

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



June 13, 2001

COUNTY FISCAL LETTER (CFL) NO. 00/01-110

TO: COUNTY WELFARE DIRECTORS
COUNTY FISCAL OFFICERS
COUNTY AUDITOR CONTROLLERS
COUNTY PROBATION OFFICERS

SUBJECT: MAINTENANCE AND OPERATIONS (M&O) POLICY FOR THE
ELECTRONIC BENEFIT TRANSFER (EBT) SYSTEM

The purpose of this letter is to clarify the policy regarding maintenance and operations costs for the EBT project. This methodology is currently implemented or will be implemented for all federally mandated statewide EDP projects developed, implemented and maintained by the State on behalf of county-administered Public Assistance Programs. San Diego and San Bernardino counties are excluded from this policy until they transfer to the Statewide EBT project.

As each county begins conversion to EBT, they will begin incurring M&O costs attributable to processing their operations on the EBT system. These costs will consist of vendor costs and an allocated share of state project management costs. The vendor will be tracking all of their costs by county. The State is currently in the process of developing a methodology to allocate state project management and processing costs to counties.

Also, there have been some questions regarding the Maintenance of Effort (MOE) as related to the EBT project. Beginning with the M&O phase of EBT, the county share of cost for the CalWORKs Program is limited to the CalWORKs MOE. The county MOE consists of fiscal year 1996/97 CalWORKs administration, CalWORKs Child Care, CalWORKs services and Food Stamps expenditures in total. Since the CalWORKs MOE includes Food Stamps, both programmatic expenditures are countable towards a county reaching their MOE annually. By combining these expenditures, counties could meet their MOE sooner in each fiscal year. When a county has met its MOE for a particular fiscal year, county costs then shift to the State. Counties may use CalWORKs administration in their single allocation or county MOE to pay for EBT M&O.

Prior to the first county incurring M&O costs, the State will notify the counties of the methodology for billing and/or off-set and the frequency.

If there are any questions regarding these policies, please contact Jeffrey Hiratsuka, Chief, Fiscal Systems Bureau at (916) 657-2386.

MARY JANE ARCHER, Chief
Fiscal Systems and Accounting Branch

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