

# Cost-Effective Collection For CalFresh Overissuances

Senator Carol Liu, 21<sup>st</sup> SD

*To Be Introduced*

## Purpose

This legislation aims to set a standard, statewide threshold for establishing and collecting CalFresh overissuances from clients when the overissuance is due to administrative error. The threshold will be set at the federal standard of \$125, or higher if the state determines the cost to collect payments exceeds that amount.

## Background

The Supplemental Nutrition Assistance Program, known as CalFresh in California, issues monthly food benefits for people with net incomes below the Federal Poverty Line. CalFresh is administered by the Department of Social Services and County Human Services Offices, but the food benefits are wholly paid for by the Federal Program. When CalFresh recipients are issued an amount above the monthly allotment they are eligible to receive, federal Law requires that local administrators collect the overissuance from recipients and reimburse the Federal Program.

Federal guidelines require different methods for reimbursing the Federal Program based on the type of error. In the case of Administrative Errors, an error caused by the program administrators or caseworker during the processing of an application or report, 100 percent of funds collected from recipients and former recipients must be returned to the federal government. The cost of assessing and collecting those overpayments, however, are shared by counties, state and federal governments. Federal law has established a threshold of \$125 for collecting administrative overpayments, but permits states to establish lower thresholds, or higher thresholds if the state can establish that the cost of collection is greater than \$125.

According to the regional administrators of the federal program, all other states in the

Western Region have established their collection threshold at \$125 or higher.

In the last quarter of 2011, California pursued overpayment collections on more than 20 million claims – nearly half of the claims documented statewide.

## Summary

This bill would align California with other states in setting the threshold at \$125, or greater if the state can establish that the cost of collecting overissuances is greater than that amount. It would relieve counties of the time and expense required to pursue collections from clients who have relatively small amounts of overissuances.

The legislation would not alter California's efforts to collect from CalFresh recipients or former recipients whose overissuances are the result of their own inadvertent or intentional errors. It also would not prevent the state from collecting large overpayments caused by administrative errors. It does not affect policy related to CalWORKs overpayments.

Not only does pursuit of low-level overpayments tax county staff, it causes confusion among recipients. Many recipients who receive administrative overpayments, and then are noticed that they must repay them, experience shame and anxiety, as well as uncertainty about the process. This legislation also would require that, when an overpayment is established, the recipient receive an explanation of how it was derived and the methodology for repayment.

This legislation will be sponsored by **Western Center for Law and Poverty**.

***For more information, please contact:***

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