



CDSS

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**DEPARTMENT OF SOCIAL SERVICES**

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EDMUND G. BROWN JR.  
GOVERNOR

October 04, 2011

ALL COUNTY INFORMATION NOTICE NO. I-68-11

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CalWORKs PROGRAM SPECIALISTS  
ALL COUNTY SPECIAL INVESTIGATIVE UNIT CHIEFS  
ALL COUNTY CONSORTIUM PROJECT MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS  
(CalWORKs) PROGRAM: COMPROMISING OR SUSPENDING  
COLLECTION OF NON-FRAUDULENT OVERPAYMENTS (OPs)

REFERENCES: MANUAL OF POLICIES AND PROCEDURES (MPP) SECTIONS  
44-352.46; 44-350.161; 20-003; CODE OF FEDERAL REGULATIONS  
45 CFR 233.20(a)(13); ALL COUNTY LETTER (ACL) 00-08

The purpose of this letter is to remind counties that regulations provide them the option to compromise the amount or suspend the collection of non-fraudulent OPs in the CalWORKs program when it is not cost-effective to pursue them. MPP Section 44-352.46 gives the counties authority to arrive at a reasonable settlement of their demand for repayment and MPP Section 44-350.161(b) explains what factors should be considered when evaluating the cost-effectiveness of pursuing OP collections.

Counties may consider this option as a means to minimize administrative burden while, at the same time, pursuing more cost-effective county practices. This policy may be particularly effective when the responsible party is no longer receiving aid or when the cost of a hearing would exceed the debt. Costs which counties should consider when determining cost-effectiveness are: total administrative and personnel costs, legal filing fees, investigative costs, state hearing costs, and any other applicable costs.

Each county must determine what amount is cost-effective in their county and be able to provide their methodology upon request. Per ACL 00-08, these policies and procedures must be in writing and be made available to the public upon request.

Collection of non-cost-effective, non-fraudulent OPs may be compromised or suspended; however, the OP claims must not be cancelled (MPP Section 44-350.161(a)). Federal law requires that states maintain information regarding uncollected OPs to enable the state to recover those claims if the individual subsequently becomes a recipient. If however, the OP is compromised (a reasonable settlement is reached) rather than suspended, the county is permanently limited to collecting only the compromised amount. These suspended or compromised OPs should be reported on line 5 of the CA 812: "Overpayments for which collection will not be pursued."

Federal law requires that in cases involving fraud, every effort shall be made to collect the OP, regardless of the amount, so collection of fraudulent OPs shall not be compromised or suspended. (See MPP Section 20-003 for a definition of fraud.)

For guidance regarding compromising claims in the CalFresh program, please see ACLs 00-59 and 00-87 or 7 CFR 273.18 (e)(7)(i) and 7 CFR 271.4(b).

If you have any questions regarding this letter, please contact the CalWORKs Eligibility Bureau at (916) 654-1322.

Sincerely,

***Original Document Signed By:***

KÄREN DICKERSON, Chief  
Employment and Eligibility Branch