

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
(916) 920-7711



August 17, 1981

ALL-COUNTY LETTER NO. 81-85

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: INTERCEPTION OF FRANCHISE TAX REFUNDS TO COLLECT COURT-ORDERED
RESTITUTION OF AFDC OVERPAYMENTS
REFERENCE:

The Department of Social Services (DSS), in conjunction with the Controller's Office and Franchise Tax Board (FTB), has developed a statewide Franchise Tax Refund Intercept System which will facilitate the collection of delinquent court-ordered restitution of AFDC overpayments. This system, patterned after the highly successful Child Support Intercept System, is scheduled to begin with the 1981 tax year. DSS invites the voluntary participation of all counties in this project.

This letter includes a brief description of the system, detailed instructions for voluntary participation, and a timetable and schedule of activities that must be accomplished in order to intercept 1981 State tax refunds.

After reviewing the enclosed information, please indicate on Attachment 2 if your county plans on participating in this project, and send by September 4, 1981, to:

Department of Social Services
Fraud Prevention Bureau
744 P Street, M.S. 19-26
Sacramento, CA 95814

Attention: Bob Berg
(916) 920-7642

Methodology

Government Code Section 12419.5 states that "The Controller may, in his discretion, offset any amount due a state agency from a person or entity, against any amount owing such person or entity by any state agency. The Controller may deduct from the claim (tax refund), and draw his warrants for the amounts offset in favor of

the respective state agency to which due." DSS has made the determination that court-ordered restitution of AFDC benefits constitutes a debt to the Department of Social Services and, therefore, is collectible under the subject Government Code Section.

The mechanics of the program are quite simple. The name, social security number, and the delinquent amount of court-ordered restitution for each recipient will be submitted to the Department of Social Services by the counties and will be computer matched against the list of all individuals filing for a State income tax refund. For each matched case, the Department of Social Services will inform the individual that his/her tax refund has been intercepted to offset the restitution owed, and will direct the individual to contact the county submitting the offset request should there be any questions.

All intercepted funds will be transmitted by the Department of Social Services through the State Controller's Office to the county treasurer along with a detailed list of those individuals who were subject to the intercept procedure. At that point, the counties will reconcile this list with the total warrant amount and credit individual recipient accounts, being sure to record the total amount as a repayment on the CA-800 (Aid Claim).

Instructions

1. Criteria

In order to qualify for the intercept procedure, there must be a court order on file for restitution of an AFDC overpayment, and the account must be delinquent. Counties should not submit any case where the dollar amount of delinquent restitution is less than \$10, as Franchise Tax Board will not accept these for intercept.

Cases involving an AFDC overpayment with no court order for restitution are also unacceptable and must not be included in the list submitted by the counties.

Those active AFDC cases in which there is an order for restitution, but the case is still within the grant adjustment period, must be handled through the grant adjustment process until the adjustment period has expired. Then, if there is a balance remaining which becomes delinquent, the case may be submitted for the intercept procedure.

2. Input Document: Information Required

- a. County Name and Number (01-58)
- b. Recipient Name
- c. Recipient Social Security Number
- d. Total Amount of Delinquent Court-Ordered Restitution (must be more than \$10)
- e. Case, District, and/or Worker Number (optional)

See Attachment 3 for detailed instructions. Please follow these instructions closely. Any incorrectly completed input forms will be deleted. Unfortunately, Franchise Tax Board's time constraints prevent us from sending forms back for correction.

The attached input document is designed for those counties without computer capabilities and must be duplicated locally. Any other form or format is unacceptable. Those counties whose systems are automated may submit the lists on magnetic tape, but the format and sequence of the line entries must correspond with that shown on our manual input document. Counties should indicate on Attachment 2 whether or not they intend to utilize magnetic tape input. If so, they will be contacted by the DSS' Data Processing Branch representative, Mike Collins, (916) 924-2925 who will provide further instructions on format, and answer any questions regarding automated input.

To allow the Department of Social Services to intercept tax refunds for the 1981 tax year, the counties must send all input documents (restitution lists) no later than October 1, 1981, to:

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

Attention: Mike Collins

3. Signed Statements

In addition to the county list of court-ordered AFDC restitutions, counties are required to submit the following:

- a. A Statement of Limited Assignment of AFDC Restitution from each participating county to the Department of Social Services.
- b. A Certificate of Correctness regarding the validity and amount of court-ordered restitution.

Attachment 4, designed to meet these requirements, should be completed by October 1, 1981, and mailed to:

Department of Social Services
Fraud Prevention Bureau
744 P Street, M.S. 19-26
Sacramento, CA 95814

Attention: Bob Berg

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, then the county shall submit the name for deletion as soon as possible to avoid the potential intercept of that individual's tax refund. Deletions can be submitted to the Department of Social Services' Fraud Prevention 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 if the intercept has already occurred by the time the deletion notice is received by the State.

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 1982. Of all the matches, 95 percent will be made between February 1, and June 30, 1982.

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 amount collected through the intercept process. The total amount of the repayments should then be recorded on the Monthly Aid Claim (CA-800).

We feel that this system will be 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 Prevention Bureau at (916) 920-7642.

Sincerely,



MARION J. WOODS
Director

Attachments

cc: CWDA

TIMETABLE

<u>ACTIVITY</u>	<u>DATE</u>
Individual county restitution lists, assignment/ correctness statements due back to DSS.	October 1, 1981
DSS will keypunch, merge, and edit tapes to produce statewide master tape.	November 1, 1981
DSS will conduct acceptance test to insure system design meets objectives, and forward master tape to FTB.	November 15, 1981
DSS will send lists of cases deleted by DSS back to counties.	December 1, 1981
FTB will edit statewide master tape. Lists of cases that do not meet FTB requirements will be sent back to counties.	January 1, 1982
FTB will run continuous match against their master index through 1982. Ninety-five percent (95%) of all matches will be made between February 1 and June 30.	February 1, 1982 - 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.	Ongoing

TO: Department of Social Services
Fraud Prevention Bureau
744 P Street, M.S. 19-26
Sacramento, CA 95814
Attention: Bob Berg

_____ County will/will not participate in the Franchise
Tax Board Intercept System to collect court-ordered restitution of AFDC overpayments.

Director's Signature Date

1. Estimated number of cases county will submit for intercept: _____

2. Input information: (Check one) Manual Automated (Magnetic Tape)

3. Name and telephone number of county contact person assigned to this intercept project (liaison with DSS):

(Name) _____

(Title) _____

(Organization/Unit) _____

(Telephone #) () _____

4. Name and telephone number of county representative responsible for handling local level (public) disputes concerning the intercept process.

(Name) _____

(Title) _____

(Organization/Unit) _____

(Telephone #) () _____

5. If not participating, please state reasons:

AFDC COURT-ORDERED RESTITUTION: TAX REFUND INTERCEPT SYSTEM
INPUT DOCUMENT DESCRIPTION

1. COUNTY NUMBER

For each document enter county name and number.

2. SOCIAL SECURITY NUMBER

Enter recipient's Social Security Number. This field is required and must contain nine digits. The first digit cannot be a '6', '8', or '9'.

3. LAST NAME

Enter recipient's last name starting in the left most position. 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.

4. FIRST NAME

Enter recipient's first name starting in the left most position. When entered, the characters must be alphabetic.

5. MIDDLE INITIAL

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

6. \$ AMOUNT DELINQUENT (Must be more than \$10)

Enter the total amount of the delinquent restitution to the nearest whole dollar (drop cents). This is a required field and must be numeric. The dollar amount should be entered right justified (aligned to decimal point). For example: Seven hundred and forty-three dollars would be entered as 1174310101 or 101074310101. It is optional to enter zeros into the leading or left most positions. If the leading positions are left blank, they will be zero filled during file creation by Social Services.

7. CASE IDENTIFICATION NUMBER8. WORKER/DISTRICT NUMBER

These are optional county use fields to be used for future county identification of cases. Data can be entered free form in any desired format. There are no restrictions on alphabetic or numeric characters.

- The second input document example has no numbers 1 - 8 and is for duplication.

AFDC OVERPAYMENT INTERCEPT SYSTEM
INPUT DOCUMENT

T0: Department of Social Services
Data Processing Branch
744 P Street, M.S. 19-13
Sacramento, CA 95814

1

01 02 COUNTY NAME

2

03 SOCIAL SECURITY 11

3

4

5

6

7

8

38 46 \$ AMOUNT DELINQUENT

27 36 FIRST NAME

62 66 WORKER OR DISTRICT #

37 37 M.I.

03 SOCIAL SECURITY 11

12 26 LAST NAME

47 61 CASE I.D.

27 36 FIRST NAME

62 66 WORKER OR DISTRICT #

37 37 M.I.

03 SOCIAL SECURITY 11

12 26 LAST NAME

47 61 CASE I.D.

27 36 FIRST NAME

62 66 WORKER OR DISTRICT #

37 37 M.I.

03 SOCIAL SECURITY 11

12 26 LAST NAME

47 61 CASE I.D.

27 36 FIRST NAME

62 66 WORKER OR DISTRICT #

37 37 M.I.

03 SOCIAL SECURITY 11

12 26 LAST NAME

47 61 CASE I.D.

27 36 FIRST NAME

62 66 WORKER OR DISTRICT #

37 37 M.I.

\$ AMOUNT DELINQUENT

AFDC OVERPAYMENT INTERCEPT SYSTEM
INPUT DOCUMENT

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

01 02 COUNTY NAME
COUNTY NUMBER

03 SOCIAL SECURITY 11 12 LAST NAME 26 27 FIRST NAME 36 37 H.I.

38 \$ AMOUNT DELINQUENT 46 47 CASE I.D. 61 62 WORKER OR DISTRICT #

03 SOCIAL SECURITY 11 12 LAST NAME 26 27 FIRST NAME 36 37 H.I.

38 \$ AMOUNT DELINQUENT 46 47 CASE I.D. 61 62 WORKER OR DISTRICT #

03 SOCIAL SECURITY 11 12 LAST NAME 26 27 FIRST NAME 36 37 H.I.

38 \$ AMOUNT DELINQUENT 46 47 CASE I.D. 61 62 WORKER OR DISTRICT #

03 SOCIAL SECURITY 11 12 LAST NAME 26 27 FIRST NAME 36 37 H.I.

38 \$ AMOUNT DELINQUENT 46 47 CASE I.D. 61 62 WORKER OR DISTRICT #

LIMITED ASSIGNMENT OF AFDC COURT ORDERED RESTITUTION

_____ County hereby assigns to the California Department of Social Services those AFDC cases with delinquent court-ordered restitutions for the limited purpose of allowing the California 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 the _____ County from taking any other action for collection of these restitutions.

CWD Director's Signature

Date

CERTIFICATION OF CORRECTNESS OF COURT ORDERED RESTITUTION

I, (Name) _____ (Title) _____ 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 there is a court order for restitution on file for each individual.

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

Dated this _____ day of _____, 1981, in the County of _____, California.

DELETIONS: AFDC OVERPAYMENT INTERCEPT

TO: Department of Social Services
Fraud Prevention Bureau
744 P Street, M.S. 19-26
Sacramento, CA 95814
Attention: Bob Berg

Date: _____

FROM:

County _____

Contact Person/Organization or Unit _____

Telephone #: _____

It is requested that the following individuals be deleted from our list of AFDC 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.	_____	_____	_____	_____