

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1020 (Substitute S-2 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, not later than July 1, 1999, the Family Independence Agency (FIA) implement an automated finger imaging system designed to prevent an individual from receiving "temporary aid to needy families" and food stamps under more than one name. An individual applying for those benefits would have to provide the FIA with an automated finger image as a condition of eligibility. The finger image could be used only for determining eligibility for, and reducing fraud in obtaining, public benefits or assistance under the Act. The FIA would have to remove a person's finger image from its file if he or she had not received benefits or assistance from the FIA within the previous three years.

The FIA would have to promulgate rules establishing an automated finger imaging system that, at a minimum, included confidentiality and a system of administrative appeal. The rules could exempt certain population groups (such as senior citizens, children, homebound recipients, or nursing home patients) from providing an automated finger image. The FIA would have to conduct semi-annual security reviews to monitor the system to ensure that standards of accuracy and confidentiality were being met. Beginning on December 31, 2000, the FIA would have to report annually to appropriate legislative committees regarding the program's cost and savings; the number of people who applied under more than one name; the number of people refusing to give a finger image and their reasons; and a detailed review of the semi-annual security reviews.

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 that have implemented a state-wide or a pilot project finger imaging system 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: 4-21-98

Fiscal Analyst: C. Cole