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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 94 LCM-119

Date: September 28, 1994

Division: Economic Security

TO: Local District Commissioners

SUBJECT: AFDC Error Rate/Sanction for FFY '91

ATTACHMENTS: None

This memorandum is to inform you that the Department of Health and Human Services (HHS) has imposed a disallowance of \$5,572,022 in federal funds on New York State based on our Aid to Families with Dependent Children (AFDC) error rate for Federal Fiscal Year (FFY) 1991. The national overpayment rate for FFY '91 is 4.96% and New York State's overpayment rate is 6.73%.

In an effort to reduce or eliminate our disallowance amount, the Department has retained the law firm of Covington and Burling to represent New York State, among other states, in a coalition that will appeal common issues to the Department Appeals Board. Issues that are specific to New York State will be appealed by our Department's counsel.

To avoid the statutory imposition of interest accumulation, the department has requested that HHS immediately withhold the disallowance amount from future reimbursement. Additional information regarding the effect of the disallowance on local districts will be forthcoming.

If you have any questions, please contact Sandy Borrelli at 1-800-343-8859 extension 3-8870.

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