

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



May 11, 1994

ALL-COUNTY INFORMATION NOTICE I-12-94

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY DISTRICT ATTORNEYS

REASON FOR THIS TRANSMITTAL

- State Law Change
 Federal Law or Regulation Change
 Court Order or Settlement Agreement
 Clarification Requested by One or More Counties
 Initiated by CDSS

SUBJECT: FUNDING FOR INVESTIGATION AND PROSECUTION OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) AND FOOD STAMP FRAUD AND THE SYSTEMATIC ALIEN VERIFICATION FOR ENTITLEMENT (SAVE) SYSTEM

This is to notify you of the elimination of enhanced funding for AFDC and Food Stamp fraud investigation and prosecution activities and the SAVE system.

AFDC and Food Stamp Fraud Investigation and Prosecution

The Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66), signed August 10, 1993, reduces the federal reimbursement rate for fraud control costs to the standard 50 percent federal reimbursement level effective April 1, 1994. Current state law requires the state to provide 70 percent of the non-federal share (up to county administrative expense control allocations). Thus, until March 31, 1994, the shares are 75 percent federal, 17 1/2 percent state, 7 1/2 percent county. After April 1 the respective ratios will be 50 percent federal, 35 percent state, and 15 percent county. Activities impacted are fraud investigations, prosecution, and their appropriate indirect costs.

Investigation activities impacted include, but are not limited to, the following: interviewing suspects and witnesses; surveillance; review of case files and financial documents; warrant and subpoena service; preparation of reports; and attendance at court and hearings.

If the investigations are conducted by District Attorney Investigators working under a Purchase of Service Agreement, the investigative activity and its indirect costs are also claimable for both AFDC and Food Stamp cases at the new federal participation rates beginning April 1, 1994.

Prosecution activities impacted are as follows: the District Attorney staff's time in court; establishment of claims; preparation of suits, complaints, informations, or indictments; interviews; analysis of reports; preparation of writs, subpoenas, warrants, and summonses; and other activities directly related to the prosecution of written fraud.

The 100 percent funding for the Early Fraud Programs established under Welfare and Institutions Code Sections 11055.5 and 18902.5 will not be affected; that is, the state will continue to fund the non-federal share of costs associated with the Early Fraud Program.

As a part of the administration's Program Integrity Initiative, legislation has been proposed to replace the loss of federal funding with state general funds for AFDC and Public Assistance Food Stamp Programs. In effect, this would maintain the county's share of cost at 7.5 percent for these programs. However, until the legislation becomes law, which could not be before July 1, 1994, the sharing ratio will change effective April 1, 1994. In the interim the counties may wish to consider shifting continuing fraud investigation positions into the Early Fraud Program to the extent allowable. Generally the Early Fraud Program is funded at one program position for each 300 aid applications (AFDC and non-assistance Food Stamps) per month.

Counties wishing to redirect investigative staff from ongoing investigations to early fraud investigations must modify their existing early fraud plan to reflect this change and forward it for approval to the CDSS Fraud Bureau.

SAVE

Section 121 of the Immigration Reform and Control Act of 1986 (IRCA) (Public Law 99-603) mandated that states implement the SAVE program to verify the immigration status of all alien applicants for AFDC and Food Stamps by October 1, 1988. The SAVE system determines whether a non-citizen is a legal resident and whether he/she is entitled to federally funded benefits.

For the SAVE system all administrative costs for verifying legal alien status for AFDC and Food Stamp applicants and recipients utilizing the SAVE system will revert to the standard 50 percent federal sharing ratio effective April 1, 1994. Since inception, state and county administrative costs for SAVE activities have been 100 percent federally funded. The 100 percent federal funding is being eliminated and beginning April 1, 1994, the respective ratios will be 50 percent federal, 35 percent state, and 15 percent county. The department is seeking a federal waiver to exempt county welfare departments (CWD) from processing secondary verification procedures of certain applicants. The reason is to eliminate unnecessary and unproductive costs. Attached is a draft letter of our waiver request which also discusses a previous waiver approval for the Food Stamps program from Food and Nutrition Service (FNS).

Please contact Michael F. Back, Chief, Fraud Bureau, at (916) 445-0031 if you have any questions or concerns.



MICHAEL C. GENEST
Deputy Director
Welfare Programs Division

cc: CWDA