ULM Policy and Procedure
Recoupment of Overpayments

This policy is being implemented in accordance with R.S. 42:460 which became effective March 20, 2005.

Policy:

Introduction

Overpayments occur when compensation that is not owed to the employee is paid in error. This includes but is not limited to overpayment of wages, annual and/or sick leave paid in error, as well as, erroneous refunds of deductions. Unearned payments to employees are prohibited by Article 7, Section 14 of the Louisiana State Constitution which prohibits the donation of public funds. As a result, ULM is required to make a reasonable effort to recoup overpayments from both active and separated employees. Recoupment will occur once the employee has received written notice and the appropriate time for a dispute has passed.

Procedure:

Notification

Once it is determined that an overpayment has been made, the Controller's Office will immediately notify the employee of the error. This notice must be in writing and include the following:

1. pay date(s) the overpayment occurred;
2. amount of the overpayment;
3. reason for the overpayment;
4. plan of action for recoupment;
5. employee options for reimbursement of overpayment; and
6. procedure by which the proposed recoupment can be disputed.

Recoupment from an Active (Current) Employee

If the recoupment is due from an active employee, the following repayment options are available:

1. direct deposit reversal;
2. one-time deduction from a subsequent paycheck;
3. payment plan (not to exceed a 12-month period); or
4. personal payment from the employee (check or money order).

If an employee who has been overpaid is separating (terminating) from ULM, the amount of the overpayment must be withheld from the employee's final paycheck. If the full amount is not recovered, ULM should follow the guidelines for a Separated Employee.

The amount to be recouped in a one-time payment or in recurring payments cannot bring the employee's biweekly gross hourly wage amount below the federal minimum wage. If the employee agrees to have a larger amount withheld, ULM must obtain written approval from the employee.

Recoupment from Employees Transferring to Another State Agency

If an overpaid employee is transferring to another state agency, and the losing agency has not completed the recoupment process, the losing agency must notify the gaining agency that the employee has an outstanding balance due the losing agency. The losing agency must provide pertinent documentation regarding the details of the overpayment and the recoupment plan established. The losing and gaining agencies must work together to determine a reasonable solution for recouping the overpayment from the employee and for transferring funds received at the gaining agency back to the losing agency.

Recoupment from Separated Employees

If the overpayment is to be recouped from a Separated Employee, the following repayment options are available:

1. one-time personal payment from the employee (check or money order); or
2. payment plan (not to exceed a 12-month period).

If ULM is unable to recover overpayments from a separated employee, ULM must follow policies regarding consulting the legal department (at the System Level) to determine if legal recourse is warranted.

Procedure for Disputing the Overpayment:

The employee should present their dispute to the Controller in writing with in five (5) working days from the date of notification of the overpayment. This statement must contain the reason(s) why the employee feels the overpayment was not in error.

The Controller will respond to the employee within five (5) working days from receipt of the written dispute.

If the employee is still not satisfied with the response from the Controller, the employee may then send the dispute to the Chief Business Officer within ten (10) days of receipt of the Controller's response.

The Chief Business Officer will respond to the employee within fifteen (15) working days from receipt of the written dispute.

I have read this policy and I understand its implications.

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Employee Signature Date