

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814  
(916) 324-2015



June 17, 1986

ALL COUNTY LETTER NO. 86-53

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: OVERPAYMENT RECOUPMENT REGULATIONS (ORD #0186-02) AND NOTICE OF ACTION (NOA) MESSAGE LANGUAGE

The purpose of this letter is to provide information to you which should help in implementing the recently adopted overpayment recoupment provisions of Regulations Package #0186-02. This package addresses two separate items that pertain to overpayment recoupment: 1) Excess Property Overpayments, and 2) Grant Adjusting Administrative Error Overpayments. These regulation changes apply to recipients of AFDC-FG/U, EA/UP, RCA/ECA, or RDP.

Excess Property Overpayments

For cases in which aid was received in good faith but the Assistance Unit, in fact, held excess property, the overpayment amount is the lesser of the amount of the excess property or the total amount of aid received while excess property was held. This change implements Welfare and Institutions Code Section 11020 and is retroactive to April 2, 1982. The regulations instruct counties to review within one year all overpayment cases in which the recipient held excess property to ascertain whether any overpayments of this type have been or are being recouped. If so, a recalculation must be made and a payment issued, if necessary, to correct any underpayment (See MPP Section 44-350.122). The regulations require that the case review, recomputation, and correction of any underpayments be completed as soon as possible and not later than the deadlines set forth below:

- (a) The date of the next annual redetermination of eligibility or the date of discontinuance, whichever is earlier, for all current recipients on April 9, 1986;
- (b) Sixty days from the date aid is granted for reapplications and requests for restoration of aid within one year after April 9, 1986;

- (c) Sixty days from the date of a client's request for review in all other cases.

#### Grant Adjustment of Agency Error Overpayments

In computing the income available for determining the maximum grant adjustment to recoup an overpayment caused by agency error, the dependent care disregard and the standard work expense disregard are to be subtracted from earned income. This requirement is the result of the amendment of Welfare and Institutions Code Section 11004(c) (Statutes of 1985, Chapter 1569, effective January 1, 1986). See MPP Section 44-352.411, as amended.

For cases in which an agency error overpayment has been recouped by grant adjustment on or after January 1, 1986, the county must:

- (a) Recompute the grant adjustment amount according to MPP Section 44-352.411, as amended.
- (b) Determine if the revised grant adjustment amount is less than the amount computed under the July 1, 1983 regulations.
- (c) For each month in which the revised grant adjustment is less than that actually recouped, issue a payment to correct the underpayment.

The case review, recomputation, and correction of these underpayments must be completed as soon as possible and not later than the deadlines set forth below:

- (a) The date of the next annual redetermination of eligibility or the date of discontinuance, whichever is earlier, for all current recipients on April 9, 1986;
- (b) Sixty days from the date aid is granted for reapplications and requests for restoration of aid within one year after April 9, 1986;
- (c) Sixty days from the date of a client's request for review in all other cases.

#### Notice of Action Messages

Attached are reproducible copies of Notice of Action (NOA) messages, an overpayment adjustment continuation page and a continuation page to show the computation of the overpayment in cases with excess property receiving aid in "good faith". The counties must use these messages and continuation pages to notify recipients of specific actions taken as a result of these regulation changes. The language in these messages and the continuation pages has been processed under the terms of the Turner Consent Decree and is mandated for county use in the appropriate situations. Also attached are the detailed instructions for the use of these NOA messages. Counties may reproduce the attached NOA messages or transfer the exact language to any other form (e.g., the NA 990 in Case Data counties). Translated versions of these messages will follow shortly.

FISCAL CLAIMING INSTRUCTIONS

When it is determined that the total grant for the month was established as an overpayment because the Assistance Unit (AU) had owned excess property while receiving aid in good faith, the following fiscal claiming action must be taken.

Fiscal Claiming Instructions For AFDC-FG/U

The county records of cash payments, i.e., authorization documents, payrolls, warrant registers, turnaround documents, etc., for the period of time during which the AU owned the excess property must be reviewed to determine the exact amount of the overpayment and the month(s) to which the overpayment is to be attributed.

The following example is used to clarify the instructions:

<u>Month of Grant</u>	<u>Property Owned</u>	<u>Grant</u>	<u>Excess Property</u>
April 1982	\$1050	\$500	\$ 50
May 1982	1050	500	50
June 1982	1100	500	100
July 1982	1100	500	100
August 1982	1200	500	200

In accordance with former MPP Section 44-352.112 which was effective April 1982, the AU in the example above would have been found ineligible for five months and an overpayment of \$2,500 established; i.e.; \$500 overpayment each month for April through August.

In accordance with current regulations, retroactive to April 1982, the overpayment must be recomputed and an overpayment of only \$200 established for August 1982.

Any amount in excess of \$200 recouped through grant adjustment or cash collection must be refunded to the AU by issuing a supplemental warrant. The warrant will be claimed as a prior month supplemental warrant on Line 5 of the Summary Report of Assistance Expenditures, Aid to Families with Dependent Children, Form CA 800. If it is necessary to refund recoupment for more than one month, one or more warrants may be written, but the case record and the claim must reflect the appropriate amount per month. The supplement will be issued as an FG or a U supplement depending upon the aid type of the case when the excess property overpayment was recouped. For administrative ease, the refund of an amount previously reported as a repayment may be claimed as a prior month supplemental instead of an offset to the Repayment Contra Roll as required in MPP Handbook Section 25-740.10.

If persons counts were deleted when the grant for a month was recouped, nonfederal persons counts for such month must be reclaimed. For any month in which there has been only partial recoupment, persons counts must be adjusted from federal to nonfederal status. Such adjustments will be reflected on Line 9, Schedule of Adjustments, Form CA 800. The amount of the unrecouped overpayment will be written off.

Nonfederal supplemental payments (payments made to cases which are claimed with nonfederal persons counts) made to restore aid in full to cases which have at least one time-eligible refugee/entrant cannot be carried forward to the DFA 844, Additional Federal Funds Claimable Based on the Nonfederal Share of Expenditures for Refugee and Entrant Recipients in Receipt of AFDC. Office of Refugee Resettlement (ORR) will not participate in these payments.

Cases which had at least one time-eligible refugee/entrant member and have an unrecouped excess property overpayment balance which must be written off must also be adjusted on the DFA 844. This adjustment will consist of reflecting the unrecouped balance as a minus item on Line 1A. Persons counts originally reflected with the payment on the DFA 844 would be shown as minus persons counts with the minus payment amount.

Fiscal Claiming Instructions for EA/UP:

If review indicates that an overpayment had been established for an EA/UP case and fully collected, the supplemental payment to refund such recoupment will be issued as an AFDC State-only U payment, and payment and nonfederal person counts claimed on Line 5 of the CA 800.

If the EA/UP excess property overpayment has been only partially collected, the prior supplemental warrant will be issued and claimed as above. The persons counts and the remaining aid (the part of the overpayment not yet collected) must be deleted on Line 9, Schedule of Adjustments on the Summary Report of Assistance Expenditures, Emergency Assistance-Unemployed Parent, Form SOC 801. The federal persons counts and aid deleted must be reclaimed as nonfederal persons counts and aid on Line 9, Schedule of Adjustments on the Summary Report for the AFDC State-only AFDC-U Program, Form CA 800. The uncollected amount of the overpayment must be written off.

Any corrective warrant issued to a case in which there is at least one time-eligible refugee/entrant must not be carried forward to the Form DFA 863, Additional Federal Funds Claimable Based on the Nonfederal Share of Expenditures for Refugee Resettlement and Cuban/Haitian Entrant Recipients in Receipt of Emergency Assistance - Unemployed Parent. ORR will not participate in these payments.

When an excess property overpayment is written off for an AU in which there was at least one time-eligible refugee/entrant, the amount written off (and applicable persons counts) must be reflected as minus items on the Form DFA 863.

Fiscal Claiming Instructions For RCA/ECA:

Corrective payments which must be made to recipients of RCA/ECA must be claimed on a separate payroll with nonfederal persons counts (if persons counts are necessary). Items previously claimed which must be deleted (persons counts and partially collected overpayments) must be shown as minus items on Line 11, SDSS Office Audit Corrections of the Summary Report of Assistance Expenditures for the Refugee Cash Assistance Program (RCA) (Includes Entrants), Form DFA 846.

The totals of the separate payroll and the totals of Line 11 must be added together. (The persons counts and expenditures deleted on Line 11 must be considered [in this step] as positive items). On the Form DFA 846, in the space under Line 13(C), please type in the words Persons Counts, Expenditures, State and County. Multiply the expenditures by the State-County participating percentages of 89.2 percent state, 10.8 percent county. Enter all appropriate items under the appropriate headings.

The county must decide if their system would more easily accommodate issuing the corrective payments on the regular payroll and then subtracting all such payments on Line 9, Schedule of Adjustments, as opposed to preparing and submitting a separate payroll for the corrective payments. If this alternate method is selected, the Schedule of Adjustments must identify which of these adjustments on Line 9 are being deleted to reclaim below for State-County participation.

Fiscal Claiming Instructions for RDP:


Follow the instructions for AFDC FG/U.

Fiscal Claiming Instructions for All Programs

Warrants issued to correct an underpayment as determined in accordance with the provisions of MPP Section 44-352.411, as amended, must be issued and claimed in accordance with MPP Handbook Section 25-740.5.

If you have any questions related to the fiscal claiming aspects of this letter, please contact Willa Wallen of the Fiscal Policy and Procedures Bureau at (916) 322-9288.

For questions relating to the regulations, contact Jim Duneheew of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-2015.

  
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Deputy Director

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