

## **GEAR COLLECTION PROGRAM STEP BY STEP**

1. The governing body of your county, hospital, special purpose district, or other political subdivision must **pass a resolution** authorizing the Association of Counties to act as your claimant agent in the collection of delinquent debts. Please fax or mail a copy of this resolution to SCAC. Also, you must send a letter from your attorney addressing the claimant agency's eligibility to participate in these debt collection programs
2. Sign a **Memorandum of Understanding and Agreement** between your county, hospital, special purpose district, or other political subdivision and the S.C. Association of Counties.
3. Complete the **Participation Form** for your county, hospital, special purpose district, or other political subdivision. Complete the **Appointment of Hearing Officer form**, which identifies the Hearing Officer who will fulfill the duties outlined in §12-56-65. All entities must submit these forms in order to participate in the coming year. **PLEASE RETURN THESE FORMS NO LATER THAN OCTOBER 1.**
4. Begin gathering your list of delinquent debts for the initial load: **all debts submitted must include social security numbers. Only new GEAR accounts should be included in the initial load.** Multiple debts may be submitted for the same SSN but the DATE OF DEFAULT must be different. The Association will provide each participant with a computer software program for preparing its debt file, or the entity may submit data in an ASCII format or Excel format as specified by SCAC. Please note: all accounts may be submitted to GEAR; however, only accounts over \$300 will move to additional levels of collection, including wage garnishment. Current participants in GEAR will **receive an inventory report** in early September with a listing of debts already in the system. Please review this listing and send SCAC an adjustment file to reduce or zero anyone, as necessary. You do not need to provide envelopes to renotify debtors already in the system.
5. **For new accounts entities must notify debtors by letter of outstanding debts, using the language set forth in the Setoff Debt Collection, as amended, Title 12, Chapter 56 of the South Carolina Code.** The letter includes the appeals process a debtor should follow to dispute a debt. SCAC also recommends adding a sentence to the letter relating to administrative fees as authorized by §12-56-60 and §12-56-63 of the Setoff Debt Collection Act.

We recommend that these notices be mailed no later than October 2 (earlier, if possible, to allow the debtors the 30 days required by the statute to satisfy their debts, and to allow entities time for administrative processing of any payments or protests).

6. If a written protest is received from a debtor, **you must complete and send the Notice of Protest form to SCAC. All collection efforts will cease until ample time for an appeal has been given.** Please notify the debtor of the date, time, and location of the informal hearing using the address provided by the debtor in his notice of protest. After hearing the protest, the Hearing Officer should notify SCAC of the decision by sending the Certification Hearing form. If the decision is appealed by the debtor, the Hearing Officer should notify SCAC of any contest before the Administrative Law Judge (ALJ) and the ALJ ruling.
7. **The debt file must be submitted to the Association of Counties NO LATER THAN NOVEMBER 6.** If pulling data from more than one system, entities may submit multiple files with different formats (SCAC Software, ASCII, Excel). SCAC will compile all the files to prepare software for the entity, as requested. A copy of the **completed Certification Form must be faxed or mailed to SCAC before we can process the initial load.** All files should be submitted using electronic transfers through SCAC's secure SSL software.
8. SCAC will send a **Confirmation Report** to each entity showing the total number and dollar amount of records in the initial load file; a listing of records with errors, if any; and, reports of possible duplicate

accounts. Entities may review this information and provide SCAC a new data file with corrections to any accounts. All corrections are due by November 23. **SCAC will not load your initial load until we have received verification of the totals in the confirmation report. SCAC will not load your initial load until we have received verification of the totals in the confirmation report.**

9. After the initial load is loaded by SCAC, accounts can be reduced or deleted (actually reduced to \$0.00) at any time due to payments or protests; however, accounts cannot be added or increased. **All adjustments to new accounts received before November 23rd are guaranteed to be included in the initial load sent to DOR.** Please continue to send adjustments after November 23rd and we will attempt to include them in the initial load before we send the final file to DOR. If we cannot process these adjustments for new accounts before we prepare the final file for DOR, we will send the adjustments to DOR as soon as we receive confirmation that DOR has loaded our data file into their system. Accounts already in the DOR system can be adjusted at any time - please continue to send these adjustments, daily if necessary.
10. SCAC will send a report by November 30 to each entity showing the entity total for the final load. These will be the totals sent to SCDOR for the year. Please review the totals and contact us immediately with questions.
11. SCAC will apply match data for the current year (2009) into the current year and new year data files (2010). SCAC will also apply adjustment data to both years' data files. Please continue to review error reports for a listing of accounts that could not be updated.
12. SCAC's technical staff will assist you with **downloading the new year's version of the software** beginning in December, if you are using our software. You will be able to download this version through SCAC's secure SSL web transfer. This will allow you to download the 2010 changes to the software on your system with the new accounts submitted and the rollover accounts.
13. **Please continue entering adjustments** (or Balance Updates) that zero accounts based on bankruptcies or charitable reductions. Once the accounts are sent to DOR, **any payment received by the Entity must be forwarded to the Department of Revenue.** Debtors should make checks payable to the S.C. Department of Revenue. These adjustments will be reflected in the GEAR payment reports. SCAC will send a **confirmation report to you for each adjustment files** showing the total number and dollar amount of adjustments received. If the amount differs from your records, please contact SCAC immediately.

After DOR loads the debts into the GEAR system, the **Department will generate a letter** to the debtor notifying that the debt has been submitted for collection through GEAR. Payments not resolved within 45 days will move to a second stage. **All accounts with levy sources may be levied.** DOR will mail updated balance notices to debtors after each payment is posted with the Department.

14. Upon receipt of the monthly GEAR data, SCAC will process the data and **send to each entity a letter, check/electronic deposit notification and data file notification.** Those using SCAC's Debt software will be able to download the data file and detailed report directly to the work station/system to update totals. Those not using the software will be able to download the detailed report from the secure folder to post accounts. For Electronic Funds Transfers, participants will receive an automatic deposit to your bank account and an email notifying you of the deposit.

All notices and forms mentioned above should be sent to: Melinda Suddes, South Carolina Association of Counties, P.O. Box 8207, Columbia, SC 29202-8207.