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**WORK FIRST**  
**FINANCIAL RESPONSIBILITY**  
**Part II - Underpayments**

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**Change #1-2009**

**March 1, 2009**

**263 - FINANCIAL RESPONSIBILITY: PART II – UNDERPAYMENTS**  
**Change #1-2009**  
**March 1, 2009**

**I. REQUIREMENTS**

- A. An underpayment occurs when the recipient receives less assistance than he is eligible to receive.
- B. Counties are required to repay any underpayment to active recipients and those who would be active recipients if the error had not occurred.
- C. Counties must promptly reimburse the recipient for all county and state responsible underpayments when:
  - 1. The case continues to be active.
  - 2. The recipient reapplies for assistance and is found to be eligible.
  - 3. The case would have been active if the error had not occurred.
  - 4. The underpayments are not offset by overpayments.
- D. The county should not repay a recipient if the individual is responsible for the underpayment.
- E. When an overpayment and an underpayment occur during the same period, the difference must be reconciled. ([Refer to PART III. RECONCILIATION](#)).

**II. HOW TO CALCULATE AN UNDERPAYMENT**

- A. All changes must be verified according to the Work First eligibility guidelines using the policy in effect at the time the error occurred.
- B. The worker must determine the incorrect payment period. The underpayment period begins the month a change should have been effective and ends the month the change is made.
- C. In calculating the underpayment amount, the worker should:
  - 1. Recalculate the Work First payment to determine the amount the family unit was eligible to receive. Include all verified income used to determine the Work First payment actually received.

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2. Subtract the amount the family unit should have received from the amount actually received. The difference is the underpayment amount.

**III. HOW TO REIMBURSE THE RECIPIENT**

- A. To issue an adjusted payment for each underpayment month, the worker must complete the DMA-5022. (Refer to the [Work First User Manual](#)).

Do not count the adjusted payment as income or as a resource.

- B. Send the recipient an adequate notice, [DSS-8110](#). Instructions for completing the [DSS-8110](#) are in [Notice and Hearings Process \(264\)](#).