

June 16, 2021

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**EXECUTIVE SUMMARY**

**ALL COUNTY LETTER NO. 21-42**

The purpose of this All County Letter is to provide guidance to California Welfare Departments on the record types that must be used when processing Treasury Offset Program reversals and California Welfare Department refunds in the Welfare Intercept System.



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DIRECTOR

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**GAVIN NEWSOM**  
GOVERNOR

June 16, 2021

ALL COUNTY LETTER NO. 21-42

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

SUBJECT: WELFARE INTERCEPT SYSTEM RECORD TYPE UPDATES

REFERENCE: [ACL16-108](#), [ACL 19-04](#); [MPP § 20-401-404](#), [MPP § 20-407-408](#)

The purpose of this All County Letter (ACL) is to provide guidance to California Welfare Departments (CWDs) on the record types that must be used when processing the Treasury Offset Program (TOP) reversals and county refunds in the Welfare Intercept System (WIS).

### **Background**

The WIS is a California Department of Social Services' (CDSS) owned and operated system that is used to record, track, and update CalFresh and California Work Opportunity and Responsibility to Kids (CalWORKs) program beneficiaries that have an established overpayment and/or overissuance. All eligible CalFresh debts are submitted to the TOP for tax intercept ([ACL16-108](#)) as required by the United States Department of Food and Agriculture, Food and Nutrition Services (FNS), while the CalWORKs debts are submitted to the California Franchise Tax Board for tax intercept.

The TOP is a centralized offset program developed by the U.S. Department of Treasury's Financial Management Service to collect delinquent Federal debts. The Supplemental Nutrition Assistance Program (SNAP) regulations require that the FNS collect delinquent SNAP recipient claims through the TOP, including CalFresh debts. The CDSS sends weekly files to the FNS that include records to add new debts, update

existing debts, or make balance adjustments ([ACL 19-04](#)). The FNS merges those files and sends the consolidated file to the TOP.

### **Welfare Intercept System Record Types**

The CWDs use the WIS record types to add new debts, update existing debts, or make balance adjustments that are applied in the WIS through a weekly batch process ([ACL 19-04](#)). This ACL addresses the following record types:

#### Record Type 7

Used to apply a debt increase in the WIS and automatically reflects the increase in the TOP.

#### Record Type 4

Used any time a client refund has been issued when the refund was initiated at the county level. A refund record does not impact the debt balance.

#### Record Type 3

Used to reduce the TOP debt to zero and set the status to closed.

#### Record Type V

Used to apply reversal-related debt increases in the WIS, without increasing the balance in the TOP.

### **Implementation of Record Type V**

Previously, the CWDs used Record Type 7 in the WIS when processing the TOP reversals. Per [ACL 19-04](#), the CDSS has updated the reporting process for the TOP reversals and implemented the use of Record Type V. If available, the CWDs must begin implementing Record Type V, as outlined in this ACL. The CWDs without a Record Type V in their respective county system must flag these cases until the automation is made available for their use.

### **Treasury Offset Program Reversal and County Refund Processes**

A reversal is when the TOP reverses all or a portion of an offset that was previously taken. If the TOP reverses an offset, it restores the amount reversed to the debt balance and continues collection action if the debt is active.

A county refund is when a CWD has refunded all or a portion of a debt that was offset.

A right to recovery exists when there has been a final agency determination that a debt, in the amount stated, is due and there are no legal barriers to collection action.

### **Treasury Offset Program Initiated Reversals**

#### Right to Recovery

When the TOP initiates a reversal and a right to recovery exists, the CWDs will submit a Record Type V to increase the balance in the WIS, without impacting the balance in the TOP.

#### No Right to Recovery

When the TOP initiates a reversal and a right to recovery does not exist, the CWDs must contact the CDSS to view the debt balance in the TOP. The CDSS will manually adjust the TOP debt to zero and close the debt.

### **County Refunds**

#### Right to Recovery

When CWDs initiate a client refund and a right to recovery exists, the CWDs must:

- Submit a Record Type 4 to indicate a client refund was issued; and
- Submit a Record Type 7 to increase the balance in both the WIS and the TOP.
- Both records must be submitted in the same weekly batch cycle.

#### No Right to Recovery

When CWDs initiate a client refund and a right to recovery does not exist, the CWDs must:

- Submit a Record Type 4 to indicate a client refund was issued; and
- Submit a Record Type 3 to close the debt in the WIS and the TOP.
- Both records must be submitted in the same weekly batch cycle.

### **Treasury Offset Program Reversals and County Refunds**

Instances when the TOP reverses an offset and the CWD has already initiated a refund.

#### Right to Recovery

When there is a right to recovery on a debt where the TOP initiates a reversal and the CWD initiates a client refund, the CWDs must ensure the recovery of both amounts by:

- Submitting a Record Type V to increase the debt balance in the WIS; and
- Submitting a Record Type 7 to increase the balance in both the WIS and the TOP.

- Both records must be submitted in the same weekly batch cycle.

No Right to Recovery

When a right to recovery does not exist on a debt where the TOP initiates a reversal and the CWD initiates a client refund, the CWDs must ensure the recovery of the client refund by submitting a Record Type V to increase the balance in the WIS.

If you have any questions regarding this letter, contact [taxintercept@dss.ca.gov](mailto:taxintercept@dss.ca.gov).

Sincerely,

***Original Document Signed By***

NATASHA NICOLAI  
Chief Data Strategist  
Research, Automation, and Data Division