

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



December 22, 2003

ALL COUNTY LETTER NO. 03-58

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL FOOD STAMP COORDINATORS
ALL EBT COORDINATORS
ALL COUNTY FISCAL OFFICERS

REASON FOR THIS TRANSMITTAL

- State Law Change
 Federal Law or Regulation Change
 Court Order
 Clarification Requested by One or More Counties
 Initiated by CDSS

SUBJECT: ELECTRONIC BENEFIT TRANSFER (EBT) VOLUNTARY REPAYMENTS AND REPAYMENTS USING EXPUNGED BENEFITS

The purpose of this letter is to describe the processes to be used to accept voluntary repayments from recipients and the processes involved in using expunged EBT benefits to reduce food stamp overissuance balances.

Voluntary Repayment

The EBT system can be used for direct repayment to reduce an existing overpayment or overissuance balance. This function is performed through an administrative terminal transaction in accordance with Sections 4.92 (Account Repayment Screen) and 4.93 (Benefit Type Account Repayment Screen) of the California EBT Administrative Users Guide. Section 4.92 describes the process to be used for a repayment of cash or food stamp benefits and Section 4.93 is to be used to differentiate the repayment of a specific benefit type within an account. Section 4.93 is to be used only in circumstances involving an account containing multiple benefit types (i.e., federal and state food stamp benefits).

(Note: Not all host-to-host interfaces for specific consortia are equipped to process cash repayments via the EBT system. Such counties should continue to process cash repayments using their existing procedures.)

California EBT regulations (Section 16-750.1) specify that prior to any voluntary repayment, written permission must be obtained from the head of household/assistance unit. Please refer to that section for specifics.

The EBT system is designed to accommodate repayment of benefits **only** to the same benefit account. In other words, cash benefits can only be used to repay cash overpayments and food stamp benefits can only be used for food stamp overissuances. Therefore, the EBT system cannot be used to repay a food stamp overissuance with cash program benefits and vice versa. However, a recipient can use cash to repay a food stamp overissuance by using their EBT card to obtain cash (at an Automated Teller

Machine or Point of Sale Device) and submitting the currency to the County Welfare Department (CWD). In such a scenario, the CWD should continue to follow whatever existing procedures are in place for repayment using cash. Regardless of whether the repayment is accomplished via the EBT system or through the use of currency, it is imperative that both eligibility staff and those county staff responsible for keeping track of outstanding overpayment or overissuance claims be notified that a repayment has occurred and that the repayment be credited appropriately.

Counties are required to report EBT repayments on line 15 of the quarterly Food and Nutrition Services Agency (FNS) 209 report and cash collections are to be reported on line 14 of the report. Standard retention rules governing recoupment apply, unless the repayment or recoupment involves expunged benefits (see below).

Use of Expunged Food Stamp Benefits to Repay Overissuances

Food Stamp benefits that have been unused for 270 days are automatically expunged from the EBT system. Expunged benefits are not maintained on the EBT system. Expunged food stamp benefits are removed from the household's account and are reported to the State by the county's submission of the DFA 885 report (refer to County Fiscal Letter 02/03-18 dated September 23, 2002) resulting in a reduction of the county's federal food stamp obligation.

Federal regulations [(7 CFR 273.18(g)(ii) and State regulations (MPP 16-750)] require that when a CWD becomes aware that a household's food stamp benefits have been expunged, those expunged benefits must be used to adjust the amount of any existing overissuance claim. This adjustment should be performed as soon as is administratively feasible. Again, it is critical that the appropriate county staff responsible for tracking claim balances be notified that an adjustment has occurred.

CWDs will be notified of expunged food stamp benefits via the Inactive/Dormant/Expunged Benefits report which is transmitted to counties on a daily basis. The resultant reduction in the balance of the overissuance claim is to be reported to the State on the quarterly FNS 209 report as an adjustment (not a collection) and there is no associated recoupment retention or incentive funding.

Note: Expunged CalWORKs benefits cannot be used against overpayment claims because such benefits must be reactivated and reissued to recipients upon contact or reapplication. For this reason, it is recommended that CWDs archive their cash expungement files. Refer to Manual of Policies and Procedures Section 16-120.13.

Collecting from active (or reactivated) EBT benefits

- The county will need written permission from the head of household which may be obtained in advance and done in accordance with manual Section 16-750.

- The household must be provided with a receipt of the transaction.
- Recoupment retention rules apply.

Collecting from stale (inactive/dormant) EBT benefits

- The county must provide written notification (by mail or otherwise) to the household regarding application of inactive/dormant benefits against the outstanding claim.
- The household must be provided with at least 10 days to notify the county that it does not want these benefits used as repayment against the outstanding claim.
- Recoupment retention rules apply.

Using expunged EBT food stamp benefits against an outstanding claim

- The county must adjust the amount of any claim by subtracting any expunged amount from the EBT benefit account that becomes known to the county.
- This can be done at any time.
- Recoupment retention rules do not apply.

If you have any questions, please contact Deborah McFadden, Chief of the Program Integrity Branch, at (916) 654-2125.

Sincerely,

Original Document Signed By:

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

c: CWDA
CSAC