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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 93 LCM-14

Date: February 8, 1993

Division: Economic Security

TO: Local District Commissioners

SUBJECT: Food Stamp Sanction Settlement

ATTACHMENTS: Attachment - Settlement Agreement - not available on-line

I am pleased to inform you that New York State, as part of a coalition of states, successfully settled all prior Food Stamp error rate sanctions imposed pursuant to the quality control process by the United States Department of Agriculture, Food and Nutrition Service (FNS). This settlement covers the 1986-91 period. The settlement reduces the amount owed to FNS to 15% of the total original sanction. The settlement permits the amount owed to FNS to be reinvested in programs intended to reduce errors rather than paid directly to FNS. The details of this settlement are explained below.

The settlement reduces New York State's liability from \$111.9 million to \$16.8 million. Under the settlement (copy enclosed), New York State will invest \$16.8 million over a five year period beginning in 1993, in future program management activities intended to reduce errors. In Commissioner Bane's December 31, 1992 letter to you, she requested local assistance in developing a Reinvestment Plan. I thank those districts which have communicated their ideas and interest in reinvestment. We intend, with USDA approval, to include in our plan a provision for local district food stamp program error reduction initiatives. We will keep you apprised of the Reinvestment Plan and share the final plan once it has been approved by FNS.

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We are also actively working with a coalition of states seeking reform of the Federal Food Stamp Quality Control (FSQC) process. Your continued support in this effort is encouraged and appreciated.

If you have any questions, please contact Frances Shannon-Akstull at (518) 474-9108.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Economic Security