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Local Commissioners Memorandum

Section 1

Transmittal:	03 LCM 9
To:	Local District Commissioners
Issuing Division/Office:	Division of Temporary Assistance
Date:	August 14, 2003
Subject:	Refunds of Treasury Offset Program (TOP) Monies
Contact Person(s):	FS Questions -- Eastern Regional Team (518) 473-1469 TA Questions -- Central Team (518) 474-9344 CAMS Questions -- See list in implications TOP Questions -- contact Larry Pittz (518) 486-1076
Attachments:	None
Attachment Available On -- Line:	

Section 2

I. Purpose

The purpose of this LCM is to inform local districts of TOP refunds being made to individuals affected by the resolution of Thompson v. Wing. Individuals subject to the terms of the settlement [a population comprised of closed Food Stamp (FS) claims aged more than 10 years from the date of referral or having an overpayment period exceeding 12 months from date of discovery and claim establishment date or actually having been active FS cases at the time of recovery] will be repaid amounts offset by TOP.

II. Background

The TOP program allowed automated collections to be pursued against inactive Food Stamp households. Plaintiff alleged that some collections made when the TOP program was implemented were in error and procedural revisions were required to ensure that claim collection was correct. TOP has instituted a number of automated edits and administrative reviews to afford clients greater consideration prior to certification for collection. While TOP has been making these revisions, it has held existing collection procedures aside and identified specific individuals who were subject to TOP intercept. A refund check will be provided to those specific individuals. A hard copy list of the universe of individuals from your district who are eligible for refunds and the proposed amount of each refund are being mailed under separate cover. All refunds will be processed centrally from the Office of the State Comptroller and will be mailed to the ex-recipients in September. Prior to paying the refund, ex-recipients will complete a form to verify their names and addresses. Subsequent to this verification CAMS will generate case-specific reports containing actual refund amounts. Please note that the settlement also requires the offering of administrative reviews over the next year to approximately 20,000 affected individuals to determine if the offset was proper. **Although it is uncertain how many reviews will be requested, local districts need to be prepared to provide adequate resources to meet these appeals.**

III. Program Implications

Food Stamp Implications: Refunds made pursuant to this lawsuit are excludable as income as non-recurring lump sums and, unless they exceed prescribed thresholds, for resources purposes as well. Because nearly all of the affected households will be closed at the time of the refunds, the majority of the refunds will have no impact.

Temporary Assistance Implications: For a number of reasons, these payments are exempt as income (including lump sums) and as resources when determining eligibility for Temporary Assistance (TA) applicants and recipients. Most significant among these reasons is that it is anticipated that offset Earned Income Tax Credits (EITC), which are exempt for TA purposes, will represent the majority of restored benefits. In addition, the payments may represent several years of offset tax (both regular and EITC) payments and federal wages. The operational difficulty of identifying what exact payments are being restored and the likelihood that very few of these payments would ever be countable in determining current eligibility for TA exceeds the value of doing so.

CAMS Implications: TOP repayments involve the automated reversal of the original TOP collection in CAMS. These reversals will be reported as a positive adjustment on line 3b (Balance Adjustments) of the DSS-3214, "Status of Food Stamp Claims Against Households" report.

For Inadvertent Household Errors (IHE) claims, the TOP collection will be reversed, and the claim will be **terminated**. The claim will appear on CAMS Inquiry with a system termination status of "30." For Intentional Program Violation (IPV) claims, the collection will be reversed. If the claim had been closed, the claim status will be changed to either active or suspended. IPV claims will **not** be terminated by the system.

CAMS will provide districts with the TOP Repayment Summary for Thompson Lawsuit (FOPCOL51) and the TOP Amounts Repaid to Clients – Thompson Lawsuit (FOPCOL52) reports to reflect the TOP repayments. OTDA will collect the local share of these TOP repayments through a bottom line adjustment to the federal claims settlement.

The amount repaid to clients will also return a collection fee of \$9.65 for each year's TOP collection.

For CAMS questions, please contact:

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