



ARIZONA DEPARTMENT OF ECONOMIC SECURITY
1717 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Janet Napolitano
Governor

David A. Berns
Director

FEB 09 2006

The Honorable Robert Burns
Chairman, Senate Appropriations Committee
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Burns:

In accordance with A.R.S. § 46-217 and § 46-218, attached is the State Fiscal Year 2005 Arizona Fingerprint Imaging Program report.

If you need additional information, please contact Jane Huff, Acting Assistant Director, Division of Business and Finance, at 542-7166 or me at 542-5678.

Sincerely,

A handwritten signature in cursive script that reads "David A. Berns".

David A. Berns

Attachment

C: The Honorable Ken Bennett

ARIZONA FINGERPRINT IMAGING PROGRAM (AFIP)
REPORT TO THE LEGISLATURE
STATE FISCAL YEAR (SFY) 2005
(July 1, 2004 / June 30, 2005)

STATUTORY REQUIREMENT

A.R.S. § 46-217 and § 46-218, require the Department of Economic Security (DES) to establish a statewide Arizona Fingerprint Imaging Program (AFIP), an automated fingerprint imaging system, as a means of positive identification of welfare applicants and clients.

AFIP IMPLEMENTATION

Statewide implementation of AFIP was completed on June 30, 1998. Digital photo imaging was added to the AFIP system as of July 1, 1999. All adults and minor parents are digitally photographed and fingerprint imaged as a means of positive identification and as a condition of eligibility for receiving Food Stamp (FS), Temporary Assistance for Needy Families (TANF), and General Assistance (GA) benefits.

The Department contracts with SAGEM-MORPHO for the complete AFIP system including all equipment, software, and maintenance at a fixed annual fee of \$838,100. The contracted annual price may be adjusted proportionately to any revision of the contracted number of AFIP workstations. Also, should the number of transactions exceed 600,000 during any state fiscal year, each transaction in excess of the 600,000 will cost an additional thirty cents (\$0.30).

COST AVOIDANCE

In order to quantify the cost-benefit for AFIP, a code ("FI" denial/closure) was established in the automated system to identify and track the number of applicants and recipients that refused to comply with the fingerprint-imaging requirement. Estimations are based on an allocation of FS, TANF, and GA cases. The number of applications, together with case average data, is used to determine an estimated average cost avoidance for each of the 2,577 closed cases attributed to the fingerprint-imaging requirement. Applying this methodology, the SFY 2005 per-case estimated cost avoidance is \$4,390, and the estimated total cost avoidance is \$11,313,000.

An objective of the AFIP system is to identify and eliminate fraudulent multiple enrollments by eligible recipients. During SFY 2005, there were 18 cases of multiple client enrollments identified and subject to referral to the Department's Office of Special Investigations. The estimated cost avoidance attributed to these 18 cases is \$79,000.

AFIP COST AVOIDANCE SFY 2005

		*ESTIMATED COST AVOIDANCE	*ANNUAL CONTRACT COST	*MAXIMUM POTENTIAL SFY 2004 SAVINGS
Total Number of Applications SFY-2005 (TANF, FS, and GA)	708,530			
Total Number of Cases Closed/Denied for all Reasons	485,628			
Number of Multiple Client Enrollments	18**	\$79,000 (State \$30,000 Fed \$49,000)		
Number of Cases Closed Due to Refusing to be Fingerprint Imaged	2,577	\$11,313,000 (State \$4,299,000- Fed \$7,014,000)		
TOTAL		\$11,392,000 (State \$4,329,000 Fed \$7,063,000)	(\$838,100) (State \$419,100 Fed \$419,000)	\$10,553,900 (State \$3,909,900 Fed \$6,644,000)

* Costs and savings are proportionally distributed between the TANF, FS, and GA programs. Estimated amounts are rounded to the nearest \$100.

** Based on AFIP matches as verified by the Department.

Based on the above data, approximately 0.53 percent of case closures/denials were attributed to Arizona's Fingerprint Imaging Program. Other closures and denials of cases are due to (1) those individuals who do not complete the eligibility determination process, and (2) cases that are closed for various reasons including client relocation, exceeding the income limit, reaching the five-year limit, etc.