

August 5, 2021

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 21-85

The purpose of this All County Letter (ACL) is to provide guidance to County Welfare Departments (CWDs) that as of August 1, 2021, all CalWORKs overpayments established for the benefit months of April 2020 through the end of the COVID-19 pandemic emergency, or June 30, 2022, whichever date is sooner, must be classified as administrative-error (AE).



KIM JOHNSON
DIRECTOR

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

August 5, 2021

ALL COUNTY LETTER NO. 21-85

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALWORKS PROGRAM SPECIALISTS
ALL WELFARE-TO-WORK COORDINATORS
ALL COUNTY REFUGEE COORDINATORS
ALL CONSORTIA REPRESENTATIVES
ALL COUNTY SPECIAL INVESTIGATIVE UNIT CHIEFS

SUBJECT: IMPLEMENTATION OF ASSEMBLY BILL (AB) 135: CALIFORNIA
WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS
(CALWORKS), REFUGEE CASH ASSISTANCE (RCA), ENTRANT
CASH ASSISTANCE (ECA), AND TRAFFICKING AND CRIME
VICTIMS ASSISTANCE PROGRAM (TCVAP) OVERPAYMENTS
INCURRED DURING THE COVID-19 PANDEMIC EMERGENCY

REFERENCE: [ASSEMBLY BILL \(AB\) 135](#); WELFARE AND INSTITUTIONS
CODE (WIC) SECTIONS [11004](#) AND [11004.1](#); MANUAL OF
POLICIES AND PROCEDURES (MPP) SECTIONS [20-004.1](#), [44-
316.32](#), [44-350.15](#), [44-350.16](#), [44-350.2](#), [44-350.35](#), [44- 350.5](#), [44-
351.3](#), [44-352.4](#), AND [69-212](#); ALL COUNTY INFORMATION
NOTICE (ACIN) [I-14-21](#)

Assembly Bill (AB) 135 implemented a new CalWORKs overpayment policy to help lessen the economic impact of the COVID-19 pandemic emergency on CalWORKs families. Effective August 1, 2021, all CalWORKs overpayments established on or after August 1, 2021, for the benefit months of April 2020 through the end of the COVID-19 pandemic emergency, or June 30, 2022, whichever date is sooner, must be classified as administrative-error (AE).

In addition, overpayment claims that include any months during the COVID-19 pandemic emergency period beginning in April 2020, must be classified as AE regardless of case circumstances. For example, an overpayment claim established for

the semi-annual payment period starting in November 2019 through April 2020 (SAR 7 or redetermination was due in October) must be established as AE because the overpayment claim includes the overpaid month of April 2020. An overpayment classified as an AE under this policy shall not be reclassified.

CALWORKS OVERPAYMENTS POLICY OVERVIEW

Definition and Calculation of Overpayments

Per the [MPP section 44-350.15](#), a CalWORKs overpayment is any amount of any aid payment an AU received to which it was not eligible. An overpayment may be all or a portion of an aid payment and includes, but is not limited to, an immediate need payment, a special need payment, or aid paid pending a state hearing. In accordance with [MPP section 44-350.16](#), CWDs shall take all reasonable steps necessary to promptly correct and collect any overpayments that are known to the county including recovery of overpayments due to either client-error or administrative-error.

Pursuant to the [Welfare and Institutions Code \(WIC\) section 11004.1\(b\)](#), the amount of any CalWORKs grant overpayment is the difference between the grant amount the AU actually received and the grant amount the AU would have received under semiannual reporting (SAR), annual reporting/child only (AR/CO), and the prospective budgeting system if no county error had occurred and if the recipient had timely, completely, and accurately reported as required by SAR and AR/CO rules.

Administrative-Error Overpayments & Grant Adjustment

The MPP section 44-350.2(b) defines an AE overpayment as an overpayment caused by error on the part of the CWD when all information necessary to make a correct grant determination was in the possession of the CWD. In accordance with WIC section 11004(c) and MPP section 44-352.42, AE overpayments are recouped by reducing the Maximum Aid Payment (MAP) amount for the AU by five percent rounded to the next lower dollar.

Per [MPP section 44-352.41](#), recoupment by grant adjustment for SAR assistance units (AUs) must only be initiated at the beginning of the SAR Payment Period. In addition, grant adjustment must be discontinued mid-period when the overpayment debt is paid in full. Furthermore, collection of a new overpayment claim may begin mid-period by grant adjustment if the amount of the new collection is less than or equal to the amount previously collected.

For AR/CO AUs, recoupment of new overpayment claims by grant adjustment can begin mid-period even when the collected amount results in decreases to the cash aid

mid-period. Grant adjustment must be discontinued at any time within the payment period when the overpayment debt is paid in full.

The complete guidance for CalWORKs overpayment recovery methods can be found in [MPP section 44-352.4](#).

Overpayments and Mandatory Mid-Period Reports

Per [MPP section 44-316.32](#), CalWORKs recipients shall report in person, verbally or in writing, specific changes during the SAR or AR/CO Payment Period within 10 days of when the change becomes known to the AU. These mandatory mid-period reports are fleeing felon status, violation of conditions of probation or parole, address change, and income exceeding the AU's IRT. In addition to these reporting requirements, AUs in the AR/CO Payment Period must report changes in household composition in accordance with [MPP section 44-316.321\(f\)](#). A discrepancy between the AU's circumstances and the grant amount issued for a given month will not result in an overpayment if the change in circumstance, e.g., increase in income, was not required to be reported.

Furthermore, an overpayment cannot be assessed for the month following a change in income over the IRT for the first through fifth months of a current SAR Payment Period if the recipient has timely reported the change and the CWD was unable, before the first of the month following the change, to provide a 10-day notice of the termination or reduction of benefits in accordance with [MPP section 44-350.51](#).

For AR/CO cases, an overpayment cannot be assessed for the month following a change in income over the IRT or household composition for an AU that does not include an eligible adult if the recipient has reported the change and the county was unable, before the first of the month following the change, to provide 10-day notice of the termination or reduction of benefits per [MPP section 44-350.52](#).

In accordance with [MPP section 44-316.324\(b\)](#), CWDs are reminded that unearned income would need to be paired with earned income to be considered over the IRT mid-period. In addition, CWDs are reminded that the recipient's failure to report an address change shall not, in and of itself, result in a reduction in aid or a termination of benefits. As a result, an overpayment cannot be established when the recipient fails to report an address change.

OTHER PROGRAMS AFFECTED

The changes to the CalWORKs overpayment process pursuant to AB 135 also apply to the RCA, ECA, and TCVAP cash assistance programs. Per [MPP section 69-212](#), RCA, ECA, and TCVAP cash assistance programs follow the administrative policies of

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CalWORKs. For questions regarding these programs, please contact the CDSS Refugee Programs Bureau at (916) 654-4356.

If you have any questions or need additional guidance regarding the information in this letter, please contact the Early Engagement and Eligibility Bureau at (916) 654-1322.

Sincerely,

Original Document Signed By

Jennifer Hernandez
Deputy Director
Family Engagement & Empowerment Division