TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
   DEPUTY/ASSISTANT DIRECTORS FOR INCOME MAINTENANCE
   INCOME MAINTENANCE SUPERVISORS
   FISCAL OFFICERS
   Charles E. Henry

FROM: KEVIN MAHON, EXECUTIVE DIRECTOR, IMA

RE: REFERRALS TO THE CENTRAL COLLECTION UNIT (CCU)
   FEDERAL TAX REFUND OFFSET PROGRAM (FTROP); AND
   FEDERAL SALARY OFFSET PROGRAM (FSOP)

PROGRAMS AFFECTED: AFDC and FOOD STAMPS

ORIGINATING OFFICE: OFFICE OF POLICY ADMINISTRATION

SUMMARY

This transmittal discusses ways to improve local departments' use of CCU's services. Additionally, it presents information about the new regulation regarding FTROP and FSOP, which were published at 60 FR 45990.

BACKGROUND

For over 13 years, local departments of social services have been using the services of CCU to assist in collecting overpayments from customers who received AFDC and/or Food Stamps. Instructions were initially printed in the Correction of Payment Irregularities Handbook in October 1982 and the Food Stamp Manual in August 1985. Subsequent updates have appeared in the form of IMA Action Transmittals and/or Manual Releases.

These various instructions provided guidelines on when claims should be referred and the types of claims that could be referred to CCU. All AFDC overpayments are to be referred when the case is closed. In the Food Stamp program, inadvertent household error and intentional program violation (IPV) or fraud overpayments are to be referred when the household is no longer participating or when the individual defaults on the repayment agreement. Agency error and fraud cases subject to restitution through Parole and Probation are not to be sent to CCU.

Local departments were also instructed to combine AFDC and Food Stamp overpayments into one CCU referral. These instructions were issued at 15 IMA 490.22, as well as, the On Line Manual (OLM) at M03A. This enables the local department to have one source document from which to determine a customer's total indebtedness.
After recent discussions with CCU, it was determined that CCU could be much more effective in their collection activity if referrals were made more timely. Both AFDC and Food Stamp policy state that the recovery process must be initiated when the customer is no longer receiving benefits and is no longer subject to recoupment.

This process consists of sending the customer a series of letters. The letters must advise the customer of the circumstance that caused the overpayment. The letter must demand full repayment of the debt or give the customer the opportunity to establish a repayment agreement if payment in full is not possible. No more than three (3) months should elapse from the time the case is closed until the CCU referral is made.

NEW POLICY

On September 1, 1995, USDA Food and Consumer Service (FCS) published the final rule regarding recovering Food Stamp claims using FTROP and attaching wages of federal employees. This rule requires that delinquent, properly established household error and IPV claims of $25 or more are to be referred to FTROP. Delinquency timelines are defined, in relation to the date of the first demand notice, as a minimum of 30 days and a maximum of 9 years and 11 months.

The rule also requires that Food Stamp overpayment records contain copies of demand letters, Advance Notice of the Disqualification Hearing, results of the hearing, requests and results of an administrative hearing, and a complete record of all payments received. If the household reapplies and is recertified for food stamps, the claim must be retrieved from CCU and the case must be put in recoupment. In order to comply with the portion about demand letters, local departments on CARES are referred to CARES Alerts 96-5 and 96-29.

All Food Stamp claims referred to CCU to be certified and submitted to IRS for FTROP will be matched against federal employee wage records. Federal employees are not subject to FTROP, but will be referred for the Federal Salary Offset Program, whereby the employee's wage may be attached.

On or about September 1 of each year, CCU will send notices to all households, whose Food Stamp overpayment records have been referred for collection, advising them that their name will be forwarded to IRS and that any federal tax refund due will be subject to FTROP. The notice will contain a toll free telephone number in order to give the customer an opportunity to discuss or challenge this action and request a review. The telephone number will be at CCU, as well as the local department. As the notice is developed, appropriate phone numbers including toll free numbers will be inserted for each local department.
The first FTROP will take place in calendar year 1997 based on income tax refunds from calendar year 1996. We estimate that the number of referrals to IRS for the first year of participation will be low since the cutoff date to process referrals is June 30, 1996.

**ACTION REQUIRED**

Local department staff must take the following actions upon receipt of this transmittal.

- Reinforce the requirement that staff refer overpayments to CCU timely.
- Maintain appropriate documentation for all cases referred to CCU.
- Refer future AFDC and Food Stamp overpayments *separately* as only Food Stamp overpayments are subject to FTROP.
- Use the new CCU local department account numbers, which are attached, when referring overpayments to CCU via the Debt Referral form (DBFP-CCU-33-92).
- For Food Stamp referrals, include the *date of the first demand notice* on the CCU Debt Referral form. Photocopy the attached example until new versions are printed for Food Stamp purposes.

**ADDITIONAL INFORMATION AND INQUIRIES**

Don Monahan will be contacting each local department in the near future to obtain information needed to finalize the notices as well as other data to be used for claim processing. Questions on these procedures should be referred to Don at (410) 767-7951.

Attachment

KM/dm

DHR Executive Staff
IMA Management Staff
Arnold Dixon
John Hand, CCU
The account numbers listed below are to be used for all cases referred to CCU.

<table>
<thead>
<tr>
<th>Local Department</th>
<th>CCU Account Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AFDC</td>
</tr>
<tr>
<td>Allegany</td>
<td>330901-100</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>330902-100</td>
</tr>
<tr>
<td>Baltimore County</td>
<td>330903-100</td>
</tr>
<tr>
<td>Calvert</td>
<td>330904-100</td>
</tr>
<tr>
<td>Caroline</td>
<td>330905-100</td>
</tr>
<tr>
<td>Carroll</td>
<td>330906-100</td>
</tr>
<tr>
<td>Cecil</td>
<td>330907-100</td>
</tr>
<tr>
<td>Charles</td>
<td>330908-100</td>
</tr>
<tr>
<td>Dorchester</td>
<td>330909-100</td>
</tr>
<tr>
<td>Frederick</td>
<td>330910-100</td>
</tr>
<tr>
<td>Garrett</td>
<td>330911-100</td>
</tr>
<tr>
<td>Harford</td>
<td>330912-100</td>
</tr>
<tr>
<td>Howard</td>
<td>330913-100</td>
</tr>
<tr>
<td>Kent</td>
<td>330914-100</td>
</tr>
<tr>
<td>Montgomery</td>
<td>330915-100</td>
</tr>
<tr>
<td>Prince George's</td>
<td>330916-100</td>
</tr>
<tr>
<td>Queen Anne's</td>
<td>330917-100</td>
</tr>
<tr>
<td>St. Mary's</td>
<td>330918-100</td>
</tr>
<tr>
<td>Somerset</td>
<td>330919-100</td>
</tr>
<tr>
<td>Talbot</td>
<td>330920-100</td>
</tr>
<tr>
<td>Washington</td>
<td>330921-100</td>
</tr>
<tr>
<td>Wicomico</td>
<td>330922-100</td>
</tr>
<tr>
<td>Worcester</td>
<td>330923-100</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>330930-100</td>
</tr>
</tbody>
</table>
Debt Referral

Central Collection Unit
3Cston Street, Room 500
Baltimore, Maryland 21201
(410) 225-1246
FAX (410) 333-5595

1. CCU Client # (REQUIRED ENTRY) 3 | 3 | 0 | 9 | 0 | 0
2. Debtor [ (Last Name) / (Business Name) ] [ (First Name) ] [ (Middle Name) ]
3. Debtor Address [ City ] [ State ] [ Zip Code ] [ Bad Address ]
4. Telephone Number [ ] [ ] [ ] [ ]
5. Date of Birth [ Mo. ] [ Day ] [ Yr. ]
6. Type of Debtor (Check Box) [ Individual ] [ Partnership ] [ Corporation ]
7. Social Security Number [ ] [ ] [ ] [ ] (If #2 above is an individual)
8. Maryland Driver’s License Number (If Known) [ ] [ ] [ ] [ ] [ ] [ ] [ ]
9. Payer Identification Number (FEIN) [ ] [ ] [ ] [ ] (If #2 above is a corporation)
10. Debt Amount:
    a. Principal [ ]
    b. Interest [ ]
    c. Collection Fee of 17% will be computed by CCU [ ]
    d. Other [ ]
11. Agency’s Account Number (Client Reference #)
12. Interest Rate (If Applicable) [ ] [ % ]
13. Effective Date [ Mo. ] [ Day ] [ Yr. ]
14. Nature/Cause of Debt (Include Date of Debt / Service)
15. Agency Contact Person
    [ Name ] [ Date of Referral ] [ Phone Number ]

[ ] Check here if additional information is on the back.

Bankruptcy
(Complete if applicable)
[ ] Information attached
Case Number
Date filed
State where filed
Chapter 7 [ ] 13 [ ] 11 [ ]