

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6926
BILL NUMBER: SB 281

NOTE PREPARED: Dec 30, 2006
BILL AMENDED:

SUBJECT: Restrictions on Public Assistance.

FIRST AUTHOR: Sen. Waterman
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires an individual who is at least 19 years of age and applying for certain public assistance to provide identification or, if the individual is unable to provide identification, an affidavit under oath that verifies the individual is a citizen of the United States or legally present in the United States before the individual may receive public assistance. The bill allows an individual to appeal a denial of public assistance. The bill also provides that a provision that violates federal law is void.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill requires a person who is 19 years of age and who applies for public assistance (i.e., benefits, assistance, or coverage) from the Family and Social Services Administration (FSSA), Department of Child Services (DCS), State Department of Health (SDH), or a township trustee providing township assistance, to provide identification. Identification includes a driver's license, passport, Social Security number, or another form of identification approved for verification by the FSSA, DCS, SDH, or township trustee showing that the person is a citizen of the United States or legally present in the United States. A person who is unable to provide proof of identification may provide an affidavit under oath attesting that they are a citizen of the United States or legally present in the United States in order to receive public assistance (See *Penalty Provision*). As provided by the bill, the person would not be eligible for public assistance if they do not provide identification or an affidavit.

Public assistance is defined under the bill as benefits, assistance, or coverage provided by: the DCS, the SDH, the FSSA, or a township trustee providing township assistance. Programs which do not currently require proof of identification or an affidavit under oath attesting that they are a citizen of the United States or legally present in the United States, would be required to do so and would experience a minimal increase

in administrative duties.

The following programs would require proof of identification or an affidavit, but this list may not completely identify all of the affected programs. The FSSA reports that services under Medicaid, Food Stamps, and Temporary Assistance for Needy Families (TANF) are already restricted to persons legally present in the United States. The programs require various types of documents to prove legal residence, including birth certificates, social security cards, and U.S. Immigration and Customs Enforcement (ICE) visa or documentation. Both the DCS and SDH report that they currently do not have any services which are restricted to only United States citizens and persons legally present in the United States. Furthermore, they report that legal status is not currently verified prior to service provision. The Township Association reports that persons receiving township assistance must be eligible for TANF and that documentation of citizenship is required.

This provision of the bill could potentially reduce the number of persons in the state who are eligible for public assistance. This could result in savings for the state or allow the state to redirect the funds to other persons needing services within a program for which services were not provided under the bill. Actual savings for the state would be dependent on the number of persons no longer eligible for services and the type and cost of services that they would otherwise receive. [Note: Some of these programs may be reimbursable by the federal government. Should the state not reallocate the funds to other persons within a program for services, the state could potentially reduce its overall federal funding.] The Urban Institute estimated that as of 2002 there were 75,000 to 100,000 undocumented persons in Indiana.

Penalty Provision: A person who knowingly provides false information on a public document if they knowingly obtain public relief or assistance by means of impersonation, fictitious transfer, false or misleading oral or written statement, fraudulent conveyance, or other fraudulent means commits a Class A misdemeanor. It is a Class D felony if the amount of public relief or assistance involved is more than \$250 but less than \$2,500 or the amount is more than \$250 and the person has a prior conviction of welfare fraud. It is a Class C felony if the amount of public relief or assistance involved is \$2,500 or more.

A Class C felony is punishable by a prison term ranging from two to eight years depending upon mitigating and aggravating circumstances. A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately 10 months, and it is approximately 2 years for a Class C felony.

The table below presents information pertaining to the number of persons committed to the DOC for welfare fraud between CY 2000 and CY 2005.

	2000	2001	2002	2003	2004	2005
Class C	9	11	3	8	15	11
Class D	5	3	0	9	1	4

Appeals: A person who is denied assistance may appeal to the entity that has denied the public assistance. The FSSA, DCS, SDH, and township trustee could experience an increase in workload as a result; however, currently, persons denied assistance from the majority of programs provided through the entities are allowed to appeal the denial. In addition, the number of persons appealing would likely be small. Under the bill, persons may provide an affidavit if they do not have proper identification. Thus, actual increases in workload are likely to be minimal.

Adoption of Rules and Creation of Affidavit Form: The bill allows the FSSA, DCS, SDH, or township trustee to adopt rules to implement the provisions of the bill. In addition, the entities are required to create an affidavit form. All entities should be able to facilitate adoption of rules and creation of an affidavit form within their existing level of resources.

Explanation of State Revenues: *Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class C or D felony is \$10,000, and it is \$5,000 for a Class A misdemeanor. Any additional revenues would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small. A Class A misdemeanor is punishable by up to one year in jail.

See Explanation of State Expenditures.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Family and Social Services Administration; Department of Child Services; State Department of Health; Department of Correction.

Local Agencies Affected: Township trustees; Trial courts; Local law enforcement agencies.

Information Sources: Indiana State Police; Department of Health; John Ryan, Department of Child Services; John Wood, Department of Child Services; Amy Davis, Family and Social Services Administration; Stephen Buschmann, Indiana Township Association; *Urban Institute, Undocumented Immigrants: Facts and Figures, 2004.*

Fiscal Analyst: Sarah Brooks, 317-232-9559.