

March 26, 2020

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**EXECUTIVE SUMMARY**

**ALL COUNTY LETTER NO. 20-24**

This letter informs County Welfare Departments (CWDs) of the requirement to cease all noticing and collection methods except the Treasury Offset Program (TOP) once a CalFresh overissuance (OI) claim has been delinquent for three consecutive years. This letter also supersedes the regulation found at CalFresh [Manual of Policies and Procedures \(MPP\) section 63-801.53](#) which is out of compliance with current federal regulations. Guidance put forth in this letter is effective immediately and will apply to **all** CalFresh OI types.



KIM JOHNSON  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**

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GAVIN NEWSOM  
GOVERNOR

March 26, 2020

ALL COUNTY LETTER (ACL) NO. 20-24

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CONSORTIUM PROJECT MANAGERS  
ALL CALFRESH PROGRAM SPECIALISTS  
ALL COUNTY CALFRESH COORDINATORS  
ALL CONSORTIUM PROJECT MANAGERS  
ALL WELFARE INTERCEPT COORDINATORS  
ALL COUNTY INCOME AND ELIGIBILITY VERIFICATION SYSTEM  
COORDINATORS

SUBJECT: CALFRESH OVERISSUANCE CLAIMS: COLLECTION  
TIMEFRAMES, NOTICING REQUIREMENTS, AND THE  
TREASURY OFFSET PROGRAM

REFERENCE: [TITLE 7 CODE OF FEDERAL REGULATIONS SECTION 273.18\(e\)\(5\) AND 273.18\(e\)\(8\)\(ii\)\(E\); MANUAL OF POLICIES AND PROCEDURES SECTIONS 63-801.45 AND 63-801.53; ALL COUNTY INFORMATION NOTICE \(ACIN\) NO. I-03-02; ACIN I-58-08; ACL 11-26, ACL 11-26E, AND ACL 16-108](#)

This letter informs County Welfare Departments (CWDs) of the requirement to cease all noticing and collection methods except the Treasury Offset Program (TOP) once a CalFresh overissuance (OI) claim has been delinquent for three consecutive years. This letter also supersedes the regulation found at CalFresh [Manual of Policies and Procedures \(MPP\) section 63-801.53](#) which is out of compliance with current federal regulations. Guidance put forth in this letter is effective immediately and will apply to **all** CalFresh OI types.

Please note, this ACL does **not** implement a termination/write-off policy after a claim has been delinquent for three consecutive years. Under separate cover, the California Department of Social Services (CDSS) will release a future ACL addressing a three-year termination/write off policy, as well as providing guidance related to CalFresh claims submitted to the California Franchise Tax Board (FTB).

## CalFresh Delinquent Claims Policy

Supplemental Nutrition Assistance Program (SNAP) regulations found at [7 Code of Federal Regulations \(CFR\) section 273.18\(e\)\(5\)](#) and CalFresh regulations found at [MPP section 63-801.45](#) provide that a CalFresh OI must be considered delinquent if:

1. The claim has not been paid by the due date and satisfactory payment arrangement has not been made; or
2. A repayment agreement has been established and a scheduled payment has not been made by the due date.

A claim is established when an initial demand letter/Notice of Action (NOA) has been sent to the household along with an Overissuance Budget Worksheet ([NA 1263](#)), which displays how the claim was calculated. Once a claim is established, the household has 30 days to respond to the demand letter indicating how they have chosen to pay the claim or request a state hearing. If a household that is no longer receiving aid does not respond to the demand letter within 30 days, the claim is delinquent.

A CalFresh claim is **not** considered delinquent if it is being paid through an acceptable repayment agreement in accordance with [MPP section 63-801.72](#), or through an allotment reduction before the due date on the initial demand letter. Also, a CalFresh claim is **not** considered delinquent when a benefits reduction has been scheduled to begin during the next semi-annual period or while a prior claim is being collected. However, a CalFresh claim must be considered delinquent on the “due date of the missed installment payment unless the claim was delinquent prior to entering into a repayment agreement,” per [7 CFR section 273.18\(e\)\(5\)\(iii\)](#).

Per [7 CFR section 273.18\(e\)\(5\)\(ii\)-\(iii\)](#) and [MPP section 63-801.452](#), a delinquent CalFresh claim remains delinquent until: an acceptable repayment agreement is established or resumed, a satisfactory payment is made by the former client, payment is received in full, or the recipient reenrolls in CalFresh and allotment reduction is invoked.

## Tax Intercept Referrals for Delinquent CalFresh Claims

Regulations found at [7 CFR section 273.18\(e\)\(8\)\(ii\)\(E\)](#) state: “As a State Agency, if the claim is delinquent for three years or more, then you must terminate and write-off the claim unless you plan to continue to pursue the claim through the Treasury Offset Program (TOP).” Per [MPP section 20-400.1](#), referring a delinquent claim to TOP is **mandatory** in California. Per [ACL No. 16-108](#), CWDs must refer a CalFresh claim to TOP after it has been delinquent for 120 consecutive days. Additionally, the CWD is authorized to utilize the state tax intercept process through the Franchise Tax Board for up to three consecutive years of delinquency.

### **Federal Requirement for Delinquent Claims**

Once a CalFresh claim has been delinquent for three consecutive years, the only allowable collection method is TOP. The CWD and/or county recovery revenue departments must cease all other collection and/or demand for repayment notices to the former client. Notices that can no longer be sent to the former client after three years of delinquency include but are not limited to: collection notices, billing statements, balance statements, and general invoices.

### **CalFresh MPP Section 63-801.53**

Currently, the CalFresh regulation found at [MPP section 63-801.53](#) states that the CWD "shall be permitted to determine that a claim is uncollectible after it has been held in suspense for three years." The regulation is invalid because it mistakenly gives the CWD the option to continue using collection methods other than TOP once a claim has been delinquent for more than three consecutive years.

The CalFresh MPP will be updated to reflect this change in policy as soon as administratively feasible. If you have any questions regarding this ACL, please contact the CalFresh Policy Bureau at (916) 651-8047 or the Program Integrity Bureau at (916) 654-2125 for any TOP related questions.

Sincerely,

### ***Original Document Signed By:***

JENNIFER HERNANDEZ  
Deputy Director  
Family Engagement and Empowerment Division