
P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process

When an overpayment is discovered the IMS shall compute the amount of overpayment, and:

- If the overpayment resulted from suspected fraud, prepare and send Fraud Referral (DSW 108). No further action is to be taken until a decision from the Fraud Unit is received.
 - If the Fraud Unit accepts the case for investigation and possible prosecution, the D.O. will be notified. IMS takes no further action until notice of the disposition of the case is received.
 - If the Fraud Unit thinks the case does not warrant prosecution, the case will be returned to the D. O. for possible recoupment. (If the fraud investigator has already collected the overpayment, the D.O. will be notified).
 - If the amount of overpayment is clearly established, IMS shall notify the recipient of:
 - the amount of overpayment,
 - the necessity for recoupment,
 - the options for recoupment, and
 - the time limit for an agreement to be made on the methods of recoupment, using DSW 220R.

Example: Client fails to report earnings from a part-time job he has had for several months. Since actual wages and first day of employment are usually verifiable, the amount of overpayment can be established. If a fraud referral is completed but the Fraud Unit does not accept the case for prosecution, IMS can begin recoupment.

Example: The Fraud Unit accepts a case in which absence is questionable. After investigation, it is decided not to prosecute the case. In the course of the investigation, however, an amount of overpayment is established. When notified by the Fraud Unit of the amount, IMS can begin recoupment.

- For other overpayments, IMS shall, after supervisory review of the case, notify the recipient of:
 - the amount of overpayment,
 - the necessity of recoupment,
 - the options for recoupment, and
 - the time limit for an agreement to be made in the method of recoupment, using DSW 220R.

When the recipient responds, the IMS:

- Discuss options with client and reaches mutual agreement on method of recoupment, if possible.

Methods of Recoupment

1. Reimburse the total amount of the overpayment in one payment, or
2. Reduce the assistance payment on a semi-monthly basis until the amount of the overpayment has been fully recouped, or

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

3. Reimburse part of the overpayment in a single payment and reduce the assistance payment on a semi-monthly basis until the remainder of the overpayment has been fully recouped.

- Issue a receipt for any payment made and forward payment and a copy of the receipt to the Collections Unit.
- Reduce grant, if necessary.
- NOTE: The grant should not be reduced to the point of closure.
- Notify recipient on DSW 220 (or DSW 220FH) if grant reduction is made. The notice should include the amount of overpayment being recouped and the amount of the monthly recoupment. Make copies of this to send to State Office, Fraud Unit (if recoupment involves restitution because of fraud conviction) and Collections Unit. (The computer is not currently programmed to issue recoupment letters.)

If agreement with the recipient on method of recoupment or amount of grant reduction cannot be reached, the IMS:

- Advises the recipient that recoupment is mandatory.
- Makes grant adjustment.
- Notifies recipient on DSW 220 (or DSW 220FH) of the amount of the grant reduction. The notice should include the amount of overpayment being recouped and the amount of the monthly recoupment. Make a copy of this to send to State Office, Collections Unit. (The computer is not currently programmed to issue recoupment letters.)

NOTE: If a fair hearing is requested because of recoupment, the recoupment should be stopped until a decision is made by the Human Services Board. (An exception to this would be if the client is requesting a fair hearing because the Department is recouping monies paid to the client while a previous Fair Hearing was pending and the decision from that Fair Hearing adversely affected the client.)

If the individual who received the overpayment leaves the assistance group and becomes a member of another assistance group, the District Director is to choose the assistance group from which recoupment is to be made or is to make the decision to

recoup from both assistance groups.

If the grant is terminated prior to completion of recoupment, the IMS:

- Notifies recipient of remainder owed to the Department and that recoupment will be continued if the recipient reapplies for assistance prior to complete reimbursement.
- Notifies Fraud Unit of the closure and the amount still owed by the recipient, if fraud conviction has occurred.

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

1. Reducing the Grant: Client Error (WAM 2234.2)

- FOR AN ASSISTANCE GROUP WITH NO INCOME OR UNEARNED INCOME ONLY:

1. Determines the minimum amount which must remain available to the assistance group by multiplying the pre-computed payment standard by 90% and rounding down the result.
2. Determines the assistance group's total income. Include unearned income and the ANFC grant **(and any child support paid directly to a Group 2 or 3 member, less up to \$50)** before recoupment.
3. Subtract (1) from (2) and round down the result.
4. Recoup the result in (3).

For Group 2 or 3 members who receive child support, the entire grant (payment level less child support offset) may be recouped if it is less than or equal to the allowable recoupment amount. In this situation, ANFC does not close; the group is eligible for 0 benefits.

If the assistance group has no earned or unearned income, the recoupment amount will be 10% of the pre-computed payment standard.

- FOR AN ASSISTANCE GROUP WITH EARNED OR EARNED AND UNEARNED INCOME:

1. Determine the minimum amount which must remain available to the group by multiplying the pre-computed payment standard by 90%. Add the standard employment expense deduction (for all Groups) and any allowable dependent care deduction. Round down the result.
2. Determine the group's total income. Include ANFC before recoupment; unearned income; and gross earned income (less business expenses for self-employment income) before subtracting the standard employment expense deduction, \$30 + 1/3 or \$30 disregard, and any allowable dependent care deduction.

For Group 2 or 3 members, include as income any child support (less up to \$50) received directly. Gross earned income will be less

business expenses (for self-employment) before subtracting the \$150 and 25% disregard and any allowable dependent care deduction.

3. Subtract (1) from (2) and round down the result.
4. Recoup the result in (4) or the entire grant (less at least \$2.00 to keep grant open) whichever is LESS.

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

1. Reducing the Grant: Client Error (Continued)

For Group 2 or 3 members, include as income any child support (less up to \$50) received directly. Gross earned income will be less business expenses (for Self-employment) before subtracting the \$150 and 25% disregard and any allowable dependent care deduction.

Example 1: Unearned Income

A four-person household receives \$486/month ANFC and \$183/month in Social Security benefits.

Shelter costs \$300/month.

The household was overpaid \$900 because one of the household members failed to report Social Security benefits on a timely basis.

ANFC Grant:	\$ 895.00	basic needs
	+ 300.00	shelter
	<u>\$1195.00</u>	
	x .56	ratable reduction
	<u>\$ 669.20</u>	
	- 183.00	net income
	<u>\$ 486.20</u>	
	\$ 486.00	ANFC grant

1. \$ 669.20 payment standard
x .90 (client error)
\$ 602.28 round down to \$602

The household must have \$602 left after recoupment.

2. \$ 486.00 ANFC grant
+ 183.00 unearned income
\$ 669.00 total considered available to client

3. \$ 669.00 (2)
 602.00 (1)
 \$ 67.00

4. Recoupment is \$67/month and will take 14 months to complete (900 ÷ 67 = 13.4 months)

NOTE: Monthly recoupment amount and number of months of recoupment will change when basic needs, shelter, income, etc. change.

P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

1. Reducing the Grant: Client Error (Continued)

Example 2: ANFC Income Only

A six-person household was overpaid \$240; the overpayment occurred because the household failed to report a shelter change on a timely basis. They have an ANFC grant of \$824 and no other income; their shelter is \$315/month.

ANFC Grant:	\$1157.00	basic needs
	+ 315.00	shelter
	<u>\$1472.00</u>	
	x .56	ratable reduction
	\$ 824.32	payment standard
	\$ 842.00	ANFC grant

Since the household has no other income and a client error was made, recoup at 10% of the grant amount (10% of \$824 is \$82.40, rounded to 82). Recoupment will take 3 months (\$240 ÷ \$82 = 2.93 months).

Note: Monthly recoupment and number of months of recoupment will change when basic needs, shelter, income, etc. change.

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

1. Reducing the Grant: Client Error (WAM 2234.2)(Continued)

Example 3: Earned and Unearned Income, Group 2 or 3 Member Receiving Child Support

A four-person **Group 2 or 3** household receives \$400/month in gross earned income, and \$100.15/month in unearned income which nets to a total of \$287.65. They also receive \$250 a month in child support payments. Shelter costs \$235/month.

The household was overpaid \$900 when it failed to report earned income.

ANFC Grant: \$ 895.00 basic needs
 + 235.00 shelter
 \$1130.00
 x .56 ratable reduction
 \$ 632.80 payment standard
 - 287.65 net income
 \$ 345.15
 \$ 345.00 ANFC grant
 - 200.00 child support (\$50 is disregard)
 \$ 145.00 ANFC payment

1. \$632.80 payment standard
 x .90 (client error)
 \$569.52
 + 90.00 employment expense standard
 \$659.52 round down to \$659

The household must have \$659 left after recoupment.

2. \$145.00 ANFC
 +200.00 child support
 +100.15 unearned income
 +400.00 gross earned income
 \$845.15 total income considered available to client

3. \$845.15 (2)
 -659.00 (1)
 \$186.15 round down to \$186.00

4. Recoupment would be at \$186/month but since the grant is only \$144 we'll recoup the entire grant and keep the

case open. Recoupment will take 7 months to complete
($900 \div 144 = 6.25$ months).

NOTE: Monthly recoupment and number of months of recoupment
will change when basic needs, shelter, income, etc. change.

\$ 56.00 residual ANFC less recoupment

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P-2231 Recoupment Procedures (Continued)C. The Recoupment Process (Continued)1. Reducing the Grant: Client Error (WAM 2234.2) (Continued)

You may suggest to a client with liquid resources that he or she may reimburse part of the overpayment from the resources and thus reduce the length of time of recoupment.

If an ex-recipient, for whom recoupment was ongoing and incomplete, reapplies:

- follow the above recoupment process again. Since recoupment is considered an adverse action, the client is entitled to a 10-day notice.
 - Do the initial grant as if no recoupment obligation exists.
 - After the initial check and notice have been issued and allowing for the 10-day notice requirement, initiate recoupment.

Check the RECO panels to see if there was a fraud conviction. If payments were to be made through the Diversion Program or Probation and Parole and there have been no recent payments, contact either office, as applicable, and ask if DSW may initiate recoupment now that the client is once again receiving assistance. If permission is granted, initiate recoupment.

The computer will issue a check as long as the grant amount before recoupment (ANFC ENTITLEMENT AMOUNT on Panel 1 of Eligibility Results) is \$10.00 or over.

NOTE: ACCESS will not begin recoupment with a mid-month check.

2. Reducing the Grant: Department Error (WAM 2234.2)

- FOR AN ASSISTANCE GROUP WITH <u>NO INCOME</u> OR <u>UNEARNED INCOME ONLY</u> :
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1. Determine the minimum amount which must remain available to the assistance group by multiplying the pre-computed payment standard by 95% and rounding down the result.
2. Determine the assistance group's total income. Include unearned income and the ANFC grant **(and any child support paid**

directly to a Group 2 or 3 Member, less up to \$50) before recoupment.

3. Subtract (1) from (2) and round down the result.
4. Recoup result in (3).

For Group 2 or 3 members who receive child support, the entire grant (payment level less child support offset) may be recouped if it less than or equal to the allowable recoupment amount. In this situation, ANFC does not close; the group is eligible for 0 benefits.

P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

2. Reducing the Grant: Department Error (Continued)

If the assistance group has no earned or unearned income, the recoupment amount will be 5% of the pre-computed payment standard.

- FOR AN ASSISTANCE GROUP WITH EARNED OR EARNED AND UNEARNED INCOME:

1. Determine the minimum amount which must remain available to the group by multiplying the pre-computed payment standard by 95%. Add the standard employment expense deduction (for all Groups), and any allowable dependent care deduction. Round down the result.
2. Determine the group's total income. Include ANFC before recoupment; unearned income; and gross earned income (less business expenses for self-employment income) before subtracting the standard employment expense deduction, \$30 + 1/3 or \$30 disregard, and any allowable dependent care deduction.

For Group 2 or 3 members, include as income any child support (less up to \$50) received directly. Gross earned income will be less business expenses (for self-employment) before subtracting the \$150 and 25% disregard and any allowable dependent care deduction.

3. Subtract (1) from (2) and round down the result.
4. Recoup the result in (3) or the entire grant (less at least \$2.00 to keep grant open) whichever is LESS.

For Group 2 or 3 members who receive child support, the entire grant (payment level less child support offset) may be recouped if it less than or equal to the allowable recoupment amount. In this situation, ANFC does not close; the group is eligible for 0 benefits.

Example 5: Unearned Income

A four-person household receives \$444 per month ANFC and \$225 per month in unearned income.

Shelter costs \$300 per month.

The household was overpaid \$500, due to a department error.

ANFC Grant: \$ 895.00 basic needs
 + 300.00 shelter
 \$1195.00

X .56 ratable reduction
\$ 669.20 payment situation
- 225.00 net income
\$ 444.20
\$ 444.00 ANFC grant

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

2. Reducing the Grant: Department Error (Continued)

1. \$ 669.20 payment standard
x .95 (department error)
\$ 635.74 round down to \$635

The household must have \$635 left after recoupment.

2. \$ 444.00 ANFC
+ 225.00 unearned income
\$ 669.00 total income considered available to client

3. \$ 669.00 (2)
- 635.00 (1)
\$ 34.00

4. Recoupment is \$34 per month and will take 15 months to complete
($\$500 \div \$34 = 14.7$ months).

NOTE: Monthly recoupment amount and number of months of recoupment will change when basic needs, shelter, income, etc. change.

Example 6: ANFC Income Only

A three-person household outside Chittenden County was overpaid \$250 because of an untimely action taken by the worker. They have an ANFC grant of \$616 and no other income; their shelter is \$375 per month.

ANFC Grant: \$ 750.00 basic needs
+ 350.00
\$1100.00
X .56 ratable reduction
\$ 616.00 payment standard
\$ 616.00 ANFC grant

Since the household has no other income and a department error was made, recoup at 5% of the grant amount (5% of \$616.00 is \$30.80, rounded to \$30). Recoupment will take nine months ($\$250 \div 30 = 8.33$ months).

NOTE: Monthly recoupment amount and number of months of

recoupment will change when basic needs, shelter, income, etc. change.

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

2. Reducing the Grant: Department Error (WAM 2234.2)
(Continued)

Example 7: Earned and Unearned Income

A five-person **Group 2 or 3** household in Chittenden County receives \$377 per month ANFC \$175 per month in averaged unearned income, and \$516.43 per month in averaged gross earned income which nets to a total of \$449.82. Shelter costs \$450 per month.

The household was overpaid \$300 due to Department error.

ANFC Grant: \$1054.00 basic needs
 + 423.00 shelter (maximum)
 \$1477.00
 x .56 ratable reduction
 \$ 827.12 payment standard
 - 449.82 net income
 \$ 377.30
 \$ 377.00 ANFC Grant

1. \$ 827.12 payment standard
 x .95 (department error)
 \$ 785.76
 + 90.00 employment expense standard
 \$ 875.76 round down to \$875

The household must have \$875 left after recoupment.

2. \$ 377.00 ANFC
 175.00 unearned income
 + 516.43 gross earned income
 \$1068.43 total income considered available to client

3. \$1068.43 (2)
 - 875.00 (1)
 \$ 193.43 rounded down to \$193.00

4. Recoupment is \$193 per month and will take 2 months to complete ($\$300 \div \$193 = 1.6$ months).

Note: Monthly recoupment amount and number of months of recoupment will change when basic needs, shelter, income,

etc. change.

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

2. Reducing the Grant: Department Error (WAM 2234.2)
(Continued)

Example 8: Earned Income and Self-Employment Income

A two-person (**Group 1**) household receives \$350.61 per month in averaged earned income and \$68 per month income from room rent (after business expenses), which nets to a total of \$328.61. Shelter costs \$300 per month.

The household was overpaid \$260 due to Department error.

ANFC Grant: \$ 565.00 basic needs
 + 300.00 shelter
 \$ 865.00
 x .56 ratable reduction
 \$ 484.40 payment standard
 - 328.61 net income
 \$ 155.79
 \$ 155.00 ANFC Grant

1. \$ 484.40 basic needs
 x .95 (department error)
 \$ 460.18
 + 90.00 employment expense deduction
 \$ 550.18 round down to \$550

The household must have \$550 left after recoupment.

2. \$ 155.00 ANFC
 + 418.61 gross earned income (\$350.61 + \$68)
 \$ 573.61 total income considered available to household

3. \$ 573.61 (2)
 - 550.00 (1)
 \$ 23.61 rounded down to \$23.00

4. Recoupment is \$23 per month and will take 12 months
 (\$260 ÷ \$23 = 11.3 months) to complete.

NOTE: Monthly recoupment amount and number of months of
 recoupment will change when basic needs, shelter, income,
 etc. change.

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P-2231 Recoupment Procedures (Continued)

C. The Recoupment Process (Continued)

2. Reducing the Grant: Department Error (WAM 2234.2)
 (Continued)

You may suggest to a client with liquid resources that he or she may reimburse part of the overpayment from the resources and thus reduce the length of time of recoupment.

If an ex-recipient, for whom recoupment was ongoing and incomplete, reapplies:

- follow the above recoupment process again. Since recoupment is considered an adverse action the client is entitled to a 10-day notice.
- Do the initial grant as if no recoupment obligation exists.
- After the initial check and notice have been issued and allowing for the 10-day notice requirement, initiate recoupment.

Check the RECO panels to see if there was a fraud conviction. If payments were to be made through the Diversion Program or Probation and Parole and there have been no recent payments, contact either office, as applicable, and ask if DSW may initiate recoupment now that the client is once again receiving assistance. If permission is granted, initiate recoupment.

The computer will issue a check as long as the grant amount before recoupment (ANFC ENTITLEMENT AMOUNT on Panel 1 of Eligibility Results) is \$10.00 or over.

NOTE: If an overpayment results from client and Department error or it cannot be clearly established whose error it is (e.g., client says he brought in his pay stubs but worker never received them), recoupment should be treated as if the overpayment were Department error (P-2231 C8-12).