

# The University of Memphis

## HR5065 - Employee Debt to the University

**Issued:** October 1, 2020

**Responsible Official:** Executive Vice President and Chief Operating and  
Financial Officer

### POLICIES

**Responsible Office:** Human Resources/University & Student Business  
Services (USBS)

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### Policy Statement

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Tennessee Code Annotated § 9-4-604 provides that "No person shall draw any money from the public treasury until all debts, dues and demands owing by such person to the state are first liquidated and paid off." In accordance with this law, the University of Memphis may not pay to an employee any funds due the employee, i.e., wages, travel claims, refunds, terminal leave, etc., until the indebtedness is paid or an appropriate repayment arrangement has been made.

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### Policy

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#### Notification of Debt

If an employee is indebted to the University, he/she will be notified of the debt prior to deducting any debt from amounts due the employee. Initial notices may come from different sources, depending upon the type of debt incurred.

#### Salary Overpayment

The notice sent by the University in the case of a Salary Overpayment will state that if the employee does not pay the indebtedness in full, then the indebtedness shall be deducted from funds due to the employee. The deductions will be made automatically from the employee's next payroll disbursement following discovery of the overpayment, either with a single deduction or a series of deductions made from each payroll disbursement until the full amount is recovered.

In the case of a terminating employee, the appropriate deduction will be made from the final payroll disbursement. In the case of a former employee, the debt will be collected in accordance with the USBS Office collection procedures.

#### Employee Debt Other Than Salary Overpayment

All other employee receivables (including student employees) will be collected in accordance with the USBS Office collection procedures for university fees and charges, pursuant to University Policy BF4020. Any appeals of employee debt will be subject to the appeals process of the debt issuing department and the USBS Office, pursuant to University Policy BF4020.

Any payroll deductions made pursuant to this or any other University policy shall not exceed twenty-five percent (25%) of disposable earnings for that week or thirty (30) times the federal minimum hourly wage at the time the earnings for any pay period become due and payable, whichever is less. In the case of earnings from any pay period other than a week, an equivalent amount shall be in effect. ("Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of any amounts required by law to be withheld.) These limits are applicable to retirement funds but are not applicable to checks for accumulated annual leave. Additionally, the above limits do not apply to salary overpayments.

If a former employee is found to owe a debt to the state, retirement funds may be utilized to pay off the amount owed, to the extent permitted by Tennessee law. Accumulated retirement contributions of a former employee terminated for any reason and for which he has made application, or monthly benefits of a retired employee are subject to withholding to the extent permitted by Tennessee law.

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**Links**

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**Tennessee Code  
Annotated 9-4-604**

<http://statutes.laws.com/tennessee/title-9/chapter-4/part-6/9-4-604>

**University Fees and  
Charges Policy**

[BF4020 - University Fees and Charges](#)

**University and Student  
Business Services Office**

<https://www.memphis.edu/usbs/>

**Payroll Office**

**Human Resources Data  
Management Office**

<https://www.memphis.edu/hr/data.php>

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**Revision Dates**

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HR5065 – Revised October 1, 2020  
 HR5065 - Supersedes UM1753 March 29, 2018  
 UM1753 - Revised  
 UM1753 - Issued: November 5, 2013

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**Subject Areas:**

Academic	Finance	General	Human Resources	Information Technology	Research	Student Affairs
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