P100 Costly Home Searches—Where’s the Fraud?

Data-Based Evaluation of
San Diego County’s Blanket Home Search Requirement
for Families Applying for Welfare

Hilda Chan
Soros Justice Advocacy Fellow 2012-2014
Open Society Foundations

April 11, 2014

Special thanks to Open Society Foundations, Public Interest Law Project (PILP),
the Caring Council, and Supportive Parents Information Network (SPIN)
I. Executive Summary ..................................................................................................................... 3
II. Introduction .............................................................................................................................. 4
III. Methodology ............................................................................................................................ 6
IV. Historical context prior to P100 .............................................................................................. 6
   a. Welfare fraud prior to P100 is unknown
   b. P100's origin and implementation
   c. No initial or subsequent evaluation of P100's efficacy
V. Home Search Procedures ......................................................................................................... 10
   a. Procedures before the search
      i. Obvious denials
      ii. Classification as P100 or allegation-based investigations
      iii. P100 home searches are never scheduled
   b. Procedures during the P100 investigation
      i. Entering the home
      ii. If the applicant is not home
      iii. Initial questioning
      iv. “Walk through” of the home
      v. Third party contacts
      vi. Homeless applicants
      vii. Threats of children being taken away
      viii. Length of investigation
      ix. Parents' experience of P100
VI. Data trends showing P100 is ineffective ............................................................................... 15
   a. Stable denial rate suggests no new fraud found by P100
   b. No increase in certain types of denials attributable to P100
   c. Application rate shows P100 does not deter would-be fraudulent applicants from applying
   d. Slight increase in withdrawal may suggest an impact by P100, but inconclusive as to whether fraud was deterred
VII. LA County as case study ....................................................................................................... 19
VIII. P100 is not cost-ineffective ................................................................................................. 20
      a. Cost estimate
      b. Accurate P100 cost-avoidance estimate is unavailable
      c. CDSS should defund P100 because it is not a cost-ineffective anti-fraud investigation activity
IX. P100 Duplicates Existing Efforts .......................................................................................... 21
X. Diminishes CalFresh (Food Stamps) Participation ................................................................. 22
XI. Conclusion ............................................................................................................................... 23

Acronyms....................................................................................................................................... 24
Appendix A: Families’ experiences of P100 home searches ....................................................... 25
Appendix B: Methodology for P100 cost estimate ........................................................................ 28
Appendix C: Faulty P100 Data Collection Methods, with Attachment 1 ..................................... 30
Executive Summary

Since 1997, San Diego County has required all families applying for welfare to submit to warrantless, suspicionless, unannounced home searches and interrogations by District Attorney Investigators. This policy, called "Project 100%," is cost-ineffective and fails to achieve its intended goals of verifying eligibility, detecting fraud, or deterring fraud.

Not only are blanket home searches ineffective, they are harmful to children and parents in crisis. Simply for requesting government aid for which they are potentially eligible, families are forced to endure the frightening and degrading intrusion into the private spaces of their homes by law enforcement officials. These home searches often unnecessarily delay the delivery of aid and services to hungry and homeless families.

Data outlined in this report establishes that San Diego County should abandon blanket home searches and return to the smarter, fairer, and more cost-effective policy of targeted investigations employed by every other locality in the U.S. The millions in welfare funds diverted to finance blanket home searches should be returned to poor families seeking support and training to achieve self-sufficiency.
II. Introduction

Since 1997, San Diego County has required all families applying for welfare (“CalWORKs”) to submit to warrantless, suspicionless, unannounced home searches and interrogations by District Attorney Investigators. As of June 2013 about 150,000 families, or about 9,300 families each year, have been subject to these searches. This policy, called Project 100% (“P100”), is cost-ineffective, duplicates existing staff work, and has not been shown to achieve its stated purposes of verifying eligibility, detecting fraud, or deterring fraud.

San Diego County remains the sole locality in the nation that has imposed a blanket home search policy on families applying for CalWORKs. All other localities use targeted investigations, initiating investigations only after a discrepancy is detected in an application.

For 10 years, Los Angeles County implemented a modified blanket home search program, using social workers rather than law enforcement officials. Its home search program was discontinued in 2009 because it was highly cost-ineffective—it cost $4.7 million annually but uncovered fraud in less than ½ percent of homes searched. Abandonment of its blanket home search policy allowed 83 staff to be redeployed to alleviate workload in other areas.

In San Diego County, at least $28.5 million—$1.76 million per year—in CalWORKs funds has been diverted from aid to needy families to fund the DA’s costs of the County’s blanket search program. While these costs are likely underestimated, the cost-avoidance figures have been verified to be overestimates. Unfortunately, historically flawed data classification methods have made it impossible to more precisely assess P100’s cost-effectiveness. Even accepting the County’s figures and flawed data classification methods, however, P100 is still cost-ineffective. P100’s yearly cost of $1.76 million could instead be used to hire 42 new welfare-to-work employment counselors to assist clients on the road to self-sufficiency.

Despite claims of P100’s efficacy, County officials cannot demonstrate that the home searches actually detect or deter fraud. For the past 18 years, the DA’s Office has represented to public and legislative officials that P100 detects fraud in 25 percent of all applicants that would otherwise have been granted.

---

1 See Appendix B for data sources and methodology for this cost estimate.
2 See Appendix C for an explanation of how cost-avoidance figures are overestimates.
3 This estimate of 42 positions was achieved by dividing the underestimated $1.76 million P100 yearly cost-estimate by $41,600, the median salary of HHSA workers surveyed in the following report: “County Employees: Overworked and Undermined,” San Diego State University Department of Sociology and Center on Policy Initiatives, May 2011, at p. 14.
4 The DA’s Office has cited a 25 percent P100 “fraud rate” in advocating for the following failed bills seeking to spread P100 statewide: SB 786 (2005), SB 269 (2007), AB 1479 (2009), AB 631 (2009), AB 1866 (2010). Deposition of Luis Aragon, February 22, 2002: “through about 4.5 years of P100, the rate of total program ineligibility emanating from Project 100% continues to be anywhere between 23 and 25 percent.” In 2002, Aragon had been the Division Chief of Public Assistance Fraud Division for 5 years. Aragon was also designated by the County of San Diego County as the person most knowledgeable of reports or assessments of P100 during Sanchez litigation (See Sanchez v. County of San Diego, 464 F.3d 916, 918-20, 931 (9th Cir. 2006)). Frank Reid, Supervising District Attorney Investigator, wrote in a 6/24/2002 letter to San Diego County...
The welfare agency, called Health and Human Services Agency (HHSA), has verified that this purported fraud rate has been historically inflated, systematically including non-fraudulent situations and denials unrelated to P100 such as:

- Applications withdrawn for any reason
- Denials because the applicant was not home during the DA investigator’s two surprise visits
- Denials resulting from the normal eligibility process, rather than P100 results
- Cases denied due to P100 investigations but subsequently approved after reapplication or fair hearing.

Dr. Richard Berk, UCLA Professor, Department of Statistics, concluded in his 2002 study of P100:

I have seen nothing that would lead to a credible conclusion that Project 100% has succeeded in increasing fraud detection at the levels claimed by the Chief of the Public Assistance Fraud Division of the DA’s Office.

Data trends suggest that P100 is no more effective in determining eligibility than the normal, less invasive eligibility verification tools relied upon by other localities. If P100 actually added a new, effective layer of fraud or ineligibility detection, the application denial rate would have risen at the introduction of P100. This did not occur; the CalWORKs application denial rate of 43 percent remained exactly the same in the 6 months before and after P100’s inception in June 1997. P100 also does not deter ineligible families from applying; the application rate increased slightly at P100’s introduction.

Both the welfare agency and the DA’s Office have been aware that “the numbers just don’t add up.”

Other counties in California have opposed legislation that sought to impose P100 home searches on all families statewide that apply for cash aid.

For the sake of fiscal responsibility and good governance, the San Diego County’s Board of Supervisors must end P100 blanket home searches and return to the smarter, more cost-effective policy of targeted investigations.

Counsel about P100: “In a nutshell, Project 100% stats are not complicated; an average of approximately 25% of cases that would have been granted without a home visit were found ineligible based on information developed as a result of the home visit.”

5/4/99 Email from Donna Hand (HHSA Assistant District Manager, Northeast, 2002) to Jean Vukotich (HHSA Assistant Deputy Director, 2002): “…in crunching numbers, he [Jim Wilson, Los Angeles County Department of Public Social Services] sees there was an average 43% denial rate before Project 100% and he identifies an average 43% denial rate after Project 100% implementation. He went over Frank Reid’s figuring of Project 100% and says that the numbers just don’t add up.” In 2002, Luis Aragon, the DA Division Chief of Public Assistance Fraud Division, testified that he would have expected a rise in the application denial rate after P100’s implementation, since P100 was supposedly uncovering fraud in 25 percent of cases that would otherwise have been granted, but he could not explain why there was no rise in the denial rate.
III. Methodology

HHSA has verified that its P100 data collection method has historically inflated P100 fraud rates. As a result, it has been impossible for the agency conclusively to determine P100’s efficacy or costs. This has persisted despite the DA’s own consultant’s early recommendations to improve data coding methods.

Thus, it is only possible to estimate P100’s costs and to use data trends as proxies for evaluating P100’s efficacy. This report evaluates P100’s efficacy and cost-effectiveness through agency reports, discovery produced in litigation on the constitutionality of P100, and data from Los Angeles County’s Home Visitation Program as a case study comparison.

All underlying documents and data referenced in this report can be made available upon request.

IV. Historical Context Prior to P100: The County’s Culture of Fear of Criticism For Inadequate Fraud Prevention; Anti-Immigrant Fervor of the 1990s

Welfare caseloads in San Diego County had been steadily declining since at least July 1994, three years before P100’s inception. HHSA attributed this decline to a number of factors, including an improved economy, a decrease in unemployment, and federal welfare reform one year before P100’s inception.

In the early 1990s, a series of Union Tribune newspaper articles alleging poor welfare fraud prevention efforts put the Department of Social Services (DSS) in the position of defending itself against citizen complaints and the Board of Supervisor’s concern. In 1994, DSS augmented its fraud detection methods by initiating “Team Zero,” which added DSS staff to interrogate targeted welfare recipients. The fight

---

6 For more details on these faulty data collection methods, see Appendix C.
7 Undated and untitled report by Dr. Shirley Johnson on the first six months of P100, page 6.
9 Sanchez v. County of San Diego, 464 F.3d 916, 918-20, 931 (9th Cir. 2006).
10 LA County’s “Home Call Visitation Pilot” also required home visits of all applicants as a condition of eligibility for welfare. However, home calls in LA were conducted by social workers, rather than investigators from the DA’s Office. Differences in LA’s demographics limit the generalizability of the efficacy of their home visit program.
11 Admittedly, findings from LA County’s home interview program are of limited applicability to questions of P100’s efficacy. However, since San Diego County never conducted adequate studies of P100’s efficacy in preventing or deterring fraud, it is necessary to rely on more indirect indicators of blanket home searches’ efficacy. LA County conducted a controlled pilot study of its home visits before full implementation, and no other locality has employed similar home visits as a prerequisite to welfare eligibility.
12 In 1997, San Diego County united DSS and several other agencies to form the current Health and Human Services Agency (HHSA).
against fraud became overly aggressive; internal DSS correspondence documented a number of inappropriate intimidating behaviors among Team Zero staff.¹³

Much of the anti-fraud fervor was likely due to the misconception that undocumented immigrant families were receiving public benefits to which they were not entitled.¹⁴ Prior to P100, the County had been targeting immigrant families on public assistance living close to the US-Mexico border, suspecting that these families actually lived in Mexico. Nearly all applicants in the south region were already receiving home investigations by the DA to verify U.S. residency, although the DA’s Office never conducted an analysis of the frequency of cases in which applicants actually lived in Mexico rather than in San Diego.¹⁵

In reference to the negative news coverage of DSS in the 1990s, Dr. Robert Ross, director of DSS/HHSA from 1997 to 2000, described the resulting “culture of fear” in the management and staff of his agency:

> [T]he major concern that I had was…the morale of a demoralized and beaten-down Social Services agency. And when there is newspaper article after newspaper article that alleges that a department is derelict in their duties around fraud prevention, that they were not good stewards of the public trust in terms of those taxpayer dollars, that there were private citizens and the grand jury fighting to get on the front pages, jumping on the bandwagon of this issue of Medi-Cal fraud and welfare fraud, that you had a Social Services director [Cecil Steppe] who, in my view was a good and dedicated public servant, and whose job I had speculated was perhaps even in jeopardy for some period of time because of all the public criticism leveled at the Department of Social Services, my concern was...that they would be paralyzed and terrified to [be] aggressive in outreach and enrollment for those who are eligible.

Dr. Ross was concerned that the “culture of fear” and “negative morale” within the agency staff and management would bring “a customer-unfriendly attitude and posture in our County welfare offices.” He was aware that

> in and among the community that there was a perception that welfare benefits were too difficult to get....what I did not want was rumors running rampant throughout the communities in San Diego that one should not bother even applying for services because the perception might have been that the bureaucracy was too difficult to navigate to get the services.

¹³ These included the reading of Miranda warnings, having clients followed to parking lot by Team Zero or security guards, threats of prosecution for perjury, requirements to bring itemized phone bills and questioning on whom recipients had phoned, and requirements for overbroad release of confidential information authorizations. Team Zero was eliminated in November 1997.

¹⁴ Undocumented immigrants are not eligible for CalWORKs benefits. California Welfare and Institutions Code § 11104.

¹⁵ Deposition of Frank Reid, Supervising District Attorney Investigator, 2002.
Fraud Rate Among Welfare Applicants Before P100 Is Unknown

Prior to P100, San Diego County only initiated home searches where there was a discrepancy in an application that created reasonable suspicion of fraud. Before P100, eligibility workers (EWs) referred an average of 20 percent of welfare applicants to the DA’s Office for “allegation-based” early fraud investigations.16

Unfortunately, it is impossible to identify the amount of attempted fraud uncovered from these investigations, due to DSS’ data reporting methods. Investigation results were, and still are, classified into six “action codes” that conflate a wide range of findings. Of the 20 percent of applicants that received early fraud investigations prior to P100, the following is the breakdown of investigation results:

- “allegation unfounded (no violation occurred)” – 48%
- “denials and withdrawals” – 29%
- “insufficient evidence (not enough information to take any case action)” – 13%
- “discontinuances/ including client requests” – 6%
- “benefits reduced” – 2%
- “fraud found but no adverse $ impact (no effect on eligibility)” – 2%

The problem with this coding is that disposition code “denials and withdrawals” included both non-fraudulent and potentially fraudulent results, including:

- case in which the fraud investigator has found no evidence of fraud, but the EW denied the case on the basis of information provided by the parent
- all withdrawals of application for any legitimate reason
- the investigator could not contact the client after two attempts

Thus, because the data does not disaggregate instances of attempted fraud from the many non-fraudulent reasons why a family is determined ineligible for benefits or may withdraw its application, it is impossible to identify the fraud rate among welfare applicants prior to P100.

P100’s Origin and Implementation

The idea to expand DA investigations to families with no discrepancies in their applications, rather than continuing to target only those with some suspicion of fraud, originated at a time when many investigators in the DA’s Office did not have sufficient work. The minutes of San Diego County DA Roundtable on February 18, 1997 state:

“EF/P [Early Fraud and Detection and Prevention] referrals are steadily going down. Currently, we get less than 1 referral per day, per investigator. EF/P has 28 investigators on board, and they can comfortably do 4 referrals per day, per investigator (or 2,400 per month). According to Frank [Reid, Supervising District Attorney Investigator], there are between 1,500 and 1,800 new applications for aid per month. He suggested that all new applications be sent to EF/P. The

---

group thought Frank’s suggestion was an excellent idea, so Frank will get historical information and work the numbers.” (emphasis added)

Rather than eliminating idle fraud investigators as the demand for their services declined with diminishing welfare caseloads, the DA’s Office initiated P100. Prior to P100’s implementation, no studies had been conducted to evaluate the incidence of fraud or the need to replace the existing, targeted investigation policy with a blanket search policy.

The DA’s Office anticipated that DSS “will not react well” to the plan to require blanket DA investigations. It bypassed DSS and proposed P100 directly to the Board of Supervisors. HHSA director Dr. Robert Ross testified in 2002:

No one ever consulted me about that project. I was never briefed on the project. My opinion was never asked about the project. And to the extent that, perhaps, legally this is described as a joint HHSA/district attorney project, that was not the way the program was run.

In the April 29, 1997 Board of Supervisors meeting, the DA’s Office recommended P100’s implementation beginning June 1997 and funding for an outside consultant to review and report on P100. The DA’s Office began P100 searches on June 7, 1997.

The exclusion of HHSA input continued after P100’s creation, according to Dr. Ross:

It was clear to me...any attempts or efforts of any Human Services or Social Services staff, including myself, to attempt to redesign, influence, [or] shape the activities of Project 100% would be extremely unwelcome.

From January 1999 to May 2003, P100 was expanded to include applicants that had received aid in the past 12 months. Later in 1999, relative caretakers became exempt from P100 investigations because, according to a manager of one regional welfare office:

many of our relative caretakers are unhappy with having to come into the office to apply for aid and all the demoralizing aspects of this process. To have an investigator come to their home adds insult to injury....We want to make them happy campers without compromising accuracy as they agree to provide care for these often difficult children.

Nothing in this political decision to exclude the non-parent caretaker relatives from P100 explained why they were, as a group, less likely to commit fraud.

17 March 5, 1997 DA internal memo, “DA Investigations of Early Fraud.”
18 AFDC Program Guide Special Notice 97-21.
19 CalWORKs Program Guide Special Notice 98-60.
20 CalWORKs Program Guide Special Notice 98-60 Addendum A, exempting needy and non-needy relative caretakers from P100.
21 Letter of 3/25/99 from Yvonne Campbell (General Manager of North Central Region) to Joan Zinser (Deputy Director, Policy Strategy and Program Development), “Support for Relative Caretakers.”
In May 2000, the DA’s Office entertained the possibility of arming P100 investigators with guns, which would elevate their salaries and retirement benefits. However, investigators remained unarmed.\(^{22}\)

**No Initial or Subsequent Evaluation of P100’s Efficacy**

At P100’s inception in April 1997, the Board of Supervisors approved payment of an outside consultant to review P100 during the upcoming fiscal year.\(^{23}\) Unfortunately, consultant Dr. Shirley Johnson could not study the efficacy of P100; given the sample size she was given, she stated that it was impossible to make any generalized conclusion about P100’s efficacy.\(^{24}\)

However, Dr. Johnson’s study made important recommendations for changes in data collection methods and the need for solid experimental evaluation to understand P100’s efficacy.\(^{25}\) Those recommendations were never adopted\(^{26}\), and there have been no subsequent attempts to evaluate P100’s efficacy.

**V. Home Search Procedures**

**Procedures Before the Search**

**Obvious denials**

A family applying for CalWORKs first attends an intake interview with an eligibility worker (EW). If the EW determines an applicant is an “obvious denial,” the EW makes no referral to the DA for investigation, simply denying the case.\(^{27}\) An obvious denial may include a situation in which a family clearly makes too much income, for instance, or if there is no child in the family applying. The proportion of applicants who were deemed obvious denials has ranged from over 40 percent in 1997 to around 20 percent in 2012.\(^{28}\)

During the intake interview, the EW will ask an applicant who is not an obvious denial to provide an array of verifications, including bank statements, rental agreements, birth certificates, social security cards, work documents, immunization records, school attendance records, and others. The applicant has some time to gather and submit these documents over the next 45 days.

---

\(^{22}\) 5/22/00 DA’s Office Intra-Departmental Correspondence, Subject: “Arming Public Assistance Investigators.”

\(^{23}\) 4/29/97 Agenda Item to Board of Supervisors.

\(^{24}\) “Due to the small, homogenous sample size, the generalizability of the study results is limited. The study is not benefited from a randomly selected control group, but investigates an available ‘in-place’ sample. It is therefore not possible to generalize the findings to all HHSA applicants participating in the Sa Diego County District Attorney’s Project 100%....Inferences from collected data are not sufficient for permitting strong tests of causal hypotheses.” Undated and untitled report by Dr. Shirley Johnson on the first six months of P100, page 6.

\(^{25}\) Undated and untitled report by Dr. Shirley Johnson on the first six months of P100, page 1-2, 9.

\(^{26}\) Deposition of Luis Aragon, Chief of Public Assistance Fraud Division, 2002.

\(^{27}\) San Diego County CalWORKs Program Guide 20-000-B.

\(^{28}\) Comparing District Attorney’s Office, Early Fraud Prevention and Detection, monthly district reports with CW 237 CalWORKs Cash Grant Caseload Movement Reports.
Classification as P100 or allegation-based investigations

Within one workday of this intake interview, if the case has not already been denied as an obvious denial, the EW makes a referral to the DA’s Office for an early fraud investigation of the applicant. The EW must classify this referral as one of two types. 29 Those which the EW finds some suspicion of fraud are referred for “allegation-based” early fraud investigations—about 24.7 percent of all applicants during P100’s first year. 30 Those whom the EW finds no suspicion of fraud are referred for P100 investigations—about 24 percent the first year. (The remaining 51.3 percent were obvious denials). The EW separately codes P100 versus allegation-based early fraud investigations in the Fraud Referral and Tracking System (“FRTS”), HHSA’s automated method of initiating, recording, tracking fraud referrals to the DA’s Office.

P100 home searches are never scheduled

The EW then informs the applicant during the intake interview that a DA investigator will come to his or her home for an investigation, but cannot tell the applicant when that visit will occur. The DA investigator makes no appointment with the applicant for the surprise home visit, but the investigation must be completed within a 10-day window after the initial intake interview with the EW. Thus, P100 investigations are completed well before the EW’s 45 day deadline to determine whether the applicant is eligible.

Because applicants are never told when P100 investigators will arrive within the 10-day window, applicants face considerable frustration and anxiety. For parents, who must take their children to and from school, appointments, or themselves go to work or school, it is often difficult to be present at home during all of this large period. Attempting to do so can prevent applicants from dealing with other aspects of their tenuous situations. One mother recounted:

I was pinned to the house. I was scared to go out. I was so angry because I’m in college trying to better myself, and I had a test to take. Since I wasn’t home the first time, he left me a card. I called him, and he said he couldn’t tell me what time he’d come again. I told him, "I’m a full-time student. What am I supposed to do, stay home all day and night? I have to take my kids to school, I have to go to the store." But he said, "Well if I don’t do the search, you can’t have your food stamps. You can’t have your benefits." He said if I wasn’t home when he showed up, I’d have to wait another 3 weeks! So it’s like a vicious cycle. I’m trying to get off, but they’re trying to keep me in. I ended up missing class several times, and when you miss class, you can fail the entire class. Finally, he came at 6:45 in the morning. My kids and I were just barely getting ourselves up in the morning. He walked through the house. Clearly he was feeling awkward. 31

Procedures During P100 Investigations

The nature of P100 investigations has varied over time, but the following are some standard procedures.

29 See “Fraud Prevention” Handbook by Public Assistance Fraud Division, at pages 3-8.
30 District Attorney’s Office, Early Fraud Prevention and Detection, monthly district reports.
The eligibility factors to be verified by P100 are:

- Residency
- Income
- Assets
- Presence of minor children in the home
- Absent parent

**Entering the home**

If the applicant is home, the investigator identifies him or herself, showing either a metal badge or identification card with the District Attorney logo. The investigator asks to enter the home, but does not tell the applicant she may refuse entry. If the applicant does not permit the investigator to enter the home, the investigator reports this to the EW, which results in an automatic denial of the application.

**If the applicant is not home**

If the applicant is not home when the DA investigator makes the first unannounced home visit, the investigator leaves a business card and proceeds to contact third parties to verify the applicant’s information. (See “Third Party Contacts” section below.) The applicant is given an opportunity to contact the investigator via the business card, although P100 investigators will not schedule an appointment for the second visit. As verified by one DA investigator’s testimony, parents have reported calling the number on the business card numerous times but not getting called back or revisited.

If the applicant is not home during the second visit, the investigator reports this to the EW in the narrative as “noncooperation” or “unable to locate client.” The investigator codes this under disposition code “actionable disposition” in the FRTS system, which means that the investigator has found sufficient evidence of fraud to recommend that the EW deny the case.

**Initial questioning**

When an investigator finds the applicant at home, the investigator asks for the applicant’s identification and may ask others in the home for theirs as well. He then conducts an interview, interrogating the applicant on topics already covered by the EW during the intake interview to reconfirm basic eligibility factors. This includes children, employment, the absent parent if applicable, household composition, vehicles, and rent payments. If others are present, investigators may interrogate them too, even if they are not applying for aid. Investigators may ask to see bank statements, pay stubs, tax returns, and other documents, which may already have been produced for the EW during intake.

**“Walk through” of the home**

Next, the investigator asks to conduct a “walk through” of the home. This has included inspecting bedrooms, bathrooms, kitchens, garages, closets, dresser drawers, refrigerators, medicine cabinets, and dirty clothes hampers. Investigators have looked in bathrooms and medicine cabinets to count toothbrushes and look for men’s bath products. The investigator does not inform the applicant that she
has any right to refuse this “walk through.” No official policy or protocol limits where investigators may search inside the home or what items they may seek to inspect.

Investigators are given wide latitude to make inferences about what is seen during the home search. However, if they conclude that an eligibility factor is not met, they are not required to document the details and inferences that lead them to such conclusion, or to inform the applicant about the inference, or give the applicant a chance to explain. Investigators’ P100 reports have sometimes included conclusory statements about a family’s ineligibility without specifying the basis for this conclusion.

A survivor of domestic violence recounts:

We had just escaped from my husband, who was abusive. We were staying temporarily at my mom’s house. I didn’t have time to grab more than a few things when we left. After the investigator came to my mother’s house, we were denied aid because we did not have enough belongings with us to show we lived there.32

Other examples of erroneous conclusions reached during home searches that resulted in denials of eligibility include:

- Extra toothbrushes, boxer shorts, and extra-large t-shirts found in the home have been deemed evidence of an unreported absent parent still living in the home
- Boots found in the home have been deemed “work boots” purportedly showing that the applicant is working and has failed to report income
- Applicants who have not been home during the investigator’s two surprise visits over a 10-day window are deemed not living at the stated address

The application is denied, without the applicant first being told what the investigator has found or concluded so that she or he may offer an explanation.

Third party contacts

P100 investigators have frequently made “collateral contacts” to third parties like neighbors, landlords, and schools to verify information about the applicant. In the past, nearly every P100 investigation included questioning of third parties about the applicant.33 One investigator estimated that she made an average of two to three collateral contacts per applicant, with a minimum of one contact.34

Prior to 2004, investigators would speak to these third parties without requesting permission from the applicant.35 This often caused serious problems for families, since investigators identified themselves as public assistance investigators, leading employers, landlords, and neighbors to suspect that the parent

32 Interview by Supportive Parents Information Network, summer 2010.
33 Depositions of Frank Reid (Supervisor of Early Fraud 1996-2000), Jane Duvall (Public Assistance Fraud Investigator for 9 years, previously an Eligibility worker), Eileen Bogard (investigator who estimated that she made collateral contacts in 95 percent of cases), 2002.
34 Deposition of Jane Duvall (PAFI II for 5 years, PAFI for 9 years total, previously EW), 2002.
35 San Diego Program Guide 20-000-B.
has committed welfare fraud. After 2004, an internal training bulletin stated that neighbors could no longer be contacted during P100, and that any contacts with landlords or schools be done only after the applicant signs a Release of Information form. Whether this internal procedure has been followed is questionable.

**Homeless applicants**

For homeless applicants, DA investigators once conducted P100 investigations at homeless shelters. However, the current practice is for P100 investigations of homeless applicants to take place at the welfare office—a precise duplication of EW review of eligibility factors.

**Threats of children being taken away**

Parents have been fearful that P100 investigators’ inspection of their living conditions could cause them to lose custody of their children. One investigator of nine years testified that she would look through the refrigerators of applicants’ homes: “Because I’m a mandated reporter to CPS [Child Protective Services], I want to make sure there’s no starving kids there. So they open the refrigerator and freezer, generally. They might open other cupboards...” If there was no food, she would ask about it, and “I would let the worker know right away, when I got back to the office, that she would need her food stamps, and I may also, depending on the situation, make a referral to CPS.”

**Length of investigation**

The length of P100 investigations vary. Many have lasted only 10 minutes, but many have taken an hour or more.

As of 2002, investigators completed about 3.5 home searches per day. In 2013, one investigator testified that she completed five to eight investigations per day.

**Parents’ experience of P100 searches and interrogations**

Not surprisingly, parents have reported feeling intimidated, degraded, humiliated, and criminalized by these highly invasive P100 investigations. Parents understand that they are suspected of committing fraud simply by virtue of their application for welfare. They understand that they are being forced to waive their 4th Amendment rights against unreasonable search and seizure due to their desperation and poverty.

---

37 Deposition of Jane Duvall (Public Assistance Fraud Investigator for 9 years, previously an Eligibility Worker), 2002.
38 Depositions of investigator Jane Duvall ("It could take as long as an hour"), investigator Eileen Bogard ("Any can take over an hour, depending on the circumstances."), 2002.
40 Fair hearing by Legal Aid attorney, July 1, 2013
One mother recalled:

He was treating me like a criminal. He thought I was going to be quiet, but I wasn’t going let him treat me with no respect. If I had the money, a way to provide for my kids, I’m not gonna be on welfare. I’m not gonna humiliate myself and let people treat me that way, with no respect. Then he looked in my freezer, my cabinets, he went through my clothes. He went through my things to see if my ex-husband was living there. I said, “Why are you treating me this way? Like a criminal, like I have drugs, or that I’m doing something bad.” I feel they violated my rights.41

For more personal accounts of P100 home searches, see Appendix A.

County officials are well aware that these home searches cause applicants to feel criminalized and humiliated. In an internal memo that sought to exempt relative (non-parent) caretakers from P100, the General Manager of the North Central Regional office stated:

many of our relative caretakers are unhappy with having to come into the office to apply for aid and all the demoralizing aspects of this process. To have an investigator come to their home adds insult to injury.42 (emphasis added)

HHSA Director Dr. Ross testified, “I would say that it would be inappropriate to treat anyone applying for benefits like a criminal....it certainly would not be consistent with the values we espouse at the HHSA.”43

VI. Data Trends Showing P100 is Ineffective

For the past 18 years, the DA’s Office has inaccurately claimed to the public and legislative officials that P100 detects fraud in 25 percent of all applicants that would otherwise have been granted.44 As confirmed by HHSA in February 2014, this purported fraud rate is inflated because it incorporates many non-fraudulent and non-P100 situations into the supposed fraud rate. See Appendix C for more information.

41 Interview by Supportive Parents Information Network, summer 2006.
42 Letter of 3/25/99 from Yvonne Campbell (General Manager of North Central Region), to Joan Zinser (Deputy Director, Policy Strategy and Program Development), “Support for Relative Caretakers.”
43 Deposition of Dr. Robert Ross, 2002.
44 The DA’s Office has cited a 25 percent P100 “fraud rate” in the following failed bills seeking to spread P100 statewide: SB 786 (2005), SB 269 (2007), AB 1479 (2009), AB 631 (2009), AB 1866 (2010). Deposition of Luis Aragon, February 22, 2002: “through about 4.5 years of P100, the rate of total program ineligibility emanating from Project 100% continues to be anywhere between 23 and 25 percent.” In 2002, Aragon had been the Division Chief of Public Assistance Fraud Division for 5 years. Aragon was also designated by the County of San Diego County as the person most knowledgeable of reports or assessments of P100 during Sanchez litigation (See Sanchez v. County of San Diego, 464 F.3d 916, 918-20, 931 (9th Cir. 2006)). Frank Reid, Supervising District Attorney Investigator, wrote in a 6/24/2002 letter to San Diego County Counsel about P100: “In a nutshell, Project 100% stats are not complicated; an average of approximately 25% of cases that would have been granted without a home visit were found ineligible based on information developed as a result of the home visit.”
Stable Denial Rate Suggests No New Fraud Found By P100

The CalWORKs application denial rate should have increased by 25 percent once P100 was introduced if the DA’s Office were accurate in its claim that P100 was discovering ineligibility in 25 percent of cases that would have been granted but for P100. Yet the welfare denial rate of 43 percent remained exactly the same in the 6 months after P100’s introduction in June 1997. Both the HHSA and the DA’s Office have been well aware that “the numbers just don’t add up.”

![Graph showing actual vs. expected denial rates.](image)

Data Source: ABCD 255 (7/91) “AFDC – Family Groups and Unemployed Report on Denials and Other Nonapprovals of Applications for Cash Grant.”

No Increase in Certain Types of Denials Attributable to P100

P100 investigators attempt to uncover ineligibility based on the following reasons: non-residency in the county, excess unreported income or assets, lack of minor children in the home, and presence of the absent parent.

Residency and income are the main ineligibility factors discovered by P100, according to DA’s Chief of Public Assistance Fraud Division Luis Aragon. One would expect a spike in denials for residency and income if these were the two main ineligibility factors discovered by P100 investigators, and if a 25 percent P100 fraud discovery rate were true. Yet denials for these two factors remained stable and relatively infrequent as a percentage of all CalWORKs denials after P100’s introduction.

---

45 5/4/99 Email from Donna Hand (HHSA Assistant District Manager, Northeast, 2002) to Jean Vukotich (HHSA Assistant Deputy Director, 2002): “...in crunching numbers, he [Jim Wilson, Los Angeles County Department of Public Social Services] sees there was an average 43% denial rate before Project 100% and he identifies an average 43% denial rate after Project 100% implementation. He went over Frank Reid’s figuring of Project 100% and says that the numbers just don’t add up.” In 2002, Luis Aragon, the DA Division Chief of Public Assistance Fraud Division, testified that he would have expected a rise in the application denial rate after P100’s implementation, since P100 was supposedly uncovering fraud in 25% of cases that would otherwise have been granted, but he could not explain why there was no rise in the denial rate.

46 Deposition of Luis Aragon, 2002.
In the two years before P100, 5.5 percent of CalWORKs denials were for nonresidency, compared to 5.7 percent in the two years after P100’s implementation. “Income exceeds standards” was the reason for 16.1 percent of all denials in the two years preceding P100, and 19.1 percent in the two years after.

The most frequent reason for CalWORKs denials remained “failure to comply with procedural requirements.” This accounted for 44 percent of denials before P100 and 54 percent of denials after P100 over the same periods. The data suggests that P100 was likely a procedural barrier that increased denials, regardless of substantive eligibility. Missing P100 investigators’ two house calls would be grounds for denial in San Diego County, and one that could be classified as “failure to comply with procedural requirements.” San Diego County never tracked the frequency of missed house calls, but in LA 10.7 percent of parents applying for CalWORKs were not home after two surprise visits during their pilot study.

Numbers of Applications Received Suggest P100 Does Not Deter Would-Be Fraudulent Applicants From Applying

The DA’s Office has claimed that, even though there was inexplicably no increase in denials after P100’s implementation, P100 deters potentially-fraudulent applicants from even applying for welfare in the first place.

If the DA’s deterrence theory were true, one would expect a decreased application rate after P100 was implemented. Yet trends in CalWORKs application rates do not substantiate this deterrence theory. The average number of applications each month actually increased slightly, from 3135 to 3313, when comparing the 6 months before and after P100.
Notably, when LA County ended its blanket home visit policy in January 2009, the average number of monthly applications actually decreased by 5 percent, from 13,919 to 13,234.\(^{47}\) Had LA’s home visits been deterring attempted fraud, one would expect a rise in applications after it became known that home visits were no longer required.

**Slight Increase In Withdrawal May Suggest An Impact By P100, But Inconclusive As To Whether Fraud Is Deterred**

In the first six months of P100, HHSA noted an overall 3 percent increase in withdrawals of applications, and noted that a third or half of that increase might have been attributed to P100.\(^{48}\) Yet there is no way to determine how many of those withdrawing were eligible families thwarted by fear, intimidation, or misinformation, rather than ineligible families who would have knowingly reported false information to receive aid. Additionally, a new “Work First” interview and P100 were concurrently implemented mid-1997, making it difficult to isolate the effects of either new policy on the withdrawal rate. The DA conducted no studies to determine the reasons for application withdrawals.

---

\(^{47}\) CA 237 CW, comparing applications received in LA County July-December 2008 with applications received January-June 2009.

\(^{48}\) HHSA flow chart prepared by Joan Zinser (Deputy Director for Strategy and Planning Division), 5/27/98, “CalWORKs Applications and Fraud Referral Process,” showing applications, denial rates, approval rates, withdrawal rates, and raw numbers at various stages, 12/96-5/97 versus 6/97-11/97, when P100 and Work First interview were introduced.
VII. Case Study: Los Angeles County

From 1999 to 2008, Los Angeles County implemented a home search program similar to P100 but used social workers rather than district attorney investigators. Data from the initial pilot study of LA County’s Home Interview Program (HIP) suggest that blanket home searches of CalWORKs applicants were ineffective in discovering or deterring fraud in LA County.

The following are some key findings from LA County’s “Home Call Visitation Pilot” study:49

- Introduction of the home call did not increase the rate of withdrawals or cancellations of applications, suggesting no fraud deterrent effect.
- Introduction of the home call did not decrease the application rate, suggesting no fraud deterrent effect.
- Among the non-pilot districts the change in denial rate was 0.8 percent, but among the districts that had home calls, there was a 19.6 percent increase in denials. However, among these denials in home call districts, only 3.4 percent of applicants were denied due to reasons related to home call visits.
- Among those who had unsuccessful home visits, approximately 25 percent subsequently reapplied and were granted cash assistance.
- Of households that received home visits, 48.8 percent were completed at the first attempted home visit, 40.5 percent required a second visit, and 10.7 percent required a third visit.

LA County discontinued its HIP policy in 2008. In 2013, Director of DPSS Phil Ansell explained:

In 2008, a total of 90,262 home visits were attempted, 62 percent of which resulted in a completed interview. In some cases, three attempts were made before the interview was completed, so for some individuals there were 2 visits without a completed interview and one visit with a completed interview. During this time, less than one-half percent of the interviews resulted in the discovery of fraud. This very low incidence of identified fraud was a key factor in the decision to discontinue this program.50 (emphasis added)

Mr. Ansell also noted that the decrease, rather than increase, in applications after HIP was discontinued in 2009 demonstrated that HIP had not been deterring potential fraud in LA County.51

As result, 83 staff positions—costing $4.7 million52 during the last year of the program—“were redeployed to alleviate the Department’s workload in other areas.”53 If San Diego County were to

---

49 The LA Pilot was conducted from October 1999 through March 2000, involving 10,966 applicants from four district offices: Belvedere, East Valley, Exposition Park, and Lancaster.
50 Email correspondence from Phil Ansell to Hilda Chan, 3/29/13.
51 Comparing the six months before and six months after HIP’s discontinuance, the average number of monthly applications decreased by 5 percent, from 13,919 to 13,234.
52 DPSS response to PRA request, emailed to me 1/13/14.
53 Email correspondence from Phil Ansell to Hilda Chan, 3/29/13.
similarly use the $1.76 million it spends yearly on P100 home searches, it could hire 42 new welfare-to-work employment counselors to assist clients on the road to self-sufficiency.54

VIII. P100 is Not Cost-Effective

For details about the methodology for estimating P100’s costs, see Appendix B.

P100 Cost Estimate

Since P100’s inception at least $28.5 million—at least $1.76 million per year—in CalWORKs funds has been diverted away from needy families to pay the DA’s costs of these investigations. Each investigation costs an average of $204.56, and an average of 9,300 families are searched each year. Materials produced by the DA’s Office in 2002 confirm this cost estimate, citing yearly P100 cost estimates of $1.5 million55 and $1.8 million.56

This $28.5 million figure is an underestimate of P100’s costs, as it does not account for costs like the cost of appeals and successful reapplications after P100 denials.

As mentioned above, the $1.76 million spent yearly on P100 home searches could be diverted to hire 42 new welfare-to-work employment counselors to assist clients on the road to self-sufficiency.

Accurate P100 Cost-Avoidance Estimate Is Unavailable

Due to ongoing faulty data classification methods (See Appendix C), there is no way to arrive at an accurate cost-avoidance estimate for P100. The County’s invalid P100 cost-avoidance estimate is about $22.5 million since 1997. This figure is inflated and unreliable because it includes savings estimates from non-fraudulent situations and denials unrelated to P100.

P100 Is Not Cost-Effective

Even assuming the validity of the County’s cost-avoidance claims, however, P100 still has not been cost-effective. The cumulative, underestimated cost of P100 exceeds the inflated, invalidated cost-avoidance claim.

CDSS Should Defund P100 Because it is Not A Cost-Effective Anti-Fraud Investigation Activity

San Diego County contributes no out-of-pocket costs to continue P100 searches. P100 is entirely funded by federal TANF dollars dispersed to counties by the California Department of Social Services (CDSS).

54 This estimate of 42 positions was achieved by dividing the underestimated $1.76 million P100 yearly cost-estimate by $41,600, the median salary of HHSA workers surveyed in the following report: "County Employees: Overworked and Undermined," San Diego State University Department of Sociology and Center on Policy Initiatives, May 2011, at p. 14.  
55 "Touche-Ross" Workload Impact Analysis on the expansion of P100.  
56 Cost estimate referred to in depositions of Luis Kenneth Mallet, Principal Analyst of the DA’s Office, and Luis Aragon, Division Chief of Public Assistance Fraud Division.
However, CDSS should decline reimbursement to counties if CDSS determines that a county’s early fraud investigation activities are not cost-effective:

“Funding for an early fraud prevention and detection program pursuant to Section 15204.6 shall not be made to a county if the department determines that an early fraud prevention and detection program would not be cost-effective in that county.” California Welfare and Institutions Code § 11055.5(b)

In addition, CDSS cannot fund counties’ early fraud detection activities if their operational plan for such activities does not meet a number of requirements, one of which could be interpreted to forbid referrals for investigation where there is no suspicion of fraud. WIC 11055.5(c), (d)(6).

Though CDSS has the power to defund cost-ineffective anti-fraud activities like P100, CDSS has not exercised this power. According to a 2009 report by the State Auditor, neither CDSS nor San Diego County has performed any meaningful analysis to determine the cost-effectiveness of San Diego County’s CalWORKs antifraud efforts.57

CDSS has also made no effort to hold counties like San Diego County responsible for rectifying known inaccuracies in data reporting of anti-fraud activities. In 2009, the California State Auditor reported:

Because of a previous audit and because of its interactions with the counties, Social Services has known for several years that counties are reporting inaccurate data regarding their activities to combat welfare fraud, yet it has not taken sufficient steps to address this problem. In addition, it uses these erroneous investigation activity reports to report to the federal government and to prepare reports submitted to internal decision makers and the Legislature.58

IX. P100 Duplicates Existing Efforts

Redundancy in Questioning

The P100 investigator repeats questions already asked by the EW during the intake interview. DA supervising investigator Eduardo Candelario testified that parents who had undergone P100 searches and interrogations were

offended because the same information that the investigator asked had already been provided to the EW. They’d say, “I already told them that.” They said, “They’re asking the same questions again. Why are they out here?” I believe the term would be it was a redundancy.  

DAs Have Inferior Knowledge of Welfare Regulations

EWs, who have already interviewed the applicant at the initial intake interview, have superior knowledge of complex and ever-changing welfare eligibility rules. DA supervising investigator Eduardo Candelario admitted that investigators will sometimes identify issues that are “moot because those regulations keep changing faster than we can keep track of them.”

Other Eligibility Verification Tools—Automated Systems

Every other locality across the U.S. has continued to rely on less intrusive methods of eligibility verification to evaluate CalWORKs applications. All counties in California, including San Diego County, check the information provided by CalWORKs applicants and recipients against a number of databases to verify eligibility, including:

- Income and Eligibility Verification System
- Payment Verification System
- New Hire Registry
- Integrated Earnings Clearance Fraud Detection
- Beneficiary Earnings Exchange Records
- Franchise Tax Board Asset Match
- IRS Asset Match
- California Youth Authority Match
- Fleeing Felon Match
- Nationwide Prisoner Match
- Deceased Persons Match

VII. P100 Diminishes CalFresh (Food Stamp) Participation and Timeliness

Though P100 was intended to detect ineligibility for CalWORKs cash aid, it has indirectly affected CalFresh (food stamp) applications because cash aid applicants in California concurrently apply for food stamps and Medi-Cal. This violated federal food stamp regulations, which provide stronger privacy protections than those in the California CalWORKs statute. In 2003, San Diego County agreed that it

60 Deposition of Eduardo Candelario, 2002.
cannot allow P100 to stall or deny food stamp applications and cannot ask any questions solely related to food stamps during P100 interviews. 63

P100 is one of many factors that have likely caused unusually low CalFresh participation in San Diego County. In 2009, the Food Nutrition Service (FNS) identified P100 as an “unneeded step” in the CalFresh application process that “creates additional delays and barriers to participation” in the application process. 64 FNS recommended that "HHSA should reevaluate the effectiveness of Project 100% in view of the need to increase participation, improve service to clients and reduce workload."

VIII. Conclusion

In February 2014, HHSA verified that P100 fraud-detection statistics have been historically inflated. Reports have overestimated the frequency of fraud found and the amount of cost avoided. HHSA has stated that it is currently working with the DA’s Office to modify the FRTS system to address the coding problems that have made it impossible to determine the efficacy of P100. It remains to be seen how this upcoming change in the FRTS system would alter P100 fraud rates.

Blanket home searches are a substantial waste of public money. They are unfair and demoralizing for affected families. The fiscally prudent solution to this problem would be for San Diego County’s Board of Supervisors to abandon P100 and return to a targeted home investigation policy. The millions in welfare funds diverted to finance ineffective blanket home searches should be returned to poor families seeking support and training to achieve self-sufficiency.

63 “The purpose of this special notice is to remind eligibility staff and public assistance investigators of the County's established policy regarding the effect of the Project 100% home visit program on applicants' eligibility for Food Stamp benefits. Project 100% is a CalWORKs eligibility verification program and is not intended to verify information relevant to Food Stamp applications. As you know, an individual who submits a joint application for CalWORKs and Food Stamps receives a Project 100% home visit for the purpose of confirming the applicant’s eligibility for CalWORKs benefits. Home visits may not be used to verify information which is uniquely relevant to a Food Stamp application. For example, Public Assistance Investigators may not inquire into such Food Stamp requirements as the applicant’s separate purchasing and preparation of food in a joint household (see 7 CFR sec. 273.2(f)(1)(x)). Also, if the Project 100% home visit cannot be done for any reason, including the applicant's refusal to allow a partial or complete home visit or the applicant's absence from the home, this is to have no effect on the applicant’s eligibility for Food Stamps. The Human Services Specialist will determine the applicant's eligibility for food stamps based on all of the information currently available, without consideration of the fact that no home visit was made.” See also Food Stamp Program Guide Special Notice 10-12.

Acronyms

**AFDC**: Aid to Families with Dependent Children. After welfare reform of 1996, the AFDC program was renamed Temporary Aid to Needy Families (TANF).

**CalFRESH**: The state program name for a federal nutrition program that helps people with low incomes buy more food and improve their diets, federally known as the Supplemental Nutrition Assistance Program (SNAP). Benefits were commonly known as "food stamps."

**CalWORKs**: California Work Opportunity and Responsibility to Kids. CalWORKs is a welfare program that gives cash aid and services to eligible needy California families.

**CDSS**: California Department of Social Services

**DA's Office**: District Attorney's Office, San Diego County

**DPSS**: Department of Public Social Services, Los Angeles County

**DSS**: Department of Social Services, San Diego County. DSS was combined with other agencies to form HHSA in 1997.

**EFPD**: Early Fraud Prevention and Detection

**FNS**: Food Nutrition Service

**FRTS**: Fraud Referral and Tracking System

**HHSA**: Health and Human Services Agency, San Diego County

**HIP**: Home Interview Program, Los Angeles County

**TANF**: Temporary Assistance to Needy Families, the federal welfare program for families with children which replaced AFDC in 1996.

**PAFD**: Public Assistance Fraud Division, District Attorney's Office of the County of San Diego

**PAFI**: Public Assistance Fraud Investigator

**P100**: Project 100%

**WIC**: California Welfare and Institutions Code
Appendix A: Families’ Experiences of Indignity and Harm from P100 Home Searches

The following are a collection of experiences of parents and children who have submitted to P100 home searches. Many are from interviews conducted by parent leaders of Supportive Parents Information Network (SPIN), a grassroots organization of families on public assistance in welfare, as a part of SPIN’s campaign to rectify systemic barriers to food stamps participation in the county. These experiences are not necessarily representative of all P100 experiences, as the nature of searches have changed over time and vary by the quality of the investigator.

- “They looked under the beds, under everything. For the first time, my daughters saw me as someone who could not protect them. My daughter asked, ‘Mom, are they going to kill you?’” – S.G., a working mother of three girls

- “When the investigator came to our house, my mom put all of us kids in the room to protect us. But I saw what was happening. I thought they were going to take my mom away from us. So I was thinking, ‘How am I going to take care of my little brothers and sisters? How am I going to feed them and go to school?’” – A.C., then a teenager, with three younger siblings, one with special needs

- “The investigator was the nicest person I met in the whole experience applying for aid. She was nice, but she wanted to see everything—she wanted to see where I sleep, she wanted me to open the drawers where my clothes were, but she was nice about it. She said, ‘I’m sorry, but it’s my job. Can you show me?’ Like, she felt embarrassed to be looking in my drawers.” – mother of one

- “The investigator asked me to hold up some dirty pants I had on the floor. My clothes were all dirty, and I felt very humiliated. I had no money to do laundry for two weeks. She asked, ‘Why are your clothes all dirty?’ I said, ‘I have no money to wash it!’ She looked at me like I was disgusting. She shook her head. I felt humiliated and sad. I wanted to cry. I was thinking, ‘Is she going to say something bad about me and deny my aid?’ I asked her, “Can I get aid?” She said, ‘You need to wait 45 days.’” – B.L., mother of two

- We had just escaped from my husband, who was abusive. We were staying temporarily at my mom’s house. I didn’t have time to grab more than a few things when we left. After the investigator came to my mother’s house, we were denied aid because we did not have enough belongings with us to show we lived there. – homeless mother of one

- The investigator pointed my boots on the floor and said those were work boots. My application was denied because they said I didn’t report my work income, but I really had no job. They didn’t believe me. – R.P., mother of one daughter
• “I was pinned to the house. I was scared to go out. I was so angry because I’m in college trying to better myself, and I had a test to take. Since I wasn’t home the first time, he left me a card. I called him, and he said he couldn’t tell me what time he’d come again. I told him, ‘I’m a full-time student. What am I supposed to do, stay home all day and night? I have to take my kids to school, I have to go to the store.’ But he said, ‘Well if I don’t do the search, you can’t have your food stamps. You can’t have your benefits.’ He said if I wasn’t home when he showed up, I’d have to wait another 3 weeks! So it’s like a vicious cycle. I’m trying to get off, but they’re trying to keep me in. I ended up missing class several times, and when you miss class, you can fail the entire class. Finally, he came at 6:45 in the morning. My kids and I were just barely getting ourselves up in the morning. He walked through the house. Clearly he was feeling awkward.”
- R.K., mother of three

• We were homeless for two months. We jumped between my stepfather, cousin, and my boyfriend’s houses. At the welfare office, I told the investigator we were homeless and even invited her to inspect my car outside in the parking lot. All of our things were in the car, even all our toothbrushes. But she refused and said she had to go to my stepfather’s house. I got really scared and told her my stepfather is paranoid and irate, and if she showed up he might kick us out. Before I found advocates to help me, I called the investigator countless times. Finally, two months later, we got our benefits. Even though I applied for emergency benefits. – Y.M., homeless mother of two

• When I applied for welfare, we were homeless and stayed for a while with my aunt, but then we moved to a motel. I had listed my aunt’s phone number under my prior residences, so the investigator called my aunt. But she only speaks broken English. She got my cousin to translate over the phone. My aunt was really upset and panicking because she did not understand why law enforcement was calling her home. She was worried that she was in trouble. And she was worried she would get me in trouble if she didn’t understand the investigator’s questions and said something wrong. So I was living in a state of panic for two weeks because I thought we would be denied. Luckily we were approved. – M.L., homeless mother of two

• “When the investigator showed up, I was not there. They assumed I was not living there, but I was taking my kids to school. The investigator asked me a lot about my private life. It was really bad, because he asked if my ex-husband was with me. When I applied, I applied as a single parent. So it’s obvious that I don’t have my ex-husband with me. He asked, ‘Do you know where he is?’ I said, ‘If I know where he is, do you think I would apply for welfare? I would get child support from him.’ He was treating me like a criminal. He thought I was going to be quiet, but I wasn’t going let him treat me with no respect. If I had the money, a way to provide for my kids, I’m not gonna be on welfare. I’m not gonna humiliate myself and let people treat me that way, with no respect. Then he looked in my freezer, my cabinets, he went through my clothes. He went through my things to see if my ex-husband was living there. I said, ‘Why are you treating me this way? Like a criminal, like I have drugs, or that I’m doing something bad.’ I feel they
violated my rights.”

- “I guess they’re trying to catch us in the act. My thinking is that you’re automatically thinking that we’re bad. Automatically, you’re just assuming we’re bad. So you don’t want to give me an appointment time. How could I be there?” – M.W., mother of one

- “Everything was searched. Even dirty hampers. The whole bathroom. All the bathroom cabinets. Drawers. The refrigerator. They did not open my mail, though, or my purse. It took one hour.” – A husband and wife, 4 children, and sister
APPENDIX B: Methodology for P100 Cost Estimate

Step 1: Establishing that the Costs of P100 Versus Allegation-based Investigations Are Approximately Equal

The DA does not disaggregate the costs of P100 from the total cost of all public assistance early fraud investigations. Thus, estimating P100’s cost requires a comparison of P100 and non-P100 investigations, called “allegation-based” investigations.

The duration and cost of a P100 and allegation-based investigation is generally equal. Investigators do not separately track their time spent on P100 as opposed to allegation-based investigations, but one investigator testified that the lengths of investigations are generally the same for P100 and non-P100 investigations. The same investigators conduct both types of investigations, so there is no differential in investigators’ salary. Thus, my methodology assumes that the cost of P100 and allegation-based investigations are equivalent.

Step 2: Obtaining monthly “P100 Ratios”

Next, the monthly proportion of early fraud investigations that are P100 investigations (“P100 ratio”) must be determined.

The monthly numbers of P100 versus allegation-based investigations are separately tracked in district reports. The P100 ratio has varied widely over the past 18 years, due to differences in classification practices rather than true differences in detected suspicion of discrepancies in applicants.

Step 3: Applying Quarterly P100 Ratio to Quarterly Costs in Time Studies

The quarterly P100 ratio is then determined by averaging three months’ P100 ratios.

---

65 6/10/97 HHSA inter-departmental correspondence to district managers, referencing Special Notice 97-21, specifically instructed EWs to code P100 referrals as “New App” to differentiate them from allegation-based referrals. In the DA’s EFPD district reports, all early fraud referrals in total are in the column, “CalWORKs.” Applications in which aid was received within the past 12 months were classified in the column, “ReAp.” P100 cases were classified in the column, “New.”

66 For instance, in 2004, the South Bay, El Cajon and Oceanside district offices reported a sudden, sharp drop in referrals classified as P100 investigations. In some months, entire district offices suddenly classified all of their referrals as allegation-based investigations, with zero applicants referred for suspicionless P100 investigations.
The DA’s Office submits quarterly time studies to the HHSA for reimbursement of investigation activities. The DA separately tracks the quarterly costs of “early fraud investigations” (of applicants not yet granted aid) from quarterly costs of “full-field investigations” (of families already granted benefits). Within early fraud investigation costs, I summed up the “total amount claimed” of two categories—“AFDC” and “AFDC/Food Stamp Combination.” These figures include salaries, benefits, sources, supplies, overhead costs, and fixed assets of early fraud investigations related to CalWORKs. The costs of “Food Stamp Only” investigations are excluded, as they do not receive P100 investigations.

Next, I multiplied the quarterly CalWORKs early fraud investigations costs by the quarterly P100 ratio to obtain P100’s estimated quarterly cost. Finally, I summed up four quarters’ estimated P100 costs to arrive at P100’s estimated yearly costs. On average, P100 costs $1.76 million per year.

Materials produced by the DA’s Office in 2002 confirm this cost estimate, citing yearly P100 cost estimates of $1.5 million and $1.8 million.

**Costs of Re-Applications, Increased EW Workload, and Appeals**

It is difficult or impossible to arrive at a useful estimate of the costs of re-applications, increased EW workload, and appeals that could be attributed to P100.

Unlike LA County, San Diego County has never tracked the number of applicants who successfully re-applied for aid after denied due to P100 searches. Thus, it is impossible to estimate this cost.

The cost of increased EW workload may be minimal. There have been a number of estimates quantifying the added work load to EWs due to P100: 15 minutes per referral\(^{67}\), 20 minutes per referral\(^{68}\), and 27 minutes per EW per month.\(^{69}\)

San Diego County has also never tracked the number of applicants who appealed denials resulting from P100, so it is also impossible to estimate the cost of applicants who overturned P100-denials via administrative hearing. This could be expensive even if very few applicants have appealed, however, since the estimated cost of one CalWORKs hearing is $1,025.\(^{70}\)

---

\(^{67}\) Deposition of Mario DeGuzman (Eligibility Worker), 2002.

\(^{68}\) 4/1/97: DA internal meeting minutes: DSS had estimated that it would take an extra 20 minutes for the EW to make the referrals for P100.

\(^{69}\) Workload Impact Analysis of 12/21/98, to assess the expansion of P100 per CWPG.SN98-60 (subjecting reapplicants to P100) estimated that implementation would take 27 extra minutes per month per EW, so workload impact was expected to be minimal.

\(^{70}\) Senate Appropriations Committee Fiscal Summary by Senator Kevin de Leon, Chair, bill analysis of AB 271, 8/12/13.
Appendix C: Faulty P100 Data Collection Methods

The following is a detailed explanation of San Diego County’s faulty P100 data collection methods and its resulting historic inability to produce data on P100’s efficacy. In February 2014, HHSA agreed to improve its Fraud Referral and Tracking System (“FRTS”) data collection methods so that it may begin to collect meaningful data regarding P100’s efficacy.

Please refer to Appendix C’s Attachments 1 for a visual summary of the detailed explanation in this appendix.

P100 Investigator’s Coding After Investigation

After the P100 investigation, the investigator chooses one of five “preliminary disposition codes” in the FRTS program to report findings to the EW. The following are the codes:

- **Code 1: “Actionable Disposition”**—The investigator can definitively recommend that the EW grant or deny the benefits because the investigation has produced enough evidence to justify either a denial or approval of benefits.
- **Code 2: “Investigation to Continue”**—This code is not used for early fraud investigations like P100. It was traditionally used by investigator for “full field” investigations of already-granted cases.
- **Code 3: “Allegation Unfounded, No Fraud”**—This code should not be used on P100 investigations, which are by definition investigations without any allegation of fraud.
- **Code 4: “Insufficient Evidence”**—The investigator cannot make a recommendation either to deny or grant a case, due to insufficient evidence.
- **Code 5: “Fraud Found. No Adverse Dollar Impact”**—Intentionally or not, the client did not declare something pertinent to program eligibility. However, had the client declared it, it still would not impact the eligibility or amount of benefits.

EW’s Actions and Coding After Receiving DA Findings

The EW considers the P100 findings but makes the ultimate decision to grant or deny the case. After receiving the P100 findings, the EW often continues to collect verification documents from the applicant. The EW has 45 days to make an eligibility determination, whereas the P100 investigation must be completed within 10 days.

When the EW has made an eligibility decision, she or he enters one of six “action codes” in FRTS to notify the DA’s Office of the eligibility decision reached. In practice, only two of the six codes are used by EWs—2nd Code for “denial or withdrawal” for denials and withdrawals, and 4th Code “allegation unfounded” for approvals.

- **1st Code: “discontinuance/including client’s request- enter HH size for grant savings calc”**
- **2nd Code: “denied or withdrawal- enter HH size for grant savings calculation”**
- **3rd Code: “benefits reduced- enter grant savings”**
• 4th Code: "allegation unfounded (no violation occurred)"
• 5th Code: "insufficient evidence (not enough information to take any case action)"
• 6th Code: “fraud found, no adverse $ impact (no effect on eligibility)"

Aside from selecting these six “action codes” to notify the DA investigator of the ultimate eligibility determination on applicants investigated, the EW enters other codes from a large “code book” for HHS’s own data collection purposes.

Action Codes 2 and 4 are discussed in greater detail below:

2nd Code: “Denied or Withdrawal- enter HH size for grant savings calculation”

Unfortunately, this action code lumps together a number of diverse results. The DA’s Office has misleadingly used all figures from this code and others to produce its purported 25 percent P100 “fraud rate.”

Types of situations that are combined under this action code include:

• Applicant voluntarily withdrew the application, for any reason—**not necessarily fraud, may not be P100-related**
• Applicant was not home during the two unannounced P100 home visits—**not necessarily fraud**
• P100 found no evidence of ineligibility, but the EW denied the application based on other information—**not necessarily fraud, not P100-related**
• P100 found evidence of ineligibility, but the applicant had provided complete and truthful information in the application and simply did not meet eligibility requirements. EWs may independently find evidence of ineligibility—**not fraud**
• P100 found evidence of ineligibility, but the applicant mistakenly failed to disclose information she did not understand to be pertinent to eligibility. Applicant did not meet eligibility requirements. EWs may independently find evidence of ineligibility—**not fraud**
• P100 found that the applicant knowingly misrepresented information pertinent to eligibility, and the applicant did not meet eligibility requirements. EW independently discovered program ineligibility—**fraud that would have been discovered without P100**
• P100 found that the applicant knowingly misrepresented information pertinent to eligibility, and the applicant did not meet eligibility requirements. EW would have approved the application but for the P100 findings —**fraud that would not have been discovered but for P100**

When an EW enters action code 2, “denial or withdrawal,” into FRTS, she also enters the number of people in the household. The computer system then automatically calculates the grant savings from that denial. This is the source of the DA’s estimated “cost avoidance” from P100. Note that this calculation of grant savings also includes many denials wholly unrelated to P100 findings as well as situations in which no fraud has occurred.

Notably, Dr. Shirley Johnson’s DA-commissioned study of the first 6 months of P100 recommended:
“Clarify Disposition Code 2 – which states ‘Denial or Withdrawal’ in order to determine the actual reason for ineligibility”

“Specific reasons for clients withdrawal of welfare applications both before and after the District Attorney Investigator’s ‘consensual home visit’”

However, the DA’s Office had not carried out its own consultant’s recommendation years later when asked in 2002. When inquired about the reason, the Division Chief of Public Assistance Fraud Division Luis Aragon responded, “we’re not in the business of—of—I don’t believe, of social analysis.”

4th Code: ”allegation unfounded (no violation occurred)”

This code appears to be used by EWs to notify DA investigators that the EW has granted benefits for a particular applicant. The name of this action code is confusing because P100 investigation referrals are by definition without any allegation of fraud.

DA’s Coding After Receiving EW’s Action Code

After the EW enters an action code into FRTS for a particular applicant, a duty worker in the DA’s Office enters these results into a “EFD/P fraud tracking system’s master log.” This log separately sorts P100 and allegation-based investigation results under six “Fraud Dispositions” categories, to produce the DA’s monthly EFPD district reports:

- Number of Discontinuances
- Number of Denials
- Number of Downward Adjustments
- Number of Allegations Unfounded
- Number of Insufficient Evidence
- Number of Fraud Found No Adverse $ Impact

The only information that the DA receives from EWs as to the results in a particular applicant’s case is found in the FRTS action codes from the EW. This is then used to produce P100 fraud statistics. This data is also used to compile the DPA 266, which reports fraud statistics to the California Department of Social Services for legislators and other interested parties.

Problems with DA’s Final Disposition Coding and Ensuing Calculation of P100 “Fraud Rate”

Notably, cases which the EW had classified as “denials and withdrawals” are now classified merely as “Number of Denials” by the DA’s Office. Since the EW combines withdrawals and all types of denials under Action Code 2, there is no way for the DA’s Office to distinguish denials from withdrawals. Significantly, there is also no way to distinguish regular denials from denials with attempted fraud.

Finally, to reach the monthly “fraud rate,” the DA’s Office totals figures from four of the above categories—“Number of Discontinuances,” “Number of Denials,” “Number of Downward Adjustments,”

71 Deposition of Luis Aragon, 2002.
and “Number of Fraud Found No Adverse $ Impact.” Thus, the publicly-claimed 25 percent P100 fraud rate includes non-fraudulent denials and denials entirely unrelated to P100 findings. In February 2014, HHSA confirmed that the P100 fraud rate has historically been calculated in this manner.

From September to December 1997, the DA’s Office separately calculated a P100 “fraud rate” versus an allegation-based “fraud rate.” Subsequently, the DA combined results of P100 and allegation-based investigations into a single early fraud investigations fraud rate. However, the underlying data to the fraud rate within district reports continued to separate P100 from allegation-based investigations results in monthly district reports. Once data from district reports are transferred to the DPA 266 “Fraud Investigation Activity Report,” however, it is no longer possible to separately break out P100 data.

For instance, using early fraud statistics from October 1997 as a test month, EFPD reports claim that there were 242 “new applications fraud.” This 242 total is the sum of the figures within the four fraud disposition categories: “# of discontinuances including client request,” “# of denials [and withdrawals],” “# of downward adjustments,” and “# of fraud found no adverse $ impact” ($8+209+8+17=242)$.

$^{72}$ DA Early Fraud Prevention and Detection district reports until June 1998.
### Problems with FRATS Coding System - Inflated Fraud Rates for P100 and Other Early Fraud Investigations

**STEP 1:** Within 1 day of the ET’s intake interview with the applicant, the ET makes a referral to the DA for either a P100 or allegation-based early fraud investigation. The DA has 10 days to complete the investigation. After the DA investigator completes the P100 process, he enters a “preliminary disposition code” into FRATS to notify the ET of his findings.

**STEP 2:** The ET reviews the DA’s findings, continues to collect documents, and makes the final eligibility decision. The ET enters an “action code” into FRATS with the household size. FRATS automatically generates “grant savings” for code #1, 2, and 3 below.

**STEP 3:** Without further investigation of reasons for denial, the DA transfers the ET’s reported result into DA early fraud district reports. “Fraud Dispositions” #1, 2, 3, and 6 are combined to generate the P100 fraud rate. The DA also records the “grant savings” for these codes to generate P100 “cash savings” figures.

**STEP 4:** The DA’s early fraud district reports are used to compile San Diego County’s quarterly DPA 266 reports. Dispositions #1, 2, 3, and 6 are recorded as the DPA 266 “Fraud Results” categories (Part A, Section III #8, 9, 10, and 16). Dispositions #4 and 5 are recorded as “No Fraud Results” categories (Part A, Section III #17 and 18).

#### PRELIMINARY DISPOSITION CODES:

1. **Actionable Disposition** *(enough evidence gathered to suggest granting or denying an application)*
2. **Investigation to Continue** *(rarely used)*
3. **Allegation Unfounded** *(not used; no allegation in P100 investigations)*
4. **Insufficient Evidence** *(not enough evidence to suggest granting or denying)*
5. **Fraud Found**

#### ACTION CODES:

1. **Discontinuance / Including a Client’s Request** *(rarely used)*
2. **Denied or Withdrawn** *(PROBLEM: includes ALL types of denials and withdrawals, including non-fraudulent, non-P100 related situations such as: legitimate withdrawals, like securing a new job; denials because the parent was not home during investigator’s 2 surprise visits; denials from ET’s eligibility screening process, independent of P100 findings; P100 denials reversed after reapplication or fair hearing)*
3. **Benefits Reduced** *(rarely used)*
4. **Allegation Unfounded** *(aid granted)*
5. **Insufficient Evidence**
6. **Fraud Found, No Adverse $ Impact**

#### FRAUD DISPOSITIONS:

1. **Number of Discontinuances**
2. **Number of Denials** *(same problem of over-inclusivity)*
3. **Number of Downward Adjustments**
4. **Number of Allegations Unfounded**
5. **Number of Insufficient Evidence**
6. **Number of Fraud Found No Adverse $ Impact**

#### DPA 266 “FRAUD” RESULTS:

1. **Di discontinuances (Early Fraud)**
2. **Number of Denials (Early Fraud)** *(same problem of over-inclusivity)*
3. **Benefits Reduced (Early Fraud)**
4. **Allegation Unfounded, No Adverse Financial Impact**
5. **Insufficient Evidence**
6. **Fraud Found, No Adverse $ Impact**

#### DPA 266 “NO FRAUD” RESULTS:

1. **Allegation Unfounded**
2. **Insufficient Evidence**