

Promising Approaches and State Recommendations

Background

In 2006, the California Department of Social Services (CDSS) published a ten-year statistical study on fraud prevention and detection activities in the CalWORKs (CW) and Food Stamp (FS) programs. The data indicated that program integrity efforts and measurements fluctuated significantly between counties.

In response to the disparity of data and information collected from the counties, the County Welfare Directors Association (CWDA) of California and the California District Attorneys' Association (CDAA) joined with CDSS in establishing the Program Integrity Steering Committee (PISC) to identify cost-effective promising approaches for improving program integrity in the CalWORKs and Food Stamp programs.

Methodology

The PISC selected a Peer Review Team (PRT) comprised of representatives from District Attorneys' (DA) offices, county Special Investigations Units (SIU), the CDSS Fraud Bureau, and county eligibility staff, with the goal of gathering first-hand information on promising program integrity approaches that could be shared with counties statewide. The PRT developed a questionnaire on county approaches to detection and prevention of fraudulent activities in the CW and FS programs with subsequent prosecution activities. The questionnaire was tested in the pilot county of Solano. The PRT then visited six additional counties (San Diego, Riverside, Los Angeles, San Joaquin, Kern, and Humboldt) and surveyed county staff at all levels about their approaches for early and ongoing fraud prevention, detection, and prosecution.

Findings

The PRT findings in the pages that follow detail a number of recommendations that can serve as steps for counties to adopt and tailor to their own unique situations. Challenges to evaluating the cost-effectiveness of program integrity efforts were identified, primarily due to inconsistencies in the data reported by counties.

Promising Approaches

The mission of the PRT was to allow county staff to tell the story of what works in their county as well as what they believe could help them do a better job of fraud prevention and detection. Specific information on promising approaches, with supporting documents provided by the counties reviewed, is included with the individual county reports. The following recurring themes for promising approaches surfaced in the county site visits:

COUNTY RECOMMENDATIONS

Open Communication is the Key

- Open communication between the SIU, DA, county eligibility workers, and fraud administrative staff fosters positive working relationships and teamwork.
 - This was true regardless of the physical location or organizational structure of the SIU.
- Co-location of investigators with county welfare staff generally increases mutual trust, communication, and cooperation between investigators and eligibility staff.

Training Strengthens the Quality of Referrals

- Periodic training keeps investigators updated on changes in eligibility criteria.
- Providing fraud training for eligibility staff more frequently than annually maintains increased awareness of fraud prevention and detection techniques.
- Training activities enhance working relationships between fraud and eligibility staff and allow for a change in the focus of investigations when a current fraud trend is discovered.

Support from the Welfare Director is Critical

- Support for program integrity efforts at the welfare director level sends a clear message of its importance to county staff.

Technology Supports Communication

- Technology can meet the need for communication and feedback on referrals. As an example:
 - San Diego developed the Fraud Referral Tracking System (FRTS), a web-based system for fraud referrals.
 - Caseworkers use FRTS to submit referrals; investigators enter progress updates.
 - Eligibility staff can also check on the status of fraud referrals.
- San Diego also uses an internal Public Assistance Tracking System to complete the DPA 266 with data entered manually from FRTS.

Early Fraud Saves Money

- Early Fraud provides the best opportunity to maximize resources and avoid the higher costs of long-term investigations, prosecutions, and collection activities.
- Several counties have innovative programs that may include home visits and fraud prevention interviews as part of the application process. Examples:
 - San Diego's Project 100
 - Riverside's Fraud Review and Early Detection (FRED) program
 - Kern's Preventive Fraud Interviews (PFIs)
 - Los Angeles' CalWORKs Home Interview Program
- Some counties use fraud staff in non-peace officer classifications, such as Investigative Technicians and Investigative Aides, to perform fraud prevention activities.

Promising Approaches for Prosecution

- Counties are best served when the prosecutor assigned to handle welfare fraud is experienced and knowledgeable about welfare regulations and program requirements.
 - Counties reported that not all District Attorneys have this expertise.
- The learning curve associated with rotation of the assignment for prosecuting welfare fraud adversely impacts prosecutions.
- Advocacy for restitution at Probation Hearings provides opportunities for:
 - Probation searches for money
 - District Attorney follow-through on probation violations when court-ordered restitution has not been paid.

Other Creative Solutions Found

- **ADH:** San Diego County developed an Administrative Disqualification Hearing process handled by an eligibility worker for overpayments under \$1500.
 - The Administrative Disqualification can be imposed regardless of the client's appearance at the ADH.
 - Two Quarterly Reports are used to establish "intent" to commit fraud.

- **New Hire Data Base:** San Joaquin works New Hire abstracts and enters information into an Access database.
 - When the Wage Match (the largest IEVS match) comes in, the data is matched against the New Hire database.
 - This saves the county time by “weeding out” cases already worked for the New Hire abstracts and allows the county to concentrate on the Wage Matches that need to be worked.

- **Centralized IPV Log:** Riverside County keeps a log of all CalWORKs and Food Stamp Intentional Program Violations (IPV).
 - Supporting documents also retained with the log include the court order needed to impose a second or third offense.
 - This saves time when responding to inquiries from other counties on existing IPV's.

- **Succession Planning for Investigators:** County welfare eligibility and clerical staff represent a pool of potential recruits for the SIU.
 - Riverside established a career ladder to investigators and actively recruits and mentors candidates from clerical and eligibility who are interested in SIU careers.

- **Cite-and-Release Saves Prosecution Costs:** Kern uses a cite-and-release process in which the investigator, rather than a District Attorney Prosecutor, charges the client with a misdemeanor if under \$5000.
 - Specific conditions apply for use of the cite-and-release process.

- **Public support from the Board of Supervisors for program integrity efforts:** This support sends a clear message of the importance of program integrity to county departments and to the community.

Collection Opportunities

- Recording civil judgments and enforcing civil judgments on real property sales appears to be a successful way to collect.
- Referral of overpayments to a private law firm or agency for collection is another collection approach that works in LA County.
- Los Angeles extends the probationary period when probation is violated due to willful non-payment of court-ordered restitution, when the ability to pay exists.
- As collections generally averaged only half of the amount identified by counties, this area represents a potential opportunity for improving program integrity.

Challenges

The PRT encountered several challenges to its mission of identifying cost-effective promising approaches:

Need for Consistent Data

- Counties varied in computing investigations cost savings, from counting a one-month grant to counting 17 months' worth of grant as potential savings.
- Methods of counting applications differed from county to county:
 - A combined CalWORKs Food Stamp application might be counted as one or two separate applications;

- Food Stamp recertifications count either as new or ongoing applications.
- Methods of counting investigations differed based on agency reporting requirements.
- The definition of what constitutes Early Fraud is unclear and counties varied in their understanding and identification of Early Fraud. Some reported Early Fraud as occurring prior to the grant date; others counted Early Fraud activities if within 90 days of the grant date.
- The original statistical study spanned the fiscal years from 1994/95 through 2003/04. Counties underwent fundamental changes in programs and operations, which impacted data collection and reporting results. Examples:
 - Quarterly Reporting was implemented by counties at different times in 2003/04.
 - The learning curve associated with new automated systems affected county staff's focus on fraud during conversion time periods.
 - Organizational changes potentially impacted county approaches to fraud.

Maximizing Early Fraud

- Early Fraud programs continually strive for a balance between the investment of resources for prevention and the return on the fraud administrative dollar.
 - Counties want to do more Early Fraud to save costs of investigations and prosecutions.
 - Counties also find that their Early Fraud programs yield potential referrals that exceed the county's capacity for follow-up.
- Screening for high probability of fraud/ineligibility is an inexact science but is necessary for the most efficient allocation of resources and measurement of outcomes.

Impacts of Quarterly Reporting

- Quarterly Reporting changed fraud by changing the definition of reporting responsibilities.
 - Clients are generally not required to report income and household changes between reporting months.
 - Due to the complexity of the quarterly reporting regulations, it is more difficult to establish intent to commit fraud.
- Fraud administrative systems, such as IEVS quarterly wage and benefit matches, did not change in response to Quarterly Reporting.

Factors with Undetermined Impact on Program Integrity Efforts

- Use of DA Investigators versus Welfare Fraud Investigators.
- Resource and equipment availability.
 - Vehicles
 - Communication technology
- Differential constraints on program integrity efforts.
 - Budgetary
 - Political
 - Geographic

CDSS RECOMMENDATIONS

With the understanding that each county ultimately makes its own decisions about how best to allocate resources, the PRT offered several recommendations that would require CDSS to take action. These recommendations included:

1. The CDSS Fraud Bureau should revise its county reports to include additional data on the number of investigations in the various types of welfare programs.

2. CDSS Fraud Bureau should establish a standard method of computing county cost-savings.
3. CDSS Fraud Bureau should establish a standard definition of an Early Fraud vs. Ongoing Fraud.
4. The CDSS Fraud Bureau should provide regular reports for counties to use in monitoring the cost-effectiveness of their program integrity efforts.
5. The CDSS Fraud Bureau should maintain a central repository of fraud training ideas and materials created by counties and accessible to other counties via the Fraud Bureau website.
6. The CDSS Fraud Bureau and State Hearing Division should provide training and program guidelines on Administrative Disqualification Hearings to assist the counties.
7. The CDSS Fraud Bureau should review the cost-effectiveness of the various data match systems along with county feedback on the usefulness of each type of match.
8. The CDSS Fraud Bureau should encourage counties to establish Early Fraud programs.
9. CDSS should review its financial incentives of county program integrity efforts.
10. The PISC initiate a new peer review project to identify collection opportunities on unpaid food stamp and CalWORKs overpayments.