

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



May 17, 2002

ALL-COUNTY INFORMATION NOTICE I-36-02

TO: ALL COUNTY WELFARE DIRECTORS
ALL FOOD STAMP COORDINATORS
ALL FOOD STAMP CORRECTIVE ACTION
MANAGERS

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

The United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) has formally notified California regarding the Federal Fiscal Year (FFY) 2001 food stamp payment error rate results. California's combined food stamp error rate of 17.37 percent exceeds the national tolerance level of 8.66 percent, which subjects the state to a sanction liability of \$137,800,508. Due to USDA's consideration of earners and non-citizens in the California Food Stamp Program (FSP) caseload, the original liability amount has been reduced to \$114,305,661. We are still in the process of validating these amounts with the USDA.

In response to the Federal sanction liability and according to state regulations (Section 15-621.6, C.D.S.S., Manual of Policy and Procedures), we are requesting information from you that may assist us in establishing a possible basis for appeal and/or settlement with FNS. In accordance with Federal regulations (7 C.F.R. 275.23 (e)(7)), USDA may consider the following criteria as possible good cause 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; and,

Page Two

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

CDSS has requested an extension of time, until July 8, 2002, for consideration of an appeal. This will allow the State more time to fully evaluate state and county issues which may impact the sanction. We are requesting that counties review their FSP for FFY 2001 to determine if specific county conditions may meet any of the criteria that are listed above.

Federal regulations (7 C.F.R. Section 275.23 (e)(11)) also allow states the opportunity to settle the sanction and reinvest the liability or a portion thereof in new activities that are designed to reduce payment errors. If a settlement agreement is reached with the USDA for FFY 2001, we will be contacting the Performance Measurement Counties with error rates above the federal tolerance level on the submission of error reduction reinvestment projects. The Performance Management Counties are the largest 19 counties representing 90 percent of the statewide food stamp issuance.

State statute (Welfare and Institutions Code, Section 18905) and regulations (Section 15-621, C.D.S.S., Manual of Policy and Procedures) clarifies that counties responsible for error rates above Federal tolerance have a sanction liability. Consistent with these provisions, CDSS will notify Performance Measurement Counties that have exceeded the national tolerance level of 8.66 percent, and identify the amount of each county's specific liability. At that time, counties can appeal directly to CDSS for a reduction or elimination of their county specific portion of the FFY 2001 sanction liability amount as specified in the regulations.

Please review your FFY 2001 FSP activities and identify any information that you may believe is useful for California to appeal/settle the USDA sanction. This information should be submitted to Lisa Lacy, at 744 P Street, Mail Station 16-32, Sacramento, California 95814 by June 3, 2002. If you have questions please call Ms. Lacy at (916) 651-6556.

Sincerely,

Original document signed by
BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division