



PO 1305.2: Recoupment of Overpayments

PR 1305.2.

a. Figuring the Monthly Recoupment Amount

b. Reapplications

c. Effect of Bankruptcy Petitions

Recoupment is the monthly deduction of a part of the overpayment from the client's monthly GA benefit. The monthly recoupment amount cannot reduce the case's total income to less than 90% of the appropriate GA Payment Level for the client.

a. Figuring the Monthly Recoupment Amount

Figure the monthly recoupment amount prospectively, using the case's income and facts for the payment month.

When determining the recoupment amount:

- allow the deduction for self-employment business expenses when determining the amount of self-employment income,
- allow the income disregard and employment exemption (if applicable) for earned income cases, and
- drop cents from the recoupment amount.

If the assistance unit has liquid assets, the client may use the assets to repay the GA Unit. This may reduce or prevent recoupment from the cash benefits.

If the recoupment reduces the assistance unit's benefits to an amount of less than \$1.00, adjust the monthly recoupment amount to result in a minimum benefit of \$1.00.

If an additional overpayment subject to recoupment occurs while recoupment is in progress, document the later overpayment amount. Notify the client of the additional overpayment.

When calculating an additional overpayment amount for a month in which recoupment is already being deducted, add the recoupment amount to the reduced benefit amount to arrive at the actual amount of assistance received. These 2 items combined (reduced benefit amount plus recoupment amount) are the "amount received" that is to be used in the calculation of overpayment.

Use the amount of underpayment correction to reduce the amount of any outstanding income maintenance overpayment. Do not authorize an underpayment when an overpayment balance is greater than the amount of the underpayment.

Only adult members of an overpaid assistance case are liable for repayment of an overpayment. Overpayments are recouped from:

- the active GA case that contains the payee for the original overpaid GA assistance case, or
- if the payee is not currently getting assistance, the overpayment is recouped from any active GA assistance case that contains a person who was an adult member of the overpaid GA assistance case, or
- if the adult is the representative payee (RPY) for a GA cash assistance case, they are liable for any overpayments that occur to the case. The overpayment is recouped from the active GA cash assistance RPY case.

When there are 2 adult members of the overpaid assistance case receiving assistance in 2 separate cases, the recoupment is deducted from the active case that contains the original payee. If the original payee is not receiving assistance, the recoupment is deducted from the cash assistance case that contains the 2nd adult.

When no active case exists, recovery action is taken against the payee and/or any other person who was an adult member of the original overpaid GA assistance case.

b. Reapplications

Upon approval of a reapplication for a case with an outstanding overpayment, recoup from the first regular monthly assistance benefits. Do not recoup from an initial prorated entitled (IPE).

c. Effect of Bankruptcy Petitions

When you learn that a client with an outstanding overpayment has filed for bankruptcy, terminate all collection activity. This includes the termination of all recoupment and recovery actions.

When the final bankruptcy order is received, adjust or drop the outstanding overpayment based on the terms of the order.