
**WORK FIRST
FINANCIAL RESPONSIBILITY**

Change #05 2023

Part II - Underpayments

January 1, 2024

263 - FINANCIAL RESPONSIBILITY: PART II – UNDERPAYMENTS

Change # 05 - 2023

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I. REQUIREMENTS

- A. An underpayment occurs when the recipient receives less assistance than **they are** 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 **must**:

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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.
 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, refer to [Fast Help Job Aid: Cash Assistance Underpayment Processing for guidance](#).

Note:

NC FAST may generate underpayments based on the evidence entered. Case managers must review underpayments to determine if these should be issued to the family. The worker should cancel the underpayment(s) that should not be issued. Underpayments the family is eligible to receive should be issued following the above job aid.

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 Work First policy section 264: [Notice and Hearings Process](#).