

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

**Underpayment**

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**44-350.K**

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**Revision Date:**

April 21, 2020

**Background:**

An underpayment occurs when an Assistance Unit (AU) receives less than the amount to which they are entitled in a given month.

**Purpose:**

The purpose of this material revision is to incorporate clarification in differentiating an underpayment from a supplemental payment, and the guidelines for balancing these payments against an overpayment. No policy changes.

**Policy:**

**Investigation of Underpayments**

- When there is a reason to suspect that an underpayment may have occurred, the Eligibility Worker is to investigate and determine whether an underpayment did, in fact, occur
- All reasonable steps necessary must be taken to promptly correct any underpayment
- All underpayments must be corrected in accordance with the regulations in effect on the date of discovery
- There is no minimum underpayment correction (amount) as long as there is eligibility

**Correction of the Underpayment**

- Case review, recalculation, and correction of any underpayments will be completed as soon as possible and no later than the following deadlines:
  - The date of the next annual redetermination of eligibility or the date of termination, whichever is earlier, for all current customers
  - Sixty days from the date aid is granted for reapplications and requests for restoration of aid
  - Sixty days from the date of a request for review in all other cases
- Underpayments are corrected through retroactive payments, based on Semi-Annual Reporting (SAR) (CPG 44-270) and Annual Reporting/Child Only (AR/CO) (CPG 44-260) rules
- If an AU has both an underpayment and an overpayment in the same benefit month, the worker will offset one against the other before making a retroactive corrective payment
  - An adjustment must be made on CalWIN to change the claim balance owing to the new amount; the worker will email Fiscal Benefit Recovery at [HHSa, BenRecovery](#) when an adjustment is required on an existing claim balance and the worker is not processing the adjustment in CalWIN by running EDBC to regroup the claim balance
- For purposes of continued eligibility and the grant computation, retroactive payments are not considered income or resource in the month of receipt or in the following month
- Payments are to be issued to correct underpayments even when the AU is not currently aided (Edwards v. McMahon final court order)

**Supplemental Payment**

A supplemental payment is a payment issued to a customer for the current month when the worker has recalculated the current month's cash grant as a result of a change in anticipated income, and determined the customer is eligible for a larger aid payment amount than what was previously issued

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for the given month. A supplemental payment is not considered an underpayment, and as such, is not subject to adjustment for any overpayment.

A supplemental payment which was correctly computed will not be subjected to an overpayment determination, provided the customer's report upon which the county based its determination was complete and accurate. If there is a computational error, the supplemental payment will be corrected. Refer to the Voluntary Mid-Period Reporting section below for additional information.

**Mandatory Inclusion**

An underpayment may only be issued for months in which all technical conditions of eligibility are met. These are considered to have been met as of the date the mandatory person entered the AU, provided:

- The person is cooperating in meeting these conditions
- The caretaker relative fulfilled their reporting responsibilities in making a timely and accurate report of the change in AU composition

Example: If an additional person entered the home was not reported in a timely manner, no underpayment exists.

**Grant Adjustment Due to SAR 7 or SAWS 2 Plus**

If information reported on the SAR 7/SAWS 2 Plus results in a grant increase, and the worker cannot increase the grant by the first day of the month of the next payment period, a supplement must be issued for that month, and cash aid increased for the remaining months of that payment period. A supplement will be provided for the month the decrease in income is reported or the month the change actually occurs, whichever is later, after all verification has been provided.

**Voluntary Mid-Period Reporting**

A mid-period supplemental payment resulting from a voluntary mid-period report, which was correctly computed based on a recalculation of reasonably anticipated income and or other changed AU's circumstances, must not be considered an underpayment and cannot be used to offset ("balancing") an overpayment.

**Erroneous Denial**

Any underpayment which is due to the erroneous denial of an application for aid must be corrected even though the applicant failed to perform an act constituting a condition of eligibility when such failure was caused by the denial. Acts include, but are not limited to, failing to furnish a Social Security Number, failing to provide Non-Citizen Sponsor information, failing to assign support rights, or failing to obtain unconditionally available income.

For the purpose of determining the beginning date of aid for correcting an underpayment which is due to the erroneous denial of an application, refer to CPG 44-300.F – Erroneous Denials.

**When Not to Establish an Underpayment**

An underpayment does NOT occur in the following circumstances:

- Failure to apply for or request aid, including special needs such as the pregnancy special need

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- When a change in circumstances occurs or actual income received is less than what was reasonable anticipated during the payment period, and the AU did not voluntarily report the change in circumstances or the decrease of income during the payment period
- Actual verified income must not be used to reconcile against prospectively budgeted income that was used in the benefit calculation - only income that was “reasonably anticipated” at the time benefits were initially calculated can be used

**Procedure:**

When an underpayment has occurred, correct the underpayment as follows:

- Using the regulations in effect on the date of discovery, calculate the correct grant for each month in question; compare the correct grant to the amount actually paid to the AU for each month; and if the amount paid to the AU is less than the correct grant for that month, an underpayment exists
- Enter the new income in the **Collect Income Received Detail** or the **Collect Unearned Income Detail** window
- Add the person in the **Collect Case Individual Detail** window, as appropriate
- Select the appropriate Use Effective Month (UEM)
- Run EDBC and evaluate cash benefits for the months affected on the **Capture Discrepancy Information** window

**References:**

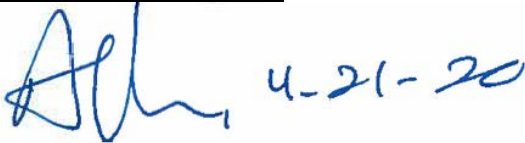
EAS 44-340, 44-350

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**Sunset Date:**

This policy will be reviewed for continuance by April 30, 2023.

**Approval for Release:**



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