The purpose of this letter is to provide County Welfare Departments (CWDs) with guidance on applying child support recoupment to CalWORKs cases where an overpayment exists, and the impact on the CalWORKs 48-month time clock.

CalWORKs Overpayment

A CalWORKs overpayment is any amount paid to an Assistance Unit (AU) to which it was not eligible as stated in MPP section 44-350.15. An overpayment may be all or a portion of an aid payment, including but not limited to, an immediate need payment, a special need payment, or aid paid pending a state hearing. MPP sections 44-351 and 44-352 provide guidance on the various methods of overpayment recovery and recoupment.
Child Support Recoupment

Applying Child Support Recoupment to Untick a Full Month of Aid

Section 11454(a) of the WIC dictates that a parent or caretaker relative shall not be eligible for aid when he or she has received cash aid for a cumulative total of 48 months. However, pursuant to WIC section 11454.5(a)(3) and MPP section 42-302.21, any month in which the cost of the cash aid provided to the recipient for the month is fully reimbursed by child support, whether collected in that month or collected in a subsequent month and retroactively applied to that month, shall not be counted as a month of receipt of aid.

In addition, MPP section 44-352.123 dictates that CWDs are to “subtract any money, excluding child support recoupment, received by the county and credited against the aid payment from the aid actually paid.” As such, child support recoupments cannot be used to repay CalWORKs overpayments.

The purpose of child support recoupment is to repay the aid paid to the AU and adjust the AU’s CalWORKs time-on-aid. Therefore, child support recoupment cannot be used to reimburse a CalWORKs overpayment. The amounts overpaid are to be collected through overpayment collection methods outlined in MPP section 44-352.4.

Example One:

An eligible adult received a CalWORKs grant in January, February, March, April, May, and June 2016. At a later point in time, the CWD determined the client should not have received a grant for February and March of 2016, and an overpayment (OP) was established for these two months. An overpayment Notice of Action was sent to the client and the grant reduction began in August 2016. Child support was later collected for April through July and it was enough to fully repay January, April, and May but not enough to fully repay June. The CWD would apply the child support in the following manner:

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td>Eligible</td>
<td>OP – Not Eligible</td>
<td>OP – Not Eligible</td>
<td>Eligible</td>
<td>Eligible</td>
<td>Eligible</td>
</tr>
<tr>
<td>Action</td>
<td>Apply child support and untick month</td>
<td>Child support not applied - collect on OP</td>
<td>Child Support not applied - collect on OP</td>
<td>Apply child support and untick month</td>
<td>Apply child support and untick month</td>
<td>Tick month</td>
</tr>
</tbody>
</table>
Since February and March were overpayment months, the child support recoupment process would skip these two months and untick the next eligible months starting with April. Overpayment collection efforts would continue for February and March until the overpayment is repaid. Once the overpayment has been fully repaid, the CWD can exclude these months from the client’s 48-month time clock.

In the event that no remaining months are left to reimburse, the excess child support should be returned to the recipient pursuant to the Department of Child Support Services’ Child Support Collections and Distribution Regulations [MPP section 12-425(f)].

Child Support Recoupment and Overpayment Collection to Untick a Full Month of Aid

When a month is a partial overpayment month and the client is eligible to a portion of the aid paid in the month, child support collected can be used only to repay the portion of the grant the client is entitled to receive. However, time-on-aid for that month cannot be unticked until the CWD has been fully reimbursed for the aid paid in the month.

Example Two:

An eligible adult received a CalWORKs grant in January, February, March, April, May, and June 2016. At a later point in time, the CWD determined the client was not eligible for the full grant in February and March of 2016, and a partial overpayment (OP) was established for these two months. An overpayment notice of action was sent to the client and the grant reduction began in August 2016. Child support was later collected for April through July. The CWD did not have enough child support recoupment to repay May and June 2016. The CWD would apply the child support in the following manner:

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td>Eligible</td>
<td>Partial Eligibility/Partial OP Month</td>
<td>Partial Eligibility/Partial OP Month</td>
<td>Eligible</td>
<td>Eligible</td>
<td>Eligible</td>
</tr>
<tr>
<td>Action</td>
<td>Apply child support and untick month</td>
<td>Child support applied to eligible portion of grant. OP recoupment applied to OP portion. Untick month once CWD is fully reimbursed.</td>
<td>Child support applied to eligible portion of grant. OP recoupment applied to OP portion. Untick month once CWD is fully reimbursed.</td>
<td>Apply child support and untick month</td>
<td>Tick month</td>
<td>Tick month</td>
</tr>
</tbody>
</table>
Since February and March were partial overpayment months, the child support recoupment would be applied to the eligible portion of the grant the client was entitled to receive. The CWD would pursue overpayment collection efforts to repay the overpaid amount. Once the overpayment has been fully reimbursed, time on aid for February and March will be unticked and will not count against the client’s 48-month time clock.

For closed cases, the county can use arrearages to recoup months of aid paid to the family not to exceed the unreimbursed assistance pool (UAP) and any remaining child support amount once the UAP balance is at $0 shall be sent to the family. Current child support payments collected on behalf of families who are no longer receiving cash assistance shall go to the family per MPP section 12-410.125(b) through (b)(1).

Establishing an Overpayment for a Month Already Reimbursed by Child Support

If an overpayment is found for a month that was previously reimbursed by child support collection, CWDs shall exclude the previously reimbursed child support from the overpayment month and instead apply it to the next eligible month of aid per MPP section 42-302.21(h) (see example).

Example Three:

An eligible adult received a CalWORKs grant in January, February, March, April, May, and June 2016. Child support was later collected for April through July and the county applied it to January, February, March, and April 2016, and these months’ time-on-aid were unticked. The CWD did not have enough child support recoupment to repay May and June 2016. At a later point in time, the CWD determined the client should not have received a grant in February and March of 2016, and an overpayment was established for these two months. An overpayment (OP) NOA was sent to the client and the grant reduction began in August 2016. The CWD would apply the child support in the following manner:

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td>Eligible</td>
<td>OP Month (determined after Child Support Applied)</td>
<td>OP Month (determined after Child Support Applied)</td>
<td>Eligible</td>
<td>Eligible</td>
<td>Eligible</td>
</tr>
<tr>
<td>Action</td>
<td>Unticked by Child Support</td>
<td>Remove child support and pursue OP collection. Tick month. Apply child support to the next available eligible month.</td>
<td>Remove child support and pursue OP collection. Tick month. Apply child support to the next available eligible month.</td>
<td>Unticked by child support</td>
<td>Apply child support and untick month</td>
<td>Apply child support and untick month</td>
</tr>
</tbody>
</table>
Since February and March were overpayment months, the child support reimbursement would be removed and applied to the next eligible months of May and June. Overpayment collection efforts would be pursued for February and March 2016, and time-on-aid would be unticked when the overpayment is fully repaid for each month. Time-on-aid for May and June 2016 would be unticked as they were fully repaid by child support.

For questions concerning this letter, please contact the CalWORKs Eligibility Bureau at (916) 654-1322.

Sincerely,

*Original Document Signed By:*

KIM JOHNSON  
Deputy Director  
Family Engagement and Empowerment Division