

Chancellor's Memorandum
CM-57 – Policy for Recoupment of Overpayments¹

To: Vice Chancellors, Deans, Department Heads, Faculty, Staff, and Students

From: Chancellor, LSU Health Sciences Center at New Orleans

Effective Date: August 5, 2020.

This memorandum supersedes CM-57 dated March 2, 2007

A. Policy:

The Louisiana State Constitution² and Louisiana State law³ prohibit donation of public funds, including unearned overpayments made to active or separated employees as well as erroneous payments made on behalf of active or separated employees. Therefore, in compliance with these laws and regulations, it is the policy of Louisiana State University Health Sciences Center – New Orleans (“LSUHSC–NO”) to recoup all such unearned or erroneous overpayments to active or separated employees, as well as any unearned or erroneous payments made to or on behalf of students, which shall be conducted in the manner set forth herein.

B. Definitions:

- a. Active Employee or Student - employee currently working for LSUHSC–NO or student currently enrolled in an LSUHSC-NO academic program.
- b. Separated Employee or Student - employee no longer working for LSUHSC-NO or student no longer enrolled in an LSUHSC-NO academic program.
- c. Prospective Employee – a new hire of LSUHSC-NO or an employee of another state agency who has transferred to LSUHSC-NO.
- d. Overpayment - unearned compensation of any and all funds administered by LSUHSC-NO which are paid in error to Active or Separated Employees

¹ Updated August 5, 2020.

² Article 7, Section 14 prohibits the donation of public funds and thus prohibits any unearned payments to, or inappropriate or erroneous payments on behalf of, employees or students.

³ La. R.S. 42:460 states that “[t]he division of administration shall have the power to promulgate rules and regulations necessary to provide state agencies with the ability to recoup overpayments made to state employees. Such recoupments shall include but not be limited to overpayment of wages paid to employees and erroneous refunds of deductions withheld from employees.” See Louisiana Administrative Code Title 4, Part III, Chapter 7 for the rules and regulations promulgated pursuant to this statute.

or Students, including but not limited to overpayment of wages, annual leave paid in error, and/or erroneous refunds of deductions.

- e. Deduction - any voluntary or involuntary reduction in net pay (*e.g.*, health insurance, United Way, taxes, etc.)
- f. Wage - payment to an Active or Separated Employee or Student for employment services rendered to LSUHSC-NO, whether the employment is by the hour, day, week, or month.
- g. Net Pay - the amount of compensation due to the Active or Separated Employee or Student after withholding all voluntary and involuntary deductions from that person's wages and compensation earned.
- h. Inappropriate or erroneous payment – payment for expenses on behalf of an Active or Separated Employee or Student that is later deemed to be inappropriate or erroneous but not fraudulent.
- i. Recoupment - reimbursement of overpayment that was not due an Active or Separated Employee or Student.
- j. Direct Deposit Reversal - a formal request to the financial institution to return funds deposited into an Active or Separated Employee's or Student's account.

C. Notification of Overpayment, Inappropriate, or Erroneous Payments:

Active or Separated Employees and Students shall be notified immediately once LSUHSC-NO determines that an overpayment, inappropriate, or erroneous payment has been made. Written notification to that person will be provided by the LSUHSC-NO Payroll Department, for employees, or the LSUHSC-NO's Bursar's Office, for students, prior to withholding the recoupment from future payments. This *Notification of Overpayment, Inappropriate, or Erroneous Payment* shall include:

- a. Date(s) the overpayment, Inappropriate, or erroneous payment occurred;
- b. Amount of the overpayment, inappropriate, or erroneous payment;
- c. Reason for overpayment, inappropriate, or erroneous payment;
- d. LSUHSC-NO plan of action for recoupment of overpayment, inappropriate or erroneous payment;
- e. Employee or student options for reimbursement of overpayment, inappropriate or erroneous payment, as appropriate; and
- f. Procedure by which the proposed recoupment can be disputed.

D. Plan of Action for Recoupment from Active Employees:

LSUHSC-NO will recoup overpayments, inappropriate, or erroneous payments made to Active Employees in one of the following ways:

- a. Direct deposit reversal; or
- b. One-time deduction from a subsequent paycheck, as long as the deducted

amount does not bring the Active Employee's bi-weekly gross hourly wage amount below the federal minimum wage unless indicated by written approval from the Active Employee; or

- c. Payment plan as agreed upon by LSUHSC-NO for a period not to exceed twelve (12) months. The number of recurring deductions will be determined by the Executive Director of Accounting Services upon recommendation of the Office of Human Resource Management ("HRM"), or for non-payroll and benefits items, of Accounts Payable Management ("APM"), based on the amount of overpayment, as long as the deducted amount does not bring the Active Employee's biweekly gross hourly wage amount below the federal minimum wage, unless indicated by written approval from the Active Employee.
- d. Personal payment from the Active Employee, in the form of check or money order made payable to LSUHSC-NO; or
- e. If an Active Employee who has been overpaid, or for whom an inappropriate, or erroneous payment has been paid on his/her behalf, is separating or being terminated from LSUHSC-NO, the amount of the overpayment, inappropriate, or erroneous payment shall be withheld from the Active Employee's final paycheck. If the full amount is not recovered by such withholding, LSUHSC-NO shall proceed under Part F, Plan of Action for Recoupment from Separated Employees.

E. Plan of Action for Recoupment from Employees Transferring to Another State Agency:

1. If an Active Employee responsible for recoupment is transferring to another state agency, and LSUHSC – NO has not completed the recoupment process, LSUHSC – NO shall notify the new agency that said employee has an outstanding balance due LSUHSC-NO; and
2. LSUHSC-NO shall provide pertinent documentation regarding the details of the overpayment, inappropriate, or erroneous payment and the recoupment plan established; and
3. The two agencies will then work together to determine a reasonable solution for recouping the overpayment, inappropriate, or erroneous payment from said employee and for transferring funds received at the new agency back to LSUHSC-NO; and
4. If a payment plan is established in the payroll system of the new agency, the amount to be recouped in a onetime payment or in recurring payments shall not bring said employee's biweekly gross hourly wage amount below the federal minimum wage, unless the employee agrees to have a larger amount withheld in writing.

F. Plan of Action for Recoupment from Separated Employees:

1. If an overpayment, inappropriate, or erroneous payment was made to an Active Employee and recoupment is first attempted after the employee has separated from LSUHSC – NO, the debt shall not be forgiven. If LSUHSC–NO is unable to recover overpayments from a Separated Employee, it will consult with legal counsel to determine if legal recourse is warranted.
2. LSUHSC – NO will notify the Separated Employee of the overpayment, inappropriate, or erroneous payment pursuant to Section C of this Policy, and will demand repayment.
3. The following repayment options are available
 - a. One-time personal payment from the Separated Employee in the form of a check or money order made payable to LSUHSC-NO, or
 - b. A payment plan, as established and agreed to by the LSUHSC-NO Executive Director of Accounting Services, upon recommendation of the HRM or APM as applicable, for a period not to exceed twelve (12) months.

G. Plan of Action for Recoupment from Active or Separated Students

There are many possible scenarios for an overpayment to an Active or Separated Student of the LSUHSC-NO. Further, overpayments to Active or Separated Students may have an impact on any financial aid said student may have received. For information on how to handle recoupment of overpayment on a student account, please contact the LSUHSC-NO's Bursar's Office.

H. Notification of Recoupment Policy:

1. All Active Employees and Students will be notified of this Policy.
2. As a condition of employment or of enrollment, all prospective employees and students shall sign a statement acknowledging his/her understanding of the recoupment policy and that, if overpaid, or if an inappropriate, or erroneous payment was paid on the behalf of the employee or student, the recoupment may be made in a future pay period after notification from LSUHSC-NO in accordance with this Policy.
3. Job offers will be withheld to prospective employees who fail to comply with this Policy and registration will be delayed for prospective and current students who fail to comply with this Policy.

I. Inappropriate Expenses Using the Purchasing Card:

Inappropriate but not fraudulent expenses paid using the purchasing card will result in immediate suspension of the purchasing card. The Executive Director of Accounting

Services, after a full investigation in coordination with legal counsel, will determine if purchasing card privileges will be revoked from the Active Employee based on the circumstances surrounding the purchase.

J. Collection and Reporting of Accounts Receivable:

LSUHSC – NO shall handle all applicable reimbursed overpayments, inappropriate or erroneous payments in compliance with the policies and procedures for the collection and reporting of accounts receivable as published in the November 20, 2002 edition of the Louisiana Register.

K. Dispute Procedure:

1. If an Active or Separated Employee does not agree with LSUHSC – NO's claim of overpayment, inappropriate, or erroneous payment, that person may file an appeal with HRM, which must be received no later than fourteen (14) days from the date of *Notification of Overpayment, Inappropriate, or Erroneous Payment*.
2. The appeal must be in writing, must explain why the person believes recoupment is not warranted, and must contain any supporting documentation to be considered for review.
3. The Assistant Director of HRM shall make a recommendation to the Executive Director of Accounting Services, who shall accept, reject, or modify the recommendation.
4. The decision of the Executive Director of Accounting Services or his/her designee shall be final upon the concurrence of the Chancellor and Chief Counsel and shall be transmitted in writing to the Active or Separated Employee, with a copy sent to the Payroll Department.

Signed: Larry H. Hollier, Chancellor

