

DSS ADMINISTRATIVE LETTER NO. ECONOMIC INDEPENDENCE 07-2002

(Food Stamps)

TO: County Directors of Social Services

ATTENTION: Program Integrity Supervisors

SUBJECT: Food Stamp Claims Threshold Plans

DATE: March 8, 2002

I. BACKGROUND

Federal Regulations in 7 CFR 273.18 require that each state follow the FNS threshold of \$125 for non-participating households when establishing claims, unless the State submitted an alternate cost-effectiveness plan. In June 2001, the North Carolina Claims Management Plan was approved by USDA-FNS. North Carolina adopted the FNS threshold of \$125 for non-QC related overissuances for non-participating households with the exception of EBT trafficking claims; EBT trafficking claims may be established and collected regardless of the amount.

In July 2001, the Special Investigators Advisory Committee requested that individual counties be allowed to establish and collect claims for non-participating households at lower amounts than the FNS threshold of \$125. The request was sent to the United States Department of Agriculture, Food and Nutrition Service, to allow individual counties to establish and collect claims for non-participating households at lower amounts than the FNS threshold of \$125. USDA-FNS granted the request with the stipulation that appropriate justification be provided.

The purpose of this letter is to outline the procedure counties must use to submit a plan to establish and collect claims for non-participating households for less than \$125. Only those counties which desire to pursue claims at less than the \$125 threshold must submit plans. In order to assist counties which desire to submit plans to pursue claims at less than the \$125 threshold, Report DHRFRD FRD702 FS CLAIMS SPEC is attached which shows statistics regarding the food stamp claims established during the previous twelve months. This report is also located in X/PTR.

II. PROCESS FOR SUBMITTING CLAIMS THRESHOLD PLANS

A. Plans must be submitted to Deborah Landry for review by April 30, 2002. Prior to submission, plans should be discussed and approved by the board of social services and the county director of social services.

B. USDA requires that a plan to establish claims for less than \$125 must demonstrate cost effectiveness. Therefore, consider: (1) the cost of investigating and establishing claims and (2) the cost of collection efforts, such as sending demand letters, and pursuing collection through court.

C. The threshold amount may not be set at an amount lower than \$35.00, as

USDA has stated that a lesser amount is not cost-effective.

D. Plans must include the following:

1. The requested threshold amount to use for establishing food stamp claims for non-participating households.
2. Justification for establishing and collecting these claims, including statistics and evidence to support cost-effectiveness.
3. Procedures demonstrating how and when the threshold will be applied.
4. The signature of the county director of social services.
5. The signature of the chairman of the county board of social services.

III. REVIEW AND APPROVAL PROCESS

A. Counties that intend to follow the FNS threshold of \$125 do not need to submit a plan. If these counties wish to do so later, they may submit a plan.

B. Once the plans are submitted, Economic Independence Section staff will review and determine whether the plans are cost-effective. Counties will be notified of whether or not their plan is approved by the State office.

C. Once a plan is approved, the county must follow the plan unless they submit a letter stating their intent to use the \$125 threshold, or they submit another plan and go through a subsequent review/approval process. In the situation wherein the county subsequently decides to follow the \$125 threshold set forth by the State, the county will receive a written acknowledgment from the State.

If you have any questions, please contact your Program Integrity Representative.

Sincerely,

Wilbert R. Morris, Chief

Economic Independence Section

WRM/DL/slb

Attachment