

USDA

United States
Department of
Agriculture

Food and
Nutrition
Service

Western Region
550 Kearny St.
Room ~
San Francisco CA

FS-3-2--1 -AK

July 25, 2003

Anthony M. Lombardo, Director
Department of Health and Social Services
Division of Public Assistance
350 Main Street
P.O. Box 110640
Juneau, AK

Dear Mr. Lombardo:

It was a pleasure to meet you at the Recent Tri-Regional Conference in Colorado Springs and to hear your commitment to ensuring the sound administration of the Food Stamp Program in the State of Alaska.

Unfortunately, I need to alert you that Food Stamp Program quality control data now show that during the month of March 2003 (the latest data that we have available) Alaska had the worst Food Stamp Program error rate in the nation: 21.56%. Based on data for the first half of Federal Fiscal Year (FFY) 2003, we are projecting that Alaska will end the current fiscal year with an error rate of over 21 %—nearly three and a half times the national average and by far the worst in the country. If this trend is not arrested quickly, Alaska runs the risk of having a high error rate during the first months of FFY 2004 that will make it highly improbable that the State will be able to achieve an annual 2004 error rate that will not result in a substantial fiscal penalty to the State. I, therefore, urge your immediate attention to this issue.

I am very pleased that you and your staff voiced your clear commitment to address this issue during the management review that we did last week in Alaska. While we will be soon sending you a formal written report with our recommendations, because of the urgency of necessary action, I would like to take this opportunity to provide you with our recommendations for actions that you should take to reduce your Food Stamp Program error rate.

- 1. Implement Semi-Annual Reporting:** I understand that you are very interested in pursuing this option. We have agreed to provide State Exchange Program (SEP) funds to enable your staff to visit another state that has already implemented this option so that you can make a decision. I urge you to finalize your plans on this option as soon as possible because there is normally a substantial lead time for implementation and because there is usually a short upward spike in the error rate during the early phase of implementation.

2. **Reinstate Error Review Panel** I understand you are considering this option. We recommend that you visit Washington State to examine their panel, which we believe has contributed significantly to reducing their error rate. We will also provide SEP funds to pay for such a trip.
3. **Improve Second Party Reviews** : Every state that has moved from sanction status to a high level of accuracy in the Food Stamp Program has given much credit to second party reviews of eligibility determinations -- especially when data from the reviews are compiled quickly after the certification actions so that management knows much sooner than when quality control data are available where problems exist and, therefore, has much more time to effect corrective action. Your current system is unsatisfactory since it does not appear to provide you the timely data you need to serve as an early warning system. We will also provide SEP funds to pay for your staff to visit a state (like Arizona) that has an exemplary second party review system—which was a key reason that Arizona moved from sanction to enhanced funding status in two years.
4. **Improve Coordination and Cooperation of Field, Policy and Quality Control Staff**: I understand this issue was raised during our management review and in discussions regarding SEP funding. I strongly urge you to give this issue immediate attention. Other states that have improved their error rates have told us that good cooperative working partnerships between these elements of state staff are essential. Arizona staff would be glad to explain how they made such an improvement and how it contributed to their achieving enhanced funding.
4. **Ensure Quality Control Staff are Using the Current FNS-310 Quality Control Handbook Procedures**: Our review did not cover this issue, so I am unable to say that Alaska has a problem in this regard. However, we have observed in other states that staff were registering errors erroneously because they were not following current procedures.

I am convinced that immediate and aggressive management intervention can still forestall a substantial fiscal penalty for FY 2004. The reinvestment plan you are currently developing to settle the FY 2002 quality control sanction (which is due to us by August 8, 2003) should provide you the ideal vehicle and appropriate funding to implement the recommendations noted above. However, any substantial delays in implementing remedial action will seriously jeopardize your ability to avoid a high Food Stamp Program error rate in FY 2004 and the attendant substantial fiscal penalties to the State of Alaska.

Thank you for your personal attention to this issue. Please let me know how I might assist you in expediting implementation of the appropriate actions that will enable you to achieve the level of excellence in the administration of the Food Stamp Program to which you are committed.

Sincerely,

DENNIS STEWART
Regional Director
Food Stamp Program
Western Region