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Local Commissioners Memorandum

Section 1

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To:	Local District Commissioners
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Subject:	Treasury Offset Program
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Attachments:	No
Attachment Available On-Line:	No

Section 2

I. Purpose

The purpose of this memorandum is to provide you with an update on the Treasury Offset Program (TOP) and the Thompson v. Wing lawsuit.

II. Background

The Treasury Offset Program is a method of collecting federal debt. New York State utilizes TOP to recover overpayments of Food Stamp (FS) benefits incurred by recipients no longer receiving FS. The overpayments are offset against federal tax refunds, salaries/pensions and programs such as Social Security and Veteran Benefits. TOP processing for FS debt is handled through the Food and Nutrition Service (FNS) of the United States Department of Agriculture (USDA).

This program began in New York State, initially as a pilot, in 1996. Participation in TOP is mandatory for all states through the Debt Collection Improvement Act of 1996. TOP was suspended in New York State in 2000 due to the Thompson v. Wing litigation.

New York State's Office of Temporary and Disability Assistance (OTDA) entered into an agreement with the Plaintiffs to settle the Thompson v. Wing lawsuit in September 2003. Settlement tasks required New York State to re-review offsets to determine if collections were certifiable under the TOP program and to repay certain individuals if overpayments were not referable.

Work involving the settlement of the Thompson v. Wing lawsuit is nearly complete. We would like to thank local districts for their efforts in ensuring the successful completion of the Re-Notice Review process. A total of 21,770 letters were sent to former recipients involved with this lawsuit. From October 2003 through September 2004, your staff processed 2,340 requests for reviews.

III. Program Implications

The settlement work is drawing to a close. We plan to restart the TOP program in April 2005, with some modifications that are intended to enhance program integrity. The changes are as follows: OTDA will now submit claims to TOP monthly rather than annually. Agency Error (AE) claims established since January 2002 will be eligible for submission to TOP. Finally, only claims that have data entered in the date of discovery field on CAMS will be selected for submission.

We would also like to remind you about the TOP process:

- OTDA selects claims from the Cash Management System (CAMS) that meet the TOP selection criteria.
- Former recipients have a right to request a review of their case circumstances prior to certification to TOP.
- These reviews need to be completed by local social services districts on a timely basis and returned to the State for final disposition.

Once TOP starts we expect that the monthly workload will be very manageable. However, there may be a large number of reviews requested initially when TOP restarts because of the number of Food Stamp claims in the current inventory. Please be aware that these claims will not be submitted to TOP until the review worksheets have been completed and returned to us by local district staff. Therefore, as a tool to manage and expedite completion of this potentially large

review request workload, we recommend that local districts prioritize the reviews so that large overpayment claims are completed first.

Please assist us in ensuring the integrity of the TOP collection method by adhering to the basic requirements of this program as follows:

- Develop and retain sufficient documentation to support all claims including demand letters, results of fair hearings, notices and results of administrative disqualification hearings and a record of payments made.
- Comply with due process requirements that provide recipients with the right to adequate and timely notices of adverse actions and afford them an opportunity to contest claims through a fair hearing.
- Ensure that claims do not exceed specified periods of calculation (i.e. one year from the date of discovery for non-IPV claims) and are not submitted for TOP collection after the expiration of statutory time limits for collection (i.e. 10 years from the date of establishment).
- Assure that TOP collection is made only on behalf of former recipients of Food Stamps who are delinquent in meeting their debt.
- Enter all claims including agency caused overpayments onto CAMS.
- Update CAMS so that debts certified to USDA reflect current delinquent claims.

We will continue to interact with the TOP liaison contacts that have been established in each local district office. Please notify us promptly of any liaison changes.

Another LCM concerning the technical changes made to CAMS relating to the TOP program will be issued in the near future.

We will keep you apprised of any further developments regarding the TOP program.

Issued By

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