**Eugenia Chough** 08/05/99 05:32:04 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP@EOP

cc:

Subject: Re: Food Stamps QC mtg MOVED from noon to 2pm

---------------------- Forwarded by Eugenia Chough/OPD/EOP on 08/05/99 05:32 PM ---------------------------

Ruby Shamir
08/05/99 05:29:20 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP

cc:

Subject: Re: Food Stamps QC mtg MOVED from noon to 2pm

Hey Genie,

No problem! By the way, do you have any background info on this?

**Food Stamp Program Quality Control (QC) Liabilities**

State payment error rates are calculated through a multi-step process. Initially, State food stamp officials conduct monthly Quality Control (QC) reviews based on a sample of their active cases and "negative case actions" (terminations or denials of benefits). QC reviews measure the accuracy of eligibility and benefit determinations of the sampled cases against program standards. States are required to report their findings for each case selected for review during the sample month.

FNS regional officials then subsample completed State QC reviews, re-reviewing individual case findings for accuracy. Based on this subsample, regional offices determine the respective States' error rates using a regression formulae and data collected at the Kansas City Computer Center.

If a State disagrees with the FNS regional office about whether any particular case should be reported as an error, the State can request arbitration of the "Federal-State difference." Under regulations in effect through FY 1998, disputes are arbitrated initially by the FNS regional office. If dissatisfied by the result, the State may request arbitration by the FNS National office. At both levels of arbitration, a State may submit documentation in support of its claim, and cases are decided on the basis of the written record. Arbitrators consider only whether FNS policies and procedures were correctly applied, not whether errors should be set aside for "good cause."

**On June 30, 1999**, the Food and Nutrition Service (FNS) will notify 23 State agencies that they have exceeded the National performance measure and will be billed for potential liabilities totaling approximately $79 million. Thirteen of the 23 States, under terms of existing settlement agreements negotiated to resolve QC liabilities incurred during FYs 1992 through 1997, will be required to ***reinvest an additional $10.2 million*** of unmatched State money in payment accuracy improvement activities based on their failure to meet the established performance target for FY 1998. In addition, 16 of these 23 States have FY 1999 as a performance year. If these States do not reduce their error rates for FY 1999, they will be required to **repay $12.5 million in cash** and ***reinvest an additional $23.5 million*** of unmatched State money in payment accuracy activities.

This will be the first time since **January 1989** that FNS has pursued collections of error rate liabilities. **In November 1990**, the Food, Agriculture, Conservation and Trade Act, Public Law 101-624, eliminated $285.8 million in outstanding error rate liabilities for FYs 1983 through 1985. All liabilities since FY 1985 have been settled rather than collected.

**Resolution of error rate liabilities FYs 1986 - 1997:**

Since the 1989 billing action, there have been significant statutory changes to the QC liability system which have impacted the resolution of error rate liabilities through FY 1997.

**In September 1988**, the Hunger Prevention Act (HPA), Public Law 100-435, at the request of the States, changed the administrative appeals process from an informal review of the billing action by Departmental officials to a formal administrative adjudication process before the Department's Administrative Law Judges (ALJs).

Determinations related to good cause for failure to meet the prescribed level of performance would be made by the Secretary prior to initiating the billing process.

The HPA also required that any consideration of settlement of the error rate liabilities by the Secretary take into account States' plan to reinvest all or a portion of their error rate liabilities in activities designed to improve the level of payment accuracy in the Food Stamp Program.

**In January 1993**, FNS agreed to settle approximately $300 million in potential liabilities against 26 State agencies for FYs 1986 through 1991. States were required to reinvest approximately $44 million (15 percent of the initial liabilities) in program operational improvements specifically designed to improve payment accuracy in the Food Stamp Program.

**In August 1993**, the Mickey Leland Childhood Hunger Relief Act , Public Law 103-66, at the request of the States, modified the HPA provisions by transferring the good cause appeal process to the ALJs. Billing actions must be initiated against any State with an outstanding error rate liability in order to trigger the appeals process.

**On July 14, 1998**, FNS completed the rulemaking for the 1993 legislation which allows FNS to bill State agencies for error rate liabilities for FYs 1992 forward. These provisions were effective **August 13, 1998.**

**Between April 1996 and January 1999**, FNS used its legislative authority to settle all outstanding error rate liabilities against 33 States totaling $482 million. These States have agreed to immediately reinvest $54 million of their error rate liabilities in activities that improve payment accuracy with an additional $144.5 million at risk if performance standards are not achieved. FNS agreed to waive approximately $282 million based on good cause and as a condition of settlement of these liabilities.

6/9/99

## FOOD STAMP PROGRAM
## FY 1998 PRELIMINARY DATA
### ERROR RATE DATA , DOLLARS ISSUED IN ERROR, and POTENTIAL LIABILITIES 1/

| STATE | FY 1998 TOTAL CPER | FY 1998 OVER-PAYMENTS | FY 1998 UNDER-PAYMENTS | ANNUAL DOLLARS OVERISSUED 2/ | ANNUAL DOLLARS UNDERISSUED 2/ | POTENTIAL LIABILITIES |
|---|---|---|---|---|---|---|
| MICHIGAN | 17.67 | 13.13 | 4.55 | $77,266,680 | $26,775,582 | $26,922,205 |
| NEBRASKA | 16.69 | 12.51 | 4.18 | $8,474,069 | $2,831,464 | $2,290,933 |
| MARYLAND | 15.40 | 11.56 | 3.84 | $32,568,792 | $10,818,699 | $5,877,012 |
| WASHINGTON | 15.38 | 12.09 | 3.29 | $38,611,905 | $10,507,293 | $6,605,708 |
| WISCONSIN | 14.58 | 9.28 | 5.30 | $12,073,619 | $6,895,493 | $1,852,881 |
| ALASKA | 14.19 | 11.82 | 2.37 | $5,880,074 | $1,179,000 | $573,863 |
| ILLINOIS | 14.04 | 11.04 | 3.00 | $93,188,893 | $25,323,069 | $8,922,825 |
| GEORGIA | 13.65 | 9.90 | 3.75 | $53,291,108 | $20,186,026 | $4,445,915 |
| OREGON | 13.45 | 11.47 | 1.98 | $22,678,417 | $3,914,844 | $1,420,488 |
| IOWA | 13.37 | 10.02 | 3.35 | $10,967,909 | $3,666,916 | $741,634 |
| VERMONT | 13.25 | 10.56 | 2.69 | $3,564,867 | $908,096 | $208,773 |
| CONNECTICUT | 13.13 | 10.34 | 2.79 | $16,667,428 | $4,497,304 | $905,960 |
| FLORIDA | 12.94 | 8.47 | 4.47 | $71,601,107 | $37,787,125 | $4,042,797 |
| NEW YORK | 12.93 | 8.61 | 4.33 | $128,055,637 | $64,399,641 | $7,050,003 |
| CALIFORNIA | 12.59 | 8.22 | 4.37 | $167,442,717 | $89,017,600 | $6,958,088 |
| DELAWARE | 12.45 | 9.71 | 2.74 | $3,263,409 | $920,880 | $98,589 |
| WEST VIRGINIA | 11.39 | 8.51 | 2.88 | $19,084,239 | $6,458,591 | $105,850 |
| VIRGINIA | 11.13 | 6.83 | 4.30 | $20,957,872 | $13,194,561 | $58,181 |
| KANSAS | 11.10 | 8.03 | 3.08 | $6,647,488 | $2,549,722 | $13,673 |
| OKLAHOMA | 10.87 | 7.65 | 3.22 | $17,663,837 | $7,434,974 | $7,805 |
| NORTH CAROLINA | 10.78 | 7.92 | 2.86 | $33,351,059 | $12,043,438 | $3,943 |
| COLORADO | 10.78 | 7.80 | 2.98 | $12,239,501 | $4,676,117 | $1,469 |
| NEW JERSEY | 10.72 | 7.53 | 3.19 | $28,885,988 | $12,237,225 | $575 |
| DIST. OF COL. | 10.66 | 7.41 | 3.25 | $6,287,912 | $2,757,856 | |
| NEW MEXICO | 10.64 | 7.80 | 2.85 | $11,263,560 | $4,115,532 | |
| IDAHO | 10.45 | 6.12 | 4.33 | $2,857,628 | $2,021,819 | |
| GUAM | 10.44 | 8.24 | 2.20 | $2,835,614 | $757,081 | |
| NEW HAMPSHIRE | 10.19 | 5.74 | 4.46 | $1,734,170 | $1,347,456 | |
| MAINE | 10.15 | 7.43 | 2.72 | $7,447,301 | $2,726,334 | |
| PENNSYLVANIA | 9.85 | 7.42 | 2.43 | $56,758,482 | $18,588,020 | |
| UTAH | 9.70 | 7.69 | 2.01 | $5,786,891 | $1,512,568 | |
| NORTH DAKOTA | 9.36 | 6.32 | 3.03 | $1,587,789 | $761,235 | |
| OHIO | 9.29 | 6.19 | 3.10 | $37,929,238 | $18,995,257 | |
| NEVADA | 8.88 | 6.25 | 2.62 | $3,951,536 | $1,656,484 | |
| TENNESSEE | 8.74 | 6.58 | 2.16 | $28,774,842 | $9,445,845 | |
| MISSOURI | 8.31 | 6.73 | 1.57 | $23,251,088 | $5,424,102 | |
| SOUTH CAROLINA | 8.07 | 6.60 | 1.46 | $17,408,109 | $3,850,885 | |
| ALABAMA | 7.67 | 6.55 | 1.12 | $23,404,323 | $4,001,961 | |
| LOUISIANA | 7.67 | 5.52 | 2.16 | $25,777,241 | $10,086,746 | |
| MASSACHUSETTS | 7.46 | 4.96 | 2.51 | $11,002,074 | $5,567,582 | |
| KENTUCKY | 7.40 | 4.53 | 2.87 | $15,625,818 | $9,899,801 | |
| MONTANA | 7.33 | 5.29 | 2.04 | $2,770,582 | $1,068,428 | |
| RHODE ISLAND | 7.03 | 4.66 | 2.37 | $2,642,790 | $1,344,080 | |
| INDIANA | 6.79 | 4.98 | 1.81 | $13,106,790 | $4,763,713 | |
| VIRGIN ISLANDS | 6.56 | 4.41 | 2.15 | $963,649 | $469,806 | |
| MISSISSIPPI | 6.01 | 3.70 | 2.31 | $9,410,816 | $5,875,401 | |
| ARKANSAS | 5.96 | 4.96 | 1.01 | $10,206,697 | $2,078,380 | |
| ARIZONA | 5.91 | 4.32 | 1.59 | $10,949,275 | $4,029,941 | |
| TEXAS | 5.27 | 3.82 | 1.45 | $54,431,281 | $20,661,088 | |
| MINNESOTA | 5.18 | 3.35 | 1.83 | $6,058,221 | $3,309,416 | |
| HAWAII | 4.84 | 3.24 | 1.59 | $5,774,195 | $2,833,633 | |
| WYOMING | 4.81 | 3.48 | 1.33 | $726,321 | $277,588 | |
| SOUTH DAKOTA | 2.11 | 1.59 | 0.52 | $587,070 | $191,998 | |
| **TOTAL** | 10.68 | 7.61 | 3.07 | **$1,285,737,916** | **$518,643,693** | **$79,109,170** |

**1/ Based on Data available as of 5/25/99. DATA IS SUBJECT TO CHANGE**

**2/ $ Value of Overissuance and Underissuance calculated using actual issuance data (5/22/99 NDB) and error rates rounded to 2 decimal places.**

File:I:\Data\Shared\QCB\Excel\Sanction & Incentive Calculations\ FY98 Sanctions & Incentives\Julie Paradis Pkg

| STATE | Percent Of Households With Earned Income | Payment Error Rate | Potential Liabilities |
|---|---|---|---|
| | FY 1998 | | |
| NORTH DAKOTA | 48.03 | 9.36 | |
| IDAHO | 43.53 | 10.45 | |
| SOUTH DAKOTA | 40.87 | 2.11 | |
| WYOMING | 40.37 | 4.81 | |
| IOWA | 36.83 | 13.37 | $ 741,634 |
| MICHIGAN | 35.08 | 17.67 | $ 26,922,205 |
| NEBRASKA | 34.73 | 16.69 | $ 2,290,933 |
| MONTANA | 34.72 | 7.33 | |
| UTAH | 34.19 | 9.70 | |
| ALASKA | 33.97 | 14.19 | $ 573,863 |
| OREGON | 33.76 | 13.45 | $ 1,420,488 |
| WISCONSIN | 32.41 | 14.58 | $ 1,852,881 |
| VIRGINIA | 31.62 | 11.13 | $ 58,181 |
| TENNESSEE | 31.57 | 8.74 | |
| NEW MEXICO | 30.60 | 10.64 | |
| ALABAMA | 30.41 | 7.67 | |
| MISSISSIPPI | 30.21 | 6.01 | |
| ARIZONA | 30.20 | 5.91 | |
| LOUISIANA | 29.86 | 7.67 | |
| COLORADO | 29.86 | 10.78 | $ 1,469 |
| VIRGIN ISLANDS | 29.83 | 6.56 | |
| TEXAS | 29.12 | 5.27 | |
| NORTH CAROLINA | 29.08 | 10.78 | $ 3,943 |
| GEORGIA | 28.32 | 13.65 | $ 4,445,915 |
| VERMONT | 28.03 | 13.25 | $ 208,773 |
| ARKANSAS | 27.68 | 5.96 | |
| CONNECTICUT | 27.65 | 13.13 | $ 905,960 |
| OKLAHOMA | 27.59 | 10.87 | $ 7,805 |
| KANSAS | 27.57 | 11.10 | $ 13,673 |
| INDIANA | 26.60 | 6.79 | |
| DELAWARE | 26.46 | 12.45 | $ 98,589 |
| NEW HAMPSHIRE | 26.33 | 10.19 | |
| SOUTH CAROLINA | 25.54 | 8.07 | |
| CALIFORNIA | 25.45 | 12.59 | $ 6,958,088 |
| PENNSYLVANIA | 25.32 | 9.85 | |
| FLORIDA | 25.12 | 12.94 | $ 4,042,797 |
| KENTUCKY | 24.68 | 7.40 | |
| HAWAII | 24.58 | 4.84 | |
| ILLINOIS | 24.50 | 14.04 | $ 8,922,825 |
| MINNESOTA | 23.42 | 5.18 | |
| MARYLAND | 23.38 | 15.40 | $ 5,877,012 |
| WEST VIRGINIA | 23.37 | 11.39 | $ 105,850 |
| MISSOURI | 22.51 | 8.31 | |
| NEVADA | 22.14 | 8.88 | |
| WASHINGTON | 21.47 | 15.38 | $ 6,605,708 |
| GUAM | 21.36 | 10.44 | |
| OHIO | 20.90 | 9.29 | |
| MAINE | 19.81 | 10.15 | |
| RHODE ISLAND | 17.78 | 7.03 | |
| NEW YORK | 14.89 | 12.93 | $ 7,050,003 |
| MASSACHUSETTS | 14.43 | 7.46 | |
| NEW JERSEY | 13.84 | 10.72 | $ 575 |
| DIST. OF COL. | 9.06 | 10.66 | |
| U.S. | 25.60 | 10.68 | $ 79,109,170 |

## *Redraft Liability Letter*

**The Honorable Mike O. Johanns**
**Governor** of Nebraska
**State Capitol, P.O. Box 94848**
**Lincoln, Nebraska 68509-4848**

Dear **Mike**:

This letter is to notify you of **Nebraska's** official food stamp overpayment, underpayment, and combined error rates for fiscal year (FY) 1998. **Nebraska's** overpayment error rate was **?** percent and its underpayment error rate was **?** percent, resulting in a combined food stamp error rate of **?** percent for the fiscal year. The national average combined error rate for FY 1998 was **?** percent.

In FY 1998, **Nebraska** issued more than **$** in Food Stamp Program (FSP) benefits. Regrettably, more than **$** were overpayments to which recipients were not entitled and more than **$** were underpayments, where recipients were entitled to more benefits than they received. States whose combined error rates for overpayments and underpayments exceed the national average are subject to a liability, while States with low error rates receive incentive payments to recognize their payment accuracy performance. Since **Nebraska's** combined error rate exceeded the national average, **Nebraska** is now subject to a liability of **$** based on its FY 1998 error rate performance.

The Department of Agriculture (USDA), through the Food and Nutrition Service (FNS), has continued its campaign to increase payment accuracy nationwide. USDA has made efforts to obtain commitments from the highest levels of State management to ensure that payment accuracy remains a priority of all those administering the FSP.

Over the past several years, **Nebraska** has initiated a number of initiatives aimed at improving payment accuracy and I urge you to re-evaluate and strengthen these activities. These efforts, coupled with your personal commitment, will promote lower error rates. In addition to **Nebraska's** own initiatives, USDA remains committed to increasing the payment accuracy of food stamp benefits on a National level.

Pursuant to Section 16(c)(5) of the Food Stamp Act of 1977, 7 U.S.C. § 2025 (c)(5), FNS will forward a bill to the State Welfare Commissioner of Nebraska in approximately 30 days from the date of this notification for the liability associated with its FY 1998 performance.

We must continue our efforts to protect program integrity and preserve the nutrition safety net for American families.

Sincerely,

DAN GLICKMAN
Secretary

cc: State Welfare Commissioner
Regional Administrator
OES

## PROPOSALS TO IMPROVE FOOD STAMP QUALITY CONTROL

### Issue Areas

- What to do about FY98?
- Steps to Improve and Rationalize the Current System
- Making Better Use of Information Available Through QC
- Considering Additional Performance Measures
- Considering Legislative Proposals for Reauthorization

### What to Do about FY98?

- *States need immediate guidance on how 1998 sanctions will be assessed.* It seriously undermines federal-state relations to leave this issue open for so long. A proposal that imposes some portion of the sanction as a cash payment to the federal government makes sense. It should be applied strictly be a formula basis (no negotiation at the regional level), perhaps a 20% cash payment for states that are three-time offenders or any states that exceeds an extremely high error rate. For the remainder, USDA should continue with requiring states to reinvest some portion of the sanction and put the balance "at-risk" for future years behavior with further cash payments required for further violations and waivers possible for improvement. This approach would help USDA's credibility with states, the Hill and within the Administration. (States should be advised of these criteria quickly – perhaps in advance of the August 5th hearing in the House.)

### Steps to Improve and Rationalize the Current System

States should be actively engaged in the following efforts. In fact, APHSA and USDA have been engaged in a joint effort on some of the following proposals. Steps need to be taken quickly to adopt acceptable changes recommended by states.

- *Explore a "Give States Reasonable Policy Discretion" policy.* This would involve a review of certification policy to compile a list of minor certification policy issues on which states can be given effective discretion.

- *Explore a "No Penalty for Reasonable Behavior" policy.* This would involve a review of Quality Control measurement to develop a clearer list of the kinds of misjudgements for which states will and will not be held liable. In general, states should be held accountable for things they do wrong and for things that households do wrong but not for variances when both behaved reasonably.

- *Explore an "Enough is Enough" policy.* This would declare states will not be held liable for QC errors for information that was verified in certain specific (highly reliable) ways even if it later proves to be wrong. This would be analogous to procedures that already exist for SAVE and for expedited issuance and has not led to any noted abuse. This would be limited to extremely reliable pieces of verification (e.g. computerized wage stubs covering an entire month. In this case it would avoid the state having to call the employer to verify wages.)

## Making Better Use of Information Available Through QC

- *Provide states with better statistical analysis on the sources of food stamp errors.* Each year USDA publishes a series of tables that provides basic analysis of state errors. USDA could further analyze QC data to develop a more sophisticated understanding of what types of cases are causing error and to develop ideas about how to address those issues. (Some effort in this area appears to be underway.)

- *Simplify cost accounting for state-funded immigrant food stamp programs by using QC.* Four of the top five combined error rate states, and nine of the top fifteen, had state-funded food stamp replacement programs for legal immigrants. Obviously, other factors are responsible for many more errors than immigrants, but these states generally had extremely high rates of errors involving immigrant families and claim that their replacement programs are at fault. This threatens the long-term stability of these programs.

## Considering Additional Performance Measures

- *Factor food stamp participation into the TANF Performance Bonus.* See CBPP papers on this subject.

- *Expand and highlight the current USDA "scorecard" on client service.* New components of the measure could include program participation and adoption of the USDA-recommended client access policies. These states could be showcased, receive state exchange monies to allow them to share their ideas with staff in other states, etc. If the measure is successful, the Administration could consider incorporating it into statute in 2002 with a financial award for successful performance. QC existed for several years without automatic penalties as USDA honed the measurement tool.

## Considering Legislative Proposals for Reauthorization

- *A legislatively- oriented QC redesign effort could distract the Administration and states from dealing with the most pressing issue at hand - focusing on the next steps to stop caseload decline and to improve program access.*

- *States should not be engaged in an effort — even informally — until the Administration, including OMB and the White House, has had time to develop a sense of what it wants to do on QC.* Such an effort was undertaken in 1994 without OMB input and led to major disappointment and anger on the part of the states when the Administration did not advance what many of them believed to be a negotiated proposal. This undermined federal-state relations. USDA should not hold QC redesign summits or meetings with states/advocates prior to developing and shopping at least a conceptual proposal within the Administration. States cannot and will not develop a realistic QC system alternative in the near future. The Administration should be very cautious about facilitating this effort on behalf of states. It is highly unlikely that the Administration and states can come to resolution on this issue.

- *Before reinventing the wheel, the Administration should review prior efforts to rethink QC.* These efforts include the National Academy of Sciences Proposal, the 1993 legislation, USDA's 1995 proposal to OMB, and the 1995 House-passed legislation. The NAS study contained promising suggestions and would be a reasonable basis for beginning a review.

June 22, 1999

**MEMORANDUM FOR HILLARY RODHAM CLINTON**

**FROM:** NICOLE RABNER AND JOY WARREN

**CC:** MELANNE VERVEER, SHIRLEY SAGAWA

**SUBJECT:** STATUS OF ACTIONS ON DECLINING FOOD STAMP CASELOADS

The purpose of this memo is to update you on the status of the Administration's actions to address declining Food Stamp caseloads. The White House has been working closely with Bob Greenstein and the USDA to develop a package of initiatives that we expect to announce by July. This package solely relies on administrative action and incorporates many of the recommendations made by the Center for Budget and Policy Priorities.

We expect states to embrace these proposals, helping an often strained relationship between the feds and the states on Food Stamp policy. The new policy announcement will be coordinated with the mid-year budget review (when OMB advances a new budget baseline).

**Problem**

Food Stamp caseloads declined by over 9 million people from 1994 to 1997, falling five times as fast as poverty. This decline can be partially explained by economic growth and new restrictions on benefits for legal aliens and childless unemployed adults; however, at least 22% of the decline cannot be attributed to either economic factors or legal restrictions. The Administration is concerned that the unaccounted for drop in caseloads indicates that eligible families are wrongly denied Food Stamps, or that families are unable to overcome unnecessary barriers to obtain Food Stamps. In keeping with the Administration's efforts to ensure that all needy families have access to Food Stamps, the White House has developed the following package of initiatives, which, by preliminary estimates, costs $250 million over 5 years.

**Overview of New Policy**

1. *Issue guidance to clarify that recipients of any kind of TANF assistance, including non-cash benefits, are eligible for food stamps according to TANF standards for vehicle asset limits.*

In making a determination of eligibility for Food Stamps, states currently apply the Food Stamp vehicle asset limit to recipients of non-cash TANF benefits. This results in denial of Food Stamps to families who own cars that meet the TANF asset limit but not the more restrictive Food Stamp limit. This initiative will increase the number of families eligible for Food Stamps by ending the practice of denying benefits to TANF recipients with vehicle assets above the Food Stamp Program limit.

*2. Issue guidance that eases unnecessary bureaucratic burdens on families.*
Currently states must require recipients to report their income each month or to report income every time it changes no matter how insignificant the change. These requirements can be difficult to meet, particularly for working recipients who must report to a Food Stamp office during business hours. This initiative would 1) give states the option to permit recipients to report income on a quarterly basis, and 2) clarify that recipients only need report significant changes in employment status (i.e., change of job, change in hourly wage, or a change from full-time to part-time or part-time to full-time).

*3. Finalize rule to allow states more leniency in projecting recipient income.*
Current USDA penalties for inaccurate estimation of recipient income leave states little room for error. These strict penalties provide states with incentives to limit the number of families they serve under the Food Stamp Program. Recognizing that these income projections are often inaccurate because recipients' earnings typically fluctuate from month to month, this initiative creates a more reasonable margin of error for the states in making their projections.

*4. Promote best practices among the states.*
USDA will gather information about innovative strategies that states use to improve access to Food Stamps for eligible families. USDA will share this information with states through informational materials, technical assistance, conferences, and an improved toll-free number.

**Administration Action to Date**

| | |
|---|---|
| 4-6-99 | Food and Nutrition Service issues letter to State Welfare Commissioners that informs states of their legal obligations under the Food Stamp Program. |
| 2-5-99 | USDA issues report on New York City's violations under the Food Stamp Program. |
| 4-6-99 | USDA issues final warning to New York City to come into compliance with federal law. The city agrees to change its policies and USDA continues to monitor for compliance. |

Food Stamps QC

Aug 5, 1999

Shirley Watkins
Sam
Julie
Shirley

need to notify States before Sept 30 (call by Sept 30)

Watkins: we have been trying to get States to improve error rates etc.
we don't have a real hammer. If we do anything w/ a big hammer
'98 liability we get hit w/ a lawsuit
$78 million we are inclined to have regional admin's negotiate w/ States
States have had liabilities forgiven in the past '97 so that '98 #s would be lower error

but this hurts uniformity

could ~~be~~ spent on training - spend part of reinvestment on customer service

we won't be able to waive liabilities but we can broaden how they spend their reinvestment money - steer them into outcome basis
want to correct the way they have trad'lly done business
focus on training workers who don't understand the policy

OMB • the working families have the error rates, so we need to let States know that we're happy that wkg fams are ~~part~~ participating

Sam • There ~~are States that~~ States has to be in behavior at top of orgs.
Agency errors come about when top level is concerned w/ TANF, not food stamps!
we have now integrated workers - no one focuses on food stamps only
We need commissioners to get embarrassed about this, but we have to be careful b/c we want to be partners

OMB | We need your guidance on rules for 98, 99

Watkins | We need to get $ back from the states, & that they won't appeal
We are concerned w/ their outcome (of error rates + getting $ back)

OMB | we want to be able to negotiate w/ reinvestment even if error rate isn't improving but why hasn't ↑
we need $ to penalize that too.

Watkins | we could bring in ~~[illegible]~~ regional admins + get a process in place they will likely agree

by need draft letter of guidance

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2000 - reauthorization
reinvention of QC - Watkins brings in ppl + let them brainstorm

Qual Ctrl issues : look to Rego + other places