

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



August 23, 1994

ALL COUNTY INFORMATION NOTICE I-28-94

TO: All County Welfare Directors
All SIU Chief Investigators

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 Welfare Fraud Investigations

Prior to April 1, 1994, the administrative cost of conducting Aid to Families with Dependent Children (AFDC) and Food Stamp investigations was 75 percent federal, with the state paying 70 percent of the nonfederal share (17.5 percent) and the counties the balance (7.5 percent).

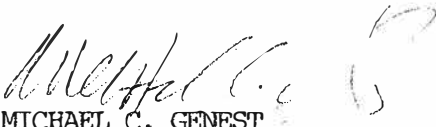
On April 1, 1994, the federal government, as a result of the Omnibus Budget Reconciliation Act (Public Law 103-66), reduced its share to 50 percent. The state, by statute, still contributes 70 percent of the nonfederal share. The result was a sharing ratio of 50 percent federal, 35 percent state and 15 percent county.

To prevent a reduction in fraud prevention and detection activities, the administration sponsored legislation, which was included in AB 836, that restored the county's share of the cost of investigations to the 7.5 percent rate. The language amended Welfare and Institution Code sections 15204.2 and 18906.5 so that the state will pay 85 percent of the nonfederal share of ongoing Aid to Families with Dependent Children/Public Assistance Food Stamps investigations. Non-Assistance Food Stamps will remain at the 15 percent county share. AB 836 became effective July 1, 1994, and has a two year sunset provision. Unless extended, the rates will return to the 50/35/15 ratio on July 1, 1996.

The Early Fraud Program's provision for 100 percent state and federal funding of approved county Early Fraud Programs for AFDC and Food Stamps has not been changed. There is no county share of cost in operating an approved plan.

Any staff allocation changes you made as a result of the reduced federal participation should be re-evaluated in light of these changes. We strongly encourage a balanced program between fraud prevention and fraud detection.

If you have any questions or require more information, please contact Rick Tibbetts of the Fraud Bureau at (916) 445-1624.


MICHAEL C. GENEST
Deputy Director
Welfare Programs Division