

26. Supplemental Payments/Claims

26.1 Definitions

Term	Definition	Manual Section (If Applicable)
Administrative Error (AE)	An overissuance caused by county error when all information necessary was available at the time of the issuance.	63-801.22
Date of Discovery	The date that the budget is actually computed, showing that an overissuance occurred.	63-801.111
Disqualified Recipient	Those persons in a CalFresh household who are ineligible to receive benefits. The income and resources of these persons are still counted when determining eligibility and benefits.	63-402.22
Date Claim Established	The date the adequate demand notice (Notice of Action with the Repayment Agreement) is issued to the client.	
Inadvertent Household Error (IHE)	An overissuance caused by a misunderstanding or unintentional error on the part of the household, or the sponsor of a noncitizen household. In most cases an overissuance which results from errors on the part of both the county and the household is considered an IHE. [Refer to “ Combined AE/IHE Overissuances ,” page 26-5] for additional information.] An overissuance which results from intentional non-reporting by the household is considered an IHE until it is legally declared to be an intentional program violation (IPV).	63-801.21
Intentional Program Violation (IPV)	An overissuance that has been judged by an Administrative Disqualification Hearing official, or by a court of the appropriate jurisdiction, as being caused by misrepresentation or concealment of the material facts by the household.	63-801.23
Supplemental Payments	Benefits that were not received due to an underissuance.	63-802.1
Offset Benefits	The process used to balance an underissuance against an overissuance.	63-802.54
Overissuance	The amount by which the allotment issued to a household exceeds the amount it was eligible to receive.	63-102.0
Underissuance	The difference in allotment when a household received less benefits than it was entitled to receive.	63-102.U(1)

26.2 Underissuances/Supplemental Payments

26.2.1 Regulation [63-802.1]

The EW must automatically restore supplemental payments when there is:

- An underissuance resulting from an administrative error, such as, but not limited to:
 - An erroneous denial.
 - An erroneous termination.
 - A delayed allotment issuance.
 - An allotment underissuance.
- A legal action as a result of:
 - A State Hearing decision, or
 - A court decision.
- A regulation which states supplemental payments must be restored.
- Any other agency determination of supplemental payments.

26.3 12-Month Time Limit

26.3.1 Regulation [63-802.12, 63-802.14]

Supplemental payments shall not be issued more than 12 months prior to:

- The date the EW receives a request for restoration, either orally or in writing, from the household.
- The date the County is notified or otherwise discovers in the normal course of business that a loss to a household has occurred.



Example:

The EW discovers in 12/02 that CalFresh were underissued for the last three years. The date of discovery is 12/02. Supplemental payments should be issued for 12/01 through 11/02.

- The date that a State Hearing was initiated, UNLESS:
 - A request for restoration from the household occurred at an earlier date than that of the State Hearing, or

- The EW discovers that supplemental payments should have been restored at an earlier date than that of the State Hearing.

**Note:**

In both of these instances, supplemental payments shall be issued from whichever date is earlier. This may be more than 12 months prior to the initiation of the State Hearing.

- The date judicial (court) action was initiated.
- The date of the notification to the EW that an Intentional Program Violation decision decided by the court has been reversed by the court.
- The date of the disqualification NOA (DFA 377.7A) if:
 - The decision of an Intentional Program Violation is reversed by judicial (court) action, AND
 - The decision to disqualify the individual was the result of an administrative disqualification hearing, AND
 - The individual PARTICIPATED in the hearing.

**Exception:**

If specified elsewhere in the regulations, supplemental payments may be issued for a period that is more than 12 months prior to the date of discovery. This may occur due to court orders (such as *Jones v. Yeutter*).

26.3.2 Calculation [63-802.5]

The amount of supplemental payments which must be issued is the difference between the smaller allotment which was received and the allotment which should have been received. The loss must be calculated for those months in which:

1. The household participated and received an incorrect allotment, or
2. The household should have participated but did not, due to:
 - a. An erroneous denial.
 - (1) Applicants -- begin with the month of application.
 - (2) Reapplication -- begin with the month following the expiration of the certification period.
 - b. An eligible household's application was delayed beyond the required application time frames.

- c. An erroneous discontinuance.

The EW must determine if the household (or household member) was actually eligible for the months of the alleged supplemental payments. If a household cannot provide the verifications needed to make an eligibility determination within 15 days, the household must be considered ineligible.

26.3.3 Method of Restoration [63-802]

All supplemental payments must be restored to a household, whether the household is currently receiving CalFresh or not, providing no outstanding IHE or IPV overissuance claim remains unpaid. Unpaid claims include those belonging to ANY adult household member who is responsible for an overissuance which occurred in any household.

The County Welfare Department (CWD) is permanently enjoined under the “*Lopez v. Glickman*” court order from offsetting an Administrative Error (AE) overissuance (O/I) against any amount of supplemental payment which have not yet been restored to the household.



Note:

Even if the household has signed a voluntary repayment plan on an AE O/I, the supplemental payments may NOT be used to offset this AE O/I.

Follow these steps to restore supplemental payments to the household.

Step	Action
1.	The lost benefit amount is computed by revising the information in CalWIN.
2.	Determine the outstanding balances on any Inadvertent Household Error (IHE) or Intentional Program Violation (IPV) overissuance claims in all affected households, whether unpaid, suspended or terminated. NOTE: The <i>Lopez v Glickman</i> Court Order prohibits the offsetting of an Administrative Error (AE) overissuance claim against an underissuance (Supplemental Payments).
3.	Subtract the lost benefit amount from the IHE and/or IPV overissuance outstanding claim amount. <ul style="list-style-type: none"> • Make all necessary computer entries. • Send a Notice of Action (NOA) advising household of ALL offset activities, balance remaining on overissuance claim(s), and availability of any remaining supplemental payments. • Supplemental payments owed from an INITIAL month CANNOT be used to offset an IPV OR IHE overissuance claim. However, the supplemental payments owed for the following months shall be used to reduce any unpaid, suspended or terminated IPV or IHE claim. <p>EXAMPLE: A household is entitled to supplemental payments of \$50 monthly for January through June. January was the first month of benefits. The household also has a \$100 IHE overissuance. This \$100 IHE overissuance may be subtracted from the supplemental payments owed for February to June, but may not be subtracted from the \$50 supplemental payments owed for January, the initial month.</p>

Step	Action
4.	<p>Issue any remaining supplemental payments to the household. Make Computer entries. If requested by the household, issue supplemental payments in monthly installments. If the household moves to another county or state, or is ineligible in this county:</p> <ul style="list-style-type: none"> • Issue supplemental payments in a lump sum prior to the move, if possible. • Use the proper NOA for ineligible cases, whether in this county or elsewhere. <p>If the household has changed membership:</p> <ul style="list-style-type: none"> • Issue the supplemental payments to the household containing the majority of the individuals who were household members at the time the loss occurred. • If the household with the majority of members at the time of the loss occurred cannot be located, restore the supplemental payments to the household containing the HEAD of the household at the time the loss occurred.
5.	<p>Ensure that the Benefit Recovery subsystem has the following correct information:</p> <ul style="list-style-type: none"> • Date and amount of underissuance. • Cause. • Amount of supplemental payments, if any, used to balance an overissuance. • Date supplemental payments are issued.

26.4 Overissuance Types

There are three types of overissuances:

- Administrative Error (AE)
- Inadvertent Household Error (IHE)
- Intentional Program Violation (IPV).

26.5 Combined AE/IHE Overissuances

When an overissuance is caused by both Administrative Error (AE) and Inadvertent Household Error (IHE), it is classified as an Inadvertent Household Error. [See EXCEPTION below.] The overissuance would be classified an IHE IF:

- The information was not received by the county in a TIMELY manner to prevent the over-issuance, or
- The information was INCOMPLETE, or

- There were two or more different reasons for the overissuance and the county only had information/verification on one of them.



Example:

IEVS report dated 08/27/09 shows client received UIB in late 07/09. The 07/09 SAR 7 reports no income. The IEVS information was NOT received in time for the worker to prevent an overissuance from occurring in 09/09.

IF...	AND...	THEN the OI is CLASSIFIED AS...
IEVS information is not received in time for the worker to prevent an overissuance,	The client reported no income on the SAR 7&	IHE



Example:

IEVS report received 07/13/09 showing client received a UIB check on 07/03/09 with a balance on the claim of \$0. The SAR 7 reports just one UIB check for 07/09. Since the claims balance is \$0, the EW doesn't anticipate any UIB for the upcoming SAR Payment Period. The following month another IEVS report is received showing the client received a second UIB check in 07/09 (filed for an extension on UIB) which was NOT reported. In this case, the EW didn't have COMPLETE information in order to prevent the overissuance from occurring.

IF...	AND...	THEN the OI is CLASSIFIED AS...
IEVS information indicates that the income has stopped or exhausted or the worker didn't have complete information to reasonably anticipate future income,	The client reported the income received in the submit month	IHE

**Example:**

IEVS report received 08/03/09 showing client received 2 UIB checks in 08/09. The 08/09 SAR 7 reports no income. EW fails to “Y” the case for 09/09. The following month when the 2nd IEVS report is received, the EW discovers the error and contacts the client. It is then discovered that the client’s daughter moved out of the home three months ago and this information was also NOT reported. SSA only had information on one of the causes of the overissuance.

IF...	AND...	THEN the OI is CLASSIFIED AS...
The EW only has partial information,	The client reported no income on the SAR 7 or failed to report changes	IHE

EXCEPTION

When an overissuance is caused by both an Administrative Error (AE) and an Inadvertent Household Error (IHE), it is classified as an Administrative Error IF the county had ALL the information in a TIMELY MANNER to prevent the overissuance, even though the client did not report the income/information.

**Example:**

IEVS report dated 08/07/09 shows client received 2 UIB payments in 08/09. 08/09 SAR 7 received on 09/11/09 reports no income. EW fails to enter a “Y” suspense/hold for 10/09 or to enter the UIB into the 10/09 budget. The following month when the 2nd IEVS report is received, the EW discovers the error and takes appropriate action for the future month. Since the IEVS information was complete for 08/09 and was received in time for the worker to prevent an overissuance from occurring in 10/09, this overissuance would be classified as an Administrative Error.

IF...	AND...	THEN the OI is CLASSIFIED AS...
IEVS report show income,	The client reported no income on the SAR 7 (received by the 11th),	AE Note: If the SAR 7 was received <u>after</u> the 11th the OI is classified as an IHE

26.6 IHE to IPV Conversion

An IHE overissuance becomes an IPV overissuance when:

- A judge or an administrative disqualification hearing official has determined that a household member or the sponsor had committed an IPV,
or
- An individual accused of an IPV has signed either:
 - A “Disqualification Consent Agreement” (DFA 478), OR
 - A “Waiver of Rights to an Administrative Disqualification Hearing.”

26.7 Administrative Error (AE)

26.7.1 Definition [63-801.22]

An Administrative Error (AE) claim occurs when the County has the information but fails to act correctly, and an overissuance results. Causes of an AE may include, but are not limited to, the situations described on the next page.

26.7.2 CE Households

Categorical Eligibility (CE) status cannot be rescinded, even if it is later determined that the household was ineligible for Public Assistance (PA).

An AE overissuance claim shall not be established for a CE household unless the County incorrectly determined:

- The number of persons in the household, or
- The household's NET income (based on income or deductions).

26.7.3 Causes

Failure to Act

Treat an overissuance which results from County failure to take prompt action on a change reported by the household as an AE overissuance.



Example:

A household reports on its “Eligibility/Status Report” (SAR 7) that the mother started a temporary job that should last for the next six months and she is making \$1800 monthly. The SAR 7 is received in a timely manner. All verifications are attached. The household is ineligible

for CalWORKs for the future month. However, the EW is on vacation and no action is taken until it is too late to give a 10-day notice to discontinue CalWORKs and decrease CalFresh benefits for the future month. An AE overissuance claim must be filed.

Nonassistance (NA) or CE household:	Complete an overissuance claim. (The overissuance counts for the CE household because it is due to a change in net income.)
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Incorrect Computation

Treat an overissuance which results when the County incorrectly computed the household's income or deductions as an AE overissuance.



Example:

A household reports on its SAR 7 that their rent decreased from \$600 to \$450/month. The EW incorrectly changes the rent to \$540.

NA or CE household:	An overissuance claim is established. (The overissuance counts for the CE household because it is due to a change in net income.)
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Expired Certification

Treat an overissuance which results when the County continues to provide CalFresh benefits to a household after its certification period has expired without a reapplication determination as an AE overissuance.



Example:

A household requests a State Hearing regarding the discontinuance of its CalFresh allotment due to excess income. The discontinuance coincides with the end of the certification period. The Appeals Unit notifies the EW that the household should receive aid paid pending the outcome of the hearing. The EW restores CalFresh as aid paid pending without taking a new CF 285 or SAWS 2 Plus which are required because the certification period has expired. The aid paid pending benefits are considered an AE overissuance.

NA household:	An overissuance claim is established.
CE household:	There is no overissuance. A claim may not be filed against a CE household unless it is based on a change in net income or household size.

Computer Error

Treat an overissuance caused by a breakdown in County processing as an AE overissuance.



Example:

There is a computer breakdown and the NOA is printed too late to give 10 days notice.

NA household:	An overissuance claim is established.
CE household:	There is no overissuance. A claim may not be filed against a CE household unless it is based on a change in net income or household size.

26.8 Inadvertent Household Error (IHE)

26.8.1 Definition [63-801.21]

An Inadvertent Household Error (IHE) overissuance is one which was caused by a misunderstanding or error on the part of the household or the sponsor of a noncitizen household.

26.8.2 CE Households

An IHE claim must not be filed against a CE household unless the overissuance is due to a change in net income (based on income or deductions) or household size.

CE household status cannot be rescinded, even if a household is later determined to have been ineligible for federal PA.

26.8.3 Failure to Provide Correct/Complete Information

An overissuance due to a household's or sponsor's failure to provide correct or complete information must be considered an IHE overissuance.



Example:

Change Reporting Household Example:

A client begins a new job and tells the EW that a paycheck will be received twice a month. The EW anticipates the paychecks as stated. When the client sends in all verifications, the EW discovers that the client receives his paychecks bi-weekly.

NA or CE household:	An IHE overissuance claim is established. (The overissuance counts for the CE household because it is due to a change in net income.)
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Example:

SAR Household Example:

A client submits her June SAR 7 timely in July, stating that her UIB benefits stopped in May. She sends the notice of exhaustion of benefits along with her report. Three months later, a UIB abstract is received by the EW showing that she has been receiving UIB since June when she filed an extension. When contacted, the client declares that since this is an extension on her original UIB claim she thought we already knew about it, so she did not think she needed to report it.

NA or CE household:	An IHE overissuance claim is established for August. (The overissuance counts for the CE household because it is due to a change in net income.)
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26.8.4 Failure to Report Changes

An overissuance which results from a household's failure to report changes in household composition, income, property (for NA households, only), or the circumstances of a sponsor is considered an IHE overissuance.



Note:

The overissuance begins in the first month that the benefits would have been affected, if the client had reported timely. For a SAR household, this is usually the first month of the upcoming SAR Payment Period. For a Change reporting household, this is at the first of the month after the month in which the 10-10-10 day period (10 days for the client to report, 10 days for the worker to take action and 10 days for a timely Notice of Action) ends.

**Example:**

SAR Period: January through June

A client's younger child is in a car accident and is in the hospital from 3/16 through 9/5. As she expects the child to return, the mother does not report the information until recertification. The household is a SAR household.

NA or CE household:	An IHE overissuance claim is established for July through September. The child would have been discontinued June 30 with a ten day notice if the household had reported the change on the May SAR 7. If in September the mother had reported the child returned to the home, the child would have been added back to the CalFresh HH as of October 1 st . (The overissuance counts for the CE household because it is due to a change in household size.)
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26.8.5 Late SAR 7 Eligibility/Status Report

An Inadvertent Household Error (IHE) overissuance **MUST** be established when a recipient submits a late SAR 7 (after the 11th of the SAR submit month) which results in the household receiving more benefits than to which it is entitled because of the county's inability to decrease benefits due to the 10-day notice requirement.

**Reminder:**

If the SAR 7 was received timely (by the 11th of the Submit Month) but was not processed or was processed incorrectly by the county, then an administrative error overissuance must be established if the household received more benefits than to which it was entitled for the SAR Payment Period.

26.8.6 Loss of the Earned Income Deduction [63-801.312]

When determining an overissuance due to the failure of the household to report earned income in a timely manner (by the extended filing date), disallow the 20% earned income deduction on the unreported portion of the earned income.

**Exception:**

When good cause exists for late SAR 7 reporting, the 20% earned income disregard is allowed.

26.8.7 Aid paid pending

An overissuance which results when a household received more benefits than it was entitled to through aid paid pending a fair hearing, which it subsequently lost, is considered an IHE overissuance.



Example:

A student timely reports on her SAR 7 that she received lump sum financial aid. The EW prorates the loan and sends a timely reduction notice for the upcoming SAR Payment Period. The client requests a State Hearing prior to the reduction date and receives the same benefits in the upcoming SAR Payment Period as she received in the current SAR payment period. She loses the appeal.

NA or CE household:	The aid paid pending amount is an overissuance. (The overissuance counts for the CE household because it is due to a change in net income.)
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26.8.8 Collection Time Limit

There is no time limit to pursue collection of an IHE.

26.9 Intentional Program Violation (IPV)

26.9.1 Definition [63-801.23]

An Intentional Program Violation (IPV) overissuance occurs when a household member intentionally:

- Makes a false or misleading statement; misrepresents, conceals or withholds facts.



Example:

A CalWORKs and CalFresh recipient has expenses which exceed her income. When questioned, she admits she has been working full time for the last year.

- Commits any act which constitutes a violation of CalFresh regulations, or any State statute relating to CalFresh:
 - Use
 - Presentation
 - Transfer
 - Acquisition

- Receipt
- Possession

**Example:**

A client trades CalFresh benefits for cash to take a vacation.

26.9.2 Restrictions

An overissuance cannot be classified as an Intentional Program Violation (IPV), unless:

- An administrative disqualification hearing official or a court of appropriate jurisdiction has determined that a household member or the sponsor had committed an IPV,
OR
- An individual accused of an IPV has signed either:
 - A “Disqualification Consent Agreement” (DFA 478), OR
 - A “Waiver of Rights to an Administrative Disqualification Hearing.”

26.9.3 Treatment

An IPV overissuance is treated as an IHE until one of the restrictions above has been met.

26.9.4 CE households

An IPV overissuance claim shall not be established for a CE household unless it is based on a change in:

- The household's net income (based on income or deductions), or
- The number of persons in the household.

CE status cannot be rescinded after benefits are issued, even if the household is later determined to have been ineligible for PA.

26.9.5 Trafficking of Benefits

Definition

“Trafficking” of Benefits is defined as:

- The buying or selling of CalFresh, access devices or authorization documents for cash or consideration other than for eligible food, or

- The exchange of firearms, ammunition, explosives, or controlled substances for CalFresh benefits.

Timeframe

A claim involving the trafficking of CalFresh benefits is established based on the value of the benefits trafficked after a hearing determines that an IPV has been committed. Before a qualifying official makes an IPV determination, claims involving trafficking of benefits are to be established as an IHE. Trafficking of benefits must be established by the end of the SAR period following the period in which the offense was discovered and for the value of the benefits trafficked.

26.10 Determination Chart

Use this chart to determine whether an overissuance has occurred and to identify the type of overissuance based on household type.

Classify the Overissuance As:	If the Household (HH) Type Is:	
	Nonassistance (NA) and:	Categorically Eligible (CE) and:
Administrative Error (AE)	County failed to act promptly on a change reported by the client.	County failed to act promptly on a change reported by the client. AND County incorrectly determined the HH's NET income (based on income or deductions) or HH size.
	County incorrectly budgeted income or deductions, or authorized an incorrect allotment.	County incorrectly budgeted income or deductions, or authorized an incorrect allotment. AND County incorrectly determined the HH's NET income (based on income or deductions) or HH size.
	County incorrectly issued benefits after the expiration of the certification period, and without recertification	County incorrectly issued benefits after the expiration of the certification period, and without recertification AND County incorrectly determined the HH's NET income (based on income or deductions) or HH size.
	County failed to reduce benefits when the PA grant (CalWORKs, RCA) approved on a joint CalWORKs/CalFresh application	County failed to reduce benefits when the PA grant (CalWORKs, RCA) was approved on a joint CalWORKs/CalFresh application. AND County incorrectly determined the HH's NET income (based on income or deductions) or HH size.
Inadvertent Household Error (IHE)	Misunderstanding or error by HH or sponsor. [Refer for "IPV" on SC 54.]	Misunderstanding or error by HH or sponsor in reporting a change in NET income (based on income or deductions) or HH size.
	HH failed to provide correct/complete information.	HH failed to provide correct/complete information about a change in NET income or (based on income or deductions) or HH size.

Classify the Overissuance As:	If the Household (HH) Type Is:	
	Nonassistance (NA) and:	Categorically Eligible (CE) and:
	HH failed to report changes in the HH's sponsor's circumstances.	HH failed to report changes in the HH's/sponsor's NET income (based on income or deductions) or HH size.
	HH received more benefits than it was entitled to pending a State hearing decision which it lost.	HH received more benefits than it was entitled to (due to a change in NET income [based on income or deductions] or HH size) pending a State hearing decision which the HH lost.
Intentional Program Violation (IPV)	<p>The HH intentionally makes a false/misleading statement; misrepresents, conceals or withholds facts or violates CalFresh regulations on benefits. This is decided by one of the following:</p> <ul style="list-style-type: none"> An administrative disqualification hearing decision or court order has declared that an IPV occurred. <p>OR</p> <ul style="list-style-type: none"> The accused individual has signed a "Disqualification Consent Agreement" (DFA 478) or a "Waiver of Rights to Administrative Disqualification Hearing" (DPA 479) 	Same as for NA households, except that the overissuance must be due to a change in net income (based on income or deductions) or HH composition.

26.10.1 Client’s Right to Dispute IHE Determination

Under the *Lomeli v. Saenz* court case settlement, CalFresh households that have overissuances classified as Inadvertent Household Errors must be afforded an opportunity to request a hearing to dispute the findings. In other words, the client has the right to try to establish that the overissuance was administratively caused and should be classified as an Administrative Error overissuance instead.

The Inadvertent Household Error overissuance Notices of Action (NOA) informs households of this option.

26.11 Establishing a Claim (MPP 63.801.411)

26.11.1 Dollar Limit

An overissuance claim must be completed for each overissuance for the COMBINED months of the overissuance.

26.11.2 Administrative Overissuance Threshold

Active Cases:

AE overissuances of \$35 or less are not established nor collected for active households.

Inactive Cases:

Effective June 1, 2019, Senate Bill (SB) 278 raises the threshold for the establishment of an AE OI to \$400 for inactive households. Therefore, AE OI of \$400 or less should not be established if the household is no longer receiving CalFresh benefits.

Cases to be Discontinued:

If an AE O/I that is \$400 or less is discovered for an active HH and it has been determined that the HH will be ineligible for CF benefits prior to the establishment of the AE O/I, the EW must not establish a claim for that AE O/I.



Exception:

If the HH's eligibility is reestablished the month following discontinuance (the discontinuance is rescinded or CalFresh benefits are restored, the previously discovered AE O/I must be established.

If the AE O/I is above \$400, regardless of the HH's future eligibility for CalFresh benefits, a claim for the AE O/I must be established and the appropriate collection must be pursued.



Example:

The EW discovers an O/I of \$350 for a 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 O/I and the AE O/I is less than \$400, the EW must not establish the AE O/I. However, the HH turns in a completed SAR 7 on July 6th with good cause and benefits are issued for the complete month of July, the EW must begin the establishment process for the \$350 AE O/I. If the discontinuance remains effective or the HH's eligibility is restored in July, the HH experienced a break in aid and the EW must NOT establish for the previously discovered \$350 AE overissuance.



Example:

Same scenario as above, however, the discovered O/I is \$450. Although the household will be discontinued on June 30, the O/I is above the \$400 threshold and the county must establish the AE O/I and pursue collection.

Multiple AE OI Claims

If an inactive CalFresh household has more than one AE OI, each is to be treated as separate and they should not be combined into a single claim to meet the \$400 threshold.



Example:

The County determines that an inactive CalFresh household has two separate \$250 AE OI occurrences. These two separate AE OIs are not to be combined into a single \$500 overissuance claim to meet the \$400 threshold. Since each of the separate AE OIs are less than the \$400 threshold, no AE OI claims should be established.

26.11.3 IHE Threshold

Active Cases

There is no threshold to establish overissuance claims.

Inactive Cases

If the amount of the overissuance is \$400 or less, the OI cannot be recovered by reducing the HH's allotment (e.g., CalFresh is discontinued), the county must not establish a claim against a CalFresh household.

26.11.4 Collecting Claims

The chart below shows when to establish an overissuance claim for an overissuance:

IF THE OVERISSUANCE IS...	AND THE DOLLAR AMOUNT OF THE CLAIM FOR ALL MONTHS COMBINED IS...	CASE STATUS	THEN...
An AE OI,	\$35 or less	Open	Do not establish an OI claim.
An IHE claim,	\$1 or more	Open	Establish an OI claim.
An AE & IHE claim discovered on or after 6/1/2019,	\$400 or less	Closed	Do not establish an OI claim.
An IPV	\$1 or more	Open/Closed	Establish an OI claim.

**Example:**Inactive Household:

The EW failed to remove a person from the budget, resulting in an overissuance of \$50 per month over a six-month period. The household becomes ineligible for CalFresh. Since the total overissuance amount is below the threshold (\$400) and the household is no longer receiving CalFresh benefits, no OI claim should be established.

**Example:**Active Household:

The same scenario as above but the household continues receiving CalFresh benefits. An AE OI claim should be established and collection must be processed.

**Example:**Inactive Household:

A computer error resulted in a \$100 AE overissuance in March. In April, the EW forgot to enter decreased housing costs, resulting in a second overissuance of \$30. These are two separate overissuances because they were caused by two separate errors. Therefore, each overissuance is considered separately. Since each is under \$400, neither one requires an overissuance claim.

26.11.5 Timeframe

An Administrative Error (AE) or Inadvertent Household Error (IHE) overissuance claim **MUST** be established within a three-year timeframe. As long as one month of the overissuance occurred within this three-year period, then a claim may be established.

As a result of a settlement in the lawsuit of Brown and Espinosa-Tapia v. Lightbourn, effective September 14, 2018, the county can establish a claim and collect on inadvertent household and administrative error OIs issued up to three years prior to the date of discovery. After the three-year timeframe is over, a claim must not be established.

**Example:**

On October 1, 2018, the County discovers that an OI occurred from 01/2015 through 3/2017 due to unreported earnings. A claim **MUST** be established for this overissuance within three years prior to the date of discovery. This means the County can only establish a claim and collect the OI for the period of 10/2015 through 3/2017. Any portion of the OI issued prior to October 2015 cannot be collected as this is beyond the three-year timeframe.

26.11.6 Forms/ Correspondences

The following forms are required when establishing an overissuance claim.

- A “Claim Determination Worksheet” DFA 842 is ALWAYS required for overissuances that occurred before July 15, 2009. A DFA 842 is no longer required for any overissuance that occurred on or after July 15, 2009.



Note:

If the data recorded on the DFA 842 can be obtained from CalWIN for overissuances occurred prior to July 15, 2009, the DFA 842 is not required.

- Hand budgets (DFA 285B/CF 285 SAR) are required when:
 - The overissuance calculation is not displayed in CalWIN.
 - An IHE overissuance becomes an IPV and the 20% earned income deduction must be disallowed on the unreported portion of the earnings.
- If the overissuance is entirely OR partially due to client non-reporting, a fraud referral must be done. Please refer to CalWIN Announcement 155 “Identification of Type of Fraud Referral” for detailed procedure instructions on doing a fraud referral.
- An appropriate Notice of Action must be provided to the household prior to collection of the overissuance. The NOA must include the following information:
 - The amount owed,
 - The type of overissuance (AE, IHE or IPV),
 - The reason for the claim,
 - The period of time the claim covers,
 - How the claim was calculated,
 - Any offsetting that was done to reduce the claim,
 - How the household or its sponsor may pay the claim,
 - The household’s or the sponsor’s right to a state hearing if the household or the sponsor disagrees with the amount of the claim, and
 - That the household has 90 days to request a fair hearing.

An example of the minimum budgeting information required is as follows:

Month	Actual Allotment Received	Correct Allotment	Amount of Overissuance	Adjustment for Returned/Unused Benefits (if any)	Amount of Claim
8/04	500	300	200	50	150
09/04	500	300	200		200
10/04	400	300	100		100

Month	Actual Allotment Received	Correct Allotment	Amount of Overissuance	Adjustment for Returned/Unused Benefits (if any)	Amount of Claim
			Total Amount of Claim:		\$450

26.11.7 Restrictions

An overissuance claim cannot be established when:

- The three-year timeframe to establish an AE or IHE overissuance claim has expired.
- The county failed to ensure that a household:
 - Signed the application forms (SAWS 1 and SAWS 2 or CF 285).
 - Completed a required work registration form.
 - Was certified in the correct county.
- An inaccurate budget estimate was made for a prospectively budgeted month, AND
 - The client reported timely and accurately all the information available to him/her, AND
 - The EW took action timely and accurately on the case based on that information.
- A SAR household reports a mandatory mid-period change:
 - In a timely manner, and there isn't time for the EW to reduce benefits with a 10-day notice of action.
 - In an untimely manner, but the EW would not have had time to reduce benefits with a 10-day notice of action, even if the household had reported timely.



Example:

SAR Period: July through December

On August 11, a CalWORKs/CalFresh household untimely reports that the mother was convicted of a drug felony on July 23. The County acts on the reported information and reduces the September allotment. No claim can be established for August since even if the household had report the change within 10 days, benefits for August could not have been reduced due to the 10-day notice requirement.

- A Change Reporting household reports a change:
 - In a timely manner, and there isn't time for the EW to reduce benefits with a 10 day notice of action.

- In an untimely manner, but the EW would not have had time to reduce benefits with a 10-day notice of action, even if the household had reported timely. Change reporting households are required to report changes within 10 days of their occurrence. The EW is allowed 10 days after a change has been reported to process the change and send a notice of action. The first month of the overissuance is the first month for which the County COULD have given adequate and timely notice.

**Example:**

On July 24, a Change reporting household timely reports a change in household composition that occurred on July 23. The County acts on the reported information and reduces the September allotment. No claim can be established for August.

26.11.8 Multiple Causes

In the Same Month

When an overissuance is due to both Administrative Error (AE) and Inadvertent Household Error (IHE) in the same month, in most cases, it is classified as an IHE. [Refer to “[Combined AE/IHE Overissuances](#),” page 26-5] for exception].

In Different Months

When an overissuance is an Administrative Error (AE) for a period of time and then changes to an Inadvertent Household Error (IHE) due to a subsequent change in circumstances, two separate claims must be established.

**Example:**

On 4/1/00, the client reported a decrease in rent to be effective 5/00 and provided verification. The EW failed to act on it, and on 10/5/00 the overissuance was discovered. The client also failed to report that on 8/31/00, one household member moved out.

There are two overissuance claims. There is an AE overissuance claim for 5/00 through 9/00 due to the rent decrease and an IHE overissuance for 10/00. The overissuance becomes an IHE in 10/00 because of the unreported loss of a household member. (The member's departure should have been reported on the 8/00 SAR 7 in 9/00, allowing time to discontinue the member by 9/30/00. The overissuance in 10/00 is due to both administrative and household error. Combined AE and IHE claims are classified as IHE.)

26.11.9 Missing Information or Verification

Policy

The household must provide any information and verification necessary to compute the correct amount of the overissuance. Follow the chart below when the household refuses or fails to provide information or verification necessary to compute an overissuance.

IF THE HH...	AND...	THEN...
REFUSES to provide information or verification needed to compute the overissuance,		The entire benefit amount for the affected period is considered an overissuance.
FAILS (is unable) to provide VERIFICATION needed to compute the overissuance,	The EW is unable to obtain the missing verification,	Take a "General Affidavit" (CSF 2) from the client as verification, and compute the overissuance based on the information stated in the affidavit.
FAILS (is unable) to provide information/verification about SOMEONE WHO HAS LEFT THE HH,	The EW is unable to obtain the missing information/verification,	Don't compute an overissuance. Document on the Maintain Case Comments window why the overissuance claim was dropped.



Example:

Refusal to Provide

An adult sister moved in with a CalFresh family nine months ago and has been working for the entire nine months. The sisters purchase and prepare food together. The sister does not want to be on CalFresh, and refuses to cooperate in verifying the amount of her earnings for the past nine months.

The entire amount of CalFresh benefits issued from the date when the sister would have been added to the household, if reported timely, is an overissuance.



Example:

Failure to Provide Verification

A household member worked for six months at a local restaurant, never reported the earnings, and was paid "under the table". The employee never received a wage stub, and the employer refuses to provide verification of the earnings.

Have the employee complete a CSF 2 listing the dates and amounts paid, and use this as earnings verification to compute the overissuance.

**Example:**Information/Verification Unavailable for a Former HH Member

The father in a CalFresh household worked without reporting his earnings, and then left the home last month. The mother (who is now the head of household) doesn't know where he is, have any of his past paystubs, or know how much he earned.

Since it is not in her power to provide verification of the now-absent father's earnings, no overissuance can be computed. This must be documented on the **Maintain Case Comments** window. If the father were to later return home, earnings verification needed to compute the overissuance should be requested of him at that time, and an overissuance claim completed.

26.11.10 Reconstructing the Situation

When reconstructing the actual situation as it occurred at the time of the overissuance, look at what should have happened.

CalWORKs Ineligibility When CalFresh Were CE

If the household was classified as categorically eligible (CE) in the month of the overissuance, it remains CE for purposes of the overissuance calculation, even if there was no eligibility for CalWORKs during the month of the overissuance.

**Example:**

A CE household failed to report a \$10,000 bank account and is discovered to have been completely ineligible for CalWORKs. There is no CalFresh overissuance due to excess resources because the household is still considered to have been CE for that time period, and was therefore resource eligible for CalFresh. However, any interest income derived from the bank account must be used to compute an overissuance if it caused a change in the NET income.

**Example:**

A CE household of two people failed to report that the absent parent returned home six months ago and was employed full time. An overissuance exists and should be computed from the month he would have been added to the CalFresh HH had the information been timely reported. The household is still considered to have been CE during the overissuance period.

CalFresh Overissuance Calculation with a CalWORKs Overpayment

When calculating the amount of the CalFresh overissuance, include as income, the ORIGINAL CalWORKs grant amount that the household actually received plus the amount of any income which should have been reported.



Example:

A client received a CalWORKs grant of \$548. The client reported no other income. It is later discovered that there was \$200 in unreported unearned income monthly. When this income is used in the CalWORKs budget, it was determined the client should have received a \$348 CalWORKs grant.

The EW would use the original \$548 CalWORKs grant (the amount the client actually received) and the \$200 unreported unearned income in recomputing the CalFresh budget.

OI Occurred in a Month of Allotment Reduction

When there was an allotment reduction in the overissuance month, include the amount of the allotment reduction in the total overissuance. (Do not add the allotment reduction amount back in to the balance of the previous overissuance which was being adjusted.)



Example:

A \$100 allotment was authorized for 1/03 for a household. Out of this \$100, \$10 was adjusted as an allotment reduction to reduce a previous overissuance balance from \$50 to \$40. The household actually received \$90 in benefits. Later, it is discovered that the household was ineligible for benefits in 1/03. A second overissuance claim of \$100 is established for that month. (\$90 transacted + \$10 adjusted). No change is made to the balance of the first overissuance. It remains at \$40 (less any payments or adjustments subtracted since 1/03).

26.11.11 Time Limit

Calculate the amount of the overissuance which issued up to three years prior to the date of discovery.

Pursuant to the terms of the Brown and Espinosa-Tapia v. Lightbourne settlement, effective September 14, 2018, counties can now only collect on inadvertent household and administrative error OIs issued up to three years prior to the date of discovery, the same timeframe that determines when an OI claim may be established.

**Note:**

Prior to this settlement, counties were required to calculate the amount of AE and IHE OI which occurred during the six years preceding the date the OI was discovered and collect the payments.

**Example:**

On October 1, 2018, the county discovers a CalFresh OI for a CalFresh recipient that occurred from January 1, 2015 through March 31, 2017. The OI was caused by an inadvertent household error (IHE). On October 15, 2018, the county notifies the recipient of the IHE OI.

Under the new OI policy, the county may collect on any portion of the OI issued up to three years prior to the date of discovery. In the above example, the county may only collect on the months of the CalFresh OI occurring three years prior to October 1, 2018. This means the county can only collect and initiate a claim for the period of October 2015 through March 2017. The county cannot collect on any portion of the OI issued prior to October, 2015 as this is beyond the new three-year timeframe.

Date of Discovery

The date of discovery is the date that budget computation indicates that an overissuance occurred.

Date of Claim Establishment

Claims for overissuances (O/Is) are established by documenting the amount of and the reason for the O/I and issuing a demand letter to the client. The date of the demand letter (Notice of Action with the Repayment Agreement) is the date that the claim is established. For AE and IHE O/Is, a claim must be established within a three-year timeframe. [Refer to “Timeframe,” page 26-20.] It is not necessary to send another repayment agreement if there is a gap from when the original repayment agreement was sent and recoupment begins.

**Example:**

On December 24, 2017, the County discovers that an ongoing child support payment of \$50 per month has been reported for the past 75 months, but hasn't been counted in the CalFresh budget. On the same day, the County computes budgets for the 3-year period prior to the “discovery.” On January 3, 2018, the claim is established by the County issuing a Notice of Action that a overissuance has occurred and demanding repayment. The overissuance for December 2014 through December 2017 is documented in the case record.

26.12 Collection of Claims [63-801]

26.12.1 Responsible Persons

Claims collection will be initiated against all ADULT household members (including excluded members) who were members of any household which received an overissuance, even if that adult moves to another household.

**Note:**

Although SSI/SSP recipients may be responsible for the O/I, repayment cannot be demanded from the SSI/SSP benefits.

**Example:**

An overissuance occurs in a household with one adult (the father) and two children. The father leaves the home, and the mother moves in and is added to the household as payee. The overissuance cannot be adjusted from the current CalFresh household because the father, who was the only adult household member when the overissuance occurred, has left the household. The father should be referred to the Public Assistance Collections Unit, which will pursue repayment of the overissuance with him.

**Example:**

An overissuance occurs in a household in which there are five adults: two brothers, their wives, and the mother of one of the wives. The household breaks up and CalFresh are discontinued.

The mother moves in with her son. The son's household receives CalFresh. The overissuance which occurred in the original household must now be adjusted from the son's household.

**Example:**

An overissuance occurs in a household consisting of three adult sisters and five children all receiving CalFresh. The overissuance collection activity begins. Two of the adult sisters and their children move out of the home leaving only one sister and two children active in Case A.

One sister moves in with her boyfriend who is receiving CalFresh with his mother and brother (Case B). Collection activity now begins in Case B as the sister that was active in Case A is now active in Case B.

Household Members Age 18 to 21

Any household member over the age of 18 through 21 is considered to be an “adult child” and must be jointly and individually liable for the value of any overissuance of benefits to the household. If an “adult child” begins to receive CalFresh on his/her own case, the county can collect repayments from this person’s benefits.

Sponsored Noncitizens

A sponsor of a noncitizen and the sponsored noncitizen shall be held jointly and/or individually liable for repayment of an Inadvertent Household Error (IHE) or Intentional Program Violation (IPV) overissuance that results from incorrect information provided by the sponsor.



Example:

A sponsor is contacted to determine the amount of earned income the sponsor's family receives. The father reports and verifies his income, but the wife's income is not reported.

An overissuance occurs when it is discovered that the wife's income was not reported. The sponsored noncitizen would not have been eligible. Collection action shall be initiated against both the sponsored noncitizen and the sponsor.

- Inform the noncitizen's sponsor that neither the sponsor nor his/her spouse shall be held responsible for repayment of the overissuance if the sponsor can demonstrate that he/she had good cause or was not at fault for the incorrect information having been provided to the County.
- A sponsor will be without fault or have good cause for not providing correct information only when the sponsor has met all of his/her responsibilities in providing correct information, but the noncitizen has not.

Trafficking Claims

In instances of trafficking, any person who is connected to the household, such as an authorized representative, who actually traffics or otherwise caused an overissuance or trafficking, is liable for the repayment of the trafficking claim.

26.12.2 Institutional Authorized Representatives

The authorized representative (AR) of an eligible institution is solely responsible for the repayment of an overissuance which occurs while that person is the household's AR.

**Example:**

A resident of an eligible institution begins working part-time as a cook for the institution, and is paid as an employee. The authorized representative does not report this income.

An overissuance occurs because this income was not reported. Collection action should be initiated only AGAINST THE AUTHORIZED REPRESENTATIVE OF THE INSTITUTION. The resident is not responsible. [Refer to “Treatment Center Responsibilities [63-503.476],” page 29-5.]

Limitations [63-801.62]

Claims established PRIOR TO DECEMBER 1, 1986 can only be collected from a household which contains at least half the total number of persons, who were members of the household at the time of the overissuance. These households may consist of an adult(s) and children, children only, or an adult(s) only.

Claims established DECEMBER 1, 1986 OR LATER shall be collected from responsible adults, sponsors or authorized representatives.

26.12.3 Repayment Requirements**Administrative Error (AE) O/Is Which Occurred Prior to 10/1/96**

Only voluntary repayment is permitted for AE O/Is which occurred prior to October 1, 1996. The household may CHOOSE how to repay the overissuance.

Under the “*Aktar v. Anderson*” court order, AE O/I which occurred prior to October 1, 1996 can NOT be collected by any involuntary means including, but not limited to:

- Administrative Collection Notices
- Tax intercept
- Civil Collection procedures (small claims court).

Administrative Error (AE) O/Is that occur ON OR AFTER October 1, 1996

The household must repay an overissuance that occurred on or after October 1, 1996 that was caused by Administrative Error (AE).

- For active cases, use allotment reduction, after 30 days, if the repayment agreement is not returned by the client.
- For closed cases, refer to Public Assistance Collections.

IHE and IPV

The household must repay an overissuance caused by Inadvertent Household Error (IHE) or Intentional Program Violation (IPV).

- For active cases, use allotment reduction.
- For closed cases, refer to Public Assistance Collections.

26.13 Collection Methods

Overissuance claims may be collected by any of the methods described in this section.

26.13.1 Lump Sum

The household may choose to repay all or part of an overissuance claim in a lump sum payment.

When the household makes a partial lump sum payment, arrange for repayment of the remainder of the overissuance claim by another method of collection.

Payments of cash or CalFresh benefits will be accepted from clients by:

- The district office fiscal clerk, or
- Public Assistance Collections
333 W Julian Street, Bldg. 1, 2nd Floor
San Jose, CA 95110-2335

26.13.2 Allotment Reduction

Initial Allotment

A household's initial allotment may not be reduced to collect an overissuance, even if the allotment is paid retroactively.



Example:

A household with a \$50 IHE overissuance balance is discontinued 4/30 and reapplies 5/15. May benefits cannot be reduced to collect the outstanding overissuance. June benefits may be reduced to collect the overissuance if a new Repayment Agreement is signed in May, and:

- May and June benefits are issued simultaneously, or
- There is time after a 10-day notice to reduce June benefits.

Administrative Error (AE) O/Is Which Occurred Prior to 10/1/96

Active households with an AE O/Is which occurred PRIOR to October 1, 1996 may choose, but are not required, to repay by allotment reduction. Households which choose to repay an AE O/I which occurred prior to October 1, 1996 by allotment reduction:

- May choose the amount by which benefits are reduced.
- Are not subject to a minimum or maximum allotment reduction amount.
The household may choose an allotment reduction that is higher or lower than 5% or 10% rates.

Administrative Error (AE) O/Is Which Occurred On or After 10/1/96 and Were Established Prior to 3/1/00

Active households with an AE O/I which occurred ON OR AFTER October 1, 1996 and were established PRIOR to 3/1/00 may CHOOSE to repay the overissuance by allotment reduction.

Allotment reduction MUST be applied immediately if the household:

- Does not respond to the “CalFresh Repayment Notice” (DFA 377.7B1 or DFA 377.7F) within 30 days, or
- If the agreed amount on the “CalFresh Repayment Notice” is less than the required allotment reduction amount.

A ten-day notice is not required, unless the reduction amount and effective date are different than what was stated by the County on the Repayment Agreement when it was mailed to the client.

Reduce benefits each month by \$10 or 10% of the household's monthly allotment, whichever is greater.



Exception:

AE O/Is claims in which the noticing requirement was met in 2/00 to begin allotment reduction in 3/00 fall under the *Lomeli v. Saenz* court case settlement. (See below)

Administrative Error (AE) O/Is Established ON or AFTER 3/1/00 - Subject to the *Lomeli v. Saenz* Court Case Settlement

Active households with an AE O/I which was established ON OR AFTER March 1, 2000 (including claims in which the noticing requirement was met in 2/00 to begin allotment reduction in 3/00) may CHOOSE to repay the overissuance by allotment reduction.

Allotment reduction MUST be applied immediately if the household:

- Does not respond to the “CalFresh Repayment Notice” (DFA 377.7B1 or DFA 377.7F) within 30 days, or

- If the agreed amount on the “CalFresh Repayment Notice” is less than the required allotment reduction amount.

A ten-day notice is not required, unless the reduction amount and effective date are different than what was stated by the County on the Repayment Agreement when it was mailed to the client.

Under the *Lomeli v. Saenz* court case settlement, reduce benefits each month by \$10 or 5% of the household's monthly allotment, whichever is greater for up to 36 consecutive calendar months. The 36-month period begins with the first month of allotment adjustment and continues for 36-calendar months, regardless of whether the client remains on aid or not.

At the end of the 36-month time period, regardless of whether or not the client is on aid at that time, and regardless of whether or not allotment reductions have been made the entire time, any remaining uncollected balance is forgiven/compromised and is NOT to be collected by allotment reduction or by any other means.

Allotment reduction amounts CANNOT BE EXCEEDED for an AE. However, additional payments may be made to Public Assistance Collections. A household that wishes to make payments in excess of the minimum monthly amount may request to negotiate a new Repayment Agreement.

Inadvertent Household Error (IHE) or Intentional Program Violation (IPV)

- Active households with an IHE or IPV overissuance may CHOOSE to repay the overissuance by allotment reduction. Households which do not respond to the “CalFresh Repayment Notice” (DFA 377.7B1 or DFA 377.7F) within 30 days must repay, and shall have an allotment reduction applied immediately. A ten day notice is not required, unless the reduction amount and effective date are different than what was stated by the County on the Repayment Agreement when it was mailed to the client.

- IHE

Reduce benefits each month by 10% of the household's monthly allotment or \$10, whichever is greater.

- IPV

Reduce benefits each month by 20% of the household's monthly allotment or \$20, whichever is greater.

Extra Payments

Allotment reduction amounts CANNOT BE EXCEEDED for an AE (that occurred on or after 10/1/96), IHE or IPV. However, additional payments may be made to Public Assistance Collections. A household

that wishes to make payments in excess of the minimum monthly amount may request to negotiate a new Repayment Agreement.

Multiple Allotment Claims

Overissuances of different types (i.e., AEs, IHEs & IPVs) are to be collected ONE at a time by means of allotment reduction. The following rules are to be applied to determine the order of adjustment when there are multiple types of overissuances:

If...	Then...
The allotment reduction has begun on an AE O/I subject to the <i>Lomeli v. Saenz</i> agreement,	DO NOT stop the adjustment until the 36-month period has expired.
There are no current overissuances being adjusted,	Adjust the overissuance subject to the greatest allotment reduction first (i.e., IPVs before IHEs, IHEs before AEs).
There are several overissuances of the same type,	Adjust the oldest one first.

26.13.3 Installments

The household may choose to repay the overissuance in regular monthly installments of cash or CalFresh benefits.

IHE or IPV

- The initially negotiated installment amount must be at least equal to the amount which could be recovered under allotment reduction. Once negotiated, the installment amount shall not be subject to change based on fluctuations in the household's monthly allotment.
- A household that is making payments in excess of the minimum monthly allotment reduction amount may request to negotiate a lower monthly installment, and sign a new Repayment Agreement.

Payments

Payments of cash or CalFresh benefits will be accepted from clients by:

- The District Office fiscal clerk, or
- Public Assistance Collections
333 W Julian Street, Bldg. 1, 2nd Floor
San Jose, CA 95110-2335

26.13.4 Benefit Offset

When a case has both an underissuance and an IHE or IPV overissuance, offset benefits by subtracting the amount of the underissuance from the IHE or IPV overissuance.

- DO NOT use an underissuance which occurred more than 12 months prior to discovery to offset an overissuance, unless there is a direct regulatory exception.
- DO NOT use supplemental payments that result from a retroactive payment of the initial month's allotment to offset an overissuance claim.
- DO NOT offset an underissuance against an administrative overissuance. The County Welfare Department (CWD) is permanently enjoined under the “*Lopez v. Glickman*” court order from offsetting an Administrative Error (AE) overissuance (O/I) against any amount of supplemental payments which have not yet been restored to the household.

[Refer to “Regulation [63-802.12, 63-802.14],” page 26-2] for further information on underissuances and supplemental payments.]

26.13.5 Tax Refund Intercept

The Public Assistance Collection Unit may intercept state tax refunds for repayment on outstanding AE (that occurred on or after 10/1/96), IHE, and IPV overissuance claim balances. This intercept may ONLY take place when the eligibility case is closed.



Note:

For AE O/Is covered by the *Lomeli v. Saenz* court case settlement, the intercept can only be done during the 36-month period. Once the 36-month period has expired and the claim has been compromised, no further collection is permitted.

This method can NOT be used on AE overissuances that occurred prior to 10/1/96. The “*Aktar v. Anderson*” court ruling prohibits the collection of AE O/Is that occurred prior to October 1, 1996 by involuntary means.

26.13.6 Unspecified Joint Collection

An unspecified joint collection is when funds are received in response to correspondence or a referral that contained both the CalFresh and other programs claims and the debtor does not specify to which claim to apply the collection.

When an unspecified joint collection is received for a combined public assistance/CalFresh recipient claim, each program must receive its pro rata share of the amount collected.

26.13.7 Supplemental Security Income

Overissuance claims may NOT be collected from Supplemental Security Income (SSI) funds without the client's permission. The Notices of Action for overissuances contain the following informing language - "You do NOT have to use any SSI benefits you get to repay this overissuance."



Note:

This does not affect benefit reduction or offset. Continue to offset or reduce benefits for all overissuances whenever possible, regardless of whether the household has SSI income.

26.13.8 Incorrect Collection

All funds that are incorrectly or improperly collected on an overissuance must be refunded to the client.



Example:

The county improperly intercepted federal income tax to recoup a CalFresh overissuance. The Internal Revenue Service imposes an additional fee per intercept so that the refund is actually reduced by an additional amount. The county does not get the amount of the fee. The County must reimburse the entire amount (including fees) that was improperly recouped.

26.14 Inter-County Collection (ICC) of Overissuances

26.14.1 Policy

Overissuance balances must be transferred when a client moves to another county and is applying for CalFresh benefits in that county. Once the overissuance is transferred, the sending county is no longer responsible for collection of the overissuance and will remove the overissuance from our county record.

The receiving county will then be responsible for collection of the overissuance until it is fully repaid or the client moves to a subsequent county. The county that collects the overissuance will retain the amount collected and any resulting incentive funds.

For households that will no longer be receiving CalFresh benefits, the last county welfare department that provides benefits to the household will continue to collect the overissuance until repaid in full.

26.14.2 Overissuances from Our County

When a client moves to another county and the client is applying for CalFresh benefits in that county, the EW must:

- Advise the receiving county of the type of overissuance and the balance owing by completing the “CalWORKs Inter-county Overpayment Adjustment Request” (SCD 14) for CalFresh only cases, or
- Advise the receiving county of the type of overissuance and the balance owing by completing the SCD 14 and the “Notification of Inter-county Transfer” (CF 215) for CalWORKs/ CalFresh cases.
- Attach copies of the notice of action concerning the establishment of the overissuance, a copy of the **Maintain Issuance Detail** window for the month(s) of the overissuance, the “Claim Determination Worksheet” (DFA 842), a current copy of the **Display Claim Recovery Detail** window and a copy of the **Display CalFresh- Financial Eligibility Budget** window showing the computation.
- Adjust the overissuance amount to “0” on the **Record Adjust** window using the *ICT Out Adjustment Type* and *Recouped/Adjusted by Incoming County Adjustment Reason*.
- Send a copy of the SCD 14 to notify Public Assistance Collections of the transfer in order to delete the overissuance from their records.

When a case is already in closed files and Santa Clara County is notified that the client has moved and is receiving CalFresh benefits in another county, Public Assistance Collections must:

- Advise the receiving county of the type of overissuance and the balance owing by completing the SCD14.
- Attach copies of the notice of action concerning the establishment of the overissuance, a copy of the **Maintain Issuance Detail** window for the month(s) of the overissuance, the “Claim Determination Worksheet” (DFA 842), a current copy of the **Display Claim Recovery Detail** window and a copy of the **Display CalFresh- Financial Eligibility Budget** window showing the computation.
- Adjust the overissuance amount to “0” on the **Record Adjust** window using the *ICT Out Adjustment Type* and *Recouped/Adjusted by Incoming County Adjustment Reason*.

26.14.3 Overissuances from Other Counties

When a request for an overissuance collection is received from another county, the EW must:

- Review the ICC packet for completion and obtain any missing information and/or verification.

- Record the overissuance claim in CalWIN and document on the **Maintain Case Comments** window where the overissuance originated and other information to track the overissuance.
- Scan the overissuance paperwork on Fastener 6 in IDM.

**Note:**

If there are multiple overissuances that are to be collected, follow the currently established procedures. [See “Multiple Allotment Claims” on page 34.](#)

26.15 How to Process an Overissuance

26.15.1 Follow these steps to process an overissuance determined in CalWIN:

STEP	ACTION
1.	Ensure that the CalWIN entries in the Benefit Recovery subsystem are correct, such as the type of overissuance, the date of discovery, etc.
2.	Verify that the benefits were available, through EBT, in order to determine if an overissuance occurred. (There is no overissuance if the benefits were not transmitted to EBT.) Note: Verification that the CalFresh benefits were accessed is NOT required because if a client fails to access the benefits for an overissued month, the overissuance will be wiped out when the CalFresh benefits are expunged.
3.	Review the Overissuance NOAs in the Client Correspondence Subsystem to ensure that they contain the correct information and that the minimum information regarding the budget is included or added to the NOA. If so, change the Issuance from Online to Batch. [Refer to “Forms/ Correspondences,” page 26-21] for detailed information regarding the NOA requirement.]

STEP	ACTION
4.	<p>Complete the DFA 842.</p> <ul style="list-style-type: none"> • List up to 72 months prior to the date of discovery on the DFA 842. Use the back of the form and extra pages if necessary. • If the overissuance is IHE or IPV, offset any supplemental payments which occurred in the 12 months prior to the date of discovery of the underissuance. Complete #13. <ul style="list-style-type: none"> • Enter the total overissuance amount (before subtracting the underissuance offset) on line 13A. • Enter the underissuance offset amount on line 13B. • Enter the remaining overissuance amount to be collected on line 13D. • In the “Documentation” Box on the right, enter the: <ul style="list-style-type: none"> • Amount, month and year, and cause of underissuance. • Include name, address, and SSN of: <ul style="list-style-type: none"> • Any adults who were household members at the time of the overissuance. • A noncitizen's sponsor. • Anyone connected to the household, such as an authorized representative, who actually traffics or otherwise caused an overissuance or trafficking. <p style="margin-left: 40px;">It is important to list all adult household members, the sponsor, and the authorized representative because the claim may be collected from any one of these people.</p> • Under “Basis of Claim Determination”, list any overissuance which involves the client nonreporting as a Potential IPV. (This includes overissuances due to a combination of agency error and client nonreporting.) • Complete the “Explanation of Overissuance”. Explain clearly the cause of the overissuance including how the household failed to report, if applicable. • For “Issuance Verification”, put a check in the “other” column if the benefits for that month were transmitted. • Note the following information under “Documentation Taken”: <ul style="list-style-type: none"> • Other relevant information, such as that an adjustment cannot be made because the case is closing, or there is a change in payees. • Attach verification of benefit issuance to the DFA 842 (i.e. EBT screens).
5.	<p>Submit the case and the documents to the EW Supervisor for review and signature.</p> <ul style="list-style-type: none"> • The EW Supervisor must sign the DFA 842.
6.	<p>Scan the DFA 842 in IDM on fastener 6.</p>

26.15.2 Follow these steps to process a Non-System Determined Claim (NSDC):

STEP	ACTION
1.	<p>Is the overissuance due to earnings and it is <u>pre</u>-CalWIN? If Yes, refer the overissuance to the IEVS Unit with an "Overpayment Referral" (SC 1253) or a "Communication Between IEVS Worker and Eligibility Worker" (SC 1604). [Refer to "IEVS Recipient System," page 5-1] in the Common Place Handbook.] If No, go to STEP 2.</p>
2.	<p>Verify that the benefits were available, through EBT, in order to determine if an overissuance occurred. (There is no overissuance if the benefits were not transmitted to EBT.)</p> <p>Note: Verification that the CalFresh benefits were accessed is NOT required because if a client fails to access the benefits for an overissued month, the overissuance will be wiped out when the CalFresh benefits are expunged.</p>
3.	<p>Complete the DFA 842.</p> <ul style="list-style-type: none"> • List up to 72 months prior to the date of discovery on the DFA 842. Use the back of the form and extra pages if necessary. • If the over-issuance is IHE or IPV, offset any supplemental payments which occurred in the 12 months prior to the date of discovery of the underissuance. Complete #13. <ul style="list-style-type: none"> • Enter the total overissuance amount (before subtracting the underissuance offset) on line 13A. • Enter the underissuance offset amount on line 13B. • Enter the remaining overissuance amount to be collected on line 13D. • In the "Documentation" Box on the right, enter the: <ul style="list-style-type: none"> • Amount, month and year, and cause of underissuance. • Include name, address, and SSN of: <ul style="list-style-type: none"> • Any adults who were household members at the time of the overissuance. • A noncitizen's sponsor. <p>Anyone connected to the household, such as an authorized representative, who actually traffics or otherwise caused an overissuance or trafficking.</p> <p>It is important to list all adult household members, the sponsor, and the authorized representative because the claim may be collected from any one of these people.</p>

STEP	ACTION
	<ul style="list-style-type: none"> • Under “Basis of Claim Determination”, list any overissuance which involves the client nonreporting as a Potential IPV. (This includes overissuances due to a combination of agency error and client nonreporting.) • Complete the “Explanation of Overissuance”. Explain clearly the cause of the overissuance including how the household failed to report, if applicable. • For “Issuance Verification”, put a check in the “other” column if the benefits for that month were transmitted. • Note the following information under “Documentation Taken”: <ul style="list-style-type: none"> • Other relevant information, such as that an adjustment cannot be made because the case is closing, or there is a change in payees. • Attach verification of benefit issuance (i.e. EBT screens).
4.	<p>Complete a general fraud referral through the Client Referral subsystem to the District Attorney, if the overissuance involves household nonreporting.</p> <p>[Refer to “Fraud,” page 36-1] in the Common Place Handbook.]</p>
5.	<p>Make computer entries for that portion of the overissuance listed on the front of the DFA 842, on line 13A. Do not make computer entries for an overissuance listed on the back of the DFA 842. It cannot be collected unless the overissuance is determined to be an IPV by a court of law or an ADH (Administrative Disqualification Hearing).</p> <p>Enter the:</p> <p>Overissuance adjustment.</p> <p>Underissuance offset, if applicable.</p> <p>NOA Repayment Agreement request.</p> <p>For an AE or IHE on an open case, make the appropriate computer entries for the adjustment of the allotment to take effect with the first month of the SAR Payment Period that begins after the 30 day period from the date of the NOAs has expired.</p>
6.	<p>Document the Maintain Case Comments window including the reason for the claim and the claim number.</p>
7.	<p>Use the appropriate shelf stock NOA and request the “Repayment Agreement” from CalWIN to send to the client. Ensure that they contain the correct information and that the minimum information regarding the budget is included or added to the NOA. (These must be sent, whether the CalFresh portion of the case is open or closed.)</p> <p>[Refer to “Forms/ Correspondences,” page 26-21] for detailed information regarding the NOA requirements.]</p>
8.	<p>Submit the case and the documents to the EW Supervisor for review and signature.</p> <ul style="list-style-type: none"> • The EW Supervisor must sign all copies of the DFA 842.
9.	<p>Scan the DFA 842 in IDM on fastener 6.</p> <p>Go to STEP 10 if this is an administrative overissuance that occurred prior to 10/1/96.</p> <p>Go to STEP 11 if this is an administrative overissuance that occurred on or after 10/1/96 and that was established PRIOR to 3/1/00</p> <p>Go to STEP 12 if this is an administrative overissuance that was established on or after 3/1/00 (including claims in which the noticing requirement was met in 2/00 to begin allotment reduction in 3/00).</p>

STEP	ACTION
10.	<p>AE OVERISSUANCE THAT OCCURRED PRIOR TO OCTOBER 1, 1996.</p> <p>Wait 30 days or until the repayment agreement has been returned by the client, whichever comes first.</p> <p>If the "Repayment Agreement" is returned by the client:</p> <ul style="list-style-type: none"> • And the HH chooses allotment reduction, enter the adjustment amount chosen by the HH in CalWIN beginning with the first month of the upcoming SAR Payment Period. Send a 10-day NOA to reduce benefits, if applicable. The household is not required to repay by allotment reduction. Do not adjust unless the household indicates it wishes to repay the claim by benefit adjustment. <p>If the HH chooses to repay by lump sum or installments, send the original DFA 842 and a copy of the "Repayment Agreement" to Public Assistance Collections.</p> <p>If the "Repayment Agreement" is NOT returned by the client.</p> <ul style="list-style-type: none"> • The household is not required to repay the overissuance by allotment reduction. Refer an overissuance over \$35 (which occurred before 11/91) to Public Assistance Collections. <p>When the overissuance is \$35 or less, further action is not required until the case closes.</p>
11.	<p>AE OVERISSUANCE THAT OCCURRED ON OR AFTER OCTOBER 1, 1996 AND WERE ESTABLISHED PRIOR TO 3/1/00.</p> <p>Wait 30 days or until the repayment agreement has been returned by the client, whichever comes first.</p> <p>If the "Repayment Agreement" is returned by the client:</p> <ul style="list-style-type: none"> • If the HH chooses allotment reduction, do not change the adjustment entry already entered on the computer. A 10-day NOA is not required, unless the reduction amount and effective date are different than what was stated by the County on the overissuance NOA when it was mailed to the client. <p>If the client wishes to repay through allotment reduction more than the amount automatically determined by the computer (\$10 or 10% of the coupon allotment, whichever is higher), send a memo to Public Assistance Collections with a copy of the DFA 842 and the "Repayment Agreement". Do not collect more than the \$10/10%. Any amount over and above the \$10/10% must be paid directly to Public Assistance Collections.</p> <p>If the HH chooses to repay by lump sum or installments, send the original DFA 842 and a copy of the "Repayment Agreement" to Public Assistance Collections. Delete the overissuance adjustment amount from the future month. If the client fails to pay as agreed and is currently receiving CalFresh, Public Assistance Collections will notify the EW. The EW must then send the "Food Stamp Repayment Notice For Administrative Errors Only - Final Notice". If a revised Repayment agreement is not returned within 10 days, begin benefit reduction as per SAR/PB rules.</p> <p>If the "Repayment Agreement" is NOT returned by the client.</p> <ul style="list-style-type: none"> • For an AE, do not change the adjustment entry already made in CalWIN. A 10-day NOA is not required, unless the reduction amount and effective date are different from what was stated by the County on the "Repayment Agreement" when it was mailed to the client. <p>Exception:</p> <p>AE O/Is claims in which the noticing requirement was met in 2/00 to begin allotment reduction in 3/00 fall under the <i>Lomeli v. Saenz</i> court case settlement. (See below)</p>

STEP	ACTION
12.	<p>AE OVERISSUANCE THAT WAS ESTABLISHED ON OR AFTER 3/1/00 (including claims in which the noticing requirement was met in 2/00 to begin allotment reduction in 3/00)</p> <p>Wait 30 days or until the repayment agreement has been returned by the client, whichever comes first.</p> <p>If the “Repayment Agreement” is returned by the client:</p> <ul style="list-style-type: none"> • If the HH chooses allotment reduction, do not change the adjustment entry already entered on the computer. A 10-day NOA is not required, unless the reduction amount and effective date are different than what was stated by the County on the overissuance NOA when it was mailed to the client. <p>If the client wishes to repay through allotment reduction more than the amount automatically determined by the computer (\$10 or 5% of the allotment reduction, whichever is higher), ensure the correct amount is indicated in the “Repayment Agreement”. Do not collect more than the \$10/5% unless the recipient elects for the benefits to be reduced at a higher rate.</p> <p>If the HH chooses to repay by lump sum or installments, send the original DFA 842 and a copy of the “Repayment Agreement” to Public Assistance Collections. Delete the overissuance adjustment amount from the future month in CalWIN. If the client fails to pay as agreed and is currently receiving CalFresh, Public Assistance Collections will notify the EW. The EW must then send the “Food Stamp Repayment Notice For Administrative Errors Only - Final Notice”. If a revised Repayment agreement is not returned within 10 days, begin benefit reduction.</p> <p>If the “Repayment Agreement” is NOT returned by the client.</p> <ul style="list-style-type: none"> • For an AE, do not change the adjustment entry already made in CalWIN. A 10-day NOA is not required, unless the reduction amount and effective date are different from what was stated by the County on the “Repayment Agreement” when it was mailed to the client.

26.16 Forms And Filing

All forms and documentation related to an overissuance Scanned on fastener six in IDM. This includes, but is not limited to:

- “Claim Determination Worksheet” (DFA 842)
- “Food Stamp Budget Worksheet” (DFA 285B/CF 285 SAR), for claims pre-CalWIN or NSCDC
- Notices of action, if not in CalWIN
- “Food Stamp Repayment Agreement” (DFA 377.7E for AEs, DFA 377.7C for IHEs, or DFA 377.7G for IPVs)
- “Food Stamp Repayment Notice” (CF 377.7D for AEs, DFA 377.7B for IHEs, or DFA 377.7F for IPVs) and the Overissuance Budget Worksheet NOA (NA 1263)
- “CalFresh Intentional Program Violation Disqualification Notification” (SC 1354)
- “Disqualified Recipient Report” (DPS 524)
- “FNS 209 Change Report” (SC 1531).

26.17 Repaid Claims

When it is verified that a claim is repaid, the EW must update the **Record Adjustment** window, if needed, and document in the **Maintain Case Comments** window.

The signed repayment agreement must be scanned into IDM on fastener 6.

26.18 Change in Type or Amount of Overissuance

26.18.1 Reporting Requirements

The federal government requires that all status changes in overissuances be reported. The report summary, the “FNS 209”, completed by FMS-Budget Unit, is used for that purpose. Additionally the client must be notified of all such changes.

26.18.2 Type Change

Send a completed “FNS 209 Change Report” (SC 1531) to Research and Statistics when errors are found in:

- The determination of any type of overissuance, or
- The amount of the claim which was collected as a result of an incorrect determination.

26.18.3 Amount Change

Send an SC 1531 to Research and Statistics to report a change in the amount of a claim due to:

- An error.
- A recalculation.

26.18.4 Client Notification

- Notify the household of a change in the type or amount of an overissuance using the appropriate notice of action.
- If the client's whereabouts are unknown at the time of change, complete a flash form to notify the next EW to send a new notice of action if the case reopens.

26.19 Closed Cases

- Effective June 1, 2019, when a CalFresh case closes with an OI and the OI amount is \$400 or less, cancel the OI claim and do not refer to collection.

26.20 Reopening a Closed Case with An Overissuance

When a closed case with an uncollected overissuance reopens, the EW must take the following action.

STEP	ACTION
1.	Call Public Assistance Collections to get an updated outstanding balance on the overissuance. (The client may have made payments to Public Assistance Collections during the time when the case was closed.)
2.	Document Public Assistance Collections' response on the Maintain Case Comments window.
3.	Make computer entries to: <ul style="list-style-type: none"> • Update the overissuance balance if Public Assistance Collections received payments while the case was closed. • Send a new Overissuance NOA and "Repayment Agreement". DO NOT reduce benefits in the current month.
4.	Complete the Overissuance NOA and "Repayment Agreement", and mail the original plus one copy of each to the head of household.
5.	Follow directions in STEP 10 of "HOW TO PROCESS AN OVERISSUANCE" when 30 days have elapsed or the "Repayment Agreement" is returned, whichever comes first. [Refer to "How to Process an Overissuance," page 26-38].

26.21 Suspending a Claim

26.21.1 Definition

If Public Assistance Collection action was initiated, and at least one demand letter has been sent, the county may suspend further collection action of an IHE or AE OI claims against a nonparticipating household as shown in the chart below:

Over Issuance Type	Original Total of all Over-Issued Months	Case Status	ADDITIONAL CIRCUMSTANCES
AE	\$35 or less	Open	The overissuance ended between 11/91 and 10/92.
AE	More than \$400	Closed	The household cannot be located.
IHE	More than \$400	Closed	The household cannot be located.
IPV	\$1 or more	Closed	<ul style="list-style-type: none"> • The household cannot be located; or • The cost of further collection action is likely to exceed the amount that can be recovered. (a) At least one demand letter for claims of less than \$100. (b) At least two demand letters for claims between \$100 and \$400. (c) At least three demand letters for claims of more than \$400.

26.21.2 Supplemental Payments

Do not suspend an overissuance claim that can be offset by supplemental payments.

26.21.3 Removing a Suspension

An overissuance suspension shall be removed if:

- The claim is used to offset an underissuance or supplemental payments, or
- The client agrees to a benefit reduction adjustment or repayment.

If a portion of the claim is used to offset an underissuance or supplemental payments within the three year suspension period, any remaining balance of the claim may be placed into suspension again for a new three year period.

26.22 Terminating a Claim

26.22.1 Definition

A claim may be terminated when:

- The original amount of the overissuance was less than \$35, and
- The overissuance was in suspension for three years, and
- Neither of the following occurred while the claim was suspended:
 - No portion of the claim was offset by an underissuance or supplemental payments, or
 - The client has not responded to the collection notice and repayment agreement.

26.22.2 Supplemental Payments

Do not terminate an overissuance claim that can be offset by supplemental payments. Send a memo to Public Assistance Collections if an overissuance balance is offset by supplemental payments, and scan a copy of the memo into the IDM system.

Once a claim is terminated there is no further collection activity on that specific claim. However, the balance on the overissuance shall be used to offset any future entitlement to supplemental payments.

26.23 Intentional Program Violation (IPV)

26.23.1 Disqualification Penalty [63-801.231, 20-300.1-3, 63-805]

Regulation

An IPV claim may only be established after a determination by one of the methods shown below that a household member has committed an IPV offense.

Treat an overissuance caused by household failure to report as an Inadvertent Household Error (IHE) until it is determined to be an IPV by one of the methods shown in the chart below.

At times, an Administrative Law Judge will impose a disqualification period that does not match the ones shown in the chart below. When this happens, impose the time period set by the court.

IPV OFFENSE	METHOD OF DETERMINATION	DISQUALIFICATION PERIOD
<p>HH intentionally collected more CalFresh than it was eligible to receive.</p>	<p>Court of appropriate jurisdiction, or Administrative Disqualification Hearing (ADH) official, or HH waives the right to an administrative hearing by signing a:</p> <ul style="list-style-type: none"> • “Disqualification Consent Agreement” (DFA 478), or • “Waiver of Right to an Administrative Disqualification Hearing”. <p>(The State provides these forms to HHs when it notifies them of the IPV hearing schedule.)</p>	<p>For any IPV that was committed on or after December 1, 1996:</p> <ul style="list-style-type: none"> • 1st violation: 12 mos. • **2nd violation*: 24 mos. • **3rd violation*: permanent disqualification.** <p>For any IPV that was committed prior to December 1, 1996:</p> <ul style="list-style-type: none"> • 1st violation: 6 mos. • 2nd violation*: 12 mos. • 3rd violation*: permanent disqualification. <p>**All IPV’s that occurred PRIOR to 12/1/96 are considered as one previous disqualification when determining which penalty to impose for IPV’s committed on or after 12/01/96.</p> <p>*Count ALL prior IPV’s, including any for trading CalFresh for drugs or weapons, trafficking in CalFresh, or falsifying identity or residence.</p> <p>NOTE: For a fraudulent act that began prior to 12/01/96 but extends beyond 12/01/96, the penalty period for IPV’s that occurred on or after 12/01/96 is to be imposed.</p>

IPV OFFENSE	METHOD OF DETERMINATION	DISQUALIFICATION PERIOD
HH traded CalFresh for a drug or other controlled substance (does not apply to alcohol.)	Court of appropriate jurisdiction.	For any drug IPV that was committed on or after December 1, 1996. <ul style="list-style-type: none"> • 1st violation: 24 mos. • 2nd violation*: permanent disqualification. For any drug IPV that was committed prior to December 1, 1996. <ul style="list-style-type: none"> • 1st violation: 12 mos. • 2nd violation*: permanent disqualification. *Count ONLY prior IPV's for drug trafficking. Do not count prior fraud IPV's. NOTE: For a fraudulent act that began prior to 12/01/96 but extends beyond 12/01/96, the penalty period for IPV's that occurred on or after 12/01/96 is to be imposed.
HH traded CalFresh for firearms, ammunition, or explosives.	Court of appropriate jurisdiction	1st violation: permanent disqualification.
HH trafficked in CalFresh with a value of \$500 or more.	Court of appropriate jurisdiction	For IPV's committed on or after December 1, 1996: 1st violation: permanent disqualification.
HH falsified identity or place of residence in order to receive multiple CalFresh benefits simultaneously.	Court of appropriate jurisdiction, or Administrative Disqualification Hearing (ADH) official.	IPV committed on or after December 1, 1996: 1st and all subsequent violations: Ten (10) years

Who Is Disqualified

Adults found to be responsible for an IPV may be disqualified from participation in CalFresh. Disqualify only those adults specified in the court order, waiver, or DFA 478.

When an IPV decision is rendered by court or administrative hearing without specifically identifying who is to be disqualified, disqualify those adults who were found in the court order to have committed the IPV.

Beginning and Ending Dates

COURT ORDER OR “DISQUALIFICATION CONSENT AGREEMENT” (DFA 478) A disqualification by court order or signature on the DFA 478 must begin within 45 days (including time for the five-day NOA) of the date of either action, unless the court specifies otherwise. An overissuance results if the county fails to implement the disqualification period on time.



Example:

Disqualification Notice Received Before 45 Days

On 3/25, the EW is notified that on 2/14 a court ordered both parents in a household to be disqualified from CalFresh for six months. The disqualification period will begin on 4/1, the 45th day after the disqualification court order. On 3/26, the EW sends a vividly NOA to disqualify the parents from 4/1 through 9/30.

If the EW sent the vividly disqualification NOA one day later on 3/27, the disqualification period (4/1 through 9/30) would remain the same. However, because the NOA would have been sent less than five days before 4/1, April benefits would have to be issued for both parents. There would be an AE overissuance for that month.



Example:

Disqualification Notice Received After 45 Days

On 6/1, the EW is notified that the head of household signed a DFA 478 on 1/7. The 45th day after 1/7 is 2/21, and this is the household's first violation. The disqualification period is from 2/1 through 7/31. The household received benefits from February through June.

The EW must send a five-day NOA by 6/25 to disqualify the head of household from 2/1 through 7/31. An overissuance must be computed for February through June. The disqualified individual must be discontinued effective 6/30/96.



Example:

Disqualification Period Implemented Late Due to EW Error

On April 10, the EW is notified that on March 20 the head of household was ordered disqualified for six months. No action is taken. This error is discovered on June 10. The 45th day after March 20 is May 4, so the disqualification period should have begun on May 1.

Send a five-day NOA in June to notify the head of household that he is disqualified from 5/1 through 10/31. Compute an overissuance for the months of May and June.

Administrative Disqualification HearingA disqualification by Administrative Disqualification Hearing must begin the first day of the month after the five-day disqualification NOA is sent.

Individual is Already Disqualified for Another Reason (such as Social Security Number)Do not wait for the other disqualification to end before beginning the IPV disqualification. Both disqualifications must be implemented at the same time.

CalFresh Portion of the Case is Discontinued or ClosedImpose the disqualification period even when the case is discontinued or closed.

After the Disqualification BeginsThe disqualification period does not stop until the time period ends, even if the case closes or the household becomes ineligible.

When the Disqualification Period EndsThe head of household must reapply for benefits for the disqualified household member. Complete a tickler to remind the head of household to reapply for the disqualified member(s) in the last month of the disqualification period.

26.23.2 Loss of Earned Income Deduction

When an IPV has been determined, the overissuance is recalculated, if necessary, to determine the balance without the allowance of the earned income deduction on the portion of the earned income that was unreported. [Refer to “Loss of the Earned Income Deduction [63-801.312],” page 26-12.]

26.23.3 Benefit Reduction Amount

Benefits must be reduced to collect an IPV overissuance at the rate of 20% of the household's monthly allotment or \$20 per month, whichever is greater. This reduction rate must be implemented immediately upon notification that the overissuance has been determined an IPV through one of the processes on page 1. (Do not wait for a recalculation of the overissuance disallowing the earned income deduction to reduce benefits.)

26.23.4 NOA Requirement [20-300.3]

A FIVE-day NOA “Notice of Administrative Disqualification” (DFA 377.7A) must be sent to the household member who is being disqualified.

The NOA must include:

- The reason for the disqualification.
- The effective dates of the disqualification period.
- For an ACTIVE case, the reduced allotment amount that the other household members will receive.

- For a DISCONTINUED case, a statement that the household may reapply after the disqualification period ends.

In addition, the form, “Request for Restoration of CalFresh Benefits After Administrative Disqualification” (DFA 377.7A1) must be attached for the disqualified household member to request restoration of benefits following an IPV sanction, except in situations where the disqualification is permanent.

26.23.5 Income and Budgeting [63-402.223, 63-502.17, 63-503.441(A), 63-505.5]

- The income and resources of a disqualified household member(s) are considered totally available to the remaining members of the household.
- Include as income that portion of an CalWORKs, ECA OR GA grant which is being adjusted to repay an overpayment caused by the household's intentional failure to comply (fraud) as determined by the cash aid program.
- The earned income deduction is not allowed for that portion of earned income which the household intentionally failed to report.

IF THE ORIGINAL OVERISSUANCE CLAIM WAS COMPUTED BY...	THEN THE OVERISSUANCE WILL BE RECALCULATED WITHOUT THE EARNED INCOME DEDUCTION BY...
An EW,	EW (CalWIN)
Anyone other than an EW,	IEVS

- Although the income of the disqualified member is counted in its entirety, the disqualified member is not included in the person count when:
 - Comparing the household's monthly income with the income standards.
 - Determining the monthly allotment.
- All household deductions and expenses apply to the remaining household members.
- [Refer to “Excluded and Non-household Members,” page 9-1] for further information.]

26.23.6 Identification

IEVS Abstract

EWs must review the IEVS Applicant Abstract to identify whether an applicant has been disqualified for CalFresh in another county or state. If an individual has been disqualified, or a disqualification is

pending, this will be listed under “Disqualification Information” on the Abstract. [Refer to Common-Place Handbook, “IEVS Recipient System,” page 5-1.]

EW Action

When the EW identifies from the IEVS Applicant Abstract that an IPV has occurred or is pending in another county or state, the EW must take the following steps.

STEP	ACTION	
1.	IF THE “START DATE OF PENALTY”...	THEN...
	Shows 99/99/99 and the case is from another county or state,	Phone the contact person at the number listed in the “Disqualification Information” section of the IEVS Abstract. Ask for the beginning date of the disqualification and confirm the other information given on the IEVS Abstract.
	Shows 99/99/99 and the case is in this county,	Look in the case record to determine the beginning date of the disqualification.
Shows an actual date,	It is not necessary to call the other county or state, or to look in the case record if it is in this county.	
2.	Use the “Start Date of Penalty” and “Length” to determine whether the disqualification period has expired yet. <ul style="list-style-type: none"> • If the disqualification period has been completed, take no action. Process the CalFresh application normally. Stop Here. • If the disqualification period has not been completed, go to STEP 3. 	
3.	Deny benefits. Send the client the appropriate disqualification notice of action.	
4.	Complete the “Disqualified Recipient Report” DPS 524 in duplicate following the instructions on the back of the form. <ul style="list-style-type: none"> • Send the original to the CalFresh Coordinator. • Scan the copy on fastener six in IDM. 	



Note:

Eligibility Examiners in the Income and Eligibility Verification System (IEVS) unit receive the IPV notification, record entries in CalWIN and generate all notices.

26.23.7 End of Disqualification Period

The disqualified individual must be added back to CalFresh the month following the expiration of the disqualification, subject to continue eligibility of the household. A monthly report PROG4635 “Clients with IPV Disqualifications”, is loaded into Business Objects and actions must be taken accordingly.

If the Disqualified Household Member...	Then, the Individual Must...	
Is still a member of the CalFresh household in which he or she was previously receiving benefits,	<p>Be added to household the month following the expiration of the disqualification period, subject to the continuing eligibility of the household. No additional forms to add a person are needed since the individual is still a member of the household.</p> <p>In the case of a missing verification, notify the household using the form “CalFresh Request for Information” (DFA 387) and allow at least ten (10) days for the verification to be returned. The individual will not be added back to the household if the requested verification is not received. A denial notice must be sent for that individual if fail to provide verifications. Refer to NOTE below.</p>	
Is now a member of a different Cal-Fresh household,	And...	Then, the Individual Must...
	This has been reported to the county,	Be added to the CalFresh household the month following the expiration of the disqualification period, subject to the continuing eligibility of the household
	The change in household has not been reported to the county,	<p>Be added to the household the month following the end of the disqualification period, if the county receives a request to add the person.</p> <p>This request may be done by using the form DFA 377.7A1, by verbal request (over the phone or in person) or in writing. It can also be indicated as a change in the Eligibility/Status Report (SAR 7) or by any other method.</p>
Does not reside in a CalFresh household,	<p>Reapply for CalFresh and, if eligible, will be issued benefits as of the date the re-application was submitted or on the first day following the end of their disqualification period, when the application is submitted prior to the end of their disqualification period.</p> <p>Note: A CalFresh application may be submitted up to 30 days prior to the end of the disqualification period in order to ensure eligibility is determined before the end of the disqualification period.</p> <p>The disqualified household member is eligible for Expedited Services if he or she meets the criteria.</p>	

**Note:**

Adding a person to the household is not a mandatory mid-period requirement. If the required verification from the disqualified household member is not received, only that individual's eligibility is impacted and the individual will not be added to the household. The household will receive a no-change notice of action and will continue to receive the same amount of benefits as previously determined. When the change is reported in the SAR 7 and verifications needed are not received by the due date, a timely NOA must be sent to discontinue the entire household.

