

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



May 14, 2001

ALL-COUNTY INFORMATION NOTICE NO. I-34-01

TO: COUNTY WELFARE DIRECTORS
FOOD STAMP PROGRAM COORDINATORS

REASON FOR THIS TRANSMITTAL

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

SUBJECT: UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)
SANCTION APPEAL INFORMATION REQUEST

The United States Department of Agriculture, Food and Nutrition Service (FNS) has formally notified California regarding the Federal Fiscal Year (FFY) 2000 food stamp payment error rate results. California's food stamp error rate of 13.99 percent exceeds the national tolerance level of 8.91 percent, which subjects the state to a sanction of \$11,870,070. In response to the Federal sanction and according to state regulations (Section 15-621.6, C.D.S.S, Manual of Policy and Procedures), we are soliciting information from you that may assist us in establishing a basis for appeal and/or settlement to FNS.

Federal regulations (7 C.F.R. 275.23 (e)(7)) would consider the following criteria as possible basis for relief from liability claims:

Natural disasters or civil disorders that adversely affect program operations

Strikes by agency staff necessary to determine Food Stamp Program eligibility and process case changes

Caseload growth

A change in the Food Stamp Program or other federal or state programs that has a substantial impact on the management of the Food Stamp Program--program changes that are not common to all states

A significant circumstance beyond control of the agency--a circumstance not common to all states, such as a fire in a certification office

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Federal regulations (7 C.F.R. 275.23 (e)(11)) also allow the states the opportunity to settle the sanction and reinvest the sanction amount in new activities that would reduce errors. If we determine that reinvestment is a viable alternative for sanction resolution, we will be aggressively pursuing the identification of new statewide or county error reduction projects. These projects will be funded through a state/county reinvestment expenditure plan approved by FNS. Meanwhile, we would appreciate your initial thoughts or recommendations that would be useful in our discussions with FNS in exploring reinvestment possibilities.

During FFY 2000, 13 of the 19 largest counties showed a decrease in their error rates. However, six counties increased their rates and 10 counties exceeded the federal tolerance level. State statute (Welfare & Institutions Code, Section 18905) and regulations (Section 15-621, C.D.S.S, Manual of Policy and Procedures) specify that counties responsible for erroneous issuances which reduced federal funding are liable for these sanctions. Concurrent with appeal considerations, we will be contacting the ten large counties exceeding the FFY 2000 Federal tolerance level regarding their respective liabilities and reinvestment plans.

Please submit your information for appeal defense and/or sanction reinvestment no later than May 30, 2001, to Lisa Lacy at 744 P Street, Mail Station 16-32, Sacramento, CA 95814 or fax (916) 654-1295; phone (916) 651-6556.

Sincerely,

Original Signed By:

GARY SWANSON, Chief
Food Stamp Branch