

April 16, 2020

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY WELFARE DIRECTORS LETTER

This letter provides guidance on existing policy and flexibilities available to county welfare departments relating to collection processes affected by the statewide outbreak of coronavirus disease 2020 (COVID-19 or novel coronavirus) through July 15, 2020.



KIM JOHNSON
DIRECTOR

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DEPARTMENT OF SOCIAL SERVICES
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GOVERNOR

April 16, 2020

ALL COUNTY WELFARE DIRECTORS LETTER

TO: ALL COUNTY WELFARE DIRECTORS

FROM: NATASHA NICOLAI, CHIEF DATA STRATEGIST
DEPUTY DIRECTOR
RESEARCH, AUTOMATION, AND DATA DIVISION

SUBJECT: CORONAVIRUS DISEASE 2019 (COVID-19 OR NOVEL
CORONAVIRUS) GUIDANCE ON COLLECTION PROCESSES
THROUGH TAX INTERCEPT AND REPAYMENT AGREEMENTS
WITH FORMER CALIFORNIA WORK OPPORTUNITY AND
RESPONSIBILITY TO KIDS (CALWORKS) AND CALFRESH
PROGRAM PARTICIPANTS

The purpose of this All County Welfare Directors Letter (ACWDL) is to provide County Welfare Departments (CWD) guidance and clarification pertaining to temporary changes in the Treasury Offset Program (TOP) and the Franchise Tax Board (FTB) collections of CalWORKs and CalFresh debts due to the COVID-19. Additionally, this ACWDL will provide some flexibility to CWDs to provide to individuals in repayment agreements and refunds.

Tax Intercept Program with the TOP and FTB

On March 25, 2020, the FTB implemented a statewide suspension of all non-tax debt collection, in response to the COVID-19 pandemic. This affects all existing CalFresh and CalWORKs debts from March 25, 2020 through July 15, 2020. Additionally, the California Department of Social Services (Department) received approval from the federal Food and Nutrition Service (FNS) to suspend offsets in TOP for CalFresh debts effective April 6, 2020 through July 6, 2020. The status of each debt in the Department's Welfare Intercept System (WIS) will not be affected since the suspensions are being made on the TOP and FTB systems and no action is required from CWDs. This will allow TOP and FTB to resume the collection process in July 2020 without assistance from CWDs. However, for debts requiring suspension for any other reasons

other than [COVID-19](#), (i.e., repayment agreement, etc.), suspension requests may be submitted to WIS during normal weekly batch schedule. It should be noted that these debts that are suspended by CWDs will not be collected and will remain suspended even when TOP and FTB resume their collection in July 2020. The CWDs will need to submit a Record Type 9 (reactivate) to collect on the debt as necessary in July 2020.

Debt File Submission

The CWDs are advised to delay the submission of all new CalFresh delinquent debts to WIS for TOP tax intercept through July 6, 2020. For submission of new CalWORKs and/or CalFresh debts to the FTB for tax intercept, this submission delay is extended to July 15, 2020. See the Offset Files and SAFE Server section below for more information.

TOP and FTB Pre-Offset and Post Offset Letters

The TOP pre-offset letters will continue to be generated and mailed to individuals who have debts in the WIS that are reaching the 120-day maturity date for TOP submission. The FTB pre-offset and post-offset notices will be suspended as all file submission activities with the FTB tax intercept program have been suspended effective March 25, 2020.

Refunds of Intercepted Funds

While not mandatory, the CWDs may approve refund requests from individuals for circumstances related to COVID-19 for TOP (beginning cycle 2006) and FTB offset collections that occurred between March 1, 2020 through July 15, 2020. This can be done on a case-by-case basis following a request from any individual in the former CalFresh and/or CalWORKs household who has been impacted by COVID-19. Any COVID-19 related refunded debts will remain outstanding and be collected from the individual once FTB and TOP resume their collection process in July 2020.

CWDs are required to submit a Record Type 4 (Refund) or follow normal refund CWD business process to post the debt amount back in TOP and FTB. This will help avoid additional CalFresh debt refunds from TOP and ensure that the refunded amount is posted back to TOP and FTB to resume collection in July 2020. There is no automation in place to reverse intercepted funds. Refunds must be processed manually by the CWD following normal business processes for TOP and FTB refunds.

The administrative fee refund policy will remain unchanged during this time. When the entire amount of the offset is refunded the full administrative offset fee must be included in the refund. For partial refunds of offsets, administrative fees must not be included in the refund amount.

Offset Files and the SAFE Server

The CDSS will continue transmitting files to the SAFE secure server. CWDs may continue working any existing reports available on the server. The WIS will continue to process files submitted by CWDs with temporary changes.

A. The WIS **will not** process these record types submitted by CWDs and/or consortia:

- Record type 1 to add new records,
- Record type 7 to increase balances of debts,
- Record type 9 to reactivate suspended records, and
- And all other record type requests accompanied by a Record Type 9.

B. The WIS **will continue** to process the following record types submitted by CWDs and/or consortia:

- Record type 2 to decrease balances of debts,
- Record type 3 to delete records,
- Record type 4 to refund records,
- Record type 8 to suspend records, and
- And all other record type requests not mentioned on section A above.

In cases where CWDs are unable to suspend the submission of those records, the WIS will reject them. The CWDs will receive through WIS the Unprocessables error report containing record submissions that were rejected and are required to be reviewed and resubmitted after July 6, 2020. In addition, debt records that the county manually suspended using a Record Type 8 must be tracked so those may be reactivated later as necessary. Once TOP and FTB resume their collections in July 2020, all CWD-initiated suspended debt records will remain suspended and will not be collected.

WIS Online and SAFE Access

The Department's Program Integrity Bureau will continue to process WIS access requests normally. To request access to the WIS online or the SAFE secure file transfer server email FraudSystemAccess@dss.ca.gov to request access. A Gen 1321 template with instructions will be provided. Completed system forms (Gen 1321) should be emailed to FraudSystemAccess@dss.ca.gov. Original hard copies do not need to be mailed to the System Access Coordinator until further notice.

Coronavirus Aid, Relief and Economic Security (CARES) Act Tax Credits

TOP is exempting non-tax debt collection from any individual receiving a tax credit from the CARES Act passage. No portion of the money received from this Act will be intercepted to pay a CalFresh debt.

Repayment Agreements

The CWDs may continue to accept payments from individuals and enter into new repayment agreements for CalFresh and CalWORKs debts. However, CWDs may also consider modifying CalFresh repayment agreements and/or deferring payments including one-time CalWORKs payments for individuals upon their request to mitigate any further negative effects on those individuals.

Other Collection Activities

All other collection activities such as posting of intercepted amounts, reporting requirements, and issuing notices to individuals should also continue following regular CWD business processes. CDSS will provide guidance on the continuance of benefit reduction during this time of emergency for current CalWORKs and CalFresh recipients under a separate cover.

If you have any questions regarding the information in this letter, please email Analyn Ehmka at Analyn.Ehmka@dss.ca.gov.