**Employee Financial Obligations UPPS No. 03.01.11**

**Issue No. 3**

**Revised Date: 08/28/2019
Effective Date: 10/13/2014
Next Review Date: 03/01/2024 (E5Y)**

**Sr. Reviewer: Associate Vice President for Financial Services**

**01. POLICY STATEMENTS**

01.01 This policy establishes procedures to recoup excess compensation and other financial obligations to Texas State University from university employees, as authorized under [Government Code, Title 6, Subtitle B, Chapter 666](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.666.htm). For any and all debts related to enrollment at Texas State, see [UPPS No. 03.01.06](https://policies.txstate.edu/university-policies/03-01-06.html), Students’ Financial Responsibilities.

\*01.02 The university may recover the amount of an employee’s indebtedness to the university by deducting it from any compensation the university owes the employee or the employee’s successor (see Section 02.05 for definition of successor). The university may delay paying compensation or expense reimbursements equal to the amount of employee indebtedness to the university until indebtedness issues are resolved.

01.03 Account managers and other university administrators who become aware of employee indebtedness to the university as defined in Section 02. should notify the director of the Payroll and Tax Compliance Office in writing, detailing the debt’s amount and nature.

**02. DEFINITIONS**

02.01 Compensation – the base salary or wages, longevity or hazardous duty pay, payment for the balance of applicable accrued leave, and any payment in lieu of or in addition to base salary or wages. This includes leave granted under [UPPS No. 04.04.35](https://policies.txstate.edu/university-policies/04-04-35.html), Professional Development and Educational Opportunities.

02.02 Excess Compensation – all amounts of compensation paid to a university employee that exceed the amount the employee is eligible to receive.

02.03 Indebtedness – the amount of compensation paid to an employee that exceeds the amount the employee is eligible to receive because at the time the compensation was paid:

1. the employee was ineligible to receive the entire amount paid; or

\*b. the employee’s eligibility to receive the amount paid was contingent on either the occurrence of an event that did not occur or the employee’s fulfillment of a promise that the employee did not fulfill.

02.04 University Employee – a faculty, staff, or student employee of Texas State. This includes both regular and non-regular employees and their successors.

02.05 Successor – the estate of a deceased university employee, the surviving spouse of a deceased university employee, or the beneficiaries of the estate of a deceased university employee. In the appropriate context, the word “employee” refers to a university employee or their successor.

02.06 Date of notification is defined for each situation as follows:

a. Hand-Delivered – the date of actual delivery;

b. Electronic Notification (such as email or fax) – the date sent; and

c. Mailed or Shipped – the earlier of the actual date received, as shown on mail or other shipping records, or three days from the date of the mailing or shipping notice.

02.07 Other Debts – amounts owed to the university other than those defined previously as “indebtedness.”

**03. PROCEDURES FOR RECOVERING INDEBTEDNESS**

03.01 The following categories of financial obligations require approval:

a. Indebtedness – At its discretion, the university may deduct amounts owed due to overpayments from an employee’s pay and expense reimbursement. Notice will be provided by the Payroll and Tax Compliance Office for deductions due to excess compensation.

1. Other Debts – The university will not deduct other debts from an employee’s compensation or expense reimbursement unless it has written authorization for the deduction from the employee.

03.02 The university may terminate employees who fail to resolve their indebtedness within 30 calendar days from the date of notification. These employees are also subject to penalties prescribed by law. Employees may resolve their indebtedness by payment in full or by an agreed upon payment plan.

03.03 Former employees who fail to resolve their indebtedness within 30 calendar days after notification by the university are subject to penalties as prescribed by law. Former employees may resolve their indebtedness by payment in full or by an agreed upon payment plan.

03.04 Specific procedures for notification to employees indebted to the university are detailed below. Notices will comply with [Government Code, Title 6, Subtitle B, Chapter 666, Section 666.003](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.666.htm):

a. Excess Compensation – The Payroll and Tax Compliance Office will:

1. send a notice to the employee’s address as shown in their personnel records by certified or regular mail or express shipping service. Additionally, the office may send a notice via email to the employee’s university email address;

2) describe the nature and amount of the excess compensation;

3) describe how a former employee may resolve their indebtedness by payment in full or by an agreed upon payment plan;

4) specify the pay periods during which the university will make the deductions;

5) inform the employee that failure to resolve the indebtedness may result in further legal action;

6) hold any [Teacher Retirement System Requests for Deposit Refunds](https://gato-docs.its.txstate.edu/human-resources/Retirement/TRS-Notice-of-Final-Deposit-and-Request-for-Refund-TRS-6/TRS%206%20Request%20for%20Refund.pdf) until the debt has either been repaid in full or by an agreed upon payment plan; and

7) inform the individual of the option for reconsideration as described in Section 03.05.

03.05 Employees may ask that Texas State reconsider its decision to deduct their financial obligation from subsequent compensation by following these steps:

a. sending a written request for reconsideration to the director of the Payroll and Tax Compliance Office within 10 calendar days of the date of notification;

b. specifying in the written request the reason why the university should reconsider its decision. The request may include documents, names or witnesses, or other evidence that the employee wants considered;

c. the university need not consider a request for reconsideration if the director of the Payroll and Tax Compliance Office does not receive it within 10 calendar days of the date of notification; and

d. the director of the Payroll and Tax Compliance Office will consider the request and will send the employee a written decision on the matter within 10 calendar days of its receipt. The director’s decision is final.

03.06 The university may, at its discretion, agree to a payment plan to resolve an employee’s indebtedness. The payment plan will include specific repayment terms and due dates. The Payroll and Tax Compliance Office will collect and monitor receivables due the university under this policy.

03.07 The university will pay the employee any amount remaining after all deductions for indebtedness, in accordance with standard payroll processing timelines.

**04. REVIEWERS OF THIS UPPS**

04.01 Reviewers of this UPPS include the following:

Position Date

Associate Vice President for March 1 E5Y

Financial Services

Director, Payroll and March 1 E5Y

Tax Compliance Office

**05. CERTIFICATION STATEMENT**

This UPPS has been reviewed by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Associate Vice President for Financial Services, senior reviewer of this UPPS

Vice President for Finance and Support Services

President