in order to determine eligibility for benefits. Existing law also addresses children and persons who are physically unable to be fingerprinted.

Proponents of this bill argue that the system deters otherwise eligible individuals from receiving food benefits. This bill is similar to AB 1382 (Leno, 2007), which was vetoed as it would have provided an opportunity for increased fraud and abuse without guaranteeing increased Food Stamp participation.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2008-2009	2009-2010	2010-2011	
5180/Social Svcs	LA	No		-----	See Fiscal Summary	-----	0001
5180/Social Svcs	LA	No		-----	See Fiscal Summary	-----	0890
5208/St Mand-H&HS	SO	No		-----	See Fiscal Summary	-----	0001
<u>Fund Code</u>	<u>Title</u>						
0001	General Fund						
0890	Trust Fund, Federal						