

March 29, 2024

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 24-23

The purpose of this All County Letter is to provide County Welfare Departments with guidance on how to calculate a CalFresh overissuance under semi-annual reporting.



KIM JOHNSON
DIRECTOR

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

ALL COUNTY LETTER NO. 24-23

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALFRESH PROGRAM SPECIALISTS
ALL CALWORKS PROGRAM SPECIALISTS
ALL IEVS COORDINATORS
ALL COUNTY WELFARE FRAUD CHIEF INVESTIGATORS
ALL CONSORTIA MANAGERS

SUBJECT: CALFRESH: CALCULATING OVERISSUANCES UNDER
SEMI-ANNUAL REPORTING

REFERENCE: [TITLE 7 OF THE CODE OF FEDERAL REGULATIONS \(CFR\) 273.18\(c\)\(1\); 7 CFR 273.16\(c\); 7 CFR 273.12\(a\)\(5\)\(v\); MANUAL OF POLICIES AND PROCEDURES \(MPP\) SECTION 63-102\(o\)\(1\); MPP 63-801.23; ACL No. 12-25; ACL No. 12-25E; ACL No. 15-42; ACL No. 15-95; ACL No. 19-08; ACL No. 23-53](#)

The purpose of this All County Letter (ACL) is to provide County Welfare Departments (CWDs) with guidance on how to calculate a CalFresh overissuance (OI) under semi-annual reporting (SAR). [ACL No. 15-95](#), released December 1, 2015, provided policy guidance on how to establish a CalWORKs overpayment. The California Department of Social Services (CDSS) has determined the guidance provided in [ACL No. 15-95](#) does not apply to the CalFresh program.

This letter supersedes prior CalFresh guidance released in [ACL No. 15-95](#).

Recreating Case Circumstances

Per [7 Code of Federal Regulations \(CFR\) 273.18\(c\)\(1\)](#) and [Manual of Policies and Procedures \(MPP\) 63-801.312](#), the CWD must calculate the value of a CalFresh OI by determining the difference between the correct amount of benefits the household should have received and the amount of benefits the household actually received. This process is often referred to as recreating case circumstances. When recreating case circumstances, the CWD must determine the correct amount of benefits the household should have received had the CWD not made a mistake (Administrative Error), had the household not made an inadvertent error (Inadvertent Household Error), or had the household not intentionally broken a program rule (Intentional Program Violation).

Under SAR, when recreating case circumstances to calculate the value of a CalFresh OI, the CWD must not consider income changes, increases or decreases, that the household was not required to report or did not voluntarily report during the certification period, unless the change would result in an increase in benefits.

Determining Whether a Household's Gross Monthly Income Exceeds the Income Reporting Threshold

Per [7 CFR 273.12\(a\)\(5\)\(v\)](#), all households subject to SAR must report during the certification period when the household's gross monthly income received exceeds 130 percent of the Federal Poverty Level (FPL). This required report is often referred to as the Income Reporting Threshold (IRT). Households that are conferred Modified Categorical Eligibility (MCE) and approved for CalFresh benefits with gross income between 131 percent and 200 percent FPL have met their IRT reporting requirement at the time that eligibility is determined. For more details regarding the relationship between MCE and the IRT, see [ACL No. 15-42](#), released April 15, 2015.

When determining whether a household missed a required report of income over the IRT for their household size, the CWD must reference actual gross monthly income received as this is the income the household should have used to determine whether they were required to report. The CWD must not apply the conversion factor when determining whether the household missed a required report of income over the IRT. The conversion factor must only be used for ongoing eligibility budgeting purposes when converting weekly or bi-weekly income into an *anticipated* monthly income amount. Please see [ACL No. 12-25](#), released May 17, 2012, for more information on the conversion factor.

If a household misses a required report of gross monthly income received over the IRT and the CWD determines that they remain eligible for CalFresh benefits under MCE, the CWD must recalculate their monthly allotment for the months in which the household's income exceeded the IRT. The CWD must then establish an OI for the total amount of benefits the household received but was not entitled to for the months since it failed to make the required report. The first month impacted by the household's failure to report is the first month included in the OI calculation.

If the household misses a required report of gross monthly income over the IRT at a level that would have rendered them ineligible (i.e., income over the IRT continued for more than one month), the CWD must then determine whether the household should have been discontinued. If indeed the household should have been discontinued, any benefits subsequently received by the household after the month in which the household should have been discontinued must be included when determining the value of the OI.

Income Eligibility Verification System (IEVS) Matches

All CWDs are required to timely review and compare information found in an IEVS match against information in the household's case record to determine whether it affects their eligibility or benefit level. The determination is based on the household's IRT and any other mandatory reporting requirements. Income information received in IEVS must be independently verified, per [ACL No. 17-41](#), released June 6, 2017, before any case action can be taken. As a reminder, Payment Verification System (PVS) data matches are considered verified upon receipt for CalFresh.

When an IEVS match is received and the CWD determines there is a potential discrepancy in income compared to the household's case information, the CWD is required to request information from the household to verify the IEVS match. If the household does not respond to the CWD's attempts to verify the discrepancy, the CWD is then authorized to utilize the Work Number® or other third-party payroll sources to verify the IEVS match. In this case, the CWD must establish an OI based on best available information.

In situations where the third-party payroll source indicates the household's income continued past what was shown in the IEVS match, CWDs are required to follow the steps outlined in [ACL No. 19-08](#), released February 8, 2019. Clarifying guidance on the usage of the Work Number® can be found in [ACL No. 23-53](#), released June 7, 2023.

When recreating case circumstances, CWDs are only authorized to request verification related to an IEVS discrepancy that shows the recipient may have missed a mandatory report. Once the IEVS match is verified, the CWD can use the information to determine whether an OI has occurred and the value of the OI.

When reconciling IEVS matches with reported income from a periodic report or recertification, the CWD must take prospective budgeting rules into consideration. This includes whether the income could have been reasonably anticipated at the time the periodic report or certification was complete.

If the CWD finds the household should have been discontinued based on the income verified after an IEVS match, any benefits subsequently received by the household for the remainder of the relevant SAR payment period after what would have been the month of discontinuance must be included when determining the value of the OI.

If the CWD finds that the household should not have been discontinued, but received benefits that it was not entitled to based on the income information verified after an IEVS match, the CWD must establish an OI for the total amount of CalFresh benefits that the household received and was not entitled to. This determination must also take into consideration that MCE households certified between 131 percent and 200 percent FPL are not required to make reports of income received during the SAR payment

period. These households have already reported income over 130 percent and met their IRT reporting requirement at the time that eligibility was determined.

Applying the Earned Income Deduction When Calculating the Value of an OI

Per [7 CFR 273.18\(c\)\(1\)\(ii\)\(B\)](#), when calculating the value of an AE OI in which earned income is the basis for the OI, the CWD must apply the earned income deduction in their calculations. However, when determining the value of an IHE or IPV OI in which earned income is the basis for the OI, the CWD *must not* apply the earned income deduction.

Quality Control

CalFresh Quality Control (QC) will review cases based on the updated guidance on calculating CalFresh OIs under SAR. QC must apply the verification standards and procedures specified in the [Supplemental Nutrition Assistance Program \(SNAP\) Quality Control Review Handbook \(Food and Nutrition Service Handbook 310\)](#) for its review. CWDs are reminded that the case record must provide sufficient documentation to support the benefit level determination and the establishment of the overissuance. Documentation must provide enough detail to permit a reviewer with no prior knowledge of the individual case to determine the accuracy of benefit allotments.

If you have any questions or need additional guidance regarding the information in this letter, contact the CalFresh Policy and Employment Bureau at CalFreshPolicy@dss.ca.gov.

Sincerely,

Original Document Signed By

ALEXIS FERNÁNDEZ GARCIA
Deputy Director
Family Engagement and Empowerment Division