

P A T H

Department of Prevention, Assistance, Transition, and Health Access

FROM Eileen I. Elliott, Commissioner
for the Secretary

BULLETIN NO. 02-08P

DATE March 15, 2002

SUBJECT: Food Stamp Program Recipient Claim Establishment
and Collection Standards

CHANGES ADOPTED EFFECTIVE 7/01/2002

INSTRUCTIONS

Maintain Manual - See instructions below.

Proposed Regulation - Retain bulletin
and attachments until you receive
Manual Maintenance Bulletin: 02-08F

Information or Instructions - Retain
until _____

MANUAL REFERENCE(S)

TOC 273.18
273.2
273.18

This bulletin incorporates changes to the Food Stamp Policy Manual, restructuring and revising Food Stamp Program regulations that cover food stamp recipient claims. These changes are based on modifications to federal regulations at 7 CFR 273. These modifications incorporate changes in federal law, federal regulations, and other federal policy rewrites, including:

- incorporation of changes mandated by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA);
- incorporation of the federal debt management regulations and statutory revisions into recipient claim management;
- streamlining of the regulations; and
- inclusion of additional tools for state agencies to facilitate the establishment, collection, and disposition of recipient claims.

In addition, this bulletin incorporates three PP&D Interpretive Memos and eliminates two obsolete PP&D Interpretive Memos previously located opposite pages 273.18d and 273.18e 3.

This rule proposes to reorganize and update the Vermont food stamps rules to reflect changes made in the federal law and regulations. The proposed rule requires the department to: include information in notice letters about how claims are calculated and the possible consequences for failure to pay a claim; create a plan for establishing and collecting claims; monitor the establishment of claims and collect claims following specified guidelines; increase the minimum allotment reduction for intentional program violation from \$10 to \$20; and participate in the Treasury Offset Program. In addition, it holds all adult household members responsible for the repayment of a trafficking claim of any household member; permits interstate transfer of claims; prohibits application of earned income deduction in the calculation of certain inadvertent household error claims; and sets a \$125 minimum amount for establishing a claim against inactive households.

Specific policy changes by section include:

TOC Renames and numbers subsections in section 273.18.

273.2b 4 Adds requirement that state agencies inform households how the information they provide at the time of application in accordance with the Privacy Act may be disclosed to other government agencies and used to pursue claims.

273.18a Provides cross-reference to definition of trafficking.

Requires states to develop a plan for establishing and collecting claims.

Holds all household members, not just the trafficker, responsible for paying a trafficking claim.

273.18b *Types of claims*

Changes name of administrative error claims to agency error (AE) claims, simplifies previous definitions, and moves them to their own paragraph.

Treats instances of inadvertent recipient misuse as inadvertent household error (IHE).

273.18c *Calculating the claim amount*

Requires the department to calculate AE and IHE claims back to at least 12 months but no more than six years prior to the time the department became aware of a possible overpayment.

Requires department to calculate intentional program violations (IPV) back to the month the violation first occurred or six years, whichever period is shorter.

Prohibits application of the earned income deduction to the part of any earned income that the household failed to report in a timely manner.

Incorporates at 273.18c 1C the contents of PP&D Interpretive Memo previously facing page 273.18b 1 and dated November 9, 1984.

Incorporates at 273.18c 1F the contents of PP&D Interpretive Memo previously facing page 273.18c 1 and dated November 9, 1984.

Authorizes states to establish claims for trafficking.

Allows establishment of a claim against a household for the value of trafficked benefits rather than the amount redeemed for authorized food purchases.

Adds procedure for determining the value of a misused benefit caused by trafficking.

273.18d *Claim referral management*

Sets minimum standards for establishing claims.

Sets the date that the claim is discovered as the starting point for establishing a claim.

Sets the date the claim is established as the ending point for tracking and reporting purposes and the date when the initial written claim notification or demand letter must be issued to the household.

Incorporates in last two bullets the contents of PP&D Interpretive Memo previously facing page 273.18c 2ii and dated December 24, 1998.

273.18e *Initiating collection action and managing claims*

Adopts FNS threshold for establishing and collecting claims for households not participating in the food stamp program. The department shall not establish such claims for \$125 or less.

Requires claims discovered through the quality control system to be established and pursued regardless of amount of claim.

Retains department's rule of establishing and collecting claims for \$125 or less that can be recovered by reducing a participating household's allotment.

Requires notice of adverse action to be provided to households where the claim was not established at a hearing.

Lists required content for demand letters.

Adds notification and due process requirements for informing household about the existence of the claim via the demand letter.

Requires demand letter provide notice that all adult household members are equally liable for the claim.

Sets out minimum due process notice requirements and removes other prescriptive language previously in 273.18d 3 regarding demand letter content unrelated to household notification rights.

Requires all initial demand letters to contain a due date up to 30 days after the date of the initial demand letter.

Requires the department to inform household of the reason for the overpayment.

Requires all repayment agreements to specify when payments are to be due and inform the household that delinquent claims may be subject to involuntary collection actions if payment is not received by the due date.

Provides method for determining if a claim is delinquent.

Requires all collection actions to stop if a fair hearing is requested.

Provides that a claim can be terminated and written off when a hearing decision determines that the claim does not exist.

Eliminates all references to the concept of suspending food stamp recipient claims that were in the previous regulations.

Defines compromised, terminated, and written-off claims.

Delineates criteria for claim termination.

273.18f *Collection methods*

Provides steps for collecting claims using available methods.

Allows debts to be settled by court-authorized community service.

Requires that each program receive its appropriate pro rata share in unspecified collection.

Revises policy so the department, and not the household, determines the appropriate collection method.

Requires collection of claims through allotment reduction and allows other collection methods if the claim is paid at a higher rate.

Increases the minimum dollar allotment reduction amount for IPV claims from \$10 a month to \$20 per month.

Modifies policy concerning active EBT benefit accounts and claims collection to be consistent with the policy regarding claim repayment via paper coupons.

Requires department to secure and retain a document signed by a household member or representative authorizing the EBT collection transaction.

Permits acceptance of voluntary payments from inactive or stale accounts once the account is reactivated at the request of the household.

Allows value of recovered EBT benefits to be subtracted from overissuances prior to the establishment of the claim.

Lists the minimum requirements for a written agreement to collect claim using active EBT benefits.

Permits household to revoke prior authorization for voluntary EBT collection.

Allows verbal authorization on a limited basis for collection through EBT benefit accounts.

Allows claim collection from stale EBT accounts.

Allows recovered EBT benefits to be applied to any claim.

Permits reducing debtor's unemployment benefit to pay off a claim if authorized by court order or the individual.

Requires department to offset restored benefits owed to a household by the amount of any outstanding claim.

273.18g *Unspecified Joint Collections*

Requires the department to apply a pro rata share of money collected for a combined claim among programs when the claimant does not specify to which program to apply the collection.

273.18h *Refunds for overpaid claims*

Requires that a refund be provided to a household with an overpaid claim as soon as possible after the department becomes aware of the overpayment.

273.18i *Interstate claims collection*

Makes transfer of claims between states optional.

273.18j *Bankruptcy*

Authorizes pursuit of claims against bankrupt households with outstanding claims.

273.18k *Treasury's Offset Programs (TOP)*

Requires any claim delinquent for six months to be referred for TOP.

Authorizes delinquency and processing charges to be charged against households for activity and claims connected with the TOP.

Streamlines rules by including only necessary language.

Describes when a debt must be removed from TOP.

Requires FNS procedures be followed regarding reviews and hearing for TOP.

Comment Period

A public hearing is scheduled on March 15, 2002 at 1:00 p.m., in the Secretary's Conference Room, Agency of Human Services, Waterbury, Vermont.

Written comments may be submitted no later than 4:30 p.m., on April 22, 2002, to:

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Vertical lines in the left margin indicate significant changes. Dotted lines at the left indicate changes to clarify, rearrange, correct references, etc., without changing regulation content. Three dots at the bottom of a page after the last line of text and three dots at the top of the following page before the first line of text indicate that text has been moved.

Vertical lines appear in the left margins of all the section 273.18 pages of this bulletin because the changes and restructuring of the current policy are substantial and fully integrated.

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273.2 Application Processing

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4. Privacy Act statement

The department shall provide all households applying and being recertified for food stamp benefits with notice of the following information.

- i. The collection of application information, including the social security number (SSN) of each household member, is authorized under the Food Stamp Act of 1977, as amended, 7 U.S.C. 2011-2036. The information will be used to determine whether the household is eligible or continues to be eligible to participate in the Food Stamp Program. Information will be verified through computer matching programs. This information will also be used to monitor compliance with program regulations and for program management.
- ii. This information may be disclosed to other federal and state agencies for official examination and to law enforcement officials for the purpose of apprehending persons fleeing to avoid the law.
- iii. If a food stamp claim arises against a household, the information on the household's application, including all SSNs, may be referred to federal and state agencies, as well as private claims collection agencies, for claims collection action.
- iv. Providing the requested information, including the SSN of each household member, is voluntary. However, failure to provide this information will result in the denial of food stamp benefits to each individual failing to provide an SSN. Any SSNs provided will be used and disclosed in the same manner as SSNs of eligible household members.

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273.18

273.18 Claims against households

a. General

A recipient claim is an amount owed because of benefits that are overpaid or trafficked. Trafficking is defined in 271.2. The claim is a federal debt that must be established and collected in accordance with these rules and other federal regulations governing federal debts.

The following individuals are responsible for paying a claim:

- each person who was an adult member of the household when the overpayment or trafficking occurred;
- a sponsor of an alien household member, if the sponsor is at fault; or
- a person connected to the household, such as an authorized representative, who actually trafficks or otherwise causes an overpayment or trafficking.

b. Types of Claims

There are three types of claims:

- An intentional program violation (IPV) claim is any claim for an overpayment or trafficking resulting from an individual committing an IPV. An IPV is defined in 273.16.
- An inadvertent household error (IHE) claim is any claim for an overpayment resulting from a misunderstanding or unintended error on the part of the household.
- An agency error (AE) claim is any claim for an overpayment caused by the department's action or failure to take action.

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273.18c

273.18 Claims against households

c. Calculating the claim amount

For each month that a household received an overpayment of food stamp benefits for any type of claim, the department must determine the correct amount of food stamp benefits, if any, the household was entitled to receive.

1. Claims not related to trafficking

For AE and IHE claims, the department must calculate the correct amount of food stamp benefits the household was entitled to receive back to at least 12 months prior to the date when the department became aware of the overpayment. IPV claims must be calculated back to the month the violation first occurred. The date the department first becomes aware of a potential overpayment is the date when department staff receive information of a potential claim from the recipient, a quality control error, a change report, or unverified discrepant information, such as a computer match.

Overpayments that occurred more than six years before the department became aware of them shall not be included in the calculation of the claim.

The steps for calculating a claim are as follows.

- A. The correct amount of benefits for each month that a household received an overpayment must be determined.
- B. If the claim is an AE claim, the earned income deduction shall be applied. For all other claims, the earned income deduction shall not be applied to any part of the earned income that the household failed to report in a timely manner when the failure to report is the basis for the claim.
- C. The actual financial assistance (either Reach Up or ANFC) received during the month, even if incorrect, is the amount used to recalculate the benefit. When it is determined that financial assistance was underpaid, due to information not reported, not acted upon, or acted upon incorrectly, and the underpayment resulted in a higher food stamp benefit payment, no action should be taken unless there was also an error in the calculation of the food stamp benefit.

If the food stamp benefit has been underpaid, the benefit should be adjusted upward. If the food stamp benefit has been overpaid, the benefit should be adjusted downward and a claim against the household should be established.

- D. The correct amount of benefits must be subtracted from the benefits actually received. The difference is the amount of the overpayment. If this difference is zero or a negative number, the claim referral should be dismissed.

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273.18c 1E

273.18 Claims against households

c. Calculating the claim amount

1. Claims not related to trafficking (Continued)

- E. If there are any unused EBT benefits recovered from the household's EBT benefit account, the overpayment amount should be reduced in accordance with the department's procedures. If there are no known recovered benefits, then the amount of the overpayment calculated above in paragraph (D) of this section is the amount of the claim.
- F. When a food stamp case is closed due to recently reported excess income and the recipient refuses to cooperate and provide information about how long the recipient has been receiving excess income, the claim should be calculated as follows:
- If the income is from sources previously verified, the claim should be calculated back to the month following the month of verification or 12 months preceding the date the department first became aware of the potential overpayment, whichever period is shorter.
 - If the income is from a source not previously verified, the claim should be calculated back to the date of certification or recertification or 12 months preceding the date the department first became aware of the potential overpayment, whichever period is shorter.
 - In cases where information is available that provides a more accurate calculation of the receipt of excess income, the claim should be calculated using that information.
 - If the claim is not paid and the recipient is found eligible at a later date within three years of the date the initial collection action was suspended, the amount should be collected. If the household asserts at the time of the renewed collection that the claim estimate is excessive, the household must provide the missing information needed to calculate an accurate claim.

2. Trafficking-related claims

Claims arising from trafficking-related offenses will be the value of the trafficked benefits as determined by:

- the individual's admission,
- adjudication, or
- the documentation that forms the basis for the trafficking determination.

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273.18d

273.18 Claims against households

d. Claim referral management

Claim referrals shall be managed using the following processing standards:

- For claims not involving a potential intentional program violation, the claim should be established within 180 days of the date of discovery.
- For claims involving a potential intentional program violation, a referral for fraud investigation should be made within 60 days of the date of discovery.
- Once the claim has been referred for an investigation, claims not involving a referral to the appropriate state's attorney or assistant attorney general for prosecution or to an administrative disqualification hearing (ADH) should be established within 180 days.
- Claims involving a referral for prosecution or to an ADH should be established, if appropriate, within 30 days of the date of resolution of the referral for prosecution or ADH.
- Claims under investigation by the fraud unit or referred to the state's attorney for prosecution shall not be pursued while the investigation or prosecution is pending.
- Claims not referred for prosecution after completion of the investigation shall be pursued for collection. The fraud chief will send a memo to the district advising of the status of the case referred for investigation and when it is appropriate to begin collection.

The date of discovery of a claim is the date that district or claims unit staff determines there is foundation for a claim and the department considers it is more likely than not that an overpayment has occurred.

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273.18e

273.18 Claims against households

e. Initiating collection action and managing claims

1. Applicability

Collection action on all claims must begin unless the claim is being collected from an EBT account in accordance with 273.18f 2.

2. Cost-effectiveness determination prior to establishing a claim

The department shall not establish any claim for \$125 or less for households not currently participating in the Food Stamp Program, unless the claim has already been established or, as required by federal regulations, the overpayment is discovered in a quality control review.

The department shall establish claims for \$125 or less against a household currently participating in the program.

3. Notification of claim

The claim will be considered established for tracking purposes as of the date of the initial demand letter or written notification.

- i. Written notice must be mailed or otherwise delivered to the household to begin collection action on any claim.
- ii. If the claim or the amount of the claim was not established at a hearing, the household must be provided with a one-time notice of adverse action. The notice of adverse action may be sent either separately or as part of the demand letter.
- iii. The initial demand letter or notice of adverse action must include language stating:
 - A. the amount of the claim;
 - B. the department's intent to collect from all adults in the household when the overpayment occurred;
 - C. the type of claim (IPV, IHE, AE or similar language) and reason for it;
 - D. the time period associated with the claim;
 - E. the manner in which the claim was calculated;
 - F. the phone number to call for more information about the claim;

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273.18e 3G

273.18 Claims against households

e. Initiating collection action and managing claims

3. Notification of claim (Continued)

- G. the department's intent to send the claim to other collection agencies with various collection methods, if the claim is not paid;
 - H. the household's right to inspect and copy records related to the claim;
 - I. the household's right to a fair hearing on the decision related to the claim, if requested within 90 days, unless the amount of the claim was established at a hearing;
 - J. the department's intent to refer unpaid claims to the federal government for collection action;
 - K. the household's option of making a written agreement to repay the amount of the claim prior to referral for federal collection action;
 - L. the household's liability for payment of additional processing charges resulting from a delinquent claim;
 - M. the option of reducing the claim if the department believes that the household is not able to repay the claim;
 - N. a due date or time frame either to repay or to make arrangements to repay the claim, unless allotment reduction is to be imposed; and
 - O. the allotment reduction percentage to be used and its effective date, if applicable.
- iv. The due date or time frame for repayment must be no later than 30 days after the date of the initial written notification or demand letter.
 - v. Subsequent demand letters or notices shall be sent pursuant to department procedures.

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273.18e 4

273.18 Claims against households

e. Initiating collection action and managing claims

4. Repayment Agreements

Any repayment agreement for any claim must contain due dates or time frames for the periodic submission of payments. The agreement must specify that the household will be subject to involuntary collection action if payment is not received by the due date and the claim becomes delinquent.

5. Determining Delinquency

A claim shall be considered delinquent if one of the following conditions is met.

- The claim has not been paid by the due date, and a satisfactory payment arrangement has not been made. The date of delinquency is the due date on the initial written notification or demand letter. The claim will remain delinquent until payment is received in full, a satisfactory payment agreement is negotiated, or allotment reduction is invoked.
- A payment arrangement has been established, and a scheduled payment has not been made by the due date. The date of delinquency is the due date of the missed installment payment. The claim will remain delinquent until payment is received in full, allotment reduction is invoked, or the department decides to either resume or renegotiate the repayment schedule.

A claim will not be considered delinquent, however, if another claim for the same household is currently being paid through an installment agreement or allotment reduction and the department expects to begin collection on the claim once the prior claim is settled.

A claim is not subject to the requirements for delinquent debts if the delinquency status cannot be determined because collection is coordinated through the court system.

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273.18 Claims against households

e. Initiating collection action and managing claims

6. Fair hearings and claims

A claim awaiting a fair hearing decision shall not be considered delinquent.

If the hearing official determines that a claim does, in fact, exist against the household, the household must be notified of the claim again. The demand for payment may be combined with the notice of the hearing decision. Delinquency must be based on the due date of this subsequent notice and not on the initial demand letter sent to the household prior to the hearing.

If the hearing official determines that a claim does not exist, the claim is terminated in accordance with paragraph (e)(8) of this section.

7. Compromising claims

The department may choose to compromise (reduce or eliminate) a claim or any portion of a claim if it can be reasonably determined that a household's economic circumstances dictate that the claim will not be paid in three years. The full amount of the claim (including any amount compromised) may be used to offset benefits in accordance with 273.17. If the claim becomes delinquent, the department may reinstate any compromised portion of the claim.

8. Terminating and writing off claims

A terminated claim is a claim for which all collection action has ceased. A written-off claim is a terminated claim no longer considered subject to continued federal and state agency collection and reporting requirements.

A terminated claim the department finds was established in error must be dismissed, and the event should be reflected as a balance adjustment rather than a termination, unless it is appropriate to pursue the overpayment as a different type of claim (e.g., as an IHE rather than an IPV claim).

The department shall terminate and write off claims according to the following rules:

- A. A claim must be terminated and written off if all adult household members die, unless the department decides to pursue the claim against the estate.

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273.18e 8B

273.18 Claims against households

e. Initiating collection action and managing claims

8. Terminating and writing off claims (Continued)

- B. A claim delinquent for 90 days or more with a balance of \$25 or less shall be terminated and written off, unless there are other claims against the household resulting in an aggregate claim total of greater than \$25.
- C. A claim not cost-effective to pursue, as determined by the department and approved by FNS, must be terminated and written off.
- D. A claim delinquent for three years or more must be terminated and written off unless it is a claim to be pursued through Treasury's Offset Program.
- E. A claim may be terminated and written off if the household cannot be located.
- F. A terminated and written-off claim may be reinstated if a new collection method or a specific event (such as winning the lottery) substantially increases the likelihood of further collections.

f. Collection Methods

The department shall collect claims by the following methods.

1. Allotment reduction

For households receiving food stamp benefits, the department shall collect claims by reducing their monthly allotments. Such allotment reductions must be made in accordance with the following requirements:

- i. Payments for any claim must be automatically collected by reducing the amount of monthly benefits a household receives, unless the claim is being collected at regular intervals at a higher amount or another household is already having its allotment reduced for the same claim.
- ii. If the claim is an IPV claim, the amount reduced is limited to the greater of \$20 per month or 20 percent of the household's monthly allotment, unless the household agrees to a higher amount.
- iii. If the claim is an IHE or AE claim, the amount reduced is limited to the greater of \$10 per month or 10 percent of the household's monthly allotment, unless the household agrees to a higher amount.

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273.18 Claims against households

f. Collection Methods

1. Allotment reduction (Continued)

- iv. The initial allotment made when the household is first certified must not be reduced unless the household agrees to this reduction.
- v. Additional involuntary collection methods against individuals in a household already having its benefit reduced must not be used unless the additional payment is voluntary or the source of the payment is irregular and unexpected, such as a state tax refund or lottery winnings offset.

Allotment reduction collections from two separate households for the same claim may be made but are not required. Other collection methods against any individual who is not a current member of the household undergoing allotment reduction may be pursued.

2. Benefits from EBT accounts

- i. A household shall be allowed to pay its claim using benefits from its EBT benefit account.
- ii. EBT benefit claims collection and adjustment must meet the following requirements.
 - A. To collect from active, reactivated, or stale EBT benefits, the department must:
 - obtain written permission in accordance with paragraph f 2iii of this section; or
 - obtain oral permission, if the collection is a one-time reduction, and provide the household with a receipt of the transaction within 10 days.
 - B. To make an adjustment to a claim with recovered EBT benefits, the department must subtract the amount of any EBT benefits recovered from the claim amount. This can be done at any time.

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273.18 Claims against households

f. Collection Methods

2. Benefits from EBT accounts (Continued)

iii. Any written agreement with the household to collect a claim using active EBT benefits must be obtained in advance of such collection and include:

- A. a statement that the collection activity is strictly voluntary;
- B. the amount of the payment;
- C. the frequency of the payments (e.g., whether monthly or one-time only);
- D. the length of the agreement; and
- E. a statement that the household may revoke the agreement at any time.

3. Offsets to restored benefits

Restored benefits owed to a household must be reduced by the amount of any outstanding claim. This may be done at any time during the claim establishment and collection process.

4. Lump sum payments

Both full and partial payments for a claim must be accepted. The payment may be in cash or any of its generally acceptable equivalents, such as check or money order and credit or debit cards. The department shall also accept paper food coupons.

5. Installment payments

Installment payments made for a claim as part of a negotiated repayment agreement may be accepted.

If a household fails to submit a payment in accordance with the terms of the negotiated repayment schedule, the claim becomes delinquent and subject to additional collection actions. The payment may be in cash or any of its generally acceptable equivalents, such as check or money order and credit or debit cards. The department shall also accept paper food coupons.

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273.18 Claims against households

f. Collection Methods

6. Intercept of unemployment compensation benefits

The department may intercept an individual's unemployment compensation benefits for the collection of any claim, if the individual agrees. This collection option may be included as part of a repayment agreement.

The department may also intercept an individual's unemployment compensation benefits by obtaining a court order.

7. Public service

If authorized by a court, the value of a claim may be paid by the household performing public service.

8. Other collection actions

Other actions that may be used to collect claims include, but are not limited to, referrals to collection agencies or other similar private and public sector agencies, state tax refund and lottery offsets, wage garnishments, property liens, and referral to small-claims court or the Treasury Offset Programs (TOP).

g. Unspecified joint collections

A joint collection is money received in response to an effort to collect a combined claim for the Food Stamp Program and one or more other programs. In an unspecified joint collection, the debtor does not specify to which program to apply the collection. In this case, each program must receive its pro rata share of the collection based on its pro rata share of the combined claim.

h. Refunds for overpaid claims

If a household overpays a claim, the department must provide a refund for the overpaid amount as soon as possible after the overpayment is discovered. The department shall determine the appropriate method of refund. A household is not entitled to a refund if the overpaid amount is attributed to a recovered EBT benefit.

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273.18 Claims against households

i. Interstate claims collection

The department is responsible for initiating and continuing collection action on any food stamp recipient claim. Unless another state has accepted the claim, the department remains responsible even if the household moves out-of-state.

A claim may be accepted from an agency in another state if the household with the claim moves into Vermont. Once the PATH department accepts the claim, it is responsible for future collection and reporting.

j. Bankruptcy on the claim

The department may act on behalf of the FNS in any bankruptcy proceeding against a bankrupt household with outstanding recipient claims.

k. Treasury's Offset Programs (TOP)

The Federal Treasury Offset Program (TOP) intercepts federal payments that are to be made to individuals with delinquent claims. The sources for these offsets are primarily federal income tax refunds and federal salaries.

1. Referring debts to TOP

- i. All recipient claims delinquent for 180 or more days must be referred to TOP.
- ii. All claims referred to TOP must be certified as 180 days delinquent and legally enforceable.
- iii. A claim should not be referred to TOP if:
 - A. the debtor is a member of a participating household having its allotment reduced to collect the claim; or
 - B. the claim falls into any other category designated by FNS as nonreferable to TOP, such as claims 10 years old or older, claims for less than the minimum \$25 amount, and claims for which collection is barred by bankruptcy.

2. Notifying debtors of referral to TOP

- i. The debtor must be notified of the impending referral to TOP according to FNS instructions relating to:
 - A. adequate address to send the notice;

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273.18 Claims against households

k. Treasury's Offset Programs (TOP)

2. Notifying debtors of referral to TOP

i. (Continued)

B. specific language to be included in the TOP referral notice; and

C. the appropriate time frames and appeal rights.

D. any other legal information that FNS determines necessary to fulfill all due process and other legal requirements as well as to adequately inform the debtor of the impending case.

ii. FNS instructions must be followed regarding procedures connected with responding to inquiries, subsequent reviews and hearings, and any other procedures determined by FNS as necessary in the debtor notification process.

3. Effect on debtors

Any eligible federal payment owed to debtors whose claims are referred to TOP may be intercepted through TOP. Debtors may be responsible for paying any collection or processing fees charged by the federal government to intercept their payment.

4. Removing a claim from TOP

A claim must be removed from TOP if:

A. FNS or Treasury instruct that the debt be removed; or

B. any of the following circumstances are discovered:

1. the debtor is a member of a food stamp household undergoing allotment reduction;

2. the claim is paid up;

3. the claim is disposed of through a hearing, termination, compromise, or any other means;

4. the claim was referred to TOP in error; or

5. the debtor makes an arrangement with the department to resume payments.