

Rosemary Malone

DEPARTMENT OF HUMAN RESOURCES INCOME MAINTENANCE ADMINISTRATION 311 W. Saratoga Street imore, Maryland 21201	IMA ACTION TRANSMITTAL
ISSUANCE DATE: April 16, 1996	EFFECTIVE DATE: April 1, 1996
	CONTROL NUMBER: IMA OPA #96-33

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

FROM: *Charles E. Henry for*  
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 MO3A. 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

**CENTRAL COLLECTION UNIT**

**LOCAL DEPARTMENT ACCOUNT NUMBERS**

The account numbers listed below are to be used for all cases referred to CCU.

Local Department	CCU Account Numbers		
	AFDC	DALP	Food Stamps
Allegany	330901-100	330901-200	330901-300
Anne Arundel	330902-100	330902-200	330902-300
Baltimore County	330903-100	330903-200	330903-300
Calvert	330904-100	330904-200	330904-300
Caroline	330905-100	330905-200	330905-300
Carroll	330906-100	330906-200	330906-300
Cecil	330907-100	330907-200	330907-300
Charles	330908-100	330908-200	330908-300
Dorchester	330909-100	330909-200	330909-300
Frederick	330910-100	330910-200	330910-300
Garrett	330911-100	330911-200	330911-300
Harford	330912-100	330912-200	330912-300
Howard	330913-100	330913-200	330913-300
Kent	330914-100	330914-200	330914-300
Montgomery	330915-100	330915-200	330915-300
Prince George's	330916-100	330916-200	330916-300
Queen Anne's	330917-100	330917-200	330917-300
St. Mary's	330918-100	330918-200	330918-300
Somerset	330919-100	330919-200	330919-300
Talbot	330920-100	330920-200	330920-300
Washington	330921-100	330921-200	330921-300
Wicomico	330922-100	330922-200	330922-300
Worcester	330923-100	330923-200	330923-300
Baltimore City	330930-100	330930-200	330930-300

