

SUBJECT: Finger imaging as public assistance identification

COMMITTEE: Human Services — favorable, without amendment

VOTE: 8 ayes — Hilderbran, Naishtat, Chavez, Christian, Krusee, Maxey, McReynolds, Wohlgemuth

0 nays

1 absent — Davila

WITNESSES: For — Chuck Courtney, Texas Retailers Association

Against — Patrick Bresette, Center for Public Policy Priorities; Alison Dieter and Charlotte Flynn, Gray Panthers; Bruce Bower, Joseph Heffernon

On — Cindy Alexander and Annette Lovel, Comptroller's Office; Robert Ambrosino and Terry Trimble, Texas Department of Human Services; Mary Alice Winfree, Texas Department of Health; Deanna Schexnayder, University of Texas; Renee Arsenault

BACKGROUND : In 1995, the Legislature enacted HB 1863 by Hilderbran et al., the comprehensive Texas welfare reform bill. HB 1863 directed the Department of Human Services (DHS) to develop a program to prevent welfare fraud by using an electronic fingerprint imaging or photo-imaging of adult and teen parent applicants for public assistance.

DIGEST: HB 2508 would direct DHS to study finger-imaging as a replacement for personal identification numbers (PIN) that public assistance recipients use to validate electronic benefits transfers (EBT) through the Lonestar card. The study would have to examine the most cost effective method of using finger-imaging, equipment and technology, system design, and appropriate pilot sites. DHS would then develop a pilot project based on the study, with advice from the Electronic Benefit Transfer Merchant Advisory Committee. The project would have to be implemented at no cost to retailers and using only private and federal funds.

DHS would have to submit an interim report to the Comptroller's Office by September 1, 1998, and a final report regarding the feasibility of statewide use of finger-imaging in the EBT program to the governor, the lieutenant governor, and the speaker of the House by February 1, 1999.

The bill would take effect on September 1, 1997, and would expire September 1, 1999.

**SUPPORTERS
SAY:**

HB 2508 would expand the use of finger-imaging implemented in last session's welfare reform bill by replacing PIN numbers with finger imaging when using the Lonestar card to access benefits. The pilot project that fingerprints welfare applicants has been successful in reducing fraud and preventing duplication of benefits in different counties. According to DHS, the vast majority of recipients are receptive to being fingerprinted because they have nothing to hide.

This bill would help reduce fraud by ensuring that people accessing benefits with the Lonestar card are those meant to use it. There is evidence that the Lonestar card is being used as contraband in some instances and this program would help reduce the risk of stolen or fraudulently used cards. A study on and pilot project to use finger-imaging technology would assist legislators in determining whether the project merits the estimated \$15 to 18 million in appropriations needed to expand it statewide.

This bill would not cost the state anything because it would use private and federal funds. The conference committee on HB 1, the general appropriations bill, has also tentatively approved the use of available funds to help DHS fund the study and pilot project. This would reduce the risk that private contractors would fund the project in order to obtain a benefit. In addition, any exceptions for elderly or disabled recipients and methods to provide for technology errors should be addressed by DHS by rule.

**OPPONENTS
SAY:**

HB 2508 would have the pilot project follow the study without first conducting any cost/benefit analysis. The expenses of such a proposal could be enormous while producing little savings. Major credit card industries are already researching the use of finger imaging, and it would make more sense to let the industry lead in this expensive undertaking rather than spend scarce state resources on a project with little apparent benefit. If the state

chooses to proceed with its own pilot project, it should at least include protections to ensure that private parties providing funds did not later benefit in the form of lucrative contracts to sell technology to the state.

It is unclear how the technology would affect disabled or elderly recipients who give their card and PIN to family numbers to shop for them. In addition, finger imaging technology is not error-free, and this could delay access to desperately needed food and money for shelter if the information was not processed properly. Furthermore, the project also would raise issues of increased stigmatization of welfare recipients.

NOTES:

Rep. Hilderbran plans to offer a floor amendment directing DHS to include information in the report related to the deterrence of fraud, improving the administration of the program with regards to security and cost savings, and improving public perception of public assistance programs.

A related bill, HB 2354 by Maxey, which would direct the interagency task force on EBT programs to develop a plan using a photograph or other imaging technology on all EBT cards, has been referred to the House Public Health Committee.