

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 141 (as reported by the Committee of the Whole)

Sponsor: Senator Leon Stille

Committee: Families, Mental Health and Human Services

CONTENT

The bill would amend the Social Welfare Act to require that, by October 1, 2001, the Family Independence Agency (FIA) implement an automated finger imaging system to prevent a person from receiving temporary assistance to needy families (TANF) and food stamps under more than one name. Finger imaging could be used only to determine eligibility and reduce fraud in obtaining benefits or assistance under the Social Welfare Act.

A TANF or food stamps applicant would have to provide a finger image or images as a condition of eligibility. The FIA would have to promulgate rules providing for confidentiality of records; administrative appeal regarding the taking or verification of a person's finger image; and authority to exempt certain population groups (including senior citizens, children, homebound recipients, or nursing home patients). The FIA would have to remove a person's finger image from its files if he or she had not received FIA benefits or assistance in the previous three years.

The FIA would have to conduct semi-annual security reviews to ensure that records were accurate and complete; software and hardware had security features to prevent unauthorized access to records; access was restricted to authorized personnel; system and operational programs prohibited inquiry, record updates, or destruction of records other than from a system terminal designated to permit those actions; and programs were used to detect and report unauthorized attempts to penetrate a system, program, or file. Beginning December 31, 2002, the FIA would have to report annually to the Senate and House committees having jurisdiction over FIA matters certain information concerning the system's operation.

MCL 400.57a

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government. A review of other states suggests that the Arizona pilot project may be appropriate to compare with Michigan's system needs. The Arizona pilot project was run in one state district or region. The contract for system start-up and six months of services was approximately \$700,000 for a pilot project. Contract services included a public information campaign, employee training, development of guidelines, policies and procedures, pilot project evaluation and state-wide expansion to all 88 local offices. A final contract cost for the state-wide system includes an estimated volume of 600,000 fingerprint image transactions (including two print images per transaction) for a fixed annual fee of approximately \$921,000, and approximately 30 cents for each transaction over the original volume for a period of five years. The total five-year contract cost is approximately \$4.4 million.

It is difficult to assess if there would be costs associated with the additional administration activities for security reviews and reporting requirements. There could be some savings because of caseload reduction attributed to implementation of the finger imaging system, but they could be offset to some degree by the additional administrative costs.

Date Completed: 2-9-99

Fiscal Analyst: C. Cole

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Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.