

January 28, 2019

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**EXECUTIVE SUMMARY**

**ALL COUNTY LETTER NO. 19-04**

This ACL is to provide CWDs with guidance and information regarding enhancements to the Welfare Intercept System. These enhancements are required to meet federal regulations and to correct findings from the 2016 FNS Management Evaluation Review of CDSS' Treasury Offset Program processes for CalFresh delinquent O/ls.



PAT LEARY  
ACTING DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**  
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GAVIN NEWSOM  
GOVERNOR

January 28, 2019

ALL COUNTY LETTER (ACL) NO. 19-04

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY CALFRESH COORDINATORS  
ALL CALFRESH PROGRAM SPECIALISTS  
ALL CONSORTIUM PROJECT MANAGERS  
ALL WELFARE INTERCEPT COORDINATORS  
ALL COUNTY INCOME AND ELIGIBILITY VERIFICATION  
SYSTEM (IEVS) COORDINATORS

SUBJECT: IMPLEMENTATION OF NEW REPORTS IN THE WELFARE  
INTERCEPT SYSTEM

REFERENCE: [THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY  
ACT \(DATA ACT\) OF 2014](#)  
[ALL COUNTY LETTER NO. 16-108 FEDERAL CHANGES TO  
REFERRING CALFRESH OVERPAYMENT DEBTS TO THE  
TREASURY OFFSET PROGRAM \(TOP\) FROM 180 DAYS TO  
120 DAYS](#)

The purpose of this letter is to provide the County Welfare Departments (CWDs) information regarding the enhancements made to the California Department of Social Services (CDSS) owned and operated Welfare Intercept System (WIS). The required enhancements follow the United States Department of Agriculture, Food and Nutrition Services (FNS) requirements for the proper administration of the eligible CalFresh delinquent debts in the Treasury Offset Program (TOP). This letter also includes guidance and instructions for the CWDs pertaining to error reports provided by FNS to CDSS. (This ACL covers CalFresh debts submitted to FNS by the CDSS for TOP collection. This ACL does not cover CalWORKs debts or CalFresh debts submitted to the Franchise Tax Board Interagency Intercept program.)

## Background

The Supplemental Nutrition Assistance Program (SNAP) regulations require the FNS to issue operating procedures to collect delinquent SNAP (CalFresh) recipient claims through the TOP, which are found in the FNS' TOP Handbook. The TOP Handbook states that the FNS Regional Office conducts special reviews of state agencies' activities related to collecting delinquent debts through the TOP. The FNS and the United States (U.S.) Department of the Treasury completed California's TOP review in January 2016. Based on that review, CDSS has made improvements in the WIS to comply with the federal requirements. These improvements include the addition of the weekly and monthly error reports from the FNS and a report resulting from the annual reconciliation of the TOP and WIS systems on an ongoing basis. These reports are incorporated into the WIS and will require programming changes in the California Automated Consortium Eligibility System (CalACES, formerly Consortium IV or "C-IV") and tax collection agencies and/or vendors administering the tax collection process in the counties. The CWDs are required to review and take appropriate actions to correct the discrepancies and/or errors in each system. More information will be provided to assist with programming changes.

## New Reports in WIS

The following table lists the different types of reports, including the frequency by which the reports are received, generated, and provided to the counties via WIS.

| Item Number | Report Type                                   | Delivery Frequency | Implementation Date   |
|-------------|---|--------------------|-----------------------|
| 1           | Match/No Match                                | Monthly            | July 2017             |
| 2           | TOP Data Extract File (Annual Reconciliation) | Annually           | October 2018          |
| 3           | Unprocessable                                 | Weekly             | First Quarter of 2019 |

**Match/No Match Report:** The purpose of this report is to provide CWDs with those debts where a conclusive match was not made. The CDSS is required to send pre-offset notices to households to inform them that the State intends to refer their delinquent debts to the TOP for offset. (The pre-offset letter informs the household that the referral to TOP can be prevented by paying the debt in full or making arrangements described in the letter with the county where the debt was incurred within a specific timeframe.) The FNS receives a file from the CDSS and provides mailing addresses in return to use for sending TOP pre-offset notices.

The address file contains records that match on Social Security Number (SSN) and name. This file also includes partial matches or no-matches of deceased persons or invalid SSNs. The match/no match reports are provided to the CWDs to review and

take appropriate action depending on the codes provided in this letter. If action is not taken, the debt(s) will not be submitted to the FNS for TOP offset and no collections will occur. It should be noted that only codes 02, 03, 04, and 07 will be provided to the CWDs to review in the WIS.

### Match/No Match Codes

| Code | Description   | Required Action   |
|------|---|---|
| 00   | Match was made on both name and SSN   | The CDSS sends TOP notices by first class mail using the address information provided. No required action from CWD.   |
| 02   | Match was made on SSN, but not on the full name.  | The CWD must verify the name information provided. If the CWD can verify the debtor and the name provided are for the debtor, the CWD must submit a Record Type A to WIS to add the name as "alias." However, if the SSN or name was submitted in error, the CWD must submit a Record Type 3 to delete the record then submit a Record Type 1 to establish the debt with the correct SSN and/or name. |
| 03   | Match was not made on SSN.  | The CWD must verify the SSN to ensure it is correct. If the SSN submitted was incorrect, the CWD must submit a Record Type 3 to delete the record and submit a Record Type 1 to establish the debt with the correct SSN. However, if the SSN matches the SSN in the county record, then the CWD must submit a Record type 3 to delete the debt.   |
| 04   | Match was not made because the SSN may be invalid based on a profile of numbers assigned by the Social Security Administration (SSA). | The CWD must verify the unverifiable SSN matches their record. If it matches, CWD must submit a Record Type 3 to delete the debt. If the SSN was submitted in error, the CWD must submit a Record Type 3 to delete and Record Type 1 to establish the debt with the correct SSN.  |
| 07   | Match was made on SSN to an individual reported to SSA as deceased.   | The CWD must verify that the person is not deceased and add comment in WIS as such. No further action is required. However, if the CWD verifies that the SSN was submitted in error, the CWD must submit a Record Type 3 to delete and Record Type 1 to establish the debt with the correct SSN.  |

If the CWD has proper documentation supporting the validity of the of the SSN (code 02) the CWD will disregard the error report. No action is required by the CWD, but the CWD should maintain this information for future potential action.

**TOP Data Extract File (Annual Reconciliation) Report:** The purpose of this report is to provide CWDs with an annual file of all debts submitted to the CDSS for tax intercept in order to ensure the correctness of the debts. The CWDs are required to review the debt history in the WIS transaction screen to determine the appropriate Record Type to make corrections. The current Record Types (02, 03, 07, 08, 09 and A) affect both the TOP and WIS systems when submitted to WIS. To make the necessary corrections in either the WIS or TOP systems, the CDSS developed new Record Types that will affect changes only to the intended system when submitted to the WIS. In this way counties can ensure both the TOP and the WIS systems reflect accurate data.

### **New Record Types**

| <b>Record Type</b> | <b>Description</b>                      | <b>Error Status</b>   |
|--------------------|---|---|
| R                  | Reactivate debt in TOP to match WIS     | Active in WIS and not in TOP                                  |
| D                  | Delete debt in TOP to match WIS         | Closed in WIS and not in TOP                                  |
| S                  | Suspend debt in TOP to match WIS        | Suspended in WIS and not in TOP                               |
| V                  | Apply debt reversal in WIS to match TOP | Reversal was done in TOP and WIS is not automatically updated |

**Unprocessable Report:** The purpose of this report is to provide CWDs those records that the TOP system cannot process that the CWD must review and correct as necessary. The CDSS sends weekly process files to the FNS of modification records. Modification records are used to add new debts, update existing debts, make balance adjustments, or other changes. The FNS merges these weekly files and sends the consolidated file to the U.S. Department of Treasury to update the TOP system. For each modification record that cannot be processed as submitted, the U.S. Department of Treasury produces an unprocessable record with a code identifying why the modification record could not be processed. The CWD must review the unprocessable record and correct the record, as needed, by submitting a new modification record to the WIS.

**NOTE:** The Unprocessable report is currently not available in the WIS. Additional guidance will be provided to the counties in a separate letter in addition to an announcement regarding the availability of the Unprocessable report.

The WIS User Manual has been updated to include step-by-step instructions on how to process these reports and is available in the WIS.

### **General Treasury Offset Program Guidelines**

As a reminder, the CWDs are required to promptly post the TOP collection file to the debts in their claims system and/or refund the client when there has been an overcollection. The CWDs cannot wait until the collection dollars from the TOP offsets are received before the county posts the TOP collection file to individual debt balances in the county's system or process the refund. Overcollections must be refunded within ten days of discovery.

Additionally, the CWDs must add alias records to the TOP to increase the likelihood for TOP collection. An alias record is an alternate name used by a debtor, such as a name change due to marriage or divorce. The CWDs can refer to the WIS User Manual for step-by-step instructions to add such records.

If you have any questions regarding this ACL, please contact the CDSS Fraud Offset Program Coordinator at (916) 653-1824.

Sincerely,

***Original Document Signed By:***

TODD R. BLAND  
Assistant Director  
Automation, Integrity, and Client Initiatives Branch