

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board —in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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Welfare System Integrity Act

Did you know that global pharmaceutical company Bayer Healthcare was the corporate co-chair in 2011?

Summary

Many states are facing harsh economic realities—meanwhile, citizens are demanding greater accountability on how their tax dollars are spent. In many states, citizens are voicing concerns over the escalating cost of the welfare portion of the state budget, which is quickly outpacing other state funding priorities.

The easiest way to break the cycle of welfare dependency, as well to stop the perceived and real abuses within the welfare system, is to prevent it in the first place by reducing the number of new enrollments. Front-end fraud prevention is the logical method to avoid the cost of investigation and prosecution later.

One key challenge is to separate those who are truly needy and eligible for TANF, food stamps, and Medicaid from those who are not. This critical first step in the process will allow the system to focus its efforts on those who have the most difficulty becoming self-sufficient, and it will free up the resources and energy needed to deal with the underlying problems that promote this perpetual cycle of dependency.

This legislation will establish the Income Eligibility Verification System (IEVS), a computerized system designed to find and root out welfare fraud. Currently, the federal government requires all states to have a computerized system of databases in order to eliminate fraudulent applications for assistance. However, the federal government requires that only four database matches be used. This updated legislation requires the state to institute a system of 17 different database matches, 13 more than currently mandated by federal law.

The IEVS proposed for use here is similar to the one that was successfully enacted as part of Mayor Rudy Giuliani's welfare reform initiative in New York City. Using a parallel system, 10,000 fleeing felons alone were found to be abusing the welfare system in NYC.

Model Legislation

Section 1. {Short Title} This Act shall be known as the "Welfare System Integrity Act."

Section 2. {Definitions}

A. As used in this Act, the following definitions apply:

1. "Significant discrepancy" means information regarding assets, income, resources, or status of an applicant or recipient of assistance, derived from one or more of the databases in this Act, which gives the department grounds to suspect that either:

a. An applicant or recipient is ineligible to receive assistance, under federal or state law, due to the applicant's or recipient's status; or

b. The assets, income, or resources of an applicant or recipient are at least, in terms of a dollar amount, twenty-five percent greater than the dollar amount reflected in the information the department possesses about the applicant or recipient with respect to the applicant's or recipient's assets, income, or resources.

2. "Status" means that the applicant or recipient is in the United States illegally, is no longer living, is an inmate in a prison or jail, or is a fleeing felon.

Section 3. {Income Eligibility Verification System}

A. The {insert state department of public welfare} shall establish a computerized income eligibility verification system in order to eliminate duplication of assistance and to deter fraud.

B. The department shall require that as a condition of assistance, an applicant or a recipient supply the social security number of the applicant or recipient. The department shall match the social security number of all applicants and recipients

with the following databases, or with databases that are substantially similar to, or successors of, the following databases:

1. Unearned income information maintained by the United States Internal Revenue Service;
2. Employers' quarterly reports of income and unemployment insurance benefit payment information maintained by the {insert state wage collection agency};
3. Earned income information maintained by the United States Social Security Administration;
4. Immigration status information maintained by United States Citizenship and Immigration Services;
5. Death register information maintained by the United States Social Security Administration;
6. Prisoner information maintained by the United States Social Security Administration;
7. Public housing and Section 8 payment information maintained by the United States Department of Housing and Urban Development;
8. National fleeing felon information maintained by the United States Federal Bureau of Investigation;
9. Wage reporting and similar information maintained by contiguous states;
10. The Beneficiary Data Exchange (BENDEX) Title H database maintained by the United States Social Security Administration;
11. The Beneficiary Earnings Exchange Report (BEER) database maintained by the United States Social Security Administration;
12. The {insert state new hire database} maintained by the state;
13. The {insert national new hire database} maintained by the federal government;
14. The State Data Exchange (SDX) database maintained by the United States Social Security Administration;
15. The Veterans Benefits and Veterans Medical (PARIS) database maintained by the United States Department of Veterans Affairs and the United States Department of Health and Human Services;
16. The {insert state day care subsidy payments database} maintained by the state; and
17. The Low Income Energy Assistance Program (LEAP) Reporting Utility Expenses database maintained by the state.

C. Notwithstanding any provision of law to the contrary, the income eligibility verification system shall be utilized for an applicant at the time of application for assistance, and for a recipient on a quarterly basis.

D. The department shall notify applicants and recipients of the requirement of providing a social security number at the time of application for assistance and as needed thereafter and pursuant to the provisions of this Act.

Section 4. {Discrepancies}

A. If a significant discrepancy results from a match between the applicant's or a recipient's social security number and one or more of the databases set forth in this Act, the department shall review the applicant's or recipient's case, as appropriate, and shall investigate the circumstances of the discrepancy in order to determine eligibility of the applicant or recipient.

B. The department shall institute the following procedure to investigate the circumstances of a significant discrepancy.

1. If the information is known to the department, is accurate, and does not result in ineligibility or modification of the amount or type of assistance, the department shall take no further action.

2. If Subparagraph 1 does not apply and a significant discrepancy results from the match between the applicant's or the recipient's social security number and one or more of the databases as listed in this Act, the applicant or the recipient, as appropriate, must be given an opportunity to explain the significant discrepancy. The department shall provide written notice to the applicant or recipient. Notice shall provide sufficient detail regarding the circumstances of the significant discrepancy, the opportunity to resolve the significant discrepancy, including the manner in which the significant discrepancy may be resolved, and the consequences of not responding to the notice or of resolving the significant discrepancy. The explanation of the recipient or applicant may be given over the telephone as set forth in this Act, in person, or in writing. After receiving the

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explanation, the department may request additional documentation in person or in writing if it determines there is a substantial risk of fraud.

3. If the applicant or recipient, as appropriate, does not respond to the notice, the department may close the applicant's or recipient's case for failure to cooperate. In such a case, the department shall provide notice of intent to discontinue assistance. Eligibility for assistance shall not be reestablished until the significant discrepancy is resolved.

4. If the applicant or recipient disagrees with the findings of the match between the applicant's or recipient's social security number and one or more of the databases set forth in this Act, the department shall investigate the circumstances and make a determination regarding whether the position of the applicant or recipient is valid. If, after investigation, the department finds that there has been an error, the department shall take immediate action to correct the error, and no further action shall be taken. If, after investigation, the department determines that the position of the applicant or recipient is invalid, the department shall determine the effect of the match on the applicant's or recipient's case and take appropriate action. Written notice of the department's action shall be given to the applicant or the recipient.

5. If the applicant or recipient, as appropriate, agrees with the findings of the match between the applicant's or recipient's social security number and one or more of the databases set forth in this Act, the department shall determine the effect on the applicant's or recipient's case and take appropriate action. Written notice of the department's action shall be given to the applicant or recipient.

6. If the findings of the match between the applicant's or recipient's social security number and one or more of the databases set forth in this Act result in no change in eligibility or overpayment, the department shall take no further action.

C. The department may, in its discretion, review and investigate an applicant's or recipient's case when there is a match between the social security number of the applicant or recipient and one or more of the databases set forth in this Act and the match does not result in a significant discrepancy. In such a case, the department shall utilize the procedure for reviewing and investigating a significant discrepancy set forth in this Act.

D. The department shall establish a single statewide toll-free telephone number and call center that must be used by applicants and recipients in order to resolve discrepancies. The call center shall have sufficient capacity and staff to promptly handle incoming telephone calls. In addition, the department must assign sufficient numbers of government eligibility workers in order to make determinations regarding eligibility pursuant to this Act. The call center shall use available technology to route and track the calls. The department may develop a competitive request for proposal for operating the call center.

Section 5. {Further Anti-Fraud Provisions}

A. No later than one year after the effective date of this Act and every year thereafter, the department shall provide a written report to the governor, the legislature, and the inspector general detailing the results of the system, the amount of case closures that result from the system and the savings that result from the system.

B. Within one year of the effective date of this Act, {insert county board} shall establish procedures to identify, investigate, and resolve potential cases of fraud, misrepresentation, or inadequate documentation prior to determining an applicant's eligibility for assistance. Each {insert county board} shall submit to the department a plan describing its antifraud procedures. The plan must be systematic and ensure that every case is reviewed. Further, the review must include utilization of the income eligibility verification system established in this Act.

Section 6. {Determination of Eligibility}

A. Caseworkers shall maintain close contact with an applicant, recipient, or assistance group. Home visits shall be scheduled as frequently as required by the circumstances of the applicant or recipient in order that any treatment or service tending to restore the applicant or recipient or assistance group to a condition of self-support and to relieve distress is rendered and in order that assistance is given only in such amount and as long as is necessary. The department may develop a competitive request for proposal for conducting home visits and may contract with a firm the department certifies as able to design and implement such a system.

B. Where inconsistencies or gaps in information presented by an applicant or recipient exist or where circumstances in the case indicate to a prudent individual that further information is needed, the caseworker shall seek additional information.

Section 7. {Effective Date} This Act shall take effect immediately.

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