STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

December 27, 1994

ALL-COUNTY LETTER NO: 94-111

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR THIS TRANSMITTAL
( ) State Law Change
( ) Federal Law or Regulation Change
( ) Court Order or Settlement Agreement
( ) Clarification Requested by One or More Counties
(X) Initiated by CDSS

SUBJECT: INTERCEPTION OF FEDERAL SALARY TO COLLECT DELINQUENT RESTITUTION OF FOOD STAMP OVERISSUANCES FROM FEDERAL AND U.S. POSTAL SERVICE EMPLOYEES.

The California Department of Social Services (CDSS), in conjunction with the Food and Consumer Service (FCS) and the Internal Revenue Service (IRS), will begin the implementation of the Federal Salary Offset Program which is a part of the Federal Tax Refund Offset Program (FTROP). This program is designed to facilitate the collection of delinquent restitution of Food Stamp (FS) overissuances by Federal civilian and active military employees, including U.S. Postal Service (USPS) employees.

Individuals currently owe about $800 million for food stamp benefits which they have received in excess of the amounts to which they were entitled. A substantial portion of the $800 million is not being repaid. In 1993, under a partial test of salary offset by IRS, 3,000 claims totaling approximately $1.5 million were identified as being owed by Federal employees. Because of the effectiveness of the Federal Salary Offset Program in the collection of Food Stamp overissuances, the department encourages all counties to participate.

This letter is to provide you with the necessary procedures for participation in the Federal Salary Offset Program with FCS and IRS. There are three phases to the Federal Salary Offset Program and each phase is operated on an annual cycle:

1. In phase one, Food Stamp recipient claim files, provided to CDSS by the counties, are matched against records of all active Federal civilian and military employees, including U.S. Postal

Service employees. Only Intentional Household Errors (IHE) and Intentional Program Violation (IPV) claims of individuals no longer participating in the Food Stamp program can be collected through Federal Salary Offset. Those claims that are identified as obligations of Federal employees are deleted from FTROP.

2. During the second phase of food stamp salary offset procedures, recipient claims identified in the match are referred to CDSS. After a review of county records, CDSS will send Federal employees an advance notice of salary offset (pre-offset notice). The notice provides these individuals 30 days to voluntarily repay the claim or provide documentation that all or part of the claim is not legally collectable. Those claims which are not responded to or justification is not provided, shall be submitted for salary offset.

3. In the third phase, FCS notifies Federal employees that CDSS intends to collect the debt by means of a Notice of Intent. This notice includes information about appeal rights, pertinent time frames and other information which is required for that notice by the Department of Agriculture.

In order to participate in the Salary Offset Program, counties shall submit to CDSS Fraud Bureau additional information as needed to confirm the overissuance. The information needed shall consist of a copy of all written records of actions relating to the claim. Such records shall include demand letters, results of fair hearings, advance notices of disqualification hearings, the results of such hearings, any legal actions and records of payments.

If you have any questions or comments, please contact Mr. Dave Fairchild of the CDSS Fraud Bureau at (916) 445-3766.

MICHAEL C. GENEST
Deputy Director
Welfare Programs Division

cc: CWDA