

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



February 1, 1991

ALL COUNTY LETTER NO. 91-08e

SUBJECT: FOOD STAMP OVERPAYMENT RETENTION RATES

REFERENCE: ALL-COUNTY LETTER NO. 88-42

The Food Stamp Program reauthorization legislation passed by Congress became effective October 1, 1990. Among other provisions, this bill reduces the State rate of retention on Food Stamp overpayment collections reported on the FNS-209 (Status of Claims Against Households) from 50 percent to 25 percent for Intentional Program Violation (IPV) collections and from 25 percent to 10 percent for Inadvertent Household Error (IHE) collections. The retention rates were changed during the final days of budget negotiation as part of an agreement for elimination of quality control sanctions for 1983 through 1985 for the States. This letter is to notify Counties of the new reduced rates of retention.

In accordance with Welfare and Institutions Code Section 18906.6, which specifies that the State and Counties shall retain equal shares of the portion of collected claims that the United States Department of Agriculture allows to be retained, the County's rate of retention for IPV collections will be reduced from 25 percent to 12 1/2 percent and IHE collections from 12 1/2 percent to 5 percent. This provision will sunset after Federal Fiscal Year 1995 when rates will return to their former levels. Your method of reporting on the FNS-209 will not change. The retention amounts will continue to be calculated by the State.

If you have any questions regarding how the new rates will be applied to calculate your retention amount, please contact Jan Johnson, Fiscal Policy and Procedures Bureau, at (916) 323-0266. If you have any questions regarding the Federal law changes which affect the retention rates, please contact your Overpayment Recovery Bureau consultant at (916) 322-5387.e

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