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.
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).