

## 01 Supplemental Payments and Restored Benefits



Underpayments occur when it is discovered that a budgetary unit is entitled to supplemental payments or restored benefits.

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### Policy

A budgetary unit may be eligible for underpayments when the budgetary unit's case meets **any** of the following:

- Denied in error
- Closed in error
- Received less than the correct benefit amount for **any** of the following:

A prior month

The current month when benefits have already been received

Case corrections, Quality Control (QC) reviews, and other methods may indicate when an active or inactive budgetary unit is entitled to **any** of the following:

- [Supplemental Payments](#)  
The budgetary unit is issued benefits for the current or future month and is eligible for an additional amount of benefits.
- [Restored NA Benefits](#)  
When a budgetary unit is not issued the correct amount of benefits in any past months.

### Supplemental Payments

Supplemental payments are issued when it is discovered that a budgetary unit is entitled to an additional amount of benefits, over what was issued, for the current calendar month or any future months.

Supplemental benefits are issued, in addition to the current month's issuance, in **all** of the following situations:

- A reported change
- A case read correction
- An appeal remand
- When more NA or CA benefits are recouped by the Office of Accounts Receivable and Collections (OARC) than was owed in an overpayment.

### Restored Benefits

Restored NA benefits are issued when it is discovered that the budgetary unit is entitled to additional benefits for any month before the current calendar month. The budgetary

unit is not required to take any action. This includes extreme delays in processing for 12 months or longer.

Benefits are restored for no more than 12 months before **any** of the following occurs:

- The date FAA receives a request for restoration of benefits from a budgetary unit.
- The date FAA notifies or discovers that a loss of benefits occurred.
- The date a budgetary unit requests an appeal because it disagrees with an adverse action that resulted in a loss of benefits.
- The date of notification that an Intentional Program Violation (IPV) disqualification is reversed.
- The date the budgetary unit receives a favorable decision through the appeal process, a judicial action, or other court action.
- The date FAA discovers an application is processed untimely.

### **FAA Caused Underpayment**

Underpayments are considered to have occurred due to an FAA error in **any** of the following situations:

- FAA failed to allow the budgetary unit the required time to verify an expense and benefits were reduced as a result.
- FAA failed to act within the proper time frame on a reported change that would have increased the budgetary unit's benefit amount.
- FAA incorrectly stopped or denied benefits.
- FAA incorrectly calculated the benefits.
- A disqualification period for an IPV was reversed by a court of law. (See [IPV](#))
- An appeal decision in favor of the participant requires supplemental payments or restored NA benefits.

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### **Procedures**

When a potential underpayment of NA benefits is discovered, review the [case file\(g\)](#). When the participant is eligible, issue supplemental benefits to the budgetary unit within ten [calendar days\(g\)](#).

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### **Determination of Underpayment Months**

Calculate the underpayment for only the months in which the budgetary unit meets **one** of the following conditions:

- Was eligible and received an incorrect amount
- Received no benefits because of an incorrect eligibility determination

Determine the first month of the underpayment by considering **each** of the following:

- The first month an eligible budgetary unit received an incorrect benefit amount.
- The month of an application when the budgetary unit's new application was incorrectly denied.
- The month following the expiration of the approval period when the budgetary unit's renewal application was incorrectly denied.
- The first month for which the budgetary unit received an incorrect benefit amount was when the determination of the budgetary unit's application was delayed by FAA.
- The first month in which the benefits were not received, when the budgetary unit's benefits were stopped in error.

After determining the first month that the error occurred, calculate the benefit amount for each month until **any** of the following occurs:

- The first month the error is corrected
- The first month the budgetary unit is ineligible

### Calculating the Underpayment

Calculate the amount of benefits the budgetary unit should have received for the months they were eligible using normal budgeting procedures.

For NA, when the benefits are being restored due only to adding a participant with no income, calculate using the income and expenses as they existed in AZTECS for each budget month.

When NA benefits are being recouped due to income that was not acted on before, calculate using all known income and expenses as they existed for each budget month.

When there is not enough information in the [case file\(g\)](#) to determine the underpayment, request the information for each month affected.

Consider the budgetary unit ineligible for the underpayment for each month the information is not provided.

The amount of underpayment is the difference between the amount the budgetary unit received and the amount that should have been received. (See [Restored NA Benefits](#))

When the case was closed or denied, only reopen the case in AZTECS when it meets **both** of the following:

- The case was closed or denied in error
- The budgetary unit is eligible for ongoing benefits

Documentation must support **all** of the following:

- The reason for the underpayment
- The amount of the underpayment
- The process used to arrive at the amount

### **Underpayment Authorization (UNAU)**

UNAU is limited to staff at the Office Manager and Unit Supervisor levels.

UNAU is used to set up and authorize **all** of the following:

- Supplemental benefits
- Restored NA benefits
- Grant Diversion (GD) payments

Underpayments calculated in AZTECS may be confirmed, changed, or deleted on UNAU.

When a new or renewal application was denied or closed in error, complete **both** of the following:

- Advise the budgetary unit of its possible entitlement to lost benefits. When applicable send the F011 or A011 notice to request any additional information needed to complete the case.
- Reopen the case on REPT, and redetermine eligibility when it is discovered that the budgetary unit was denied the first month but remained eligible in the second month. (See [NA First Month Eligibility](#))

Correct future benefit months before calculating the new benefit amount for the underpayment months, when applicable.

Calculate the underpayment using **any** of the following:

- AZTECS calculates the underpayment amount when the case is reworked for the past benefit month. The information calculated is transferred to UNAU.
- The CA Needy Family Test (FAA-0200A) form. The underpayment amount must be keyed on UNAU when using the hand budgets. All information must be keyed on UNAU to authorize issuance.

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### **AZTECS Procedures**

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- [Authorizing the Grant Diversion Payment](#)
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### **Authorizing Payments on UNAU**

The participant may be eligible for benefits that are not issued on AFPD or FSAD. When this occurs, an FAA Supervisor or Local Office Manager (LOM) must authorize the payments on UNAU.

### Authorizing the Grant Diversion Payment

The Grant Diversion (GD) payment is authorized on UNAU. An FAA Supervisor or Local Office Manager (LOM) completes **all** of the following to authorize the GD payment:

- Keys A in the ACTION field.
- Keys the first eligible month in the ERROR MONTH field on UNAU.
- Keys the household size in the HH SIZE field.
- Keys the total amount of the GD payment in the underpayment field. To determine the GD payment amount, complete **all** of the following:
  - Multiply the CA Payment Standard on AFPD by 0.8
  - Round the result up to the next whole dollar
  - Multiply the rounded number by three
  - Key the result in the AMOUNT field on UNAU
- Keys GD in the ERROR CAUSE field.
- Authorizes the Grant Diversion payment.
- Documents the [casefile\(g\)](#) with **all** of the following:
  - The reason for the payment
  - The amount of the payment
  - The process used to arrive at the amount

**NOTE** An FAA Supervisor or LOM must elevate the GD payment to Region Office for issuance when an edit message is received on UNAU preventing the authorization.

### Authorizing the Underpayment

Authorize the underpayment on UNAU. An FAA Supervisor or Local Office Manager (LOM) completes **all** of the following to authorize the supplemental payment:

- Keys C in the ACTION field.
- Keys one of the following in the ERROR CAUSE field:
  - AP for an agency caused payment error.
  - CP for a budgetary unit caused payment error.
- Keys the user PCN in the UNDERPAYMENT AUTHORIZATION field.
- Keys Y in the MORE UNDERPAYMENTS (Y/N) field to authorize more payments.
- Ensures that the appropriate notice is sent.

**NOTE** An FAA Supervisor or LOM must elevate the GD payment to Region Office for issuance when an edit message is received on UNAU preventing the authorization.

## Notification of Underpayment

Notify the PI of the underpayment when **any** of the following occurs:

- Supplemental benefits are issued. For CA, send the Supplemental Benefits – CA (A703) notice. For NA, send the Supplemental Benefits NA (F703) notice.
- The budgetary unit is entitled to restored NA benefits. For CA send the (A703) notice. For NA send the F703 notice to advise the budgetary unit of **all** of the following:

The entitlement to and the amount of restored benefits.

Any offsetting against an overpayment claim.

The requirement to notify FAA of any changes in living arrangements since the time of the benefit loss.

To request that the PI provide the current mailing address.

That benefits are restored to a budgetary unit that is not active only after they contact FAA.

The right to an appeal when the budgetary unit disagrees with the proposed restoration.

AZTECS offsets 100 percent of restored benefits against an overpayment (OP) claim. When the amount of restored benefits is more than the OP balance, the remaining benefits are paid to the budgetary unit.

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## Legal Authorities

7 CFR 274.6(a)

7 CFR 274.6(a)(2)

7CFR 274.6(a)(3)(2)

7 CFR 274.6(a)(6)(ii)

7 CFR 274.6(a)(7)(i)

7 CFR 274.6(b)

### [Prior Policy](#)

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