



CDSS

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**DEPARTMENT OF SOCIAL SERVICES**

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June 27, 2014

ALL COUNTY INFORMATION NOTICE I-33-14

REASON FOR THIS TRANSMITTAL

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

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CONSORTIUM PROJECT MANAGERS  
ALL COUNTY CALFRESH PROGRAM SPECIALISTS  
ALL COUNTY FRAUD COORDINATORS  
ALL QUALITY CONTROL COORDINATORS

SUBJECT: CALFRESH OVERISSUANCES

REFERENCE: SENATE BILL 1391, CHAPTER 491, STATUTES OF 2012, CODE OF FEDERAL REGULATIONS SECTION 273.18, UNITED STATES DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE ADMINISTRATIVE NOTICE 12-24, MANUAL OF POLICY AND PROCEDURES SECTIONS 63-801.12, 63-801.222, 63-801.3, 63-801.411, 63-801.43, 63-801.7, 63-801.736(a), 63-801.736(b), ALL COUNTY LETTER 11-26, 13-79, and 13-79E, ALL COUNTY INFORMATION NOTICE I-24-13, UNITED STATES DEPARTMENT OF AGRICULTURE WAIVER #910533

The purpose of this All County Information Notice is to provide policy clarification regarding the establishment and collection of CalFresh overissuances as outlined in All County Letters 13-79 and 13-79E and sections of Manual of Policy and Procedures (MPP) 63-801.

CalFresh Overissuance Process

Per discussions with the Federal Nutrition Service, thresholds for overissuances are a pre-establishment cost effectiveness evaluation and are weighed before the establishment of the overissuance. Therefore, overissuance thresholds are applied at the date of discovery of the overissuance. The Department defines the date of discovery of any overissuance as the date the overissuance is calculated. Federal rules

state that an overissuance is established when the initial notice of action is sent (see MPP 63-801.43). Furthermore, federal rules mandate that once an overissuance has been established, it must be collected through the corresponding collection method(s) listed at MPP Sections 63-801.7.

MPP 63.801.411 states that CWD shall not initiate collection (establishment) action against a CalFresh household (HH) for Inadvertent Household Error (IHE) overissuances if the amount of the overissuance is less than \$35 and the overissuance cannot be recovered by reducing the HH's allotment. The establishment for AE overissuances is explained in greater detail below.

Example: In August, the CWD receives information (considered Verified Upon Receipt) that shows a greater amount of earned income for a HH than was reported on the SAR 7. The CWD reviews the case file and determines that the overissuance is an IHE and calculates the amount of the IHE on August 10<sup>th</sup> (the date of discovery). The calculation of the IHE is \$100. At this time, the CWD determines if the overissuance meets the IHE threshold. Since the IHE overissuance is above \$35, the CWD will establish the claim and pursue the appropriate collection method.

#### AE Threshold for Participating CalFresh Households

Currently, MPP Sections 63-801.12 and 63-801.411(a) state that AE overissuances of \$35 or less are not established nor collected. On October 7, 1991 the Department was granted a waiver (#910533) by the United States Department of Agriculture that allows the state to not establish AE overissuances of \$35 or less. On August 18, 1992, this waiver was granted indefinitely. This \$35 threshold remains effective for AE overissuances for participating (active) HH even with the passage of Senate Bill 1391 as outlined in ACL 13-79. Therefore, counties shall only establish and collect AE overissuances for participating CalFresh HH if the AE overissuance is above \$35 as specified in the MPP sections listed above.

If counties have already established and/or begun collections on any AE OIs that were \$35 or less, those established AE OIs are to be terminated and any collections of those AE OIs will need to be reimbursed to the CalFresh HH as specified in MPP 63-802.1.

#### AE Threshold for Non-Participating CalFresh Households

Senate Bill 1391 raised the overissuance threshold to above \$125 for non-participating (inactive) CalFresh HH. Therefore, the AE overissuance threshold of above \$125 referenced in ACLs 13-79 and 13-79E **only** applies to non-participating (inactive) CalFresh HH.

AE Overissuance Establishment for CalFresh Households to be Discontinued

If an AE overissuance that is above \$35 and less than \$125 is discovered for an active CalFresh HH and it has been determined that the HH will be ineligible for CalFresh benefits prior to the establishment of the AE overissuance, the county will not establish a claim for that AE overissuance. However, if the CalFresh HH's eligibility is re-established the month following discontinuance (due to either good cause or the discontinuance was rescinded) with no break in aid, the previously discovered AE overissuance will be established.

If the AE overissuance is above \$125, regardless of the HH's future eligibility for CalFresh benefits, the county will establish a claim for the AE overissuance and pursue the appropriate collection.

**Example 1:** The CWD discovers (calculates) an AE overissuance of \$102 for a CalFresh SAR HH during June. This HH is set to discontinue at the end of June due to non-receipt of the SAR 7. Since the HH will be discontinued before the establishment of the AE overissuance **and** the AE overissuance is less than \$125, the CWD will not establish the AE overissuance. However, the HH turns in a completed SAR 7 on July 6<sup>th</sup> with good cause and benefits are issued for the complete month of July. The CWD will begin the establishment process for the \$102 AE overissuance. If the discontinuance remains effective or the HH's eligibility is restored in July, the HH experienced a break in aid and the CWD will not begin the establishment process for the previously discovered \$102 AE overissuance.

**Example 2:** Same scenario as above, however, the discovered AE overissuance is \$127. Although the household will be discontinued on June 30, the overissuance calculation is above the \$125 threshold and the county will establish the AE overissuance and pursue collection.

If you have any questions regarding the content of this letter, please contact your policy consultant or the CalFresh Policy Bureau at (916) 654-1896.

Sincerely,

***Original Document Signed By:***

LINDA PATTERSON, Chief  
CalFresh Branch