

County of San Diego, Health and Human Services Agency (HHS) CalWORKs Program Guide

Overpayment Discharge Process

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Effective Date:

January 24, 2020

Background:

Senate Bill (SB) 726 and SB 80 implement a discharge process for overpayments.

Purpose:

The purpose of this material revision is to incorporate additional SB 726 and SB 80 regulations, which implement an overpayment discharge process.

Policy:

Discharge Process for Non-Fraudulent Overpayments

Discharge means the overpayment has been end-dated without the possibility of further collection in the consortia systems, Welfare Intercept System, and Franchise Tax Board Intercept System.

Effective July 1, 2019:

- A non-fraudulent overpayment, including Employment Services supportive services claims, will be considered uncollectible, and it will be discharged, when the CalWORKs case has been closed and the individual(s) responsible for the overpayment has not received aid under the CalWORKs program for 36 consecutive months or longer in California
- If a former customer with an outstanding overpayment claim, regardless of the amount, reapplies and becomes a CalWORKs recipient within the 36-month timeframe, the collection of the overpayment will be resumed via grant adjustment
- The overpayment discharge process also applies to cases where the former customer is in a repayment agreement with the county, or is in a civil judgement agreement, as long as the overpayment is not fraudulent
- The overpayment discharge process applies to each overpayment claim, rather than the total overpayment amount resulting from multiple overpayment claims
- When the overpayment has been discharged, the Eligibility Worker will notify all formerly liable individuals that they are no longer liable for the overpayment amount that has been discharged
- The discharge process is also applicable retroactively to any nonfraudulent outstanding Temporary Assistance for Needy Families (TANF) or CalWORKs overpayments claims established on or after December 1, 1996, where the case has been closed and the former customer(s) has been off aid for 36 consecutive months or longer in California
 - Federal law precludes overpayments established prior to December 1, 1996, under the Aid to Families with Dependent Children (AFDC) program to be discharged - Overpayments established under AFDC will continue to be pursued
- In CalWORKs cases where there is more than one individual liable for the overpayment claim, the overpayment claim will not be discharged until the case has been closed and all liable individuals have been off aid for 36 consecutive months in California

Overpayment Discharge and Fraud

The overpayment discharge process does not apply to overpayment claims involving fraud or an investigation into suspected fraud. Therefore, overpayments that have been referred to the Bureau of Public Assistance Investigations (BPAI) unit are prohibited from being discharged; unless the

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investigation is inconclusive or determined that no fraud was committed, and the former customer has been off aid for 36 consecutive months or longer in California.

Therefore, collection on overpayment claims under the CalWORKs threshold must be ceased for collection when Intentional Program Violation (IPV) is not imposed.

Reminder: An IPV can only result from an Administrative Disqualification Hearing (ADH), a signed ADH waiver, criminal prosecution, or a signed disqualification consent agreement. (CPG 44-350.J)

Major Systemic Error & Negligence Overpayment Discharge

Overpayment discharging also applies when the overpayments result from negligence and major systemic error, as defined by the California Department of Social Services (CDSS).

A “mass overpayment” is defined as an overpayment caused by the same action or inaction that impacts either eight percent of the county caseload, or more than 1,000 CalWORKs Assistance Units (AU) within the county, whichever is greater.

The county will notify the CDSS Early Engagement and Eligibility Bureau (EE&EB) when a mass overpayment has been identified, and will include in the notification as to whether the mass overpayment is known to have been caused by either of the following:

- Negligence or fraud on part of the county in the determination of eligibility for CalWORKs
- A major systemic error by the state or county

Upon notification of the mass overpayment, the EE&EB will determine if these overpayments may be discharged.

Impacts:

The changes to the overpayment discharge process also apply to the Refugee Cash Assistance, Entrant Cash Assistance, and Trafficking and Crime Victims Assistance Programs.

Procedure:

- **TEMP W&I 11004i – Notice of Overpayment Discharge** must be issued to inform the liable individual(s) that the outstanding balance has been discharged after the case has been closed and the liable individual(s) has not received CalWORKs for 36 consecutive months or more
- A complete and clear explanation of the reason for the overpayment discharge and action taken by the worker must be entered into CalWIN Case Comments
- For case scenarios refer to desk aid Overpayment Threshold and Discharge Process Examples, located in Eligibility Essentials site

References:

SB 80, SB 726
Welfare and Institutions Code 10851, 11004
ACL No. 19-102

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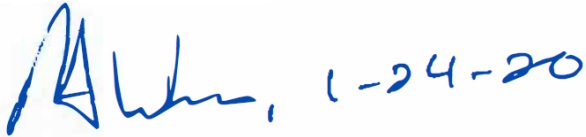
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Sunset Date:

This policy will be reviewed for continuance by January 31, 2023.

Approval for Release:

Handwritten signature in blue ink, followed by the date "1-24-20".

Rick Wanne, Director
Eligibility Operations