



Policy on Recoupment of Overpayments

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. This policy on recoupment of overpayments is set forth in accordance with R.S. 42:460

Notification to Employee of Overpayment

Employees must be notified immediately once a determination of an overpayment has been made. Written notification must be provided prior to withholding the recoupment from a future payment(s).

The employee notification must include the following:

1. date(s) the overpayment occurred
2. amount of the overpayment
3. reason for overpayment
4. plan of action for recoupment
5. employee options for repayment
6. procedure for disputing the claim of overpayment

The employee can consent to the recoupment by:

Implied Consent – The employee does not respond to the written notification. This implies that the employee agrees that he/she has been overpaid and agrees with the plan of action for the recoupment.

Express Consent – The employee responds to the written notification, either verbally or in writing, and advises that he/she agrees that an overpayment was made and agrees to the plan of action for the recoupment.

An employee has the right to dispute the claim of overpayment and to advise that the University cease the recoupment efforts. The employee is required to submit the disapproval in writing to Administrative Services. The recoupment effort must be stopped until a resolution to the dispute has been reached.

Repayment Options

The following repayment options are available:

1. direct deposit reversal
2. one-time deduction from a subsequent paycheck
3. payment plan or recurring deductions established for a period not to exceed 12 months
4. personal payment from employee

If an employee who has been overpaid is separating from the University, the amount of the overpayment must be withheld from the employee's final paycheck.

The amount to be recouped in a one-time payment or in recurring payments cannot bring the employee's gross hourly wage amount below the federal minimum wage.

If the employees agrees to have a larger amount withheld, the University must obtain written approval from the employee.

If recoupment efforts have been unsuccessful, the University will follow policies regarding consulting the legal department to determine if legal recourse is warranted.

Items to consider are:

1. total dollar value of the overpayment
2. period of time for which the overpayment has occurred
3. period of time that has elapsed since the overpayment
4. cost of recoupment efforts
5. likelihood of success of continued recoupment efforts

Condition of Employment

A signed statement must be obtained from a prospective employee acknowledging receipt and understanding of the recoupment policy. Prospective employees include new hires and employees who have transferred from another state agency.