

November 21, 2024

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 24-84

The purpose of this letter is to provide detailed guidance to County Health and Human Services Agencies (HHSAs) for implementing the California Work Opportunity and Responsibility to Kids overpayment discharge policy. This letter also informs HHSAs the policy has been automated in the California Statewide Automated Welfare System as of May 20, 2024. Overpayment claims that are eligible for discharge must be discharged as soon as administratively possible. This letter also introduces two new notice of action messages and revises an existing message related to overpayment discharge.



JENNIFER TROIA
DIRECTOR

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

November 21, 2024

ALL COUNTY LETTER NO. 24-84

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: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO
KIDS (CALWORKS): IMPLEMENTATION OF OVERPAYMENT
DISCHARGE POLICY

REFERENCE: [SENATE BILL \(SB\) 726 \(CHAPTER 930, STATUTES OF 2018\)](#) AND
[SB 80 \(CHAPTER 27, STATUTES OF 2019\)](#); WELFARE AND
INSTITUTIONS CODE [\(WIC\) SECTION 11004](#); MANUAL OF
POLICIES AND PROCEDURES [\(MPP\) SECTION 44-352.46](#) AND
[MPP SECTION 44-353](#), [MPP SECTION 44-352.3](#), [MPP SECTION 20-](#)
[004](#), [MPP SECTION 20-005](#) AND [MPP SECTION 20-007.3](#); ALL
COUNTY INFORMATION NOTICES ([ACIN](#)) [I-68-11](#) AND [ACIN I-39-](#)
[22](#); ALL COUNTY LETTERS ([ACL](#)) [12-66](#), [ACL 19-102](#), [ACL 21-85](#),
[ACL 21-109](#), AND [ACL 22-87](#)

The purpose of this letter is to provide detailed guidance to County Health and Human Services Agencies (HHSAs) for implementing the California Work Opportunity and Responsibility to Kids (CalWORKs) overpayment discharge policy introduced in [ACL 19-102](#). This letter also informs counties the discharge policy has been automated in the California Statewide Automated Welfare System (CalSAWS) as of May 20, 2024. Upon release of this letter, overpayment claims that are eligible for discharge must be discharged as soon as administratively possible.

This letter also introduces two new notice of action (NOA) messages, M44-3500 and M44-352I, and revises an existing NOA message, M44-353.

OVERPAYMENT DISCHARGE POLICY

For this purpose, the term "closed" means the CalWORKs case is discontinued; "Off CalWORKs cash aid" means that the liable adult did not have an active CalWORKs case during a 36 consecutive month period; and the term "family" refers to the CalWORKs assistance unit. Discharging means end-dating an overpayment claim without the possibility of further collection in any automated system. The discharge policy applies to each overpayment claim, rather than the total amount of multiple overpayment claims.

As described in [ACL 19-102](#), the HHSA must discharge nonfraudulent overpayment claims if the CalWORKs case is **closed** and the liable adult(s) has not received CalWORKs cash aid for 36 consecutive months. For a family with more than one liable adult, both parents must have not received CalWORKs cash aid during a 36 consecutive month period to be eligible for discharge.

For a family with two liable adults, if one adult has not received cash aid for 36 consecutive months or more and the other adult has not received cash aid for less than 36 consecutive months, the overpayment claim must not be discharged. The HHSA must not pursue collection efforts, including tax intercept, from the adult who has not received cash aid for 36 consecutive months or more. The HHSA must pursue collection efforts from the other liable adult until the person has not received cash aid for 36 consecutive months, at which time the remaining balance regardless of the amount must be discharged.

Overpayment claims established prior to December 1, 1996, under Aid to Families with Dependent Children, cannot be discharged under this policy. Additionally, the [Manual of Policies and Procedures \(MPP\) section 44-350.161\(b\)](#) instructs the HHSA to keep a record of all uncollected overpayment claims so the HHSA can collect via grant adjustment if the liable adult(s) reapplies within the 36 consecutive month timeline.

Initial guidance for the overpayment discharge policy including a few sample case scenarios can be found in [ACL 19-102](#).

As a reminder, overpayment claims for Welfare-to-Work supportive services must be discharged under this policy.

DISCHARGEABLE NONFRAUDULENT CALWORKS OVERPAYMENT CLAIMS

Claims under the overpayment threshold

The HHSA cannot pursue overpayment collection on claims that are under the \$250 overpayment threshold (\$249 or less) when the CalWORKs case is closed, per [MPP section 44-350.161](#). This means that the HHSA cannot send a demand notice for repayment agreement or refer a claim for tax intercept after the CalWORKs case is closed if the overpayment is \$249 or less. Overpayment claims under the threshold must be discharged after the CalWORKs case is closed and the liable adult(s) have not received cash aid in California for 36 consecutive months. If the overpayment claim has more than one liable adult and one of the adults reapplies and receives CalWORKs cash aid within the

36 consecutive-month period, the HHSA must collect the overpayment via grant adjustment, even if the amount is below the threshold.

Claims over the threshold

For an overpayment claim totaling \$250 or more (over the threshold), the HHSA must send a demand notice (M44-352A – Notice of O/P and Demand) for repayment to the liable adult(s) when the CalWORKs case is closed.

If the claim has two liable adults and one of them is paying back the overpayment in installments, the HHSA must suspend collection from all liable adults once the balance of the claim falls under \$250. The payment that causes the overpayment claim to fall below \$250 will be the last payment accepted, after which the remaining overpayment balance will be placed in a suspense status. If a payment is made after the balance falls below the threshold, the payment collected in error must be refunded.

Also, if one adult has not received cash aid for more than 36 consecutive months while the other for less than 36 consecutive months, the overpayment claim cannot be discharged. The HHSA must stop collecting from the adult who has been off cash aid for 36 consecutive months. It must continue collecting from the adult who has **not** reached the 36 consecutive month period. If the installment goes beyond 36 months and the unpaid balance is still over the collection threshold, the HHSA must stop collecting on the 36th month and discharge the remaining overpayment balance regardless of the unpaid amount, except for overpayments involving fraud. See guidance below under "Overpayments Related to Fraud".

Claims that have no liable adult(s)

The HHSA can collect overpayments from **active** annual reporting/child only (ARCO) cases via grant adjustments. A CalWORKs case is considered active when children are still receiving CalWORKs cash aid in the same assistance unit for which the overpayment was established, such as active cases with K1 or 3F aid codes.

Once an ARCO case is closed, the HHSA cannot collect from a child, or adult who was excluded from the family because the adult was long-term sanctioned, a drug or fleeing felon, an ineligible non-citizen, or a non-needy caretaker relative and thus unaided at the time of the overpayment. If the unaided adult(s) in an ARCO case does not apply for CalWORKs cash aid on behalf of the same eligible child/ren included in the assistance unit for which the overpayment claim was established within 36 consecutive months, the overpayment claim must be discharged on the 37th month.

If a child who was previously included in an ARCO case for which an overpayment claim was established is aided in the future as part of a different family, the overpayment must not be attributed to the new family. The HHSA must not adjust the grant or otherwise recoup the overpayment that occurred in the former ARCO case.

Attachment 1 contains the flowchart for the discharge process outlined above.

OTHER DISCHARGEABLE OVERPAYMENT CLAIMS

Mass Overpayment

Mass overpayments are overpayments caused by the same action or inaction that impacts eight percent of the HHSA caseload or more than 1,000 CalWORKs families within the HHSA, whichever is greater. Mass overpayments are eligible for discharge but must first be reported to, and verified by, the California Department of Social Services (CDSS). The HHSA report must identify if the mass overpayment has been caused by negligence or major systemic error. Guidance for reporting and discharging mass overpayments can be found in [MPP section 44-353.4](#). Once verified and approved by CDSS, the HHSA must discharge the overpayment, and refund any collections made when deemed appropriate.

Overpayment Reasonable Settlement

The HHSA is authorized to arrive at a reasonable settlement of their demand for repayment with current or former recipients. [ACIN I-68-11](#) outlines the guidance regarding implementation of reasonable settlement for CalWORKs nonfraudulent overpayments. The 36 consecutive month timeline for discharge policy must not be considered when negotiating a reasonable settlement. Once a reasonable settlement is reached, the HHSA can only collect the settled amount. The difference between the original overpayment and the settlement amount must be considered uncollectible and must be discharged.

Negotiation of a reasonable settlement can happen when a CalWORKs case is active or closed. This means that the threshold requirements for collection when a case is closed and the requirements for discharging overpayments apply to a negotiated settlement amount originally established when the case was active. If a negotiated settlement amount has not been fully recovered after a family's case has been closed for 36 consecutive months, the balance must be discharged under the policies set forth above, except for fraudulent overpayments.

Deemed Uncollectible by the Court

If an overpayment claim(s) is deemed uncollectible by the Bankruptcy Court or by another court decision, the claim must be discharged.

OVERPAYMENTS RELATED TO FRAUD

The CalWORKs overpayment discharge policy does not apply to overpayments involving fraud or suspected fraud. Overpayments that have been referred to Special Investigative Units (SIUs) cannot be discharged unless the investigation is inconclusive or finds no evidence to support the allegation of fraud.

When a CalWORKs case is closed and an overpayment claim has been referred to SIU for investigation, the HHSA must pause overpayment collection on the 36th month if the investigation is still in process. If the investigation is inconclusive or finds no evidence to support an allegation of fraud, the HHSA must discharge the overpayment claim regardless

of the unpaid amount after the 36th consecutive month. Any amount collected beyond this timeframe must be refunded. If the investigation concludes and it is determined that the overpayment is a result of fraud, the HHSA must resume collection efforts until the overpayment is paid in full regardless of timeline.

As a reminder, an Intentional Program Violation (IPV) can only be determined by an administrative disqualification hearing (ADH) decision, a signed ADH hearing waiver, court decision, or a signed disqualification consent agreement. For information related to referrals of suspected fraud and investigations, please refer to, [MPP section 20-004](#), [MPP section 20-005](#), and [MPP section 20-007.3](#).

REVISED NOTICE OF ACTION (NOA) MESSAGE

M44-353 – Notice of Overpayment Discharge

This notice must be used to notify former CalWORKs cash aid recipients that their overpayment claim(s) is being discharged. The overpayment discharge notice must be sent to all liable adults. The notice has been revised to remove the use of NA 290 and language has been added to clarify that “all” liable adults on the case must be notified about the overpayment amount being discharged. As a reminder, this notice must not include an NA BACK 9 as the action is not subject to a state hearing.

NEW NOA MESSAGES

M44-350O – Notice of Suspected Fraud

This new NOA message must be used to notify former CalWORKs cash aid recipients about the change in the status of their overpayment claim(s) related to suspected fraud investigations. This NOA message has separate check boxes that must be marked accordingly and sent to all liable adults.

M44-352I - Notice of Overpayment Settlement

This new NOA message must be used to notify CalWORKs cash aid recipients about the overpayment settlement agreement with the HHSA. This NOA message shows the total overpayment balance prior to the settlement agreement, the agreed upon revised overpayment amount, and the remaining amount eligible for discharge. Settlement agreement applies to active and closed cases.

COPIES AND TRANSLATIONS

Forms referenced in this letter are available on the [CDSS Forms/Brochures webpage](#). When CDSS completes translations of a form, they are posted on the [Translated Forms and Publications webpage](#). When made available by CDSS, forms translated into an individual's preferred language must be provided to the individual pursuant to [MPP section 21-115.2](#). For questions on translated materials, please contact the Translation Services Section at Its@dss.ca.gov. If translations are not available, recipients who have elected to receive

materials in languages other than English should be sent the English version of the form or notice along with the [GEN 1365-Notice of Language Services](#) and a local contact number. See [All County Letter \(ACL\) 22-56](#).

Per [MPP section 21-115](#), the HHSA must ensure effective bilingual services are provided. This requirement may be met through utilization of paid interpreters, qualified bilingual employees, and qualified employees of other agencies or community resources. These services must be provided, free of charge, to the applicant/recipient. If CDSS does not provide translations of a form, it is the HHSA's responsibility to read and interpret the form if an applicant or recipient requests it. See [ACL 22-56](#).

Additionally, the HHSA must provide auxiliary aids and services to persons with vision, hearing, or speech disabilities, where applicable. More information regarding provisions for services to applicants and recipients who have limited English proficiency or who have disabilities can be found in [MPP section 21-115](#) and [ACL 19-45](#).

If you have questions or need additional guidance regarding the information in this letter, contact the Early Engagement & Eligibility Bureau at CWEligibilityPolicy@dss.ca.gov.

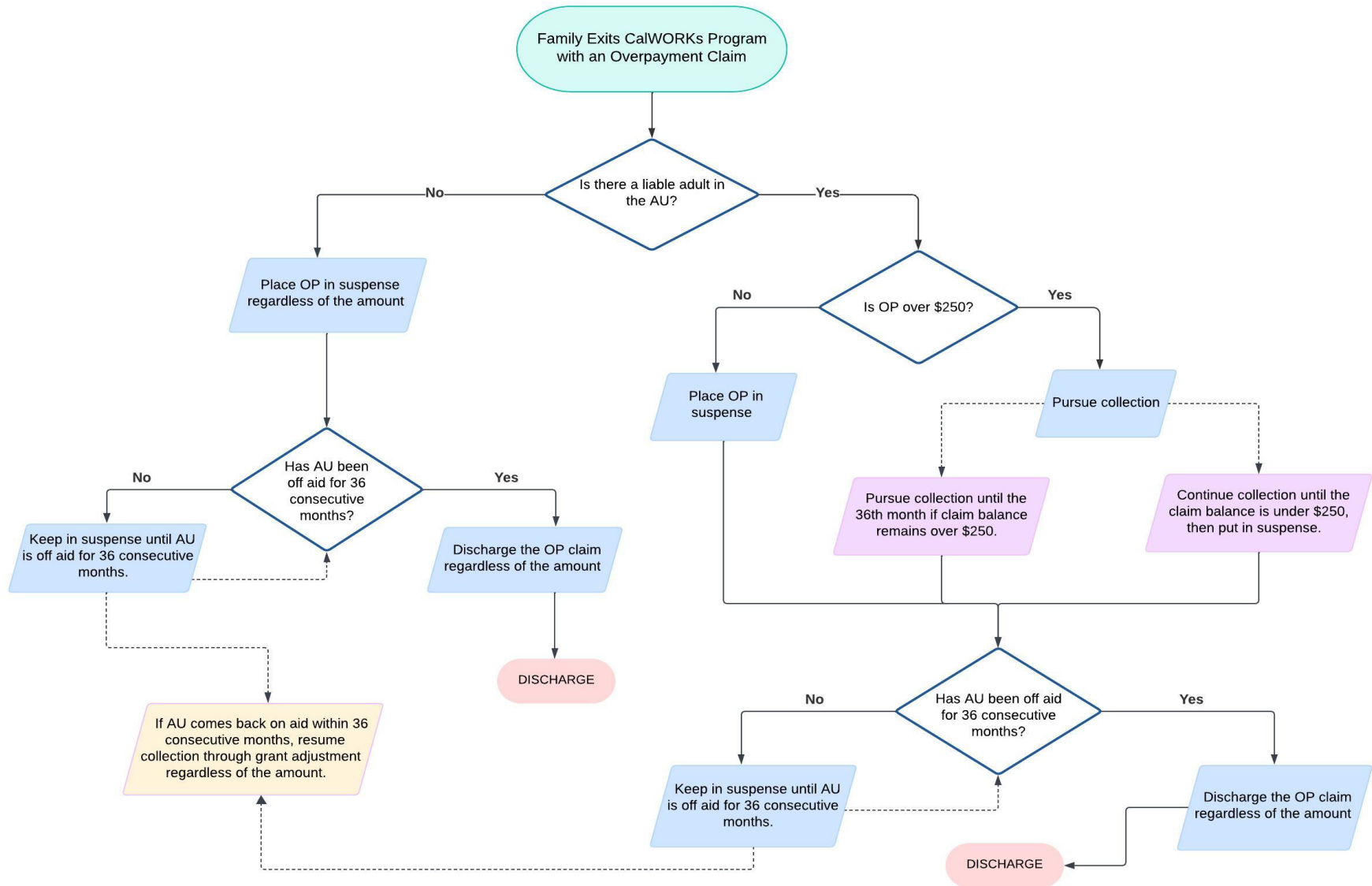
Sincerely,

Original Document Signed By

ALEXIS FERNÁNDEZ GARCIA
Deputy Director
Family Engagement and Empowerment Division

Attachments

FIGURE 1: OVERPAYMENT DISCHARGE FLOW



ATTACHMENT 2

State of California
Department of Social Services

Page 1 of 1
Noa Msg Doc No: M44-353
Action: Overpayment Discharge
Title: Notice of Overpayment Discharge

Auto ID No:
Source:
Issue by: ACL No. 24-84
Reg Cite: 44-353, WIC 11004

Use Form No.: None
Original Date: 10-01-2019
Revision Date: 11-01-24

MESSAGE:

As of, Date , the County
found that you, (name) , have
been off CalWORKs cash aid for 36 months
in a row.

As a result, the following CalWORKs
overpayment claim(s) have been discharged
and collection will stop on these claims. This
means you no longer need to make
payments on these overpayments.

Claim #1: From (month/year) to (month/year) = \$(Total OP amount)
Total amount of payments you have made - \$(Amount Paid/Intercepted)
Total amount of discharged overpayment = \$(Amount of OP discharged)

Claim #2: From (month/year) to (month/year) = \$(Total OP amount)
Total amount of payments you have made - \$(Amount Paid/Intercepted)
Total amount of discharged overpayment = \$(Amount of OP discharged)

Claim #3: From (month/year) to (month/year) = \$(Total OP amount)
Total amount of payments you have made - \$(Amount Paid/Intercepted)
Total amount of discharged overpayment = \$(Amount of OP discharged)

If you have any other overpayments that are not listed here, this notice does not change your responsibility to repay them. If you are on a repayment plan for any other overpayments, you should continue to make your payments as agreed. You will get a separate notice about other overpayments if they change. If you have any questions about the overpayments in this notice, call the county phone number listed above.

INSTRUCTIONS: Use to notify of a cash aid overpayment discharge per [WIC 11004](#). Enter the date of the action and the name of the liable individual(s). Specify the amount for each overpayment claim. Specify the amount the county has collected through repayment agreement or tax intercept. Specify the remaining amount (if applicable) that will be discharged. Send the notice to all liable adults on the case. This notice is a stand-alone discharge notice without the NA Back 9.

This message replaces M44-353 dated 02-01-24.

ATTACHMENT 3

State of California
Department of Social Services

Page 1 of 1
Noa Msg Doc No: M44-3500
Action: Overpayment
Suspension/Resumption/Discharge
Title: Suspected Fraud

Auto ID No:
Source:
Issue by: ACL No. 24-84
Reg Cite: 44-352, 20-007, WIC 11004

Use Form No.: NA 290
Original Date: New

MESSAGE:

As of _____, the status of your
CalWORKs overpayment claim number
_____ is changing.

Here's why:

- ☐ Overpayment collection is suspended.
This overpayment claim has been referred to the Special Investigative Unit (SIU) for investigation into suspected fraud. You will receive another notice once the fraud investigation is completed, and a final determination is made on your claim.
- ☐ Overpayment collection is resumed.
This overpayment claim has been determined to be an Intentional Program Violation (IPV).
- ☐ Overpayment claim will be discharged.
You were investigated for suspected fraud, but that investigation has closed. This overpayment claim will be discharged because we did not find proof that you committed fraud.

If you have any other overpayments that are not listed here, this notice does not change your responsibility to repay them. If you are on a repayment plan for any other overpayments, you should continue to make your payments as agreed. You will get a separate notice about other overpayments if they change. If you have any questions about the overpayments in this notice, call the county phone number listed above.

INSTRUCTIONS: Use to notify of a CW overpayment suspension, recoupment or discharge based on the final determination by the Special Investigative Unit (SIU). Enter the date and the overpayment claim number in the action line and check the appropriate box in the body of the message.

ATTACHMENT 4

State of California
Department of Social Services

Page 1 of 1
Noa Msg Doc No: M44-352I
Action: Overpayment Settlement/Discharge
Title: Notice of Settled Overpayment

Auto ID No:
Source:
Issue by: ACL No. 24-84
Reg Cite: 44-352.46, WIC 11004

Use Form No.: NA 290
Original Date: New

MESSAGE:

On date , you have
reached an overpayment settlement
agreement with (county name) County.

As a result, the amount you need to pay has
been changed.

Overpayment claim #: From (month/year) to (month/year) = \$(Total OP amount)

Revised overpayment amount = \$(Settled OP amount)

Amount eligible for discharge = \$(Total OP - settled amount)

If you have any other overpayments that are not listed here, this notice does not change your responsibility to repay them. If you are on a repayment plan for any other overpayments, you should continue to make your payments as agreed. You will get a separate notice about other overpayments if they change. If you have any questions about this notice, contact the county.

INSTRUCTIONS: Use to notify of a cash aid overpayment settled and discharged per [MPP section 44-352.46](#) and [WIC 11004](#). Overpayment settlement applies to both active and closed cases. Enter the overpayment settlement agreement date and county name. Enter the claim number. Specify the overpayment timeframe. Enter the total overpayment amount prior to settlement agreement. Enter the revised overpayment amount. The amount eligible for discharge is the difference between the total overpayment amount minus the settled overpayment amount.