STATE OF CALIFORNIA--HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

January 13, 1986

ALL-COUNTY INFORMATION NOTICE NO. I-04-86

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: AFDC ERROR RATES AND FISCAL SANCTIONS

REFERENCE: ACIN I-37-85, I-62-85 AND I-75-85

This letter provides AFDC error rate information and an update on the federal fiscal sanction situation in AFDC.

Error Rates

The federal Department of Health and Human Services (DHHS) has released final regressed error rates for Fiscal Year 1984 (October 1983 - September 1984). A table showing these error rates for the 54 states and territories administering AFDC programs is attached.

The error rate for California is 5.2 percent. This represents a slight increase over our 4.8 percent final federal error rate for the prior year. While this most recent figure is higher than we had hoped for it is still lower than the 6.0 percent national average for the period and lower than 29 of the other states and territories. California's error rate is also lower than all but one of the other six states with AFDC caseloads over 100,000. Only New Jersey, with a caseload of approximately 130,000, did better with an error rate of 5.1 percent.

The 5.2 percent figure for California is also substantially higher than the approximately 2.9 percent original state findings for the period. This variance in the two figures, which results from application of the federal regression formula, should not overshadow the real progress that has been made in AFDC error reduction in the past year and one-half.

Federal Fiscal Sanctions

As you were previously informed, the Commissioner of Social Security declined to review our appeal of the $35 million AFDC quality control fiscal sanction for Fiscal Year 1981. The next step in the administrative appeal process is an appeal to the DHHS Grant Appeals Board (GAB). Our appeal to the GAB was filed by the State Attorney General's Office on October 7, 1985. Several other states have appeals before the GAB on the same subject and it is anticipated that the Board will hear issues common to all states together. The GAB has no specific timeline within which it must respond to these appeals, but it could take several months before a final ruling is given.

Fiscal sanctions for periods subsequent to Fiscal Year 1981 are still on hold pending issuance of revised federal regulations dealing with "good faith" waiver requests.

I will keep you informed of developments in the area of federal AFDC quality control fiscal sanctions. In the meantime, if you have any questions, please contact me or have your staff contact Charlie Marvin, Chief, AFDC Corrective Action Bureau, at (916) 445-4458.

Linda S. McMahon

LINDA S. McMAHON
Director

Attachment

AFDC PAYMENT ERROR RATES

October 1983 - September 1984

U.S. Total	6.0
Alabama	4.4
Alaska	6.8
Arizona	9.7
Arkansas	3.8
California*	5.2
Colorado	4.6
Connecticut	3.4
Delaware	7.8
Dist. Of Col.	11.2
Florida	5.4
Georgia	6.2
Guam	21.9
Hawaii	6.7
Idaho	9.7
Illinois*	6.5
Indiana	4.0
Iowa	3.7
Kansas	5.5
Kentucky	4.1
Louisiana	5.8
Maine	4.1
Maryland	5.7
Massachusetts	7.8
Michigan*	8.0
Minnesota	2.0
Mississippi	2.0
Missouri	3.7
Montana	6.9
Nebraska	6.9
Nevada	2.1
New Hampshire	7.5
New Jersey*	5.1
New Mexico	5.9
New York*	7.1
North Carolina	3.5
North Dakota	4.7
Ohio*	6.4
Oklahoma	3.0
Oregon	4.6
Pennsylvania*	9.1
Puerto Rico	7.7
Rhode Island	3.7
South Carolina	7.8
South Dakota	2.9
Tennessee	4.3
Texas	5.7
Utah	5.8
Vermont	5.8
Virgin Islands	2.4
Virginia	3.5
Washington	4.1
West Virginia	4.8
Wisconsin	6.6
Wyoming	5.6

*States with AFDC caseloads of greater than 100,000 cases.

NOTE: The error rate target for Guam, Puerto Rico and Virgin Islands is 4.0 percent; for all others the target is 3.0 percent.

Source: Federal Quality Control Program - Final regressed figures.