

November 5, 2007

SUBJECT: Disaster Food Stamp Program Post-Disaster Review Requirements

TO: All Regional Food Stamp Program Directors

The Food and Nutrition Service (FNS) has received feedback from some State agencies and Regional Offices that the post-disaster review requirements in the newly-revised Disaster Food Stamp Program (DFSP) Guidance may place an undue administrative burden on State agencies as they recover from major disasters. While FNS must be able to provide assurance to the public and outside entities that the DFSP is being administered effectively, we appreciate the need to take into account the post-disaster environments in which State agencies operate and their resource constraints.

Therefore, we have revised the post-disaster review requirements to take a more comprehensive approach that brings the case file review requirement, the most resource-intensive portion of the review requirement, into balance with review of certification systems performance, fraud control, issuance, public information and outreach, program accessibility, and security. Meeting the review requirements should be achievable for State agencies following most disasters. Should States experience catastrophic disasters that challenge their ability to meet these requirements, FNS will work with Regional Offices and affected States to revise review expectations for those specific disasters.

In response to State agency comments, we want to make it clear that the objectives of reviews are to detect client fraud and to provide some measure of the efficacy of the State agency's management of the DFSP. There is absolutely no intent to use the reviews as a basis for sanctions against State agencies in the same manner as the QC sanction/liability system in the regular FSP.

Our revised post-disaster review requirements are as follows:

I. Comprehensive Review

For the following subjects, the State should describe the systems or methods employed and document any major problems encountered and the interventions used to solve those problems: certification systems, fraud control, issuance, public information and outreach, program accessibility, and security.

II. Individual Reviews

In response to State concerns about the administrative burden of case reviews, we have reduced the required sample size to 0.5 percent of the new cases (not ongoing cases that received supplements), up to a maximum of 500 cases. The minimum sample size remains 25 cases. States still must review a random sample of approved new cases, however. Although State agencies may wish to consult with an FNS statistician when devising a sampling plan, it is not required by FNS.

States also still must review 100 percent of all approved State agency (as defined in 7 CFR 271.2) employee cases. States have the option of reviewing employee cases before

or after the cases are certified. States also have the option of reviewing cases of any other State employees, but are not required to do so.

For both samples, no cases selected for review should be dropped for any reason. The State agency should report information gathered even from incomplete case reviews. We will not require the State agencies alter their sample size even if a large number of case reviews are incomplete; however, State agencies may find it prudent to do so in the interest of good management.

We recognize that certification actions taken under the DFSP lack the precision of certification actions taken under the regular FSP due to uncertainty of many household circumstances resulting from the disaster event. In many cases, households are unable to accurately predict what will occur during the DFSP certification period. As household circumstances are far more certain with the regular FSP, the review requirements are consequently more rigorous. Since FNS has reduced the sample size and rigor of the case review requirement, we expect State agencies to perform case file reviews with a high degree of care to ensure that the reviews yield reliable information that can be used to ensure program integrity and improve DFSP operation.

Essential components of individual reviews are:

- a. Case Record Review: States should review the client's application for problems (such as missing or inconsistent information, lack of signature, etc.) and recalculate their eligibility using the information given. Additionally, the review should note any information the client has given on their place of employment at the time of the disaster, which is helpful for both seeking verification of income and for locating the client for their interview. States should note that at the time of application, caseworkers should query clients about their place of employment at the time of the disaster and record that information on the application.
- b. Verification: States should focus their review on identifying clients who failed to report accurately information known to them about their circumstances, such as residency, food loss, income sources, or loss of work, not on clients who could not accurately project their circumstances for the disaster benefit period.

Residency: The State should verify that the client lived in the disaster area defined for that DFSP. Residency can easily be verified by comparing the client's stated address to maps or lists compiled for use by workers during the operation of the DFSP. In most cases, the State agency would not need to request additional verification of residency from the household.

Food Loss: If the State agency allowed food loss as a sole qualifier for DFSP eligibility, they should confirm that the household resided in a geographical area that experienced power outages lasting longer than four hours, experienced flooding, or otherwise was affected by the disaster in a way that would be expected to lead to food loss. Verification can be achieved by comparing the client's stated address to maps of power outages, flooding, etc. In most cases, the State agency would not need to request additional verification of food loss from the household.

Income: Verification of income is intended to hold households accountable for accurately reporting sources of income or work loss that were *known* to them at the time of the disaster, not to hold households responsible for not being able to accurately predict their future income/employment during the benefit period.

To help in detecting unreported sources of income, States should perform data matching for each selected case, which should include wage matching, income and eligibility verification systems (IEVS) matching, and any other matching the State agency normally uses to ensure that all known income sources were disclosed. These sources may help in locating employers that can be interviewed about the client's employment status and income at the time of the disaster. States do not need to wait for wage data to become current in order to perform the wage match, as wage matches are generally two quarters behind. At the time of the case reviews, the State should use the wage matching data they have available to them.

If the wage match shows that the client was employed in the months prior to the disaster, they should contact that last known employer and inquire as to whether the client was employed there at the time of the disaster. If the client was employed there at the time of the disaster, the reviewer should inquire as to whether at the time of application, it was reasonable for the client to expect their income to be interrupted due to the disaster. If the employer states that the client should have had *no* reason to believe that their income should have been interrupted due to the disaster, the reviewer should explore the client's rationale for reporting an expected interruption in income during the client interview. If it appears that the client gave their best prediction of their circumstances, then the reviewer should accept the household's statement of income. If the client was not employed at that business at the time of the disaster or the employer refuses to cooperate with the reviewer, and attempts to contact the household have been unsuccessful, the State can discontinue attempts to verify the client's income.

If an IEVS match finds undisclosed unearned income during the benefit period, the State agency should explore with the client during their interview why they believed that income would be unavailable during the benefit period. It has been our experience that government benefits generally remain available post-disaster; accordingly, there would have to be very unusual circumstances present to support a household's failure to report income from these sources. However, unearned income from private sources, such as alimony, direct child support and contributions, may well be delayed or unavailable. If it appears that the client gave their best prediction of their circumstances, then the reviewer should accept the household's statement of income.

Disaster-related Expenses: States do not need to verify any disaster-related expenses, as clients are not required to retain receipts for their disaster-related expenses and therefore likely will not be able to verify their expenses.

- c. Client Interview: The purposes of the interview are to review the client's statements on their DFSP application, explore any inconsistencies found through data matching or other sources, and to gather the client's reflections on the quality of the DFSP service

they received. States have the option of conducting either telephone or face-to-face interviews for all or any clients.

States must make a reasonable attempt to contact the client to schedule the interview, using the resources available to them in the normal course of business, such as internet searches, data brokering services, credit reporting services, etc. States may conduct the interview at the same time as a scheduled certification interview for the regular FSP, if the household is now participating in the regular FSP. If the client cannot be reached or does not attend the interview, the State should continue to review the case and report the results. Some State agencies wanted FNS to prescribe a certain type of contact or a certain number of contacts, such as three attempts by telephone, before abandoning the attempt to contact and interview the household. We believe that such detailed requirements are impractical and unnecessary. FNS has listened to State agency requests for reduction in the number of DFSP case reviews. Consequently, FNS expects that State agencies will exercise due diligence in their attempts to complete these reviews and will produce meaningful results. We believe that reviewers will expend the appropriate level of resources so that most reviews will be completed.

- d. Problem Analysis: After completing the individual reviews, the State agency shall conduct a problem analysis, which should include the number of cases with problems and should be broken down by DFSP project area, the type of household (State agency employee or general public cases), the nature of the problem (client or worker-caused; income- or resource-related; math error, etc.), the number of case reviews that were not complete due to inability to locate the client or client failure to cooperate, and the number of cases in which recipient claims were established.

III. *Post-disaster Report*

FNS expects State agencies to compile and submit a report containing the results of the comprehensive review and the individual reviews within 6 months of the close of each DFSP operation. FNS appreciates that States experiencing catastrophic disasters may be challenged to deliver their post-disaster report within 6 months, so we will negotiate extensions of due dates with these States agencies on a case-by-case basis.

We intend to incorporate these modifications into the 2008 edition of the DFSP Guidance after the end of the 2007 hurricane season. If you have questions about these revised post-disaster review requirements, please contact me at 703-305-2494.

/s/

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