

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 5, 1982

ALL-COUNTY INFORMATION NOTICE I-101-82

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: INTERCEPTION OF STATE INCOME TAX REFUNDS TO COLLECT DELINQUENT
RESTITUTION OF AFDC AND FOOD STAMP OVERPAYMENTS

REFERENCE:

The Department of Social Services (DSS), in conjunction with the Controller's Office and Franchise Tax Board (FTB), will again operate a state tax refund intercept system to facilitate the collection of delinquent restitution of welfare overpayments. The program this year has been expanded to include all AFDC overpayments and all fraudulently obtained food stamp overissuances. DSS invites the voluntary participation of all counties in this program.

This letter includes instructions for participation in the system, necessary forms, and a timetable of activities which must be accomplished in order to intercept 1982 state income tax refunds. Please review the instructions carefully.

After reviewing the attached information, please indicate on Attachment 2 if your county plans on participating in this project and send by September 6, 1982 to:

State Department of Social Services
Fraud Program Management Bureau
Intercept Coordinator
744 P Street, MS 19-26
Sacramento, CA 95814

Instructions

1. Submission Criteria

Only the following types of delinquent restitution accounts are eligible for submission:

- a. Non court-ordered restitution of AFDC overpayments. The County must have a "right of recovery" pursuant to existing DSS regulations.

- b. Civil or criminal court-ordered restitution of AFDC overpayments.
- c. Civil or criminal court-ordered restitution of fraudulent Food Stamp overissuances.
- d. Restitution of Food Stamp overissuances determined fraudulent as a result of an administrative fraud hearing.

State Administrative Manual Section 8790.2 limits use of this program to delinquent accounts. This section states in part: "The offset procedure augments rather than replaces existing tax and other collection procedures and is for use when effective procedure does not exist and the State would otherwise suffer loss. An agency's remedy under the special laws applicable to its particular program and the general laws of the State is normally more appropriate and should be used unless circumstances are such that the offset procedure is the most logical method of collection."

Therefore, those cases which are still eligible for grant adjustment, allotment reduction, or in which the person is making regular restitution payments shall not be submitted for the intercept process. Also, cases which are awaiting to be heard, already been heard, or in which the time to request a state hearing has not run shall not be submitted.

2. Restitution Account Information (Attachment 3)

Only the following restitution account information is required to be submitted:

- a. County Number and Name (Example: 19-Los Angeles)
- b. Recipient Name
- c. Recipient Social Security Number
- d. Type of Case (Food Stamp or AFDC) (AFDC and food stamp accounts must be listed separately)
- e. Total amount of delinquent AFDC or Food Stamp restitution owed. (Must be more than \$10.)
- f. Case, District, and/or Worker Numbers (optional)

Those counties whose systems are automated should submit account information on magnetic tape. Counties should indicate on Attachment 2 whether or not they intend to utilize magnetic tape input. Counties utilizing magnetic tape should follow instructions outlined in Attachment 3. Any questions regarding automated input should be directed to Mike Collins, Systems and Programming Bureau, at (916) 924-2818.

Attachment 3 also contains detailed instructions and a restitution account form to be used. The attached input form is designed for those counties without computer capabilities and must be duplicated locally. Any other form or format is unacceptable. Please follow the instructions closely. Any incorrectly completed input forms will be rejected. Unfortunately, time constraints prevent us from sending forms back for correction.

To allow DSS to intercept tax refunds for the 1982 tax year, participating counties must send all restitution account information, magnetic tape or forms, no later than October 1, 1982 to:

State Department of Social Services
 Data Processing Branch
 Production Controls
 744 P Street, MS 19-13
 Sacramento, CA 95814

3. Signed Statements (Attachment 4)

In addition to the restitution account information, counties are also required to submit the following:

- a. A statement of Limited Assignment of AFDC/Food Stamp Restitution from each participating county to DSS.
- b. A Certificate of Correctness regarding the validity and amount of delinquent restitution.

Attachment 4, designed to meet these requirements, should be completed by October 1, 1982, and mailed to:

State Department of Social Services
 Fraud Program Management Bureau
 Intercept Coordinator
 744 P Street, MS 19-26
 Sacramento, CA 95814

4. Deletions

Counties must develop an internal procedure to flag and monitor all cases submitted for intercept in order to ensure that the case continues to meet the criteria for a tax refund intercept. If a recipient updates the account or pays it off in full after his/her name has been submitted for an intercept, the county shall submit the name for deletion as soon as possible to avoid the potential intercept of that individual's tax refund. Deletions should be submitted to the Department of Social Services' Fraud Program Management Bureau on an ongoing basis and should be listed individually by name and social security number. (Attachment 5 is designed for this purpose).

All counties participating in the intercept project must establish procedures whereby a recipient can be reimbursed without undue delay if the intercept has already occurred by the time the deletion notice is received by the Franchise Tax Board.

In addition, it is the responsibility of the county agency to appoint a representative to handle all local level disputes concerning the intercept process. Counties are asked to provide the name/unit and telephone

number of this individual on Attachment 2.

5. Intercept and Follow-Up

After receiving and editing county lists, DSS will forward the statewide master tape to FTB who will run a continuous match against their master index through 1983. Of all the matches, 95 percent will be made between February 1, and June 30, 1983.

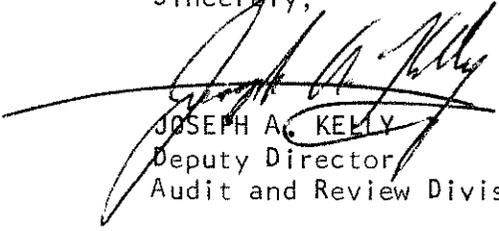
DSS will forward a list of matches to the appropriate county on a weekly basis. Once a month, DSS will compile and send to the counties a list of all recipients whose refunds were intercepted along with the total amount of intercepted funds for that month. All County Welfare Departments should establish a procedure with their respective treasurers to ensure proper handling of incoming money. (The State Controller will send checks only to the County Treasurers.) The FTB Intercept System will produce the following reports for county use:

- a. Annual List of DSS Rejects
- b. Annual List of FTB Rejects
- c. Weekly Lists of Matches by County
- d. Monthly Lists of Matches by County, and Total Amount Intercepted for Each County that Month

Upon receiving the list of intercepts and corresponding funds, the counties should credit each individual account for the AFDC and food stamp amounts collected through the intercept process. The total amount of the repayments should then be recorded on Form CA 800 or FNS 209 as appropriate.

We feel that this system is a positive addition to existing collection techniques and look forward to the participation of all the counties. If you have any questions or comments, please contact the DSS Fraud Program Management Bureau at (916) 427-4010.

Sincerely,



JOSEPH A. KELLY
Deputy Director
Audit and Review Division

Attachments

cc: CWDA

TIMETABLE

<u>ACTIVITY</u>	<u>DATE</u>
County notifies DSS of intent to participate in the Intercept Program (Attachment 2).	September 6, 1982
Individual county restitution account information, assignment/correctness statements due back to DSS.	October 1, 1982
DSS will keypunch, merge, and edit tapes to produce statewide master tape.	November 1, 1982
DSS will conduct acceptance test to insure system design meets objectives, and forward master tape to FTB.	November 1, 1982
DSS will send lists of cases deleted by DSS back to counties.	December 1, 1982
FTB will edit statewide master tape. Lists of cases that do not meet FTB requirements will be sent back to counties.	January 1, 1983
FTB will run continuous match against their master index through 1983. Ninety-five percent (95%) of all matches will be made between February 1 and June 30.	February 1, 1983 Ongoing
FTB will generate a weekly list of matches statewide. DSS will break down by county and forward to CWDs on a weekly basis.	Ongoing
Once a month, FTB will transfer lump sum of all collections to the State Controller.	Ongoing
Once a month, DSS will compile and send to counties a list of all matches and exact amount intercepted for each. The State Controller will forward monthly total amount to each county treasurer.	Ongoing
The CWD shall credit each recipient's account with the amount intercepted and record total amount as a repayment on form CA-800 or FNS 209.	Ongoing

TO: Department of Social Services
 Fraud Program Management Bureau
 744 P Street, M.S. 19-26
 Sacramento, CA 95814
 Attention: Intercept Coordinator

_____ County will participate in the Franchise Tax Board Intercept System to collect delinquent restitution of AFDC/Food Stamp overpayments.

 Director's Signature

 Date

1. Estimated number of cases county will submit for intercept: _____
2. Restitution Account input information: (Circle one) Magnetic Tape Forms
3. Name and telephone number of county contact person assigned to this intercept project (liaison with DSS):

(Name: _____ (Title: _____)

(Unit/Division) _____

(Department) _____

(Address) _____

(City) _____ (Telephone) _____
4. Name and telephone number of county representative responsible for handling local level (public) disputes concerning the intercept process. (This person's name and address will be placed on the notice sent to persons whose tax refunds have been intercepted.)

(Name) _____ (Title) _____

(Unit/Division) _____

(Department) _____

(Address) _____

(City) _____ (Telephone) _____

WELFARE OVERPAYMENTS COUNTY TRANSACTION RECORD DESCRIPTION

Automated Input Preparation
County KDE Instructions

File Format: Sequential

Character Format: EBCDIC

Medium: 9 TRACK tape 1600 BPI or 9 TRACK tape 800 BPI

Labels: unlabeled

Record Length: 80 bytes

Blocking Factor: 80 bytes (i.e., 1 record per block)

Documentation: A transmittal must accompany the tape.

The transmittal should identify the county name and county number, the number of transaction records and the density (i.e., 1600bpi or 800bpi). Most importantly, identify the tape as input to the welfare overpayment intercept process. Example: WELFARE OVERPAYMENTS FTB REFUND INTERCEPT. Please put the type of facility which generated the tape (i.e., IBM, HONEYWELL, BURROUGHS, etc.). Mailing address:

Department of Social Services
Data Processing Bureau
744 P Street, M.S. 19-13
Sacramento, CA 95814

Attention: Production Controls

Sort Key: county number, social security number

Record Items:

1. County number - two (2) digit unsigned numeric field. It is required. Valid values 01 through 58.
2. Social security number - nine (9) digit numeric field which contains the recipient's SSN. It is required. Cannot start with "6", "8", or "9". May be unsigned or signed according to COBOL format S9(9).
3. Last name - fifteen (15) character alphabetic field which contains the recipient's last name. It is required. Must be left justified with no special characters (i.e., hyphen, apostrophe, etc.).
4. First name - ten (10) character alphabetic field which contains the recipient's first name. It is optional entry. When not used, blank fill. When used, must be left justified with no special characters (i.e., hyphen, apostrophe, etc.).
5. Middle initial - one (1) character alphabetic field which contains the recipient's middle initial. It is optional entry. When not used, blank fill. When used, must be left justified with no special characters (i.e., hyphen, apostrophe, etc.).

WELFARE OVERPAYMENTS COUNTY TRANSACTION RECORD DESCRIPTION - Continued

6. Amount Delinquent - nine (9) digit numeric field which contains the total amount of the delinquent restitution. It is required. Cents are reduced to zero (i.e., \$10.60 = \$10.00). The decimal character is dropped. Right justified with optional preceeding zeroes (i.e., \$10.60 = '000001000' or ' 1000'). May be unsigned or signed according to COBOL format S9(7)V99. Minimum amount is \$10.00.
7. Case identification number - fifteen (15) character alpha-numeric field which contains the case identification number. It is optional entry. When not used, blank fill. When used, must be left justified.
8. Worker/district number - five (5) character alpha-numeric field which contains county EW number and/or district. It is optional entry. When not used, blank fill. When used, should be left justified.
9. Aid type - one (1) character alphabetic field which contains the aid type. It is required. Must contain "A" for AFDC cases or an "F" for Food Stamp cases.
10. FILLER - thirteen (13) character field which contains blanks.

TRANSACTION RECORD LAYOUT

FIELD NUMBER	ITEM	LENGTH/MODE	POSITIONS
1	County number	2N	01-02
2	Social security number	9N	03-11
3	Last name	15A	12-26
4	First name	10A	27-36
5	Middle initial	1A	37
6	Amount delinquent	9N	38-46
7	Case identification number	15A/N	47-61
8	Worker/district number	5A/N	62-66
9	Aid type	1A	67
10	FILLER	13A/N	68-80

TO: Department of Social Services
Production Controls
744 P Street, M.S. 19-13
Sacramento, CA 95814

WELFARE OVERPAYMENT INTERCEPT SYSTEM
RESTITUTION ACCOUNT INPUT DOCUMENT

01 02 COUNTY NUMBER
COUNTY NAME

03 SOCIAL SECURITY NUMBER 11
38 \$ AMOUNT DELINQUENT 46
LAST NAME 12
CASE I.D. 47
FIRST NAME 27
WORKER OR DISTRICT # 62
AID TYPE 36
M.I. 37

03 SOCIAL SECURITY NUMBER 11
38 \$ AMOUNT DELINQUENT 46
LAST NAME 12
CASE I.D. 47
FIRST NAME 27
WORKER OR DISTRICT # 62
AID TYPE 36
M.I. 37

03 SOCIAL SECURITY NUMBER 11
38 \$ AMOUNT DELINQUENT 46
LAST NAME 12
CASE I.D. 47
FIRST NAME 27
WORKER OR DISTRICT # 62
AID TYPE 36
M.I. 37

03 SOCIAL SECURITY NUMBER 11
38 \$ AMOUNT DELINQUENT 46
LAST NAME 12
CASE I.D. 47
FIRST NAME 27
WORKER OR DISTRICT # 62
AID TYPE 36
M.I. 37

DELETIONS: DELINQUENT OVERPAYMENT INTERCEPT

TO: Department of Social Services
Fraud Program Management Bureau
744 P Street, M.S. 19-26
Sacramento, CA 95814
Attention: Intercept Coordinator

Date: _____

FROM:

County _____

Contact Person/Organization or Unit _____

Telephone #: _____

It is requested that the following individuals be deleted from our list of recipients subject to the tax refund intercept process:

	SSN	LAST NAME	FIRST NAME	MIDDLE INITIAL
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____
7.	_____	_____	_____	_____
8.	_____	_____	_____	_____
9.	_____	_____	_____	_____
10.	_____	_____	_____	_____