

More Frequently Asked Questions: Finger imaging and the state budget

AB 2013

AB 2013, legislation to the end the Statewide Finger Imaging System (SFIS) for Food Stamps and CalWORKs, has been introduced by Assembly member Darrell Steinberg. This is one of a series of frequently asked questions that can be found at <http://www.cfpa.net/legislation/2004/2004legislativetracking.htm>. Since the state budget crisis is at the center of policy debates, this particular FAQ includes questions on the fiscal relief AB 2013 would provide the state.

How much does finger imaging cost the state?

Governor Schwarzenegger proposes spending \$8.5 million on SFIS in 2004-2005.

Isn't there proof that SFIS is cost-effective?

No. The California State Auditor can't affirm that what has been spent and will be spent on SFIS is worth it. In addition, the auditor found that the State Department of Social Services never determined there was a multiple-aid fraud problem worthy of investing in SFIS in the first place. The auditor is not the only non-partisan entity in California unable to justify the state's investment. The Legislative Analysts Office (LAO) found that due to the lack of data on the number of cases that are deterred from committing welfare fraud by SFIS, the implementation of greater work participation requirements since the evaluation of the initial finger imaging pilot project, and the mixed experiences of other states, it could not determine whether SFIS is cost-effective.

But even if California can't make the case that finger imaging is cost-effective, other state's can, right?

Only three other states use finger imaging to detect multiple aid fraud (New York, Texas and Arizona). Texas commissioned an independent study of the cost effectiveness of its finger imaging system and found that finger imaging yielded *no savings* in benefit payments. New York found that "if a state or locality already has an aggressive anti-fraud program, finger imaging may have relatively little impact, especially if multiple case fraud is not a major problem compared to other types of welfare fraud."

If there were questions about the effectiveness of finger imaging, why didn't anyone try to stop SFIS?

There were warnings from the federal government. According to the California State Auditor's 2003 report:

"The federal Department of Health and Human Service ' Office of Inspector General questioned whether Los Angeles County 's fingerprint imaging system was a cost-effective tool to prevent, detect, and deter duplicate-aid fraud. Additionally, in 1998 the United States Department of Agriculture expressed concern about Social Services' inability to identify the extent of duplicate-aid fraud throughout the State and about its decision to use Los Angeles County's evaluation to substantiate the savings that SFIS would produce. In fact, Social Services decided not to use federal funds to implement SFIS and instead to proceed using only state funds, in part because the federal government was requiring it to perform a cost-benefit analysis as a condition of using federal funds."

What does the state claim are the savings from finger imaging?

So if we get rid of finger imaging will duplicate aid fraud increase?

So how much will California save by passing AB 2103 and ending SFIS?

Since the Department of Social Services says that SFIS “saves” \$68 million, won’t ending finger imaging create a hole in the budget that would need to be filled?

Keep in mind that the auditor found that “incomplete cost data and a flawed method for estimating savings renders Social Services’ cost-benefit analysis unreliable.” Nonetheless, the Department of Social Services claims that \$68.7 million was “saved” last year by SFIS.

Forty-six states fight duplicate aid fraud without an expensive finger imaging system by using other technology already at work in California. If we believe that our fellow Californians are no more fraudulent than the residents of those 46 other states, then these tools should be more than adequate. Even if we don’t, California spends more on fraud protection than any other state--by far. For example, the federal government alone spent \$32 million on fraud control in California through the food stamp program, compared to \$2.2 million in Texas, which has a similar number of food stamp participants. Remember New York’s conclusion that “if a state or locality already has an aggressive anti-fraud program, finger imaging may have relatively little impact, especially if multiple case fraud is not a major problem compared to other types of welfare fraud”? Given the powerful existing tools and the proportionately large investment in anti-fraud activities, ending finger imaging should have little impact on fraud.

The millions spent on developing SFIS won’t be recouped, but we can cut our losses. The state will save the annual operating costs of running SFIS, \$8.5 million. Given that California’s budget needs long-term cuts, ending SFIS permanently helps future budgets.

Nope. The savings will still be there, but instead of the savings coming from the detection and prevention of multiple aid fraud from SFIS, the savings would come from other sources. The savings would come from the use of IEVS (see past IEVS FAQ) and other technologies proven to be successful at reducing multiple aid fraud. It will come from welfare reform changes, such as work requirements that make multiple aid fraud incredibly unlikely. It will come from new technology such as EBT, which makes multiple aid fraud less lucrative. In short, since multiple-aid fraud will still be caught and deterred, the savings will still be there.

What's the big deal? Banks, the DMV and other places are all starting to use finger imaging.

The problem is not with finger imaging technology itself, which has a variety applications, but rather with this particular application of finger imaging technology. The Texas analysis likened using finger imaging on multiple aid fraud to “using a nuclear bomb to take out an ant hill.” Finger imaging may have other valid, cost effective uses, but given the small number of multiple aid fraud cases in California, SFIS is not worth it.

Why do advocates care so much about finger imaging?

Forty-six other states are able to fight fraud without food stamp applicants having to miss work or jeopardize their employment. Prior to SFIS in California, only one adult had to go to the food stamp office to apply for food stamps. Now under SFIS, *all* working adults have to head into the office, even if it puts their jobs at risk. In addition, many human service programs that are proven to help working families are on the chopping block. Many feel that the \$8.5 million going to finger imaging would be better spent on health care, child care or other assistance programs, which have a proven value to our great state.

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