



Coalition of California Welfare Rights Organizations, Inc.

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RECIPIENT & TAXPAYER IMPACT STATEMENT

\$13.2 million Pondera Solutions Demonstration Project replaces CalWorks fingerprinting while Medical Eligibility Data System (MEDS) does the same thing at no cost

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The Brown Administration has launched a 1.6 million dollar pilot program, not approved by the Legislature, to test Pondera Solutions replacement to the current Statewide Fingerprinting System (SFIS) for CalWORKs and General Assistance/General Relief, *Los Angeles, Napa, Placer, Riverside and Stanislaus* during 2017. Pondera Solutions was founded in 2011 and in its own words, “isn’t law enforcement, per se. The company offers fraud detection software to its clients with the aim of weeding out people that might be gaming public housing, unemployment, food stamps, and Medicaid systems.” For the past five (5) years, MEDS has been doing the same thing for CalFresh (Food Stamps), at no additional cost.

The history of statewide finger imaging system (SFIS) - The SFIS system was enacted in 1996 added by a 1996 trailer budget bill (Stats. 1996, Ch. 206, Sec. 1.5.) to allegedly identify and prevent duplicate participation in the CalWORKs and Food Stamp program (now CalFresh).

SFIS is wasteful: In 2003, the Bureau of State Auditor General released a report about SFIS which concluded “...most of the matches that SFIS identified have turned out to be administrative errors made by county staff, and the level of detected duplicate-aid fraud has been small.” After this revelation of waste, Califor-

nia’s welfare system still continues to spend taxpayer money to demonstrate that California is concerned about program integrity. To date, California may have spent about \$200 million on this failed system.

SFIS eliminated for CalFresh: On October 6, 2011, Governor Jerry Brown signed AB 6, Chapter 501, Statutes of 2011, which eliminated the Statewide Finger-Imaging System (SFIS). Effective January 1, 2012 California stopped using SFIS to identify duplicate participation in the CalFresh program and started to use the Medical Eligibility Data System (MEDS) to make sure that an applicant for CalFresh was not receiving CalFresh in another county.

In the past five years MEDS addressed CalFresh duplicate participation. State Auditor General’s office reports or any other entity have found widespread duplicated participation in CalFresh. MEDS has been very effective in combating duplicate participation.

In 2016-2017, the California Legislature appropriated \$13.2 million and the Governor’s budget proposes to use another \$13.2 million during 2017-2018 - most likely for a new system utilizing a form of Knowledge-

“Pondera’s award-winning software is supported by our Special Investigations Unit (SIU). The SIU employs certified fraud examiners, data mining experts, statisticians, and former government program integrity managers and law enforcement agents. Together, they design, deliver, and support our software which is literally “built by investigators, for investigators”.

RECOMMENDATION FOR BUDGET LEGISLATIVE ACTION

We urge the Legislature to delete any funding for SFIS or a similar system and enact budget control language that none of the funds appropriated by this budget can be used for SFIS or any other similar system.

Based Authentication –Pondera or Pondera- like system for CalWORKs and General Assistance.

What is our concern with Pondera? This project was initiated in 2016. The Trump administration has launched a major assault against our Hispanic brothers and sisters and their families. Trump’s executive orders implementing his war on immigrants makes individuals and families vulnerable to deportation with the implementation of the ill-conceived knowledge-based Pondera system.

Given the demographics of our caseload, we believe that this would have a horrific impact on our child-only cases which are 29% of the CalWORKs caseload. One could imagine the questions (on column 2) being asked of the ineligible relative caretaker of the child-only caseload.

CONCLUSION

What Pondera Solutions-like system will do, MEDS has been doing for the past five years without spending \$13.2 million a year- identify duplicate participation in CalFresh and Medi-Cal.

We suggest that in the absence of any major duplicate participation in the CalFresh program after 5 years of no fingerprinting, it is time to treat CalWORKs families just like we treat CalFresh and Medi-Cal families in California. There is no evidence of a slew of duplicate CalFresh and Medi-Cal participation. Moreover, it is our view that MEDS is more than capable of identifying duplicate participation as it is an instrument to verify identity of non-citizens for Medi-Cal. We would urge the DEFUNDING of the multimillion dollar Pondera Solutions, or any other similar system and use MEDS effective 8/17 when the SFIS contract ends. Why spend \$13.2 million for this unnecessary system when MEDS will do the same for no additional cost?

The \$13.2 million that is planned to be wasted for SFIS or a similar system in the Governor’s 2017-2018 proposed budget can better be used to help CalWORKs homeless families by upgrading the Homeless Assistance Program.

Recommendation for Legislative Action

- We urge the Legislature to require using MEDS for CalWORKs program integrity and delete any funding for SFIS or a similar system and enact budget control language that none of the funds appropriated by this budget can be used for SFIS or any other similar system.

Examples of questions Pondera would ask to determine identity of CalWORKs & CalFresh applicants and recipients.

(These questions assume alternative facts)

Current industry standard is to present 4 questions, 3 of the 4 questions answered correctly will pass the authentication. If not, then the person would be suspected of welfare fraud and could be subject to investigation, a search of their house by the welfare fraud investigators and more. Our beneficiary concerns are shown below:

1. What month were you born?
2. How long have you lived at your current residence? **BENEFICIARY CONCERN:** Many are homeless and do not have a residence.
3. Which of the following people have you known? **BENEFICIARY CONCERN:** This sounds like McCarthyism for our Hispanic brothers and sisters.
4. Which of the following vehicles have you recently owned/ leased?
BENEFICIARY CONCERN: Less than 25% of CalWORKs families own a car. This question is demeaning in that it assumes the respondent has a car like the person drafting the questions does.
5. Which of the following streets have you ever lived or used as your address? **BENEFICIARY CONCERN:** Some people are homeless and do not have a residence.
6. What is the color of your current vehicle? **BENEFICIARY CONCERN:** Less than 25% of CalWORKs families own a car. This question is demeaning in that it assumes the respondent has a car like the person drafting the questions does.
7. Which of the following email addresses have you ever been associated with? **BENEFICIARY CONCERN:** Many CalWORKs parents, especially those from the 29% child-only cases have no email address. It is also an insulting question and the respondent would feel demeaned for not having an email address.
8. According to your driver’s license, approximately how tall are you?
BENEFICIARY CONCERN: Less than 25% of CalWORKs families own a car. This is a demeaning question in that it assumes that the respondent has a car like the person drafting these questions does. Moreover, many parents do not even have a driver’s license.
9. Which of the following phone numbers have you ever been associated with? **BENEFICIARY CONCERN:** This question implies that folks have the same phone numbers for years and can identify the number. In reality, many CalWORKs beneficiaries are having their telephone services constantly disconnected then getting different numbers.