

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 304

SHORT TITLE: County Share/Day Care Fraud

SPONSOR(S): Senator Odom

FISCAL IMPACT					
Yes ()	No (X)		No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
EXPENDITURES	\$0	\$0	\$0	\$0	\$0
PRINCIPAL DEPARTMENT & PROGRAM AFFECTED: Department of Human Resources (DHR), Division of Child Development, and local Departments of Social Services					
EFFECTIVE DATE: Upon Ratification. Applies to Day Care Fraud and Overpayment Claims Collected After July 1, 1997					

BILL SUMMARY: SB 304 proposes to award each county incentive bonuses for each of the county's day care fraud and overpayment claims collected. The incentive bonuses shall equal 25% of the actual amount collected and recouped by the county and shall be used for subsidized child care services.

ASSUMPTIONS AND METHODOLOGY:

We reviewed FY 1995-96 data to estimate the fiscal impact of Senate Bill 304. During this time period, DHR's Division of Social Services reported 11 suspected day care fraud cases involving a total of \$6,331. In addition, approximately \$2,500 in fraud-related overpayments were reported through the Division of Child Development's Child Day Care Reimbursement System. Under Senate Bill 304, if the total amount of overpayments reported to both agencies in FY 95-96 was recouped (\$8,831), the state would return 25% or \$2,208 to the counties.

This fiscal note assumes Senate Bill 304 grants incentive bonuses to counties only in cases of customer error (i.e., suspected fraud) and not in cases of county error.

Senate Bill 304 will not require an increase in state or local funding. On the state level, each county receives an annual allocation for subsidized day care which is reviewed quarterly; no additional manpower would be required to return 25% of recouped overpayments to the counties. On the local level, most counties have a fraud investigator on staff to pursue all types of services

or welfare fraud, including day care fraud. This bill is permissive in nature and would not require counties without dedicated fraud investigators to hire one.

TECHNICAL CONSIDERATIONS: The bill language does not address whether the incentive bonuses apply in cases of customer error only or in cases of county error, also.

SOURCES OF DATA: DHR: Division of Child Development and Division of Social Services

FISCAL RESEARCH DIVISION

733-4910

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DATE: April 3, 1997



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