

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

TAMARA J BEH
Claimant

APPEAL 18A-UI-12461-NM-T

**ADMINISTRATIVE LAW JUDGE
DECISION**

**IOWA WORKFORCE DEVELOPMENT
DEPARTMENT**

**OC: 07/22/18
Claimant: Appellant (1)**

42 USC § 503(g)(1) - Recovery of Unemployment Benefit Payments
20 CFR 616.8(e) – Recovery of Prior Overpayments

STATEMENT OF THE CASE:

The claimant filed an appeal from the December 26, 2018 (reference 02) unemployment insurance decision that notified her that \$900.88 in Iowa unemployment insurance benefits were going to be withheld to apply to an overpayment of unemployment insurance benefits, which the claimant owed to the State of Illinois Department of Employment Security. After due notice was issued, a hearing was scheduled and held by telephone conference call on January 16, 2019. Claimant participated and testified. Claimant's Exhibit A was received into evidence. The administrative law judge took official notice of the administrative record, including the fact-find documents.

ISSUE:

Is the withholding of the Iowa unemployment insurance benefits to recover the Illinois benefit overpayment valid?

FINDINGS OF FACT:

Having heard the testimony and having reviewed the evidence in the record, the administrative law judge finds:

Claimant received unemployment insurance benefits from the State of Illinois for a benefit year beginning January 26, 2013. The determination of overpayment by the State of Illinois was made on March 25, 2014. The decision found the claimant had been employed and receiving wages for the weeks in which she was claiming unemployment benefits and as a result had been overpaid \$2008.00 in benefits. That determination has not been reversed. Claimant provided evidence that her federal income taxes have been garnished, beginning in 2015, in order to repay those benefits. \$141.00 was garnished in 2015, \$292.00 was garnished in 2017, and \$398.00 was garnished in 2018, for a total of \$831.00. Claimant believed funds were also taken from her taxes in 2016, but did not have that documentation. According to the claimant's administrative records, Iowa Workforce Development is withholding up to \$900.88 in gross unemployment insurance benefits to offset the Illinois overpayment of benefits.

REASONING AND CONCLUSIONS OF LAW:

The administrative law judge concludes that Iowa is authorized to withhold funds for the offset.

42 USC § 503(g)(1) provides in pertinent part:

Recovery of unemployment benefit payments

(1) A State shall deduct from unemployment benefits otherwise payable to an individual an amount equal to any overpayment made to such individual under an unemployment benefit program of the United States or of any other State, and not previously recovered. The amount so deducted shall be paid to the jurisdiction under whose program such overpayment was made. Any such deduction shall be made only in accordance with the same procedures relating to notice and opportunity for a hearing as apply to the recovery of overpayments of regular unemployment compensation paid by such State.

(2) Any State may enter into an agreement with the Secretary of Labor under which—

(A) the State agrees to recover from unemployment benefits otherwise payable to an individual by such State any overpayments made under an unemployment benefit program of the United States to such individual and not previously recovered, in accordance with paragraph (1), and to pay such amounts recovered to the United States for credit to the appropriate account, and

(B) the United States agrees to allow the State to recover from unemployment benefits otherwise payable to an individual under an unemployment benefit program of the United States any overpayments made by such State to such individual under a State unemployment benefit program and not previously recovered, in accordance with the same procedures as apply under paragraph (1).

(3) For purposes of this subsection, “unemployment benefits” means unemployment compensation, trade adjustment allowances, and other unemployment assistance.

20 CFR § 616.8(e) provides:

Responsibilities of the paying State.

(e) Recovery of prior overpayments. If there is an overpayment outstanding in a transferring State and such transferring State so requests, the overpayment shall be deducted from any benefits the paying State would otherwise pay to the claimant on his/her Combined-Wage Claim except to the extent prohibited by the law of the paying State. The paying State shall transmit the amount deducted to the transferring State or credit the deduction against the transferring State's required reimbursement under this arrangement. This paragraph shall apply to overpayments only if the transferring State certifies to the paying State that the determination of overpayment was made within 3 years before the Combined-Wage Claim was filed and that repayment by the claimant is legally required and enforceable against him/her under the law of the transferring State.

The Illinois remaining overpayment amount is \$2,008.00 and there is no indication that the precipitating decision has been modified or reversed. Claimant has only provided evidence of repaying \$831.00 of that balance. As such, Iowa Workforce Development is authorized to offset

up to \$900.88 in gross unemployment insurance benefits to apply to the Illinois unemployment insurance overpayment.

DECISION:

The unemployment insurance decision dated December 26, 2018 (reference 02) is affirmed. Iowa Workforce Development does have legal authority to withhold \$900.88 in Iowa unemployment insurance benefits to offset the established Illinois overpayment.

Nicole Merrill
Administrative Law Judge

Decision Dated and Mailed

nm/rvs