

State of Alaska
FY2003 Governor's Operating Budget

Department of Health and Social Services
Fraud Investigation
Component Budget Summary

Component: Fraud Investigation

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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 programs.
- Protect program integrity, ensure public support, and preserve the interests of honest, low-income Alaskans needing public assistance services.
- Recover fraudulently obtained public assistance overpayments.
- Increase Fraud Control Unit productivity by completing more applicant and recipient fraud investigations.
- Increase criminal convictions by the Department of Law.
- Expand investigative tools and efforts utilizing Electronic Benefit Transfer data for identifying food stamp client and retailer fraud.

Key Component Issues for FY2002 – 2003

- 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.
- Fill current staff vacancies to maximize unit efficiency.
- Work on procedure and authority to expand investigations to include child care and Electronic Benefit Transfer.
- Expand staff resources and services to Fairbanks area.

Major Component Accomplishments in 2001

In FY2001 the Unit's fraud deterrent effort resulted in cost-avoidance, direct savings, new welfare fraud claims established and existing fraud debt collections totaling about \$2.5 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 700 Food Stamp and Temporary Assistance applicant fraud investigations were conducted, and nearly 500 recipient fraud investigations completed.

- Newer investigative staff hired now fully trained.
- New database system more effectively tracks welfare fraud referrals and outcomes.
- Added Federal income tax refund interception as a means of recovering delinquent food stamp fraud claims.

Statutory and Regulatory Authority

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

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Component Financial Summary

All dollars in thousands

Non-Formula Program:	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Component Expenditures:			
71000 Personal Services	837.3	882.5	909.4
72000 Travel	10.6	10.7	10.7
73000 Contractual	370.6	332.4	332.4
74000 Supplies	8.6	5.0	5.0
75000 Equipment	5.6	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	1,232.7	1,235.6	1,262.5
Funding Sources:			
1002 Federal Receipts	639.6	652.1	666.4
1003 General Fund Match	585.2	548.5	560.3
1004 General Fund Receipts	0.0	35.0	35.8
1053 Investment Loss Trust Fund	7.9	0.0	0.0
Funding Totals	1,232.7	1,235.6	1,262.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 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	639.6	652.1	652.1	666.4	666.4
Investment Loss Trust Fund	51393	7.9	0.0	0.0	0.0	0.0
Restricted Total		647.5	652.1	652.1	666.4	666.4
Total Estimated Revenues		647.5	652.1	652.1	666.4	666.4

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Proposed Changes in Levels of Service for FY2003

Fraud deterrence is an essential element of public assistance program accountability. The FY2003 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, and criminal prosecution.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	583.5	652.1	0.0	1,235.6
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	12.6	14.3	0.0	26.9
FY2003 Governor	596.1	666.4	0.0	1,262.5

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Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	14	14	Annual Salaries	684,467
Part-time	1	1	COLA	14,706
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	247,825
			<i>Less 3.97% Vacancy Factor</i>	<i>(37,598)</i>
			Lump Sum Premium Pay	0
Totals	15	15	Total Personal Services	909,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Elig Qual Cntrl Tech I	6	2	0	2	10
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	2	0	2	15