

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 26, 1987

ALL-COUNTY INFORMATION NOTICE I-75-87

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: INTERCEPTION OF STATE INCOME TAX REFUNDS TO COLLECT
DELINQUENT RESTITUTION OF AFDC OVERPAYMENTS AND FOOD STAMP
REFERENCE: OVERISSUANCES - AFDC/FS INTERCEPT PROGRAM

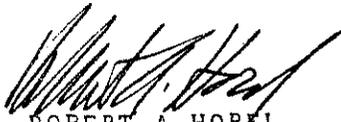
The State Department of Social Services (SDSS), in conjunction with the State Controller's Office and the Franchise Tax Board (FTB) will again administer a State income tax refund Intercept Program for Tax Year (TY) 1987. This Program is designed to facilitate the collection of delinquent restitution of Aid to Families with Dependent Children (AFDC) overpayments and Food Stamp (FS) overissuances. This program has proved to be an effective collection device, with over \$3.5 million dollars in tax refunds intercepted this year alone.

This letter provides the following: 1) instructions for participation (Attachment 1), 2) a timetable of activities (Attachment 2), and 3) necessary forms which must be completed in order to intercept Tax Year (TY) 1987 State income tax refunds (Attachments 3 through 8).

If your county plans to participate in the AFDC/FS Intercept Program, please complete Attachment 3, "Participation Agreement", by September 15, 1987 and return it to:

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

Because of the effectiveness of the AFDC/FS Intercept Program in aiding in the collection of AFDC overpayments and FS overissuances, the Department encourages all counties to participate. If you have any questions or comments, please contact Dave Fairchild of the SDSS Fraud Program Management Bureau at (916) 445-3766.



ROBERT A HOREL
Deputy Director

Attachments

cc: CWDA

INSTRUCTIONS

1. Submission Criteria

It is important to note at the outset that certain limitations are imposed on the AFDC/FS Intercept Program. Section 8790.2 of the State Administrative Manual provides, 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, based on the above mentioned provision, the following are not eligible for intercept:

- (1) Cases which are still eligible for grant adjustment or allotment reduction,
- (2) Cases in which the individual is making regular restitution payments,
- (3) Cases in which the time to request a state hearing has not lapsed, and
- (4) Cases in which the individual has requested a state hearing or is awaiting a decision from a state hearing.
- (5) Additionally, pursuant to AFDC manual sections 44-350.141 and 44-352.21, nonfraudulent overpayments totalling less than \$35 are not to be demanded (this includes interception).

The county must have a "right of recovery", pursuant to SDSS regulations which existed at the time of the overpayment. Right of recovery is defined as the ability to make collections based on the regulations, subsequent court cases and any All County Letters that have been issued regarding overpayments and their collections. The following types of delinquent restitution accounts are eligible for submission:

- (1) Non court-ordered restitution of AFDC overpayments for which the household has failed to respond to a written demand letter(s).
- (2) Civil or criminal court-ordered restitution of AFDC overpayments.

- (3) Civil or criminal court-ordered restitution of food stamp benefit overissuances as a result of an Intentional Program Violation (IPV).
- (4) Restitution of food stamp benefit overissuances which are the result of an Intentional Program Violation as determined by an administrative disqualification hearing.
- (5) Non-court ordered restitution of all Food Stamp claims which have not been terminated and for which the household has failed to respond to a written demand letter(s). This includes inadvertent household error claims and administrative error claims.

2. Restitution Account Information

Restitution account information can be submitted by magnetic computer tape or by input document. Only the following restitution account information is required to be submitted.

- (1) County number and name (Example: 38-San Francisco)
- (2) Name of individual
- (3) Social Security Number of individual
- (4) Type of case, (i.e., AFDC or FS). AFDC and FS accounts must be listed separately.
- (5) Total amount of delinquent AFDC or FS restitution owed. The amount must be at least ten dollars.
- (6) Case, district, and/or worker numbers. Information contained in this field is optional.

a. Counties Submitting Magnetic Computer Tape

Counties submitting restitution account information on magnetic computer tape should follow the instructions provided in Attachment 4, "AFDC/FS Intercept Program. Magnetic Tape Restitution Record Description". Any questions regarding automated input should be directed to:

State Department of Social Services
Data Processing Bureau
Attention Ms. Janet Carthen
744 P Street, M.S. 19-58
Sacramento, CA 95814
(916) 323-3982

b. Counties Submitting Input Documents

Counties submitting input documents should follow the instructions provided in Attachment 5, "AFDC/Food Stamp Intercept System: Document Description". Please follow the instructions carefully because any incorrectly completed input forms will be rejected. Time constraints preclude editing the input documents and returning the forms to the county for correction.

The input document form, Attachment 8, "AFDC/Food Stamp Intercept System - Input Document", must be duplicated locally.

To allow the SDSS to intercept state income tax refunds for TY 1987, participating counties must send all restitution account information, magnetic tape or forms, no later than October 1, 1987, to:

State Department of Social Services
Computer Facilities Bureau
Production Control
Attention AFDC/FS Intercept Program
744 P Street, M.S. 19-13
Sacramento, CA 95814

3. Limited Assignment/Certification of Correctness

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

- (1) A "Statement of Limited Assignment of AFDC/FS Restitution" from each participating county to the SDSS.
- (2) A "Certificate of Correctness" regarding the validity and amount of delinquent restitution.

Attachment 6, "Limited Assignment of Delinquent Restitution", is designed to meet these requirements and should be completed by October 1, 1987. Mail the form to:

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

4. Deletions/Adjustments

The county 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 state income tax refund intercept. If an individual requests an administrative review based on the pre-offset notice, this review must be provided within ten (10) working days of receipt of the request. Administrative reviews shall be conducted by impartial representatives of the agency. These representatives should be persons who did not prepare the initial computation of the amounts owed and who are empowered to delete the individual's name from the request for intercepts or to correct the amount of the intercept requested by the county. The individual shall be allowed to appear personally at the administrative review, to present documentary evidence, and to examine the documents relied upon by the county when it requested that the individual's refund be intercepted. The results of this review should be provided in writing to the individual within 30 days of the hearing.

If an individual 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 adjustment within ten calendar days to avoid an incorrect intercept of that individual's income tax refund. Changes (decreases, or deletions) may be submitted at any time after the initial information is sent to the SDSS. Also, if it is discovered that an individual's income tax refund was erroneously requested for intercept and the refund has not been intercepted, the county shall submit a deletion request. Attachment 7, "AFDC/FS Intercept Program. Modification Request", is provided for the purpose of submitting adjustment requests. Submit the request to:

FRANCHISE TAX BOARD
Administrative Services /700
Sacramento, CA 95867-0045
ATTN: Interagency Offset Coordinator

5. Reimbursement of State Income Tax Refund for Wrongful Intercept

All counties participating in the AFDC/FS Intercept Program are now required to establish and utilize a mechanism for promptly (within ten calendar days after decision has been made to refund money) refunding to the individual monies intercepted for which: (1) a request for intercept has been submitted to the SDSS in error, or (2) a deletion request has been submitted to the SDSS and the intercept has already occurred before the deletion request is processed by FTB. The refund should not be held until the monies are received from DSS.

6. Designation of County Contact Person(s)

It is the responsibility of the county agency to appoint a representative to handle all local level inquiries concerning the AFDC/FS Intercept Program. Counties are to provide in Attachment 3, "Participation Agreement", the name, unit, and telephone number of this individual.

7. Pre-Offset Notification

Upon establishment of a master file, FTB will provide SDSS an address tape. This tape will be used to notify the submitted individuals of the potential offset. If the address is unavailable from FTB, the notice will be forwarded to the county for manual addressing. Every effort should be made to locate an address. Obligor for whom there is no address should be removed from the process. Once addressed the notices should be returned to SDSS Systems Unit, M.S. 12-11, for mailing.

8. Income Tax Intercept

The SDSS will forward a statewide master tape to FTB who will run a continuous match against their master index through 1988.

The SDSS will send the following reports to each county:

(1) County Transaction Error Report (AOI100-A)

The system checks the case record submitted by the county for valid data and rejects those records that do not meet the validation criteria. This report lists the rejected cases.

(2) Duplicate Cases Report (AOI150-A)

Cases with the same county number, SSN, last name, and aid type are considered duplicate cases. The system will only accept the case with the largest overpayment or overissuance amount and will reject the others. This report lists the rejected cases.

(3) County Weekly FTB Intercept Report (AOI550-A)

This report lists individuals whose state income tax refund/lottery winnings were intercepted as well as the address, the restitution amount requested by the county, and the amount actually intercepted.

All county entities administering the AFDC/FS Intercept Program should establish a procedure with their respective treasurers to ensure proper accounting of incoming funds from the State Controller. Note that the State Controller will prepare checks payable to the order of the County Treasurer.

9. County Follow-Up Procedure

Upon receiving the list of intercepts and corresponding funds, the county shall credit each individual account for the AFDC and FS amounts collected through the intercept process.

The total amount of the repayments should then be recorded on Form CA 800, "Summary Report of Assistance Expenditures Aid to Families with Dependent Children, or CA 209, Status of Claims Against Households", as appropriate.

AFDC/FS INTERCEPT PROGRAM: TIMETABLE

<u>Activity</u>	<u>Date</u>
County notifies the SDSS of intent to participate in the AFDC/FS Intercept Program by submitting Attachment 3.	September 15, 1987
County sends Attachment 6 and county restitution account information to the SDSS.	October 1, 1987
The SDSS will send the Annual Report of SDSS Rejects to the county.	October 26, 1987
The SDSS will key enter input documents and merge edit tapes to produce statewide master tape.	October 1 through November 3, 1987
The SDSS will forward master tape to FTB.	November 3, 1987
Pre-Offset notice sent to taxpayers.	December 7, 1987
FTB will edit statewide master tape. The Annual Report of FTB Rejects will be sent to the county.	January 6, 1988
FTB will run continuous matches against the FTB master index through 1987.	Beginning February 1, 1987 and ongoing
The county will submit deletions to the SDSS, if necessary.	Ongoing
The SDSS will send the Weekly Report of Matches to the county.	Weekly
FTB will transfer total weekly collection to the State Controller.	Weekly
The State Controller will send to the County Treasurer a check representing the total amount collected for the weekly period.	Weekly
The county welfare department shall credit each recipient's account with the amount intercepted and record the total amount received by the county as a repayment on Form CA-800 or CA 209.	Ongoing

AFDC/FS INTERCEPT PROGRAM: PARTICIPATION AGREEMENT

Submit this document to:

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

County will participate in the AFDC/FS Intercept Program to collect delinquent restitution of AFDC overpayments and FS overissuances.

Director's Name

Director's Signature

Date

- 1. Estimated number of cases county will submit for intercept: AFDC FS
2. Restitution Account input information. (Circle one): Magnetic Tape/Forms
3. Name and telephone number of the county contact person assigned to the AFDC/FS Intercept Program (liaison with the SDSS).

Name Title

Department

Unit/Division

Address

City Zip Code Telephone

- 4. Name and telephone number of the county representative responsible for handling local level, i.e., public inquiries concerning the AFDC/FS Intercept Program. (This person's name and address will be placed on the notice sent to persons whose state income tax refunds have been intercepted.)

Name Title

Department

Unit/Division

Address

City Zip Code Telephone

AFDC/FS INTERCEPT PROGRAM: MAGNETIC TAPE
RESTITUTION RECORD DESCRIPTION

Automated Input Preparation
County KDE Instructions

File Format: Sequential
Character Format: EBCDIC
Medium: 9 TRACK tape 1600 BPI or 9 TRACK tape 6250 BPI
Labels: Unlabeled
Record Length: 80 bytes
Blocking Factor: 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 6250 BPI). Most importantly, identify the tape as input to the welfare overpayment intercept process. Example: WELFARE OVERPAYMENTS FTB REFUND INTERCEPT. Please put the type of system which generated the tape (i.e., IBM, HONEYWELL, BURROUGHS, etc.). A standard transmittal and instructions are included. Mailing address:

Department of Social Services
Computing Facilities Bureau
Attention Production Controls
744 P Street, M.S. 19-13
Sacramento, CA 95814

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 '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.).

AFDC/FS INTERCEPT PROGRAM: MAGNETIC TAPE
RESTITUTION RECORD DESCRIPTION - Continued

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.).
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 preceding zeros (i.e., \$10.60 = 000001000). May be unsigned or signed according to COBOL format S9(7)v99. Amount must be at least ten dollars.
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, should 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

<u>FIELD NUMBER</u>	<u>ITEM</u>	<u>LENGTH/MODE</u>	<u>POSITIONS</u>
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

AFDC/FS INTERCEPT SYSTEM TRANSMITTAL

Use this transmittal when sending AFDC/Food Stamp submissions to DSS.

ITEM	ENTER
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1. COUNTY NAME	County name
2. COUNTY NUMBER	County number (State code 01 thru 58)
3. CURRENT DATE	Today's date
4. PROCESS YEAR	Year being processed
5. SUBMITTED BY	Name of person submitting documents
6. PHONE NUMBER	Phone number of person submitting documents
7. DOCUMENTS - Number of lines	Enter the total number of AFDC and/or Food Stamp records being submitted at this time.
8. TAPE INPUT	When sending a tape, in addition to filling out Item 7, indicate the tape number and number of records on the tape

AFDC/FOOD STAMP INTERCEPT SYSTEM TRANSMITTAL

NOTE: THIS TRANSMITTAL MUST ACCOMPANY ALL AFDC/FOOD STAMP INTERCEPT SYSTEM INPUT DOCUMENTS

TO: DEPARTMENT OF SOCIAL SERVICES PRODUCTION CONTROLS, MS 19-13 744 F STREET SACRAMENTO, CA 95814	KEY ENTRY USE ONLY 37501 / / E "
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COUNTY NAME	COUNTY NUMBER	CURRENT DATE	PROCESS YEAR
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SUBMITTED BY	PHONE NUMBER
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DOCUMENTS:

TYPE	NUMBER OF LINES
AFDC	
FOOD STAMP	

TAPE INPUT:

TAPE NUMBER	
NUMBER OF RECORDS	

TEMP 1722A (8/87)

AFDC/FS INTERCEPT PROGRAM
REVISED INPUT DOCUMENT RESTITUTION RECORD DESCRIPTION (6/87)

The AFDC/Food Stamp Intercept Program - Input Document has been revised. A separate form is required for AFDC and Food Stamp records. Separate forms are also required for each worker/district number if they are used. See sample Attachment 5, page 3.

Example 1: If your county used worker/district numbers, for each worker/district you would need one form for the worker/district's AFDC records and another form for Food Stamp records.

Example 2: If your county does not use worker/district numbers, use one form for AFDC record and another form for Food Stamp records.

DO NOT MIX AID TYPES OR WORKER DISTRICT NUMBERS ON THE SAME FORM.

1. COUNTY NAME AND NUMBER

For each document enter county name and number.

2. WORKER/DISTRICT NUMBER (5 characters maximum)

Worker/District number is an optional county use field to be used for additional county identification of cases. Use a separate form for each different worker/district number. Data can be entered free form in any desired format. There are no restrictions on alphabetic or numeric characters.

3. AID TYPE

Put an 'X' in box for AFDC or Food Stamp records. Use a separate form for each aid type - do not mix aid types on one form.

4. SOCIAL SECURITY NUMBER (9 DIGITS)

Enter recipient's Social Security Number. This field is required and must contain nine digits. The first digit cannot be '8', or '9'.

5. LAST NAME (15 ALPHABETIC CHARACTERS MAXIMUM)

Enter recipient's last name. This is a required field and must be alphabetic. Use only the letters 'A' through 'Z'. Do not use special characters such as hyphen, apostrophe, etc. If a recipient has aliases, make a separate complete entry for each different last name. (FTB only uses the SSN and first four letters of the last name for matching purposes.)

6. FIRST NAME (10 ALPHABETIC CHARACTERS MAXIMUM)

Enter recipient's first name. When entered, the characters must be alphabetic.

7. MIDDLE INITIAL (1 ALPHABETIC CHARACTER MAXIMUM)

Enter recipient's middle initial. This is not a required field, but if entered, must be alphabetic.

8. DOLLAR AMOUNT DELINQUENT (7 DIGIT MAXIMUM - NO CENTS)

Enter the total amount of the delinquent restitution to the nearest whole dollar (drop cents). This is a required field and must be numeric. AFDC overpayments and Food Stamp overissuances must be listed as separate entries on separate forms. Amount must be at least ten dollars.

9. CASE IDENTIFICATION NUMBER (15 CHARACTERS MAXIMUM)

This is an optional field to be used for additional county identification of cases. Data can be entered free form in any desired format. There are no restrictions on alphabetic or numeric characters.

NOTE: This form is not to be used for the Child Support Intercept System nor are child support forms to be used for this system.

A transmittal must accompany the documents. The necessary form and instructions are included as Attachment 4, pages 3 and 4.

ATTACHMENT 6

Submit this form to:

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

LIMITED ASSIGNMENT OF DELINQUENT RESTITUTION

_____ County hereby assigns to the State Department of Social Services those cases with delinquent restitutions for the limited purpose of allowing the State Department of Social Services to effect collection of said restitution pursuant to California Government Code Section 12419.5. This assignment is for the limited purpose stated and does not preclude _____ County from taking any other action for collection of these restitutions.

CWD Director's Name

CWD Director's Signature

Date

CERTIFICATION CORRECTNESS OF DELINQUENT RESTITUTION

I, (Name) _____ declare that I have supervised the compilation of the list of delinquent accounts submitted to the State Department of Social Services and I am informed and believe that each listed individual has been identified by the correct Social Security Number, and the correct amount of total restitution owed, and that such amounts are collectible pursuant to current AFDC and/or Food Stamp regulations.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this _____ day of _____, 1987,

in the County of _____, California.

Signature

Title

Franchise Tax Board
 Administrative Services/700
 Sacramento, CA 95867-0045
 ATTN: Interagency Offset Coordinator

_____ County Tax Year _____ Agency Code DK

SUBJECT: Interagency Offset Program - Modification Request(s)

Type Code (1)	Social Security Account No. (9)	Name Control (4)	Agency Code	Revised Amount (9)	Agency Information (20)
1. _____	_____	_____	DK	_____	_____
2. _____	_____	_____	DK	_____	_____
3. _____	_____	_____	DK	_____	_____
4. _____	_____	_____	DK	_____	_____
5. _____	_____	_____	DK	_____	_____
6. _____	_____	_____	DK	_____	_____
7. _____	_____	_____	DK	_____	_____
8. _____	_____	_____	DK	_____	_____
9. _____	_____	_____	DK	_____	_____
10. _____	_____	_____	DK	_____	_____
11. _____	_____	_____	DK	_____	_____
12. _____	_____	_____	DK	_____	_____
13. _____	_____	_____	DK	_____	_____
14. _____	_____	_____	DK	_____	_____
15. _____	_____	_____	DK	_____	_____
16. _____	_____	_____	DK	_____	_____
17. _____	_____	_____	DK	_____	_____
18. _____	_____	_____	DK	_____	_____
19. _____	_____	_____	DK	_____	_____
20. _____	_____	_____	DK	_____	_____

NAME:
 TITLE:

AFDC/FOOD STAMP INTERCEPT SYSTEM - INPUT DOCUMENT

COUNTY NAME		COUNTY #	WORKER/DIST #	AID TYPE!		
				AFDC=A <input type="checkbox"/>	1	
				FS=F <input type="checkbox"/>	2	
LN NO	SOCIAL SECURITY NUMBER	LAST NAME	FIRST NAME	M I	DELINQUENT AMOUNT	COUNTY CASE ID
01					00	
02					00	
03					00	
04					00	
05					00	
06					00	
07					00	
08					00	
09					00	
10					00	
11					00	
12					00	
13					00	
14					00	
15					00	
16					00	
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22					00	
23					00	
24					00	
25					00	