

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 7, 2011
POSITION: Oppose

BILL NUMBER: AB 846
AUTHOR: S. Bonilla
RELATED BILLS: AB 2698 (2010), AB 1324 (2009)

BILL SUMMARY: Foster Youth: Identity Theft

This bill would change the process for requesting credit reports on behalf of a foster youth when he or she reaches the age of 16. It would require the Department of Social Services (DSS) or county welfare departments (CWDs) to request a credit report from each of the three major credit reporting agencies. If the credit reports reveal negative items or evidence that identity theft may have taken place, the CWD or the DSS would be authorized to refer the matter to a governmental or nonprofit organization that provides information and assistance to victims of identity theft. The bill also would require the Office of Privacy Protection, under the State and Consumer Services Agency, to develop a list of organizations to which youth in foster care may be referred.

FISCAL SUMMARY

The language of this bill is not specific as to which entity, the DSS or the CWDs, is responsible for requesting the credit reports for children in foster care. If the DSS is required to complete this task, this would create additional and unabsorbable workload. The DSS would need to develop an automated process for submitting names and identifying information to the credit reporting agencies and develop contracts or memoranda of understanding not only with the credit reporting agencies, but also with any organization to which youth in foster care would be referred.

Although the DSS has not provided an updated estimate for this version of the bill, based on past analysis, the Department of Finance believes this bill would result in estimated costs to the DSS of \$141,000 (\$89,000 General Fund [GF]) in fiscal year 2011-12; \$285,000 (\$180,000 GF) in 2012-13; and \$230,000 (\$145,000 GF) annually thereafter. The DSS would require limited-term resources to develop the necessary procedures and processes to carry out the credit checks, as well as permanent positions to request and analyze credit checks and return consumer disclosure information to counties. Though not required by the bill, the DSS would likely request via the normal budget process \$125,000 annually to contract with an agency to assist foster youth that have been victims of identity theft.

Alternatively, if CWDs are responsible for requesting credit checks, this bill would result in estimated costs of \$430,000 (\$280,000 GF) in 2011-12 and \$735,000 (\$478,000 GF) in 2012-13 and ongoing by imposing a state-reimbursable mandate. Under current law (Chapter 387, Statutes of 2006 [AB 2985]), resources are included in the budget for CWDs to review a single credit report. Requiring the request and review of three credit reports would result in an additional two hours of social worker time per case to review the reports.

This bill would result in no new costs to the State and Consumer Services Agency. The State and Consumer Services Agency maintains a list of entities that assist victims of identity theft and the ongoing maintenance of this list is within the realm of their business practices and core functions.

(Continued)

Analyst/Principal Date Program Budget Manager Date
(0512) T. Calvert 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)

S. Bonilla

June 7, 2011

AB 846

FISCAL SUMMARY (Continued)

The fiscal impact table below should not be construed to reflect the total cost of the bill; rather, it summarizes an either/or scenario. If the DSS were to be responsible for the additional workload imposed by the bill, the total cost will equal the sum of the state operations (SO) rows. If the CWDs are to be responsible for the additional workload, the total cost would equal the sum of the local assistance (LA) rows.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- Increasing the number of credit reports to be reviewed from one to three would create additional workload and costs. Given the state's current fiscal crisis, it is not prudent to expand requirements to state or local governments.
- Currently, pursuant to AB 2985, CWDs are required to request and review a single credit report of foster youth. The proposed 2011-12 Omnibus Human Services Trailer Bill, AB 106 (as amended June 9, 2011) would suspend, until July 1, 2013, the provisions of AB 2985. This suspension is largely due to state workload constraints, with which this bill would be inconsistent.
- The responsibility for the bill's requirements is unclear. It appears that this bill would require the DSS to provide direct services in individual foster care cases, which would be inappropriate given that the DSS' role is supervisory and counties have case management responsibility and court jurisdiction. The role of requesting and reviewing credit reports should remain with the counties.

This bill is substantially similar to AB 2698 of 2010 (Block) and AB 1324 of 2009 (Bass). Both AB 2698 and AB 1324 were vetoed as a result of the General Fund costs.

Code/Department Agency or Revenue Type	SO		(Fiscal Impact by Fiscal Year)							Fund Code	
	LA		(Dollars in Thousands)								
	CO	PROP	FC	2010-2011	FC	2011-2012	FC	2012-2013			
	RV	98	FC								
1111/ConAfr-BurPg	SO	No		----- No/Minor Fiscal Impact -----							0001
5180/Social Svcs	SO	No		--	C	\$89	C	\$180	0001		
5180/Social Svcs	SO	No		--	C	\$52	C	\$105	0890		
5180/Social Svcs	LA	No		--	C	\$280	C	\$478	0001		
5180/Social Svcs	LA	No		--	C	\$150	C	\$257	0890		
<u>Fund Code</u>	<u>Title</u>										
0001	General Fund										
0890	Trust Fund, Federal										