Amend Section 42-751 to read:

# 42-751 UNDERPAYMENTS AND OVERPAYMENTS FOR TRANSPORTATION AND ANCILLARY SUPPORT SERVICES

.1 through .31 (continued)

.4 Collection of Overpayments

 (a) If the individual is no longer receiving aid under CalWORKs, recovery of nonfraudulent overpayments will not be attempted where the outstanding overpayment is less than two hundred and fifty dollars ($250). For closed cases with an overpayment claim amount totaling $250 or more, the county will follow the current procedures as outlined in Section 44‑352.4 for recovering the overpayment. If the overpayment is being repaid in installments, the county ~~must~~ shall cease collection efforts once the balance of the outstanding overpayment falls under $250, or the county's approved higher threshold amount per Section 44-350.161. Reasonable cost-effective efforts at collection shall be implemented where the nonfraudulent overpayment amounts owed are $250 or more (see Section 44-350.161).

 (b) If the overpayment is the result of fraud, the CWD shall attempt to recover the overpayment regardless of the amount.

 (c) through (j)(1) (continued)

NOTE: Authority cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code; and Senate Bill 726 (Chapter 930, Statutes of 2018).

Reference: Sections 11004(g), (h), (i), (k), and (l), 11265.2, and 11323.4(b), Welfare and Institutions Code.

Amend Section 44-350 to read:

# 44-350 OVERPAYMENTS -- GENERAL

.1 through .15(d) (continued)

.16 The county shall take all reasonable steps necessary to promptly correct and collect any overpayments that are known to the county including recovery of overpayments due to either applicant/recipient and/or county administrative errors, with the following exceptions:

.161 The county shall not demand collection of nonfraudulent overpayments totaling less than $250 from individuals no longer receiving aid. Where the nonfraudulent overpayment amount owed by the individuals no longer receiving aid is $250 or more, the county shall send a demand notice for repayment. If the overpayment is being repaid in installments, the county ~~must~~ shall cease collection efforts once the balance of the outstanding overpayment falls under $250. ~~No further collection efforts shall be made if the county, upon Department approval, determines that the cost to collect the overpayment exceeds the amount to be recovered.~~ A county may request a threshold higher than $250 and the Department may approve a county’s request if the Department determines that a higher threshold would be more cost effective.

(~~b~~a) Counties shall provide supporting evidence of reasonable cost effectiveness when requesting a higher threshold amount for Department approval. Costs which counties ~~shall~~ may consider and submit evidence for when ~~determining the cost effectiveness to collect are~~ requesting a higher threshold include, but are not limited to total administrative and personnel costs, legal filing fees, and investigative costs~~, and any other costs which are applicable~~.

(~~a~~b) Counties shall maintain information regarding the uncollected overpayments to enable recoupment should any individuals from the prior overpaid AU reapply.

.17 through (AR/CO).52 (continued)

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code; and Senate Bill 726 (Chapter 930, Statues of 2018).

Reference: Sections 11004, 11004.1, 11056, 11265.1, 11265.3, and 11265.47**,** Welfare and Institutions Code; Section 37 of AB 444 (Ch. 1022, Stats. 2002; Federal Register, Vol. 75, No. 19, dated January 29, 2010, pages 4928 and 4929 [7 CFR 273.12(a)(1)(vii)].

Amend Section 44-352 to read:

# 44-352 OVERPAYMENT RECOUPMENT

.1 through .125 Handbook 2. (continued)

.2 Amount That Can Be Recovered

The amount that can be recovered is the total amount calculated under 44-352.11 or 44-352.12, with the following exceptions:

 .21 through .211 (continued)

 .212 The total amount of the overpayments is less than $250.

 .22 Where the nonfraudulent overpayments owed by any individual no longer receiving aid totals $250 or more, the county shall send a demand notice for repayment. If the overpayment is being repaid in installments, the county ~~must~~ shall cease collection efforts once the balance of the outstanding overpayment falls under $250, or the county's approved higher threshold amount per Section 44-350.161. ~~No further collection efforts shall be made if the county, upon Departmental approval, determines it is not cost effective to collect the overpayment (see MPP 44-350.161[b]).~~

.3 Priority Order For Overpayment Recoupment

Overpayments shall be recouped in the following priority order unless specifically exempted under Section 44-352.2.

.31 through .311(b) (continued)

.312 Members of the AU

The county shall only initiate recovery of the overpayment from the other members of the overpaid AU after all efforts to collect from the caretaker relative recipient have been exhausted, and the caretaker relative recipient:

(a) through (c) (continued)

(d) Is no longer on aid; the overpayment is less than $250 pursuant to Section 44-352.211, and there are other members of the overpaid AU who remain on aid; or

(e) through .521c. (continued)

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code; and Senate Bill 726 (Chapter 930, Statutes of 2018).

Reference: Sections 10553, 10554, 11004, 11004.1, 11008 (Ch. 270, Stats. 1997), 11017, 11155, 11155.1, 11155.2, 11257, 11265.1, 11265.2, 11265.45, 11265.47, 11450, 11450.5, 11451.5, 11452, 11453, and 11453.2, Welfare and Institutions Code; Darces v. Woods (1984) 35 Cal.3rd 871:201 Cal.Rptr. 807, and Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995.

Adopt Section 44-353 to read:

# 44-353 DISCHARGING OVERPAYMENTS

.1 Discharge Discharge means end-dating an overpayment without the possibility of further collection in any automated system.

~~.1~~.2 Mass Overpayments ~~.11~~ A mass overpayment is an overpayment caused by the same action or inaction that impacts eight percent of the CWD caseload or more than 1,000 CalWORKs AUs within the county, whichever is greater.

~~.12~~.3 CWDs ~~must~~ shall report to the Department when a mass overpayment has been identified. The mass overpayment report ~~must~~ shall identify, at minimum, whether the mass overpayment is known to have been caused by either of the following:

~~(a)~~.31 Negligence on the part of the CWD in the determination of eligibility for CalWORKs AUs which includes, but is not limited to, oversight or misapplication of CalWORKs regulations and policies resulting in overpaid benefits for either eight percent of the CWD caseload, or more than 1,000 CalWORKs AUs within the county, whichever is greater; or

~~(b)~~.32 A major systemic error by the Department or CWD which includes, but is not limited to, an issue in the Statewide Automated Welfare System resulting in overpaid benefits for either eight percent of the CWD caseload or more than 1,000 CalWORKs AUs within the county, whichever is greater.

.4 Upon the identification of a mass overpayment, the CWD shall notify the Department and provide information including but not limited to the following: County name, date of the occurrence of the overpayment, number of cases affected, reason for the mass overpayment, and total amount of the mass overpayment. The Department shall approve the discharging of the mass overpayment when the department verifies that the overpayment was caused by negligence or major systemic error pursuant to Section 44-353.3.

NOTE: Authority cited: Sections 10553, 10554 and 18910(a) Welfare and Institutions Code; and Senate Bill 726 (Chapter 930, Statutes of 2018).

Reference: Section 11004, Welfare and Institutions Code; Senate Bill 726 (Chapter 930, Statutes of 2018) and Senate Bill 80 (Chapter 27, Statutes of 2019)