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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children, Youth and Families

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INFORMATION MEMORANDUM

TO: State Agencies Administering or Supervising Administration of Titles IV-B and IV-E of the Social Security Act, Indian Tribes and Indian Tribal Organizations (ITOs)

SUBJECT: Interest and late payment penalties charged for debts owed to the Federal Government resulting from debts arising under titles IV-B and IV-E of the Social Security Act.

LEGAL AND RELATED REFERENCES: 45 CFR Part 30, published at 52 FR 260 (January 5, 1987), 45 CFR 201.66(b)(8), published at 52 FR 273 (January 5, 1987) and 45 CFR 1355.30(h).

INFORMATION: On January 5, 1987, the Department of Health and Human Services published in the Federal Register (at page 260) final regulations which outline the process for collecting debts owed to the Federal Government. The regulations specifically apply to debts owed by States under the programs administered under title IV of the Social Security Act ("the Act").

On the same date, the Department also published in the Federal Register (at page 273) as a final regulation the removal of paragraph (b)(8) of 45 CFR 201.66. That paragraph was interpreted by the Department as prohibiting it from collecting interest on debts owed by States for the affected programs, including those administered under title IV of the Act. That paragraph was cross-referenced and made applicable to titles IV-B and IV-E of the Act by 45 CFR 1355.30(h).

In summary, the Department has now issued regulations that require the collection of interest and that have eliminated the prohibition of the collection of interest under titles IV-B and IV-E. Therefore, the Department will collect interest from States for debts owed under titles IV-B and IV-E, effective with the date of this issuance.

INQUIRIES: Regional Administrators, OHDS

/s/

Dodie Livingston
Commissioner