Field Operations Memo 2007-39
July 31, 2007

To: **Transitional Assistance Office Staff**

From: **John Augeri, Assistant Commissioner for Field Operations**

Re: **Food Stamp Program: Negative Errors**

Overview

USDA's Food and Nutrition Service (FNS) monitors accuracy in the Food Stamp Program by reviewing two types of error rate: the payment error rate and the negative error rate. The payment error rate measures errors made in active cases when the Department overpays or underpays a food stamp client. The negative error rate measures errors that occur when the Department *denies* or *closes* a food stamp case incorrectly.

In recent years, the Department has maintained a negative error rate below the national average, and continues to focus on keeping this rate as low as possible to ensure that all eligible households have access to food stamp benefits.

Purpose of Memo

This Field Operations Memo provides AU Managers and Supervisors guidance for maintaining a low error rate by:

- explaining the impact of negative errors;
- providing examples of negative errors; and
- providing examples of effective ways to prevent negative errors from occurring.

Impact of Negative Errors

Administratively, negative errors can add to the Department's workload in a number of ways.

- There may be an increase in traffic in the TAO or an increase in phone calls from clients who don't understand why their applications were denied or their cases closed.
- AU Managers may subsequently need to approve the application retroactively, or reinstate the closed household.
- There can be an increase in the number of appeals filed.
- If a state's negative error rate exceeds the standard set by FNS, the state must submit a Corrective Action Plan to FNS, implement the plan, and report on the results.

Additionally, Farm Bill 2007, currently in review and revision by Congress and scheduled to take effect on October 1, 2007, includes a new proposal to charge state agencies five percent of administrative costs if the state is more than 50 percent above the national negative error rate for two consecutive years. If implemented, this change potentially impacts states with a high negative error rate financially.

For the Department, the most serious consequence of incorrect food stamp denials and closings is that potentially eligible households cannot obtain the food they need to maintain good health. The current food stamp caseload in Massachusetts includes about 450,000 individuals, most of whom are children. It is well known that hunger and poor nutrition affect not only health, but also school attendance and performance, and eventually employment and self-sufficiency.

It is important, then, for food stamp denials or closings to take place only after the AU Manager and Supervisor have ensured that all established food stamp policies and procedures have been followed.

The Department will continue to improve procedures to prevent negative errors. In the future, BEACON enhancements, such as additional edits, are planned to assist AU Managers.

Examples of Negative Errors

Negative errors tend to be very similar in nature. Most negative errors result from incorrect case actions in two areas: *verifications* and *timeliness*. The following are examples of negative errors.

1) A negative error results when a case is denied or closed for not providing a verification, such as a utility bill, that is an *optional* verification.

**Examples of
Negative Errors
(continued)**

The correct action would be the following: after ensuring all mandatory verifications are provided, the AU Manager may process the case without optional verifications, i.e. shelter expenses, utility expenses, medical expenses, dependent care expenses, or child support paid.

Note: AU Managers should always advise households about the potential to receive a higher benefit amount if optional verifications are provided, and offer to assist those who are having trouble obtaining them.

2) A negative error results when a case is denied or closed for not providing a verification that is already included in the case record. For example, a household verifies a change of address by providing a copy of a one-year lease agreement. The next month the case closes due to excess income. Three months later the household reapplies because employment hours have been reduced. The reapplicant states that the address and rent amount are unchanged. A denial is issued for not providing verification of address and shelter expense.

The correct action would be for the AU Manager to use the existing lease agreement in the case record as verification of address and rent amount. As the lease will still be valid for several more months, there is no reason for the address and shelter expense to be reverified, unless questionable.

Note: AU Managers are reminded that there is no *preferred verification* in the Food Stamp Program, and there are many possible acceptable verifications for any given eligibility factor.

3) A negative error results when a case is denied or closed for not providing a verification that is not required for the Food Stamp Program. For example, an applicant applies for EAEDC and PA food stamps. All requested verifications are provided with the exception of the EAEDC medical report. The AU Manager denies both the food stamp and EAEDC applications for failure to provide verifications.

The correct action would be for the AU Manager to process the food stamp case if all verifications required for the Food Stamp Program are received.

**Examples of
Negative Errors
(continued)**

4) A negative error results when a case is denied for failure to complete an application interview or for not providing a required verification if the denial occurs before 30 days have passed since the application date. For example, a food stamp application was taken on May 31, 2007. The applicant was interviewed and given a VC-1 requesting certain verifications. The applicant did not provide the mandatory verifications. The 30th day after the application date was on a weekend (Saturday, June 30), but the AU Manager denied the application on Friday, June 29.

The correct date to deny this application would be the following Monday, July 2. Whenever the 30th day falls on a weekend or a holiday, the denial cannot take place until the next business day.

Note: It is allowable to process denials prior to the 30th day if the denial reason is not related to the application interview or verifications (e.g., over income/asset, ineligible student, noncitizen status, etc.).

5) A negative error results when a household is denied for not completing the application interview (i.e., the applicant missed the scheduled interview appointment), and the AU Manager did not send a Food Stamp Notice of Missed Interview (FS-NOMI).

The correct action would be for the AU Manager to notify the applicant with the BEACON-generated FS-NOMI no later than two days after the date of the missed interview.

Note: See Field Operations Memo 2007-16 for procedures related to food stamp application appointments and the NOMI.

6) A negative error results when an *ongoing* case is closed for failure to provide a required verification before the 10 days allowed for submitting the verification have passed. For example, the client called on July 9th to report the start of a new job. The AU Manager sent a VC-1 requesting wage stubs with a due date of July 19th, but submitted a case closing on July 17th for failure to provide verifications.

The correct action would be for the AU Manager to allow the full 10 days for verification before taking action on the case.

Note: If the 10th day falls on a weekend or a holiday, the closing cannot be submitted until the next business day.

Examples of Negative Errors (continued)

7) A negative error results when a household is closed for "whereabouts unknown" when a forwarding address is on the piece of returned mail.

The correct action would be as follows:
- if a telephone number is on file, attempt to contact the client to resolve the address discrepancy;
- if there is no telephone number on file or attempts to contact by telephone fail:
   o if the forwarding address is out of state, change the address and process a case closing using the reason "Moved out of state";
   o if the forwarding address is in state, forward the piece of returned mail to the new address along with a VC-1 requesting verification of the new address, shelter expenses, etc.

Ways to Prevent Negative Errors

Special attention should continue to be paid to denials and closings that involve verifications or timeliness, which are the most common areas where incorrect denials and closings occur. The AU Manager should always ensure that negative case actions are correct before implementing them, and that they are fully supported by documentation. The BEACON Narratives tab should be annotated with the action taken and the reason.

Important Note: Remember to document all eligibility, ineligibility, and benefit level determinations in the case file and in the BEACON Narratives tab. USDA requires that documentation contain enough detail to permit a reviewer to determine the reasonableness and accuracy of the determination.

Questions

If you have any questions, please have your Hotline designee call the Policy Hotline at 617-348-8478.