



Fiscal Estimate Narratives

DOA 6/14/2013

LRB Number 13-1279/1	Introduction Number AB-0196	Estimate Type Original
<b>Description</b> Creating an incentive program for reporting fraud to a state hotline, granting rule-making authority, and making an appropriation		

**Assumptions Used in Arriving at Fiscal Estimate**

Assembly Bill (AB) 196 creates an incentive program for the reporting of fraudulent activity or agency mismanagement to an existing fraud hotline or to any other fraud hotline established by a state agency. The bill directs the Department of Administration (DOA) to make a reward payment of up to 5 percent of the amount of state funds that are recovered or saved as the result of a report to the individual who made the report that led to the recovery or savings. AB196 also creates an appropriation within DOA from which to make these payments. DOA may assess an agency that recovers or saves state funds as the result of a report to a fraud hotline for the amount of a reward payment made. This assessment must be paid from the appropriation(s) for administration of the program in which the reported fraudulent activity occurred unless otherwise prohibited, in which case the assessment must be paid from a general program operations appropriation of the agency.

The fiscal effect on DOA is indeterminate.

The Department estimates one-time costs of approximately \$9,000 for an attorney to develop administrative rules to govern the program.

The Department also estimates on-going costs of approximately \$43,000 annually for a 0.50 FTE Program & Policy Analyst position to work with the agencies that have hotlines to receive reports regarding fraudulent activities or agency mismanagement. This position would research and/or investigate each report to determine if an incentive payment is warranted and to determine the total of that payment.

The Department is unable to estimate on-going costs that would be associated with appeals that may be generated. A person applying for a reward payment would likely have a right to appeal the Department's final decision in the event that a payment would be denied for failure to meet requirements of the applicable administrative rule. The Department, in conjunction with the Department of Justice, would expend resources and staff time defending the appeal. This cost is indeterminate at this time as it would depend on the complexity of the case and the number of appeals.

On-going costs related to processing of payments and invoicing of assessments to agencies would be rolled into the duties of an existing position.

Under the bill, an agency that pays an assessment is required to pay the assessment from the appropriation in which the fraudulent activity occurred unless payment from that appropriation is prohibited, in which case, the agency is required to pay the assessment from a general operations appropriation of the agency. The bill does not address where the assessment should come from in the event there is no general operations appropriation from which to pay the assessment.

**Long-Range Fiscal Implications**

Indeterminate