



## Administrative Policy No: 19.25.01

**Subject:** Overpayments to DSHS Employees for Salary, Wages, Benefits, and Miscellaneous Expenditures

**Contact:** Office of Accounting Services, Payroll office  
Payroll Manager, 360-664-5750

**Authorizing Source:** Collective bargaining agreement,  
WFSE Article 42.21  
1199NW- SEIU Article [10.17](#)  
Coalition Article [41.21](#) Revised code of Washington (RCW)  
RCW [49.48.200](#) Overpayment of wages – Government employees  
RCW [49.48.210](#) Overpayment of wages – Notice, review, appeal  
SAAM Section [25.80](#), Salary overpayment recoveries  
DSHS Administrative Policy [4.13](#) Delegation of authority, Office of  
Financial Recovery

**Effective Date:** November 13, 2007

**Revised:** November 25, 2025

**Approved By:** Original approved by Richard Pannkuk  
Assistant Secretary / Chief Financial Officer  
Finance, Technology, and Analytics Administration

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### Purpose

The purpose of this policy is to describe how the Department of Social and Health Services (DSHS) administrations identify, manage, refer, collect, and report overpayments and underpayments made to DSHS employees or on behalf of DSHS employees.

### Scope

This policy applies to all employee overpayments and underfunding related to salaries, wages, benefits, and miscellaneous expenditures.

Overpayments occurring from the effective date and beyond will be based on the applicable collective bargaining agreements.

This policy does **not** apply to:

1. Travel advances. Refer to DSHS administrative policy [19.10.06](#).
2. Employee fraudulent and criminal activity. Refer to the relevant administrative policies in Chapter 18.
3. Volunteers, board or commission members.
4. Contractors or vendors.

### **Additional Guidance**

#### [Revised Code of Washington \(RCW\)](#)

9A.80.010 – Official misconduct

Chapter 42.40 RCW – State employee whistleblower protection

Chapter 42.52 RCW – Ethics in public service

43.17.240 Debts owed to the state – Interest rate

49.48.210 Overpayment of wages—notice—review—appeal

49.48.200 Overpayment of wages—Government employees

#### [State Administrative and Accounting Manual](#)

10.80.60 Travel expense advances

25.30.60 Relocation compensation and moving expenses

Chapter [292-110](#) WAC – Agency substantive rules

#### [DSHS administrative policy](#)

19.85.20, Cash receipting

19.25.08, Payroll procedure on assault pay

#### [DSHS forms picker](#)

Form 03-224 payroll adjustment and repayment authorization

Form 02-579, miscellaneous employee overpayment repayment authorization

#### [Collective bargaining agreements \(CBAs\)](#)

### **Definitions**

**Appointing authority** is an individual lawfully authorized to appoint, transfer, layoff, reduce, dismiss, suspend, or demote employees.

**Collective bargaining agreement (CBA)** is the contractual agreement between an employer and a labor union that governs wages, hours, and working conditions for employees and which can be enforced against both the employer and the union for failure to comply with its terms.

**Employee** is an individual DSHS pays a salary, wages, or benefits for work performed for DSHS who may have access to state vehicles, state issued pagers, personal digital assistants (PDA), or cell phones, or to whom DSHS provides miscellaneous expenses, including tuition reimbursement.

**Human resource (HR) consultants** are the first point of contact for employees seeking assistance from HR. Each administration has its own dedicated [HR consultant team](#) providing services.

**Miscellaneous expenditures** are costs incurred by DSHS for resources authorized for employees to use for the performance of their job. Some examples of miscellaneous expenditures include, but are not limited to cell phones, purchase cards, ineligible travel expenses, travel cards, state vehicles, and miscellaneous office supplies. This policy considers payments for tuition reimbursement or other training as miscellaneous expenditures.

**Office of financial recovery (OFR)** is the office delegated the exclusive authority to manage DSHS receivables due from private persons, businesses, agencies, funds, or governmental units, except for those areas listed in administrative policy 4.13.

**Overpayments** are any DSHS payments, including salary, wages, or benefits in excess of the amount that the DSHS employee was entitled to by law, rule, contract, or policy. This includes, but is not limited to, inappropriate use of state equipment or resources that results in a cost to DSHS, or to the state. Overpayments could be identified by the appointing authority, human resource processor, payroll processor, employee's supervisor, time and attendance processors, and any other DSHS employee or by the employee.

**Offset** is a deduction from an employee's pay, using the DSHS payroll system.

**Payroll office** is the office within the Finance, Technology, and Analytics Administration (FTAA) that manages payroll for DSHS and processes payroll for all of DSHS. Institutions in Eastern Washington have decentralized payroll offices. When referring to an institution, the DSHS FSD payroll office refers to the institution payroll office serving that particular facility.

**Salary, wages, benefits** means all remuneration for services rendered including basic salary, shift differential, standby pay, overtime, penalty pay, salary due based on contractual agreements, holiday and leave accruals, insurance (includes life, health, and long term disability) or retirement premiums, and special pay provisions, as provided for by law, Washington personnel resources board rules, agency policy or rule, or contract.

**Sum certain** is the collectable and final amount, after all investigations and appeals have been exhausted.

**Separation** means retirement, dismissal, transfer to another state agency, transfer to another governmental agency, or transfer to private sector employment.

**Underfunding** refers to the situation where the funds available in an account, like retirement accounts, are insufficient to meet the future financial needs of the account holder.

## Policy Requirements

### Background

The DSHS Finance, Technology, and Analytics Administration (FTAA) payroll office is the official DSHS contact for:

- a. Policy interpretation, training, and other guidance related to payroll.
- b. Employee salary and wage overpayment processing for all employees.

Eastern Washington DSHS institutional payroll offices are responsible for processing salary and wage overpayments for employees within their institutions in coordination with headquarters payroll office, as applicable. All payroll staff, regardless of location, report to the finance services division.

Human resources (HR), appointing authorities, managers, supervisors, and timekeepers must submit timely and accurate information to the appropriate payroll office regarding employee wages, salaries, retirement and insurance eligibility.

### A) Salary and wage overpayments

1. Employees must notify their assigned [HR consultant](#) of any suspected salary or wage errors occurring on the employee's Washington state earnings and deductions statement.
2. DSHS must give written notice to the employee when it is determined that an employee has been overpaid salary or wages. This notice will include the:
  - a. Amount of overpayment.
  - b. Basis for the claim.
  - c. Rights of the employee under the applicable CBA or RCW.

Notification will be provided to the employee on the DSHS payroll adjustment and repayment authorization form (DSHS 03-224).

3. Within 20 calendar days of notification (RCW 49.48.210), employees must choose one of the following options for paying back the overpayment:
  - a. Voluntary wage deduction;
  - b. Cash; or
  - c. Check (e.g., money order, personal check, etc.).
4. DSHS will follow the overpayment process identified in the appropriate CBA for represented employees. For non-represented employees, the agency will follow the overpayment process identified in RCW 49.48.200 and RCW 49.48.210. The payroll deduction to repay the overpayment must not exceed five percent (5%) of the

employee's disposable earnings in a pay period. However, the agency and employee can agree to an amount that is more than five percent. For the purposes of agency agreement, only the office of accounting services (OAS) payroll manager or the OAS chief can approve a different repayment schedule.

5. The payroll office will deduct the overpayment owed from the employee's wages until paid in full if the employee fails to:
  - a. Choose one of the options described in point A.3 above within twenty (20) calendar days;
  - b. Request an alternate repayment rate within twenty (20) calendar days;
  - c. For represented employees: File a grievance through their union under their collective bargaining agreement (CBA), within the applicable timelines; or
  - d. For non-represented employees: Request a review under RCW 49.48.210 within twenty (20) calendar days.

\*If an employee files a grievance or requests a review within the timelines stated above, no deduction from wages will occur until the grievance or review process is resolved and documentation is received by the payroll office.

6. If an employee with an outstanding overpayment leaves DSHS, DSHS must deduct as much of the remaining balance of the overpayment amount as possible from the employee's final pay.

## **B) Benefits premium underfunding**

This section refers to medical insurance premiums.

1. Employees must notify their assigned HR consultant of any suspected benefit errors occurring on the employee's Washington state earnings and deductions statement.
2. DSHS must give written notice to the employee when the department determines that an underfunding of insurance premiums has occurred. The written notice will include the:
  - a. Amount of underfunding;
  - b. Basis for the claim; or
  - c. Rights of the employee under the applicable CBA or RCW.

Notification will be provided to the employee on the benefits adjustment and repayment authorization letter.

3. Within 20 calendar days of notification (RCW [49.48.210](#)), employees must choose one of the following options for paying back the underfunded premiums:
  - a. Voluntary wage deduction;

- b. Cash; or
  - c. Check (e.g., money order, personal check, etc.).
4. DSHS will follow the overpayment process identified in the appropriate CBA for represented employees. For non-represented employees, the agency will follow the overpayment process identified in RCW 49.48.200 and RCW 49.48.210. The payroll deduction to repay the overpayment must not exceed five percent (5%) of the employee's disposable earnings in a pay period. However, the agency and employee can agree to an amount that is more than five percent. For the purposes of agency agreement, only the office of accounting services (OAS) payroll manager or the OAS chief can approve a different repayment schedule.
5. The payroll office will deduct the underfunded premiums owed from the employee's wages until paid in full. If the employee fails to:
  - a. Choose one of the options described in point B.3 above within twenty (20) calendar days;
  - b. Request an alternate repayment rate within twenty (20) calendar days;
  - c. For represented employees: File a grievance through their union under their collective bargaining agreement (CBA), within the applicable timelines; or
  - d. For non-represented employees: Request a review under RCW 49.48.210 within twenty (20) calendar days.

\*If an employee files a grievance or requests a review within the timelines stated above, no deduction from wages will occur until the grievance or review process is resolved and documentation is received by the payroll office.

6. If an employee starts employment on the first of the month, the full month's insurance premium may be deducted from their earnings on the 25<sup>th</sup> of the month.
7. DSHS will collect up to one month's insurance premium in the first pay period after the underfunding is discovered and offset the rest for collection as in policy point 4 of this section.
8. If an employee with an outstanding underfunded payment separates from DSHS, DSHS will deduct the remaining balance of the underfunded amount from the employee's final pay.

### **C) Overpayments occurring while employees are receiving assault benefits**

1. Employees must notify their assigned HR consultant of any suspected assault benefit errors occurring on the employee's Washington state earnings and deductions statement.

2. Overpayments that occur while an employee is receiving assault benefits will be collected during and up to the first pay period that the employee returns to work without additional notification beyond the assault letter received at the initiation of their assault case. Any remaining balance will be collected in accordance with the applicable CBA and RCW 49.48.200 and RCW 49.48.210.
3. Policy Points A.3-A.6 as outlined under salary and wage overpayments section will be followed to collect any remaining overpayment once the employee has returned to work.

#### **D) Travel and miscellaneous employee overpayments**

1. Appointing authorities must:
  - a. Evaluate whether all employees comply with all relevant, federal, state and DSHS policies regarding the use of cell phones, purchase card, travel cards, state vehicles, and payments for tuition, relocation allowances, recruitment and/or retention incentives, and other miscellaneous expenses.
  - b. Review or refer for investigation to the human resources division (HRD) of DSHS, any alleged employee overpayments resulting from miscellaneous expenditures.
2. The appointing authorities must ensure that all pertinent records to support billing and reimbursement for cell phones, purchase cards, travel cards, state vehicles, tuition, relocation allowances, recruitment and/or retention incentives, and miscellaneous reimbursement are retained in accordance with DSHS administrative policy 5.04.
3. DSHS must give written notice to the employee when a supervisory review or an audit determines an employee has been overpaid.
4. Employees must repay the overpayment via one of the following:
  - a. Voluntary wage deduction;
  - b. Cash; or
  - c. Check (e.g., money order, personal check, etc.).

Within 20 calendar days of written notification (RCW 49.48.210), employees must choose one of the options listed above for paying back the overpayment.

5. Repayment will normally be made in a lump sum. Only the OAS chief may extend the repayment time period.
6. Disputes concerning the occurrence or amount of the overpayment must be resolved through the grievance procedure in the applicable CBA for represented employees or through the appointing authority for non-represented employees.

7. DSHS may assess employees' additional costs incurred by DSHS, such as investigation or litigation costs, to determine whether an overpayment existed and the amount of the overpayment. These additional costs may be assessed only if an overpayment was substantiated.

**E) Employees transferring to another state agency while owing a balance**

1. Overpayments outstanding at separation of employment from DSHS must be deducted from the earnings of the final pay period (RCW [49.48.200](#)).
2. If the final earnings do not permit recovery of the total amount owed, the debt must be turned over to OFR for collection.

**F) Employees separating from state service while owing a balance**

1. Overpayments outstanding at separation of employment from state service at DSHS must be deducted from the earnings of the final pay period and any cash-out of leave balances (RCW 49.48.200).
2. DSHS must refer any remaining debt to OFR for collection if the final earnings do not permit recovery of the total amount owed.

**G) Employees needing to make payments to DSHS**

When making payments to DSHS by cash or check, the employee:

1. Makes payments out to the DSHS's cash unit (see DSHS administrative policy 19.85.20 - cash receipting).
  - a. The mailing address for payments is:  
Department of Social and Health Services  
Finance, Technology, and Analytics Administration,  
Office of Financial Recovery  
P O Box 9501  
Olympia, WA 98507-9501
2. The employee must make the cash or check payable to "DSHS" and include the word "overpayment" on the memo line. A copy of DSHS form 03-224 or the overpayment notice must be sent with the payment to the OFR cash unit.

**H) Underfunding of retirement contributions**

1. Employees must notify their assigned human resources consultant of any suspected retirement errors occurring on the employee's Washington state earnings and deductions statement.
2. DSHS must give written notice to the employee when it is determined that an underfunding of retirement contributions has occurred. This notice will include the:
  - a. Amount of underfunding;
  - b. Basis for the claim; or
  - c. Rights of the employee under the applicable CBA or RCW.

Notification will be provided to the employee on the retirement adjustment and repayment authorization letter.

3. Within 20 calendar days of notification (RCW 49.48.210), employees must choose one of the following options for paying back the underfunding of retirement contributions:
  - a. Voluntary wage deduction;
  - b. Cash; or
  - c. Check (e.g., money order, personal check, etc.).
4. DSHS will follow the overpayment process identified in the appropriate CBA for represented employees. For non-represented employees, the agency will follow the overpayment process identified in RCW 49.48.200 and RCW 49.48.210. The payroll deduction to repay the overpayment must not exceed five percent (5%) of the employee's disposable earnings in a pay period. However, the agency and employee can agree to an amount that is more than five percent. For the purposes of agency agreement, only the OAS payroll manager or the OAS chief can approve a different repayment schedule.
5. The payroll office will deduct the underfunded contributions owed from the employee's wages until paid in full if the employee fails to:
  - a. Choose one of the options described in point A.3 above within twenty (20) calendar days;
  - b. Request an alternate repayment rate within twenty (20) calendar days;
  - c. For represented employees: File a grievance through their union under their collective bargaining agreement (CBA), within the applicable timelines; or
  - d. For non-represented employees: Request a review under RCW 49.48.210 within twenty (20) calendar days.

\*If an employee files a grievance or requests a review within the timelines stated above, no deduction from wages will occur until the grievance or review process is resolved and documentation is received by the payroll office.

6. If an employee with an outstanding balance of retirement contributions leaves DSHS, DSHS must deduct as much of the remaining balance owed as possible from the employee's final pay.

DSHS Official