



CDSS

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EDMUND G. BROWN JR.
GOVERNOR

January 31, 2017

COUNTY FISCAL LETTER (CFL) NO. 16/17-53

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS

SUBJECT: FISCAL YEAR 2016-17 FRAUD RECOVERY INCENTIVES
ALLOCATION

REFERENCE : [PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996 \(PL 104-193\)](#)
[COUNTY FISCAL LETTER \(CFL\) NO. 98/99-54,](#)
[DATED NOVEMBER 20, 1998](#)
[CFL NO. 98/99-72, DATED APRIL 15, 1999](#)
[CFL NO. 00/01-47, DATED DECEMBER 14, 2000](#)
[CFL NO. 01/02-60, DATED JUNE 28, 2002](#)
[CFL NO. 05/06-41, DATED APRIL 20, 2006](#)
[ALL-COUNTY INFORMATION NOTICE \(ACIN\) NO. I-58-98,](#)
[DATED OCTOBER 14, 1998](#)

This letter informs counties of the Fiscal Year (FY) 2016-17 Fraud Recovery Incentives (FRI) allocation in the amount of \$3.8 million in federal Temporary Assistance for Needy Families (TANF) grant funds available based on the Budget Act of 2016, as well as \$22.5 million in rollover funds totaling \$26.3 million in available funding. Attachment I specifies the total county breakdown for rollover and FY 2016-17 grant funds.

The FRI funding is based on the federal share of collections from client-caused CalWORKs overpayments collected in FY 2015-16. You are receiving these funds as a result of your county's overpayment collection efforts.

Background

Per [Welfare and Institutions Code \(WIC\) Section 11486\(j\)](#), counties receive 12.5 percent of the state savings resulting from the detection of fraud. This incentive is derived from the state share of savings, including federal funds received under the Temporary Assistance for Needy Families (TANF) block grant. These savings have been defined by the California Department of Social Services (CDSS) as the amounts collected on client-caused (non-administrative error) CalWORKs overpayments. Historically, client-caused overpayments represent 70 percent of all overpayment collections. The CDSS will continue to utilize the overpayment collections data already reported on the CA 812 "Quarterly Report of Overpayments and Collections" form as a

means of calculating each county's FRI amounts. The use of existing data for computing this incentive will require no additional reporting requirements for county staff.

The FRIs are funded 100 percent with TANF funds and as such, must be spent on one of the four purposes of the TANF program.

Per [45 Code of Federal Regulations \(CFR\) 260.20](#), the four purposes of TANF are:

1. Provide assistance to needy families so that children can be cared for in their own homes.
2. Reduce the dependency of needy parents by promoting job preparation, work and marriage.
3. Prevent and reduce the incidence of out-of-wedlock pregnancies.
4. Encourage the formation and maintenance of two-parent families.

It is highly encouraged that FRIs be used to promote program integrity (identification of overpayments, fraud and activities related to the collection of overpayments). Prevention and detection of fraud and overpayments, as well as recouping identified overpayments, are important goals for ensuring program integrity.

Limitations on Use of TANF Funds:

Due to the prohibitions identified in the federal statute regarding use of TANF funds, the applicable limitations to FRIs can be found on pages seven through eight on [CFL No. 98/99-54](#).

The methodology used to calculate the county incentive payment is the product of the total net county collections (from the CA 812 report) multiplied by the TANF share of collections (97.5 percent), multiplied by county specific client-caused error collections rate and multiplied by the county incentive (12.5 percent).

Please refer to attachment II for claiming instructions.

Any questions regarding this allocation should be directed to fiscal.systems@dss.ca.gov.

Sincerely,

Original Document Signed By:

SALENA CHOW, Chief
Fiscal Forecasting and Policy Branch

Attachments

Counties	FY 2016-17 Allocation	Rollover Balance	Total Allocation
ALAMEDA	\$182,576	\$867,616	\$1,050,192
ALPINE	\$69	\$977	\$1,046
AMADOR	\$2,735	\$9,231	\$11,966
BUTTE	\$16,278	\$26,838	\$43,116
CALAVERAS	\$3,432	\$5,139	\$8,571
COLUSA	\$1,303	\$1,127	\$2,430
CONTRA COSTA	\$53,673	\$366,487	\$420,160
DEL NORTE	\$3,177	\$3,445	\$6,622
EL DORADO	\$8,933	\$32,773	\$41,706
FRESNO	\$177,506	\$915,272	\$1,092,778
GLENN	\$2,479	\$11,148	\$13,627
HUMBOLDT	\$11,475	\$393	\$11,868
IMPERIAL	\$33,912	\$537,771	\$571,683
INYO	\$646	\$6,459	\$7,105
KERN	\$138,143	\$690,912	\$829,055
KINGS	\$16,734	\$152,369	\$169,103
LAKE	\$10,101	\$22,057	\$32,158
LASSEN	\$1,935	\$21,628	\$23,563
LOS ANGELES	\$1,103,181	\$9,741,969	\$10,845,150
MADERA	\$16,346	\$79,522	\$95,868
MARIN	\$8,667	\$52,901	\$61,568
MARIPOSA	\$1,473	\$7,668	\$9,141
MENDOCINO	\$15,991	\$92,720	\$108,711
MERCED	\$63,190	\$20,769	\$83,959
MODOC	\$867	\$0	\$867
MONO	\$415	\$5,146	\$5,561
MONTEREY	\$58,728	\$0	\$58,728
NAPA	\$4,800	\$52,463	\$57,263
NEVADA	\$3,739	\$2,595	\$6,334
ORANGE	\$123,882	\$664,874	\$788,756
PLACER	\$19,750	\$49,804	\$69,554
PLUMAS	\$1,251	\$4,588	\$5,839
RIVERSIDE	\$207,334	\$1,219,898	\$1,427,232
SACRAMENTO	\$248,006	\$395,490	\$643,496
SAN BENITO	\$8,018	\$9,397	\$17,415
SAN BERNARDINO	\$389,367	\$2,429,256	\$2,818,623
SAN DIEGO	\$169,917	\$772,937	\$942,854
SAN FRANCISCO	\$55,337	\$177,418	\$232,755
SAN JOAQUIN	\$62,888	\$378,878	\$441,766
SAN LUIS OBISPO	\$11,416	\$1,655	\$13,071
SAN MATEO	\$11,194	\$61,096	\$72,290
SANTA BARBARA	\$39,560	\$308,190	\$347,750
SANTA CLARA	\$165,884	\$555,863	\$721,747
SANTA CRUZ	\$7,767	\$0	\$7,767
SHASTA	\$20,879	\$74,494	\$95,373
SIERRA	\$297	\$4,485	\$4,782
SISKIYOU	\$4,743	\$9,071	\$13,814
SOLANO	\$58,350	\$208,936	\$267,286
SONOMA	\$14,432	\$236,371	\$250,803
STANISLAUS	\$85,100	\$799,937	\$885,037
SUTTER	\$12,997	\$47,051	\$60,048
TEHAMA	\$8,742	\$44,991	\$53,733
TRINITY	\$1,724	\$2,009	\$3,733
TULARE	\$94,596	\$0	\$94,596
TUOLUMNE	\$7,133	\$27,130	\$34,263
VENTURA	\$44,635	\$251,887	\$296,522
YOLO	\$16,479	\$16,934	\$33,413
YUBA	\$9,469	\$47,793	\$57,262
TOTAL	\$3,843,651	\$22,527,828	\$26,371,479

Claiming Instructions

For purposes of federal reporting, counties shall report the expenditure of these incentive funds on the CEC along with an addendum page that is submitted with the CEC.

The process for reporting the expenditure of incentive funds on the CEC is as follows:

- The County Welfare Departments (CWDs) decide which eligible PC aligns with the eligible activities on which they expend their FRIs.
- Counties report the fraud incentives being utilized on both the DFA 329 “Performance/Fraud Incentive” and DFA 335 “Temporary Assistance for Needy Families (TANF) Incentive Funds Expenditures” input screens on the CEC.
- When entering incentives on the DFA 329, the county must enter both the Incentive Expenditure by Program Code (IPC) and the Incentive Expenditure by Category (IEC).
- The total expenditures must equal the total on the Fiscal Incentive Input screen on the DFA 335.
- The DFA 335 summarizes all the transactions entered on the input screen for IEC by assistance and non-assistance categories.
- The total FRIs reported on the DFA 335 must balance to the individual totals reported on the DFA 329.
- For all available fraud incentive codes, the county must have at least the same amount in expenditures as what is being claimed for using FRIs.
- For PCs 090-097, the expenditures must match exactly to the incentives claimed because time study hours are involved.
- The incentives are automatically backed out of the expenditures before applying any sharing ratios.

The CEC addendum page is the form used to capture the total aggregate expenditure category that the PCs represent. The addendum is used to capture expenditures by category only, so all incentives expenditures would be grouped accordingly. The CWDs must directly charge the expenditures that incentives will fund to the specific program. According to [CFL No. 01/02-60](#), dated June 28, 2002, extraneous is no longer an option for claiming FRIs. All expenditures must be reported under existing and new program codes. Counties are reminded that the guidelines of [2 CFR 200](#) still apply to expenditure of FRIs.

Fraud Incentive Allowability and Claiming Examples:

Below are three examples in which FRIs are allowable and can be claimed:

1. Purchasing Equipment

The county wants to purchase bullet proof vests for welfare fraud investigators and use FRIs for the reimbursement. The county would claim the expenditures to a Support Operating Program Identifier Number (PIN) (the county must have a Letter of Intent on file, see [CFL No. 01/02-60](#)) by using PC 301 (CalWORKs Fraud) and claiming expenditures to PIN Code 301091 (CalWORKs Fraud, Operating Cost – POS, Non-CCAP). They will also use PC 305 (Non-Federal CalWORKs Fraud) and claim the Non-Federal expenditures to PIN Code 305091 (Non-Federal CalWORKs Fraud, Operating Cost – POS, Non-CCAP). The amount charged to each of these codes depends on the Federal and Non-Federal caseloads. The FRIs could then be used to offset PCs 301 and 305 (either in the full amount claimed to these PCs or a portion of the amount claimed to these PCs) as desired on the DFA 329 (and the same amount to the DFA 335).

2. Hiring Contractor for Training

The county wants to hire a UC Davis trainer to train county workers on the Income and Eligibility Verification System (IEVS) and use FRIs for the reimbursement. Since the training is on IEVS, the county should utilize PC 204 (CalWORKs IEVS) and further identify the costs to Type of Expense (TOE) 31 (Contracted Activities), since UC Davis was hired as a contractor. The county should claim the expenditures to PIN Code 204031 and would then use FRIs to offset the expenditures under PC 204 (either in the full amount claimed to this PC or a portion of the amount claimed to this PC) on the DFA 329 (and the same amount to DFA 335).

3. County Staff Attending In-House Training

County staff are attending an in-house training on Early Fraud Detection/Prevention. The attendee should time study their hours of attendance to Time Study Code (TSC) 3401 (CalWORKs Early Fraud Detection/Prevention). These hours roll into PC 340 and FRIs would be used to offset costs of PC 340 (either in the full amount claimed to this PC or a portion of the amount claimed to this PC) on the DFA 329 (and the same amount to DFA 335).

If you have questions regarding the allowability or claiming of FRIs, please direct your questions to fiscal.systems@dss.ca.gov.