



County of
Shasta

Review of the Social Security Number Truncation Program

Review Period January 1, 2013 through November 30, 2017

County of Shasta

Program Review of the Social Security Truncation Program

Background:

AB 1168 was signed into law by the Governor on October 13, 2007. The law is intended to protect against identity theft by requiring local agencies to redact social security numbers from records prior to disclosing them to the public. The law authorized the County to establish an additional \$1 fee for the first page of each recorded document to fund implementation of the program.

County Recorders were required to establish a social security number truncation program in order to create a public record version of every official record that contains a social security number. The public record version is an exact copy of the official record but with any social security number showing no more than the last four digits. The provisions apply to all documents recorded since 1980.

The Board of Supervisors authorized the fee on December 11th, 2007 with Resolution No. 2007-151. Authorization of the fee requires that the County Auditor conduct two reviews to verify the funds generated by the fee are used only for the purpose of the program and to conduct reviews. The first review must be completed between June 1, 2012 and December 31, 2013. The second review must be completed between June 1, 2017 and December 31, 2017. The reviews must state the progress of the County Recorder in truncating recorded documents pursuant to subdivision (a) of Government Code Section 27301, estimate any ongoing costs of complying with subdivisions (a) and (b) of Government Code Section 27301, and be available to the public.

The fee will sunset after December 31, 2017, unless it has been reauthorized by the Board. If outside funding is obtained to implement the program, the fee may be charged until the debt is repaid.

Initial Review Period:

December 11, 2007 through December 31, 2012

The initial review was performed and accepted by the Shasta County Board of Supervisors on July 16, 2013 (supplied as Supplementary Information at the end of this report).

Final Review Period:

Progress of County Recorder in Truncating Recorded Documents pursuant to subdivision (a) of GC Section 27301:

- The Assessor-Recorder implemented the go forward redaction as of January 1, 2009. Per the initial review, it was determined that the Assessor-Recorder decided to manually redact the documents back to 1980.

Fiscal Analysis:

Redaction Fees were collected beginning on January 1, 2008 (FY 2007/2008). The total amount collected through 11-30-2017 was \$185,589. The fees have been used solely to fund the social security number truncation program. The following tables represents fees collected per fiscal year:

<u>FY</u>	<u>Collections</u>	<u>Revenue Earned</u>	<u>Unearned Revenue</u>
FY 2007/08:	22,531		22,531
FY 2008/09:	41,077		41,077
FY 2009/10:	40,437	24,136	16,301
FY 2010/11:	39,909	23,306	16,603
FY 2011/12:	41,635	26,755	14,880
	185,589	74,197	111,392
FY 2012/13:	51,933	27,278	24,655
FY 2013/14:	38,583	31,064	7,519
FY 2014/15:	36,776	28,058	8,718
FY 2015/16:	39,537	24,558	14,979
FY 2016/17:	41,907	17,990	23,917
	208,736	128,948	79,788
FY 2017/18:	16,922		208,102

Expenditures have only been made to account for staff time as detailed above for both forward redaction and back redaction. Expenditures to implement the program through 6-30-2017 have totaled \$128,948, with an estimated cost of \$16,500 for FY 17/18 allocated between back redaction and ongoing costs of redaction.

Currently, the back redaction is complete. With back redaction complete, the funds will be used to offset ongoing redaction costs until the balance of unearned revenue is earned. After that time the recorder will absorb the cost of any ongoing redaction into recording fees. The current unearned balance is just over \$208,000 and ongoing costs run between \$15,000 and \$18,000 per year depending on document count. This estimate will increase or decrease proportionally with the document count. The recorder is converting to a new recording system next year, and the redaction module will also be paid through recognizing the earned revenue. It is estimated that the unearned revenue will be recognized within 10 years.

Based on the availability of unearned revenue, the Assessor-Recorder will not seek to continue the collection of fees beyond December 31, 2017.

Supplementary Information



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Review of the Social Security Number Truncation Program

Review Period January 15, 2008 through December 31,
2012

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Background:

AB 1168 was signed into law by the Governor on October 13, 2007. The law is intended to protect against identity theft by requiring local agencies to redact social security numbers from records prior to disclosing them to the public. The law authorized the County to establish an additional \$1 fee for the first page of each recorded document to fund implementation of the program.

County Recorders were required to establish a social security number truncation program in order to create a public record version of every official record that contains a social security number. The public record version is an exact copy of the official record but with any social security number showing no more than the last four digits. The provisions apply to all documents recorded since 1980.

The Board of Supervisors authorized the fee on December 11th, 2007 with Resolution No. 2007-151. Authorization of the fee requires that the County Auditor conduct two reviews to verify the funds generated by the fee are used only for the purpose of the program and to conduct reviews. The first review must be completed between June 1, 2012 and December 31, 2013. The second review must be completed between June 1, 2017 and December 31, 2017. The reviews must state the progress of the County Recorder in truncating recorded documents pursuant to subdivision (a) of Government Code Section 27301, estimate any ongoing costs of complying with subdivisions (a) and (b) of Government Code Section 27301, and be available to the public.

The fee will sunset after December 31, 2017, unless it has been reauthorized by the Board. If outside funding is obtained to implement the program, the fee may be charged until the debt is repaid.

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Review Period:

December 11, 2007 through December 31, 2012

Initial Analysis and Estimates:

- The forward redaction module was added to the current system as part of ongoing maintenance in order to comply with the changes in legislation, so initially, cost nothing. The estimated cost to redact social security numbers prospectively is expected to be approximately \$17,400 per year. The initial estimated cost to implement the program back to 1980 was between \$200,000 and \$260,000 and was projected to be quite labor intensive. This is using a referenced cost at \$0.02 per page for OCR.
- Based upon the actual back redaction costs incurred by the Assessor to date, the Auditor would now estimate the total back redaction costs to be approximately \$73,000 based upon an average cost per year of \$2,508 for 29 years (1980-2008). This leaves an estimated \$60,000 (approximately) left for future back redaction costs, as \$12,540 have already been incurred for the first five years performed.
- The back redaction requires either staff time to manually redact the SSNs from documents, or sending the documents to a vendor to run through Optical Character Recognition (OCR) conversion so that the formatting associated with a SSN can be discovered and redacted. Purchasing a module for the conversion to OCR was not recommended by Industry or Recorders as a viable alternative. All of the documents which require redaction have already been converted to digital image which is an advantage for the redaction project.

Progress of County Recorder in Truncating Recorded Documents pursuant to subdivision (a) of GC Section 27301:

- The Assessor-Recorder implemented the go forward redaction as of January 1, 2009. They then began gathering document counts and speaking with vendors regarding expected costs as described above. After a review of the cost for back redaction, the Assessor decided to manually redact the 2008 documents to analyze the project. The department assigned two staff to work on the back redaction as their daily schedule allowed. Staff documented the number of documents, time in minutes by day, and the number of redacted documents. The time allocated to the project was then factored using the productive hours and salaries of the individual staff member. Indirect costs were not included.

The cost for the first year of back redaction was just over \$2,000. It was determined by the Assessor-Recorder that the department should continue the back redaction internally. Currently they have completed back redaction through 2004.

A forward redaction module was added to the current system as part of ongoing maintenance in order to comply with the changes in legislation in 2009. The component for redaction added to

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the system allows the document to be redacted during indexing and/or verification. There are essentially three points of review for the SSN that take place and are allocated to the cost of redaction.

First, the examiner would review a document presented for the SSN. If a SSN is found on the document the examiner notifies the presenter that the document contains a full SSN. The SSN may be removed from the document prior to recording or recorded with the SSN which would require redaction. Next, the document is indexed by staff and a search for SSNs is performed. If discovered, the SSN is redacted. Finally, the entire indexing and redaction process is repeated during verification. The Assessor-Recorder has allocated 15 seconds in additional time to each of the 3 steps to confirm whether or not a document has a SSN. They then allocate and additional 30 seconds for redaction when a SSN is present. This time allocation is multiplied by the total number of documents and the number of redacted documents annually. These time allocations were originally calculated at 1 minute for each process, and adjusted during 2011 to acknowledge staff understanding and efficiency.

Fiscal Analysis:

Redaction Fees were collected beginning on January 1, 2008 (FY '07-'08). The total amount collected through 12-31-2012 was \$185,589. The fees have been used solely to fund the social security number truncation program. The following is the amount of fees received per fiscal year:

FY 2007/08: \$22,531

FY 2008/09: \$41,077

FY 2009/10: \$40,437

FY 2010/11: \$39,909

FY 2011/12: \$41,635

Expenditures have only been made to account for staff time as detailed above for both forward redaction and back redaction. Expenditures to implement the program through 12-31-2012 have totaled \$62,518. \$12,540 of the total was for redacting information that already existed in the RiiMS before the upgrade of the system. \$49,978 of the total amount was for redacting information on a go forward basis using the updated RiiMS module.

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Estimated Ongoing Costs:

Ongoing costs at the current document count and time allocations are expected to be approximately \$17,400 per year. The current annual document count is approximately 40,000 with 1,000 documents requiring redaction. The number of documents recorded annually has been as high as 91,000 documents. Depending on the fluctuations in documents any one year's redaction cost can easily run twice the current allocation. The Assessor's goal is that after the initial sunset of the fees and completion of the back redaction, that the department begins absorbing these ongoing costs into the recording fees annually.