DEPARTMENT OF BENEFIT PAYMENTS
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December 29, 1975

ALL-COUNTY LETTER NO. 75-269

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP PROGRAM - "EFFICIENCY AND EFFECTIVENESS" PROGRAM

REFERENCE:

Public Law 93-347 which was approved July 12, 1974 changed the funding provisions with regard to administrative costs incurred in the operation of the Food Stamp Program. Prior to this time, counties were reimbursed for 62 1/2 percent of any direct certification costs they had incurred. This amendment to the Food Stamp Act which was effective October 1, 1974, increased reimbursement to 50 percent of all administrative costs. However, the revised funding is contingent upon California having both an efficient and effective Food Stamp Program operation as determined by USDA's Food and Nutrition Service (FNS).

FNS has developed certain criteria for determining efficiency and effectiveness which were published in the Federal Register, Vol. 40, No. 135 on July 14, 1975. These regulations were effective as of July 1, 1975 and require the following:

1. Quality Control
2. County Administrative Reviews
3. State Operation Review
4. Corrective Action (CA)
5. Annual Personnel Report
6. Semiannual Outreach Reports

Quality Control

At the present time, counties are performing their own quality control reviews. Effective January 1, 1976, the responsibility for conducting these reviews will be transferred to the Department of Benefit Payments as per All County Letter 75-243. The quality control sample will consist of 1,200 active food stamp cases and 800 negative actions selected on a statewide basis. These reviews will be completed semiannually.

County Administrative Reviews

In addition to the federally required Food Stamp Quality Control, California must complete an administrative review for each county either annually or biennially depending upon the amount of each county's monthly bonus. Counties with a monthly bonus of $500,000 or more must be reviewed once each year, while counties with less than $500,000 monthly bonus need only be reviewed every two years. FNS has been piloting this review process for the six-month period ending December 31, 1975. The state and several counties have participated in this "testing phase" with FNS assuming the leading role.

The state will assume responsibility for county administrative reviews on January 1, 1976. Based on experience gained during the pilot period, review content, procedure, and report will be modified to ensure specific problem identification and analysis for each individual county.

County administrative reviews will consist of case reviews and an operations review. The case review portion will be a one-month quality control-type county sample. It will include recording information from the case record, a home visit with the recipient, and third-party collateral contacts as determined necessary. The sample size will be about 60-100 cases depending on the size of the county caseload. The operations review will consist of a full systems analysis which will cover such areas as certification and issuance procedures, general county operations, outreach efforts, fair hearings, and reporting responsibilities. The review report will include a narrative summary of problems identified, an analysis of their probable causes, and documentation (flow charts) of county systems.

The Welfare Program Evaluation Branch will be conducting these county administrative reviews. A representative of the Food Stamp Program Management Branch will participate in entrance and exit interviews with county staff, and act as a resource person for any questions that may come up during the review. Counties will be notified approximately one month in advance of an administrative review. When the review is completed, a report of the findings will be prepared and submitted to the Food Stamp Program Management Branch. At this point, State Food Stamp staff will work with the county to develop specific corrective actions and provide follow-up assistance to the county for implementation and evaluation of corrective actions undertaken.

State Operations Review

A review of Food Stamp Program operations within the Department of Benefit Payments will be done annually to identify areas for corrective action internal to the Department.

Corrective Action

When the state assumes responsibility for this entire process on January 1, 1976, California will be operating on a strict timetable for completion of reviews and reporting of results. County corrective action plans are to be prepared no later than 60 days following receipt of the

completed review report. The development of these plans will be a joint state/county process. The county will have responsibility for plan implementation, with state staff assistance available. The state will also assist in monitoring and assessing the results of corrective actions undertaken.

The objectives of the "efficiency and effectiveness" program are to ensure continued full federal financial participation in food stamp administrative costs, reduction in bonus dollar error loss, increased efficiency in program operations, and improved compliance with program requirements. These objectives will be met through a continuous cycle of problem identification and analysis, corrective action planning, implementation and evaluation.

Since responsibility for the administration of the Food Stamp Program involves the tripartite relationship of FNS, states, and counties, each administrative level must be involved in this cycle and must take responsibility for correcting any problems which lie within its purview. Food Stamp Program Management Branch has been charged with the responsibility for generating corrective action proposals for alternatives to be implemented at the state and federal level.

Annual Personnel Report and Semiannual Outreach Reports

Summary reports by the state to FNS on food stamp personnel and outreach activities will be compiled from county reports. You will be notified well in advance if this will entail modification of existing reports.

The Department of Benefit Payments is fully committed to working with counties and FNS to improve the Food Stamp Program in California. In order that the program be administered efficiently and effectively, this undertaking must be a cooperative effort. We solicit your active support in this endeavor.

Sincerely,

Kyle S. McKinsey

KYLE S. McKINSEY
Deputy Director

cc: FNS, USDA
CWDA