

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



October 8, 1999

ALL-COUNTY INFORMATION NOTICE NO. I-75-99

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ELIMINATION OF PENALTY FOR  
EXCEEDING FEDERAL FOOD STAMP  
ERROR TOLERANCE LEVEL

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

We are pleased to formally notify you that the Food and Nutrition Service (FNS) has eliminated the \$6,381,443 Food Stamp Program (FSP) penalty for California for Federal Fiscal Year (FFY) 1998, detailed in the September 30, 1999 letter from USDA (attached). The penalty was due to California having an FSP error rate above the national tolerance level. The penalty represented a significant potential fiscal liability for the state and counties.

FNS eliminated the state's liability primarily by making adjustments to recognize and account for the effects of high and increased proportions of earned income and non-citizen cases on the FSP error rates. Similar adjustments will also be applied to potential sanctions that may be assessed for FFY 1999. The California Department of Social Services (CDSS) plans to continue a close review of these cases, however, to understand and reduce errors related to these factors.

The action taken by FNS is consistent with arguments that California and other states have made about the need to consider payment accuracy goals along with other critical social goals, e.g., increased self-sufficiency, increased program access by eligible families, etc. Your assistance in providing information on earned income and non-citizen cases in county corrective action plans has proven helpful in developing these arguments. National lobbying efforts by California and other states have been very effective in convincing FNS to broaden its outcome goals for the FSP. The flexibility shown by FNS in reducing the sanction amount may also suggest a willingness of the agency to grant states more latitude in the management of the program.

Elimination of this sanction does not diminish ongoing efforts by the California Department of Social Services and the county welfare departments to achieve greater payment accuracy in the Food Stamp Program. We must continue to stress the importance of maintaining program integrity. At the same time, we recognize that counties are making significant progress in many other areas of the program, including the reduction of welfare dependence. CDSS staff will continue to be available to assist counties in your efforts to develop new strategies that will improve payment accuracy. Please contact Gary Swanson, Chief, Data Operations Branch at (916) 445-0220, if there are any questions.

Sincerely,  
**Original document signed**  
**By Charr Lee Metkser on 10/8/99**  
CHARR LEE METSKER, Chief  
Employment and Eligibility Branch

Attachment



United States  
Department of  
Agriculture

Food and  
Consumer  
Services

3101 Park  
Corner Drive

Alexandria, VA  
22302-1508

Ms. Rita L Saenz  
Director  
Department of Social Services  
744 P Street MS1711  
Sacramento, California 95814

Dear Ms. Saenz:

This is in reference to the June 30, 1999, letter from Secretary Glickman to Governor Davis, concerning your State's fiscal year (FY) 1998 Food Stamp Program (FSP) quality control (QC) payment error rate and potential QC liability totaling \$6,381,443. That letter was a preliminary notification of your State's potential QC liability and did not constitute a formal notice of claim which must be issued by the Department of Agriculture (USDA) in accordance with Section 16© of the Food Stamp Act of 1977, as amended (the Act), 7 U.S.C. 2025©.

USDA has Reduced the FY 1998 liabilities for all states by adjusting for the effects of high and increased proportions of earners and immigrants in states' caseloads and by removing errors below \$25.00. As a result of these adjustments, California does not face a liability for FY 1998.

USDA is making these adjustments under the Secretary's general authority of Section 13(a)(1) to determine the amount of and settle and adjust any claim if the Secretary determines that it would serve the purposes of the Act. USDA has determined that these reductions are appropriate if liabilities are to play their appropriate role in promoting payment accuracy without undermining Federal efforts to encourage self sufficiency and provide food stamp access to immigrants and low income workers during this challenging period.

USDA will be informing all States that it intends to make similar adjustments to any FY 1999 liability amounts for earners, immigrants and small errors below \$25.00. In closing, USDA remains committed to working in partnership with California to promote payment accuracy, improve customer service and preserve the nutrition safety net for American families.

Sincerely,

  
Samuel Chambers Jr.  
Administrator

cc: Allen Ng.WRO