

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



September 17, 2003

ALL COUNTY INFORMATION NOTICE NO. I-60-03

TO: ALL COUNTY WELFARE DIRECTORS
 ALL EBT COORDINATORS
 ALL FOOD STAMP COORDINATORS
 ALL COUNTY FISCAL OFFICERS

REASON FOR THIS TRANSMITTAL

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> | State Law Change |
| <input type="checkbox"/> | Federal Law or Regulation Change |
| <input type="checkbox"/> | Court Order or Settlement Agreement |
| <input type="checkbox"/> | Clarification Requested by One or More Counties |
| <input checked="" type="checkbox"/> | Initiated by CDSS |

SUBJECT: CALIFORNIA FOOD ASSISTANCE PROGRAM (CFAP) REPORTING

The purpose of this letter is to inform counties of a change in the method of reporting food stamp benefits issued to CFAP program recipients when implementing Electronic Benefit Transfer (EBT). The new EBT capability described in this letter is not mandatory, but is effective and available for use immediately by counties as EBT is implemented. Whether counties utilize this new capability or not, accurate and correct data reporting remains a county responsibility.

Background

Currently, counties have implemented processes to comply with the procedures for determining the food stamp benefit amount and funding of those benefits between the Federal and State programs, for all households receiving food stamps. In particular, county directors or their delegates have certified that each respective county follows the procedures listed below for determining the correct funding for food stamps in a combined household (a household containing members eligible for the federal program and members eligible only for the state program):

1. Determine the overall household allotment for all members in the household.
2. Determine the federally funded household allotment for the household members eligible for the federal program.
3. Determine the state funded household allotment by subtracting number 2 from number 1.
4. Correctly report the household allotments between the two funding sources on the Issuance Reconciliation Report (FNS 46) and the Food Stamp Program Participation and Coupon Issuance Report (DFA 256), **based on amounts actually issued to clients**. Refer to All County Letter 98-66 and County Fiscal Letter 02/03-18 for instructions on reporting State and Federal allotments.

These steps are to be implemented by counties through automated and manual processes incorporated into their eligibility systems, subsystems, and reporting processes.

Issuance in an EBT Environment

Because of increased federal attention to the accuracy of reporting food stamp benefits on federal funding reports, California Department of Social Services (CDSS) in conjunction with the EBT project has reviewed the current EBT structure for issuing food stamp benefits and the reporting and financial processes that relate to the EBT system. As a result, the EBT system will be expanded to include an additional benefit type to allow the separate transmission, issuance and reporting of CFAP benefits. This additional benefit type will assist in optimizing the use of data from the EBT system to satisfy financial reporting and funding requirements related to federal and state programs, and to support the efforts of county welfare directors to certify and maintain accuracy in this area,

Previously, the EBT system accepted only one benefit type for the Food Stamp Program (FSP), which is used to transmit, issue, and report both federal and state food stamp benefits. The CFAP benefit type has been created for transmitting, issuing and reporting state-only benefits for those counties whose eligibility systems are capable of electronically transferring this information.

What does this mean to you?

Under the current system using one benefit type (FSP), counties transmit a single amount of benefit per household to the EBT system as authorized by their eligibility system. **However, federal reporting mandates require that each separate program benefit be reported based on the actual issuance of that benefit to the recipient, the use of that benefit by the recipient, and any repayments or expungements associated with that benefit.** Without the additional benefit type, these requirements complicate the use of the reports generated by the EBT system because of the additional analysis necessary to satisfy the federal reporting requirements.

By having two benefit types, one for federal benefits (FSP) and one for state benefits (CFAP), each program benefit can be carried separately in the EBT system. Counties will be able to directly utilize all EBT system issuance, benefit usage, expungement and repayment reports to comply with federal requirements. This will increase the accuracy in reporting the funding of federal and state food stamp benefits on federal reports as a counties transition to EBT, while maintaining the level of accuracy already achieved by the eligibility system in determining the household benefit between the two programs.

There is no impact to the recipient caused by this change. The recipient will still receive an EBT card with one food stamp allotment to transact at retail locations. This is similar to the cash program where each client can have multiple cash benefit types in use on a single EBT card.

What do you need to do to take advantage of this opportunity?

In order to take full advantage of the EBT system for federal reporting purposes, you will need to ensure that your eligibility system captures the following elements within the household case file: total household allotment, amount of federally-funded allotment and amount of state-funded allotment. The eligibility system needs to have the capability to electronically transmit to the EBT system the federally-funded allotment and state-funded allotment as separate amounts.

As you begin to implement EBT, please be sure to include the additional benefit type for the state food stamp program within the EBT to Eligibility System interface. Information will be made available with regard to this benefit type by the EBT project. In addition, you should review the current information contained in each household case file to determine if your eligibility system is currently supporting both federal **and** state program allotments in a combined household showing values for each, which when added together equal the total household allotment. If the system currently contains only the total allotment and federal allotment and calculates the state allotment as the difference of these two for reporting purposes, you may want to consider making the necessary changes to the system to store the separate CFAP benefit allotment electronically in the case file.

What benefits will derive to you?

When properly implemented, the county will be able to rely upon the EBT system reports to correctly and accurately complete federal reporting and state requirements for benefits issued between the two programs. Doing so will decrease the likelihood that future federal or state reviews will detect discrepancies in the funding and reporting of food stamp benefits between the federal and state programs, thereby reducing or eliminating the possibility of federal disallowances.

What if my eligibility system cannot support the electronic transmission of two separate benefit types?

All new consortia systems and most legacy systems should either already have, or be able to support (with minor modifications), the ability to transmit a separate benefit amount for federal and state food stamp benefit allotments. However, there may be some legacy systems without this capability, and the programming effort to acquire it may not be cost beneficial in relation to the remaining system life prior to the county's conversion to one of the consortia systems. In this case, the county would continue reporting both food stamp program benefit amounts to the single EBT food stamp benefit type (FSP), and continue to perform work-arounds to comply with federal and state reporting requirements.

DFA 256 change necessary

Effective with the November 2003 report month, the DFA 256 has been revised to, among other things, simplify the reporting of issuance amounts. The revised DFA 256 (11/03) will be issued via All County within the next several weeks.

For all reports month preceding November 2003, counties should continue to use the prior version of the DFA 256 (9/97). On that version you may report all federal issuance amounts (including those to federal members of combined households) in the Federal box on line three and all State issuance amounts (including those issued to State members of combined households) in the State box on the same line and place "X"s in the Federal/State Combined box.

Questions

The following individuals may be contacted with questions regarding the separate benefit type for CFAP in the EBT system:

- Questions regarding the electronic interface and EBT system design may be directed to Stan Cagle of the Program Technology and Support Bureau at (916) 654-1529.
- Questions regarding the reconciliation of the new benefit type for CFAP in the Statewide Automated Reconciliation System (SARS) may be directed to the SARS help desk at (916) 263-4036.
- Questions regarding the completion of the FNS 46 or the new DFA 885 may be directed to James Cortes in the Fiscal Systems and Accounting Branch at (916) 657-3131.
- Questions regarding the completion of the DFA 256 should be directed to Sharon Shinpaugh in the Data Systems and Survey Design Bureau at (916) 654-1212.
- Questions regarding food stamp benefit accuracy and funding between the federal and state food stamp programs may be directed to John Moist of the Food Stamp Branch at (916) 651-6556.

If you have any questions, please contact the staff referenced above or contact me at (916) 654-2125.

Sincerely,

***Original Document
Signed By***

DEBORAH McFADDEN, CHIEF
Program Integrity Branch