

EL DORADO COUNTY
DEPUTY SHERIFFS ASSOCIATION
WELFARE FRAUD SPECIAL INVESTIGATIONS UNIT

TO: Honorable Board of Supervisors
FROM: Special Investigations Unit, Welfare Fraud
DATE: November 13, 2008
RE: Proposed "Reduction in Force"

2008 NOV 13 AM 11:25

BOARD OF SUPERVISORS
EL DORADO COUNTY

As members of the law enforcement community, there are unique reasons why the Special Investigations Unit (SIU) is an asset to the County of El Dorado. This memorandum, and the accompanying data, highlights the reasons why SIU, as a cost-saving and income-producing arm of law enforcement should be kept intact, despite these tough budgetary times.

- **SIU is NOT general fund:** Historically, SIU has been funded through state and federal allocations, as set forth in the yearly Program Summaries submitted to the Board by the Department of Human Services (DHS). Unlike many other DHS programs, the County's net general fund cost for SIU is ZERO.
- **Fraud is an identifiable taxpayer concern:** All types of fraud are abhorrent to taxpayers; however, the fraud that occurs in the receipt of public benefits is of particular interest to most citizens. The current economic downturn will likely cause an increase in aid applications and a corresponding increase in the number of aid recipients who commit fraud. If the County eliminates or reduces SIU, the public's perception will be that the County does not highly value the detection, prevention, and punishment of welfare fraud.
- **SIU is cost-effective law enforcement:** Under Penal Code Section 830.35 the SIU investigators are peace officers; and, since 2001 have been required to complete POST academy training. The investigators have powers of arrest, carry firearms, prepare and execute search warrants, participate in POST-certified officer training, and conduct full law enforcement investigations into welfare fraud. Despite being peace officers, the SIU investigators' benefits mirror those of a nonsworn County employees resulting in cost savings (e.g., no "3% at 50," no take home car, and lower salaries than other law enforcement).
- **The County will lose direct revenue if SIU is eliminated:** The State allocates funds to DHS in part based upon the number of welfare fraud cases processed. These monies, paid into the Fraud Incentive Program, will decrease as SIU is either eliminated or reduced. Even if SIU's functions are assumed by one District Attorney Investigator, that investigator would have been unable to process, for example, the approximately 1,600 investigations completed in 2007.

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- **SIU provides direct and indirect benefits to taxpayers:** Not only does SIU generate income to DHS and save taxpayer money, as fully set forth in the accompanying data, SIU provides a myriad of services to the County that would otherwise be unperformed or underperformed. For example, SIU handled approximately 100 emergency CLETS requests (California Law Enforcement Telecommunications System), enabling Child Protective Services to safely place at-risk children into alternative homes. SIU also provides protection to the entire Briw Road staff of almost 350 workers. In 2007 alone, approximately 79 hours of SIU time was spent as first responders to workplace violence incidents. At a moments' notice, SIU investigators can accompany CPS social workers into dangerous situations, a function unlikely able to be fulfilled by already overtaxed local police agencies.

- **SIU has a new plan to combat welfare fraud:** At an October 2008 conference, SIU learned of a state trend towards Administrative Disqualification Hearings (ADH) that is lower cost than the full criminal court process, much quicker than criminal filings to resolve, and results in greater recovery of monies for the County. The neighboring County of Sacramento already uses this alternative process to great cost-saving effect.

- **Placer County previously eliminated its SIU; now reversing its decision:** Several years ago, Placer County eliminated its SIU, believing that it would save money for that county. It was recently decided by Placer County, after several years of study, that the original decision was a mistake and Placer County is currently rebuilding its SIU team, including the welfare fraud investigators.

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SPECIALIZED FINANCIAL CRIME INVESTIGATORS

The Welfare Fraud Investigators assigned to the Department of Human Services are peace officers as defined in Penal Code Section 830.35 of the California Penal Code; are required to attend a POST-approved academy; and, they have the same powers of arrest as other peace officers employed by El Dorado County. Welfare fraud is a complicated financial crime that requires specialized training and knowledge of complex and ever changing state welfare regulations, as well as knowledge of criminal statutes.

In investigations which result in findings that the recipient received benefits fraudulently, the recipient must repay the overpayment of benefits and the recipient is often denied future benefits, for varying periods from six months to a lifetime ban. If sufficient evidence is discovered to prove the specific intent crime of welfare fraud occurred, the recipient may be prosecuted. Unlike most other criminal investigators in El Dorado County, Welfare Fraud Investigators constantly operate within administrative, civil and criminal arenas. Welfare Fraud Investigators gather and evaluate evidence in every case as if a criminal prosecution might result.

PUBLIC PERCEPTION

The cost of preventing and investigating crimes is understood and accepted by the public. Many taxpaying El Dorado County voters currently believe welfare fraud is extremely pervasive and that their state and county tax dollars are currently being stolen. The current economic crisis is likely to result in significant increases in the number of people applying for aid in El Dorado County and an increase in the actual number of people that commit welfare fraud. By reducing the number of Welfare Fraud Investigators in the face of the increasing crime wave, the public's perception of the integrity of all social services programs and support for public assistance programs will be negatively impacted.

FUNDING

The California Department of Social Services provides welfare funds to the El Dorado County Department of Human Services for two purposes. First, monies are provided to pay for benefits to people in a variety of programs. Second, monies are provided to pay the county for the cost of administering these programs. The state recognizes an essential aspect of the administration of these programs is the prevention and investigation of welfare fraud. The State rewards effective fraud prevention and investigation activities by establishing and maintaining a Fraud Incentive Program. The citizens of El Dorado County and California do directly benefit financially from the work of the four Welfare Fraud Investigators at the Department of Human Services.

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	2005	2006	2007
COMPLETED INVESTIGATIONS	1086	855	1600
DIRECT SAVINGS ¹	\$129,519	\$ 80,284	\$210,884
IDENTIFIED OVERPAYMENTS	\$131,066	\$145,144	\$164,383
COLLECTED OVERPAYMENTS	\$304,306	\$358,038	\$274,304
TOTAL OVERPAYMENTS	\$564,891	\$584,016	\$649,571
ADMINISTRATIVE DISQUALIFICATION HEARINGS ²	0	0	0
DISTRICT ATTORNEY REFERRALS	9	1	7
CPS CRIMINAL HISTORIES BY INVESTIGATOR ³	346 hr	475 hr	109 hr
CPS CRIMINAL HISTORIES BY CPS WORKER	0	0	1101 hr
SECURITY STANDBYS ⁴	N/A	*	79 hr

¹ DIRECT SAVINGS occur immediately when an investigation discloses fraud that results in the denial of pending benefits or discontinuance of ongoing aid. Overpayments do not occur and collection action is unnecessary. Direct Savings represent unexpended cash and food stamp monies; and, do not include savings in the County Medical System Program (CMSP), General Assistance (GA), Child Care, or Homeless programs. The formula use to determine Direct Savings in this table were established by the California Department of Social Services; which has discontinued of this measure of Special Investigations Unit effectiveness.

² ADMINISTRATIVE DISQUALIFICATION HEARINGS (ADH) are different from fair hearings or criminal trials because the level of proof at an ADH, "clear and convincing," is higher than required at a fair hearing and less than required at a criminal trial. An ADH is held at the Department of Human Services; ADH penalties consist of varying periods of disqualification from 6-months to lifetime. The ADH procedure is inherently less expensive than a criminal prosecution.

³ CRIMINAL HISTORY HOURS are based on an average time of 45 minutes spent per inquiry; and to date, a total of 1210 hours have been expended on this task in 2008.

⁴ SECURITY STANDBYS require an investigator to respond to prevent violence in the workplace incidents; and, to reduce disruptive and annoying behavior in public areas. Most interventions are verbal; and, infrequently result in physical arrests. No accurate data is available for 2005 or 2006.

11/12/2008