

DEPARTMENT OF SOCIAL SERVICES

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November 3, 1980

ALL-COUNTY INFORMATION NOTICE I-120-80

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: AFDC-QC ERROR RATES AND FISCAL SANCTIONS

REFERENCE:

This letter is to provide you an update on AFDC quality control error rate findings and on developments in the area of QC fiscal sanctions at the federal level, in the State Legislature and in the Department.

Attached are the final April-September 1979 county error rates for the thirty-five largest counties. As you can see, error rates for several of the counties are above the 4.0 percent performance standard. Also, the federal government recently announced that California's final state-wide error rate for the April-September 1979 period is 7.8 percent, up from 7.2 percent for October-March 1978-79. When Social Security enumeration errors are excluded, these final federal figures are somewhat better, 5.6 percent for April-September and 6.0 percent for October-March. These enumeration errors result from a policy difference with the federal government; they are not included in the individual county error rates. With the error rates for several counties above the 4.0 percent performance standard and the state-wide error rate well above previously established levels of 4.0 percent and below, I am deeply concerned about current AFDC error rate performance.

Under current federal regulations, April-September 1979 is a fiscal sanction period. Eleven states are subject to sanction based on their AFDC error rates for that period. Since California's April-September error rate is below the base period national average (9.4 percent), we are not among the states to be sanctioned. However, beginning October 1980 when the federal "Michel Amendment" regulations go into effect, our final federal error rate for the annual assessment period of October 1980-September 1981 must be 4.0 percent or below to avoid sanction.

At the state level, the Legislature has continued to express its expectations with respect to the level of AFDC error rates and QC sanctions. Through the Budget Act of 1980 it has:

1. Set the performance standard for fiscal sanctions at 4.0 percent for October-March 1980-81 and 3.75 percent for April-September 1981;
2. Required that, beginning with the April-September 1979 period, I report those counties with error rates above the performance standard and, if no sanctions are applied, the reason for not applying them; and
3. Required that, by November 15, 1980, I submit a plan for applying fiscal sanctions against counties.

As you may recall, when the October-March 1978-79 error rates came out, I called a special meeting of county welfare directors to express my concern about the substantial increase in error rates over the previous period. I also informed you at that time that I would not be imposing fiscal sanctions for the two SB 154 periods of October-March 1978-79 and April-September 1979. I made this decision to allow counties to get used to revised QC procedures and to identify their performance in relation to the established performance standard. I will be providing the Legislature a copy of the attached error rates and will again be informing them of my decision not to sanction counties for the April-September 1979 period for the above reasons.

My staff is working closely with a special CWDA committee to develop a reasonable QC corrective action and fiscal sanction plan which best meets this Department's needs, county concerns and legislative expectations. The final outcome of this effort will be revised Division 15 regulations. In conjunction with this effort we have mutually agreed to establish a joint state-county Corrective Action Advisory Committee. This committee will provide a forum for county input and joint discussion and resolution of state-wide error rate problems.

Once again, I want to share my concern about the deterioration in error rate performance since the passage of Proposition 13. It is imperative that we all make every possible effort to reduce the AFDC error rate back to levels previously achieved.

I will keep you informed of developments in this critical area.

Sincerely,



MARION J. WOODS
Director

Attachment

cc: CWDA

AFDC PROGRAM

Quality Control Payment Error Rates
April-September 1979
Thirty-five Largest Counties

County	Percent Overpayments and Ineligibles
Alameda	8.8*
Butte	1.0
Contra Costa	8.4*
Fresno	3.0*
Humboldt	1.9
Imperial	3.7*
Kern	0.6
Kings	5.3
Los Angeles	2.2**
Madera	2.8
Marin	4.9
Mendocino	1.5
Merced	3.4
Monterey	5.6*
Orange	5.5*
Placer	3.0
Riverside	2.7*
Sacramento	3.6*
San Bernardino	3.7*
San Diego	5.2*
San Francisco	9.6*
San Joaquin	1.0
San Luis Obispo	2.5
San Mateo	5.1
Santa Barbara	4.2
Santa Clara	6.3*
Santa Cruz	1.6
Shasta	3.4
Solano	4.7*
Sonoma	6.8*
Stanislaus	2.9*
Tulare	6.0*
Ventura	3.1*
Yolo	6.6
Yuba	2.4

*Reflects results of state subsample monitoring and application of a regression formula. Numbers without * are reconciled county figures. Regression could not be applied in all instances due to small subsample sizes and the fact that no errors were found in the subsamples in some counties.

**State findings.