

State of Alaska FY2002 Governor's Operating Budget

Department of Health and Social Services
Fraud Investigation
Component

Component: Fraud Investigation

Contact: Janet Clarke, Director, Administrative Services

Tel: (907) 465-1630 **Fax:** (907) 465-2499 **E-mail:** janet_clarke@health.state.ak.us

Component Mission

The mission of the Division of Public Assistance is to provide basic living expenses and self-sufficiency services to Alaskans in need.

Component Services Provided

The Fraud Control Unit investigates public assistance applicant and recipient fraud allegations received from the public and agency staff. Administrative disqualifications or criminal convictions prevent ongoing participation of persons caught committing welfare fraud. An automated system tracks progressively severe penalties for clients with a history of welfare fraud. The amount of benefits improperly received is determined for debt collection.

Component Goals and Strategies

THE COST-EFFECTIVE DETERRENCE OF PUBLIC ASSISTANCE APPLICANT AND RECIPIENT FRAUD.

- Disqualify dishonest recipients from participating in welfare program, and recover fraudulently obtained public assistance overpayments.
- Protect program integrity, ensure public support, and preserve the interests of honest, low-income Alaskans needing public assistance services.
- Increase Fraud Control Unit productivity by completing more applicant and recipient fraud investigations.
- Expand investigative efforts utilizing Electronic Benefit Transfer data for identifying food stamp fraud.

Key Component Issues for FY2001 – 2002

- Reducing the backlog of fraud referrals that have not yet been investigated. Staff screen incoming fraud allegations and set priorities to first work upon cases still receiving assistance. Still, referrals often exceed productive capacity of the investigators. Operating with full staff will help, coupled with development of procedural improvements to boost productivity.
- Work on procedure and authority to expand investigations to include child care and Electronic Benefit Transfer.

Major Component Accomplishments for FY2000

In FY2000 the Unit's fraud deterrent effort resulted in cost-avoidance, direct savings, new welfare fraud claims established and existing fraud debt collections totaling about \$3 million. The deterrent value of an active fraud control effort which prevents many from committing welfare fraud cannot be quantified, yet significantly adds to this value.

- Nearly 1,000 Food Stamp and Temporary Assistance applicant fraud investigations were conducted, and nearly 400 recipient fraud investigations completed.
- New manager and staff hired and fully trained.
- Developed and converted to new database system to track welfare fraud referrals and outcomes.

Statutory and Regulatory Authority

AS 47.27.015 Alaska Temporary Assistance Program (ATAP)
7 CFR 273.16 Food Stamp Program

Fraud Investigation
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	750.4	809.0	812.5
72000 Travel	3.5	21.7	10.7
73000 Contractual	318.2	321.4	332.4
74000 Supplies	5.7	5.0	5.0
75000 Equipment	50.5	5.0	5.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,128.3	1,162.1	1,165.6
Funding Sources:			
1002 Federal Receipts	604.1	615.1	617.1
1003 General Fund Match	524.2	539.1	548.5
1053 Investment Loss Trust Fund	0.0	7.9	0.0
Funding Totals	1,128.3	1,162.1	1,165.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Federal Receipts	51010	604.1	615.1	615.1	617.1	615.1
Restricted Total		604.1	615.1	615.1	617.1	615.1
Total Estimated Revenues		604.1	615.1	615.1	617.1	615.1

Fraud Investigation

Proposed Changes in Levels of Service for FY2002

Fraud deterrence is an essential element of public assistance program accountability. The FY2002 budget funds the ongoing effort to deter welfare fraud through investigation of allegations and the assignment of administrative and criminal penalties. Service levels will remain constant for applicant and recipient fraud. Reassigned staff resources may expand investigations in Southeast Alaska and research on suspicious electronic benefit transfer activity.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	547.0	615.1	0.0	1,162.1
Adjustments which will continue current level of service:				
-Year 2 Labor Costs - Net Change from FY2001	1.5	2.0	0.0	3.5
FY2002 Governor	548.5	617.1	0.0	1,165.6

Fraud Investigation

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	13	13	Annual Salaries	623,852
Part-time	1	1	COLA	8,044
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	214,002
			<i>Less 3.95% Vacancy Factor</i>	(33,398)
			Lump Sum Premium Pay	0
Totals	14	14	Total Personal Services	812,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Elig Qual Cntrl Tech I	6	1	0	2	9
Elig Technician II	1	0	0	0	1
Elig Technician III	1	0	0	0	1
Investigator II	2	0	0	0	2
Public Assist Paymnt Mgr	1	0	0	0	1
Totals	11	1	0	2	14