STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

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

January 27, 1995

ALL-COUNTY LETTER NO. 95-04

TO: ALL-COUNTY WELFARE DIRECTORS

Reason for this Transmittal
[ ] State Law Change
[ ] Federal Law Change
[ ] Court Order or Settlement Agreement
[ ] Clarification Requested by One or More Counties
[X] Initiated by CDSS

SUBJECT: QC Restructuring/County Performance Sample

Current state statutes (Welfare and Institutions Codes Sections 15200.4 and 18905) require that federal sanctions imposed on the state for exceeding error rate tolerance levels in the Aid to Families with Dependent Children (AFDC) and Food Stamp (FS) programs be passed on to counties according to a methodology developed by the California Department of Social Services (CDSS). In complying with this statutory requirement and to strengthen the quality control (QC) system upon which federal sanctions and/or incentives may be passed on to counties, CDSS intends to restructure the current state sample QC program.

Proposed revisions to QC Regulations, Manual of Policies and Procedures Division 15, will be released in February 1995 with an effective date of October 1, 1995. The revised regulations will implement the county performance sample which is designed to provide state and counties with an enhanced QC system, an expanded data base for performance outcome measurement and the mechanism through which CDSS can comply with statutory requirements.

Key components of the county performance sample include:

- focusing efforts on the largest counties comprising at least 90 percent of AFDC expenditures;
- centralizing and automating sample selection for AFDC and FS cases;
- assigning responsibility for completion of federal sample QC reviews to county staff in the participating counties;
- automating both the county QC process and QC data base management functions;
- completing a small county performance sample composed of QC case reviews selected from the nonparticipating counties.

A county advisory committee consisting of participating and nonparticipating counties (Sacramento, Placer, San Luis Obispo, Contra Costa, Alameda, San Diego, Riverside, Ventura, Los Angeles and Monterey) has been providing input on the proposed QC restructuring effort. Contra Costa and San Diego counties are the prototype counties where QC restructuring is currently being modeled.

Participating Counties

Currently, 33 counties are participating in the state sample program. This number will be reduced beginning with state fiscal year 1995/96. Participating performance sample counties will now be defined as counties that account for the top 90 percent of the state's annual AFDC expenditures. A listing of performance sample counties is contained in Attachment 1. It is proposed that the state and federal funds currently allocated to counties in the state sample program that do not participate in this new program will be redirected to the participating counties. The CDSS Proposed County Administrative Budget (PCAB) letter will be released to counties in January 1995 and will provide information and instructions regarding budgeting for the performance sample counties for SFY 1995-96.

Counties currently performing state sample QC reviews and not participating in the county performance sample should discontinue QC activities by June 30, 1995. To accomplish this, March 1995 would be the last month in which a state sample is selected and reviewed.

Federal Sample QC Reviews

Beginning with the October 1995 review month, it is proposed that participating counties, with the exception of Los Angeles County, assume responsibility for the federal AFDC and FS active QC case reviews. In addition, county staff will complete a supplemental sample of county cases that when combined with the federal sample comprise the county performance sample. This will not result in the completion of more cases than currently completed for the existing state sample, since federal sample reviews will replace a like number of county reviews. Participating counties will continue to complete the sample case reviews consistent with federal specifications and timeframes which has been the situation previously. State staff will review federal and county sample cases completed by county staff. In addition they will provide training, QC policy direction, and automation support to county staff.

Los Angeles County will be included in the county performance sample although CDSS staff will continue to complete the QC reviews as is currently being done. Since Los Angeles County is assigned only federal sample cases, the county has not been required to have a QC organization or staffing.

QC Automation

Key to the success of the county performance sample is the automation of the county QC process and data base management functions. CDSS QC staff have successfully implemented the statewide Quality Control Information System (QCIS). CDSS will provide the QCIS software and training without any county cost, to each performance sample county. This software includes an electronic worksheet, case tracking, management reporting and an on-line network for transmitting case findings. CDSS will also provide funding in the 1995/1996 allocation process for counties to purchase the basic automation equipment needed to operate QCIS.

A component crucial to the success of the automated QC process is CDSS' automated selection/integration of the county performance sample cases and submission of the sample listings to participating counties in a timely fashion. This important function depends upon participating counties providing food stamp issuance tapes to CDSS on a routine and timely basis. Tape file specifications and submission requirements will be sent to each performance sample county during January 1995.

Small County Performance Sample

Recognizing the need of the CDSS to receive performance outcome information on those counties not participating in the county performance sample, nonparticipating counties will be placed into one sampling universe. State staff will complete QC reviews of a sufficient number of cases from that universe to produce a reliable payment error rate and other performance outcome data. The results of the small county performance sample will be provided to the participating counties on an informational basis only. They will be exempt from any sanction or incentive pass-on which is the current situation for counties that are not included in the state sample.

We appreciate the cooperation that we have received from county staff in developing the QC restructuring proposal and look forward to a continuing cooperative effort throughout its implementation. If you have any questions or need further information please contact Walter Barnes Chief, Review and Integrity Branch at (916) 657-1878 or Gary Swanson, Chief, Review and Evaluation Bureau at (916) 445-0220.

MICHAEL C. GENEST
Deputy Director
Welfare Programs Division

Attachment

Attachment 1

PARTICIPATING PERFORMANCE SAMPLE COUNTIES

The list and ranking of counties below is based on a yearly average of AFDC expenditures for state fiscal years 1992/93 and 1993/94. Counties representing the top 90% of AFDC expenditures for the two years are as follows:

Rank	County	AFDC Expenditures (%)
1.	Los Angeles	34.59
2.	San Diego	7.28
3.	San Bernardino	7.24
4.	Sacramento	5.37
5.	Fresno	4.38
6.	Orange	4.22
7.	Alameda	4.17
8.	Riverside	3.81
9.	Santa Clara	3.42
10.	San Joaquin	2.62
11.	Kern	2.35
12.	Tulare	1.97
13.	Contra Costa	1.76
14.	Stanislaus	1.65
15.	San Francisco	1.40
16.	Merced	1.17
17.	Ventura	0.98
18.	Solano	0.93
19.	Monterey	0.82
	Total	90.13%