

November 04, 2021

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 21-124

The purpose of this All County Letter is to provide guidance to the County Welfare Departments on changes made in the Welfare Intercept System for the Franchise Tax Board Tax Intercept Program to comply with the California Work Opportunity and Responsibility to Kids \$250 collection threshold.



KIM JOHNSON
DIRECTOR

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

November 04, 2021

ALL COUNTY LETTER NO. 21-124

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALFRESH PROGRAM SPECIALISTS
ALL CALWORKS PROGRAM SPECIALISTS
ALL COUNTY IEVS COORDINATORS
ALL CONSORTIUM PROJECT MANAGERS
ALL WELFARE INTERCEPT COORDINATORS

SUBJECT: WELFARE INTERCEPT SYSTEM UPDATES

REFERENCE: SENATE BILL ([SB](#)) [726 \(CHAPTER 930, STATUTES OF 2018\)](#),
ALL COUNTY LETTERS ([ACL](#)) [19-19](#), [ACL 19-102](#), AND [ACL 16-108](#)

The purpose of this All County Letter (ACL) is to provide guidance to the County Welfare Departments (CWDs) on changes made in the Welfare Intercept System (WIS) for the Franchise Tax Board (FTB) Tax Intercept Program to comply with the California Work Opportunity and Responsibility to Kids (CalWORKs) \$250 collection threshold.

Background

Effective July 1, 2019, [Senate Bill 726](#) (Chapter 930, Statutes of 2018) increased the overpayment threshold for collection on individuals who are no longer receiving aid from the CalWORKs program from \$35 to \$250. Per the [ACL 19-102](#), the CWDs must not demand collection of any non-fraudulent overpayments totaling less than \$250 from the responsible individual(s) if they are no longer aided in California under the CalWORKs program. When an overpayment claim on a closed case is \$250 or more, the CWD may recoup the overpayment. If the overpayment is being repaid in installments, the CWD must stop collecting once the balance of the overpayment falls under \$250.

This guidance limits the CalWORKs debt collection to amounts greater than or equal to \$250 for the Administrative Error (AE) and Client Error (CE) portions of the CalWORKs debt. The collectable limit of the Intentional Program Violation (IPV) portion of the CalWORKs debt remains unchanged.

Welfare Intercept System Record Types

The CWDs use the WIS to record, track, and update the CalWORKs delinquent debts. This ACL addresses the following record types:

Record Type 1

Used to report a newly established debt in the WIS.

Record Type 7

Used to increase the debt amount for an existing debt in the WIS.

Record Type 2

Used to decrease a debt in the WIS.

New Welfare Intercept System Action

Pursuant to the [ACL 19-102](#), the following guidance will be implemented in the WIS:

Submission of New Debts

The WIS will reject a new debt submission (record type 1) if the debt entered is less than \$250. A rejected debt record will be sent to the CWD with an error message.

If the CalWORKs threshold is not met on an AE or CE debt, the record will be rejected regardless of the value of any other debt fields in the debt record. In these instances, the CWDs must resubmit the debt without the CalWORKs portion(s) under the \$250 collection threshold.

Debt Increases

The WIS will reject the debt record if debt entered would be less than \$250 after a debt increase (record type 7) is entered. A rejected debt record will be sent to the CWD with an error message.

However, an increase of the CalWORKs debt to an amount greater than or equal to \$250 makes the CalWORKs debt collectable again.

Debt Decreases

If the debt decrease (record type 2) takes the CalWORKs debt amount below the \$250 threshold, the debt will be suspended and uncollectable for the CalWORKs program.

Intentional Program Violation

If an IPV is established on a delinquent CalWORKs debt, the debt must continue to be collected regardless of the amount. If a CalWORKs overpayment is subsequently found to be an IPV, the CWDs must submit a debt decrease (record type 2) to lower the CE or the AE portion of the debt to zero and use a debt increase (record type 7) to increase the IPV portion of the debt.

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If a debt was previously deleted from the WIS, the CWDs must send a new debt submission (record type 1) for the IPV amount.

If you have any questions or need additional guidance regarding this letter, please contact TaxIntercept@dss.ca.gov.

Sincerely,

Original Document Signed By:

JULIANNA VIGNALATS
Assistant Deputy Director
Research, Automation, and Data Division