

Operations Memorandum - Food Stamp
OPS060805
(Revised 8/29/06)

8/21/06

SUBJECT: Overpayment Threshold for Non-participating Food Stamp Households
TO: Executive Directors
FROM: Joanne Glover, Director, Bureau of Operations

Purpose

To announce the implementation of a \$125 overpayment threshold for most non-participating food stamp (FS) households effective August 28, 2006 .

Background/Discussion

7CFR 273.18)(e)(2)(ii) provides that states may opt to establish a cost effective threshold for FS overpayment claims of \$125 or less provided the household is not participating in the FS Program at the time the claim is established and was not the result of a Quality Control (QC) review. The \$125 threshold is per incident which may cover one or more issuance months.

The Department of Public Welfare and the Office of Inspector General (OIG) have agreed to elect this option.

Note: For clarification, the terms closed budget and non-participating household have the same meaning.

Old Policy

Process all FS overpayments.

New Policy

Continue to process all FS overpayments. The County Assistance Office must enter an indicator for non-participating households. The CAO will enter the indicator when the budget is closed at the time the overpayment is processed. There is a new discovery code if the FS overpayment is discovered by a QC review. Information regarding coding **is** provided in Daily Status, [D2452](#).

Note: There is no change to the FS computation logic, overlap processing, food stamp change or

rescind process. If the budget is re-opened, the overpayment is not to be re-opened for the claim period.

Question:

How is the \$125 overpayment threshold limit determined?

Response:

If the overpayment amount is \$125 or less, and was not discovered by a QC review, the Automated Restitution Referral and Computation (ARRC) system will not pass the overpayment on to the Office of Inspector General Avoidance and Recovery System (OARS) for a food stamp budget that is closed. If the overpayment claim amount is \$126 or greater, ARRC will pass the claim to OARS regardless of the food stamp budget status.

Question:

Does the caseworker have the option to wait until the case is showing closed status to process overpayments?

Response:

No, the caseworker does not have an option. To provide uniform and consistent customer service, process overpayments on FS households that are set to close after the FS budget is in closed status. The caseworker will not process the overpayment while the case is in active status if a closing notice has been sent to the client unless the FS overpayment was discovered in a QC review.

Question:

Will there be any new discovery codes developed?

Response:

Yes, a new discovery code “Q” will be created that will pass the FS overpayment to OARS regardless of the \$125 threshold and budget status. Use the Discovery code “Q” for all FS overpayments discovered in a QC review.

Next Steps

1. Share this information with all appropriate staff.
2. Changes outlined in this Operations Memorandum will be incorporated into Using ARRC.
3. Direct questions regarding this Operations Memorandum to your Area Manager.