| | |
|---|---|
| **KEVIN J CONLAN**<br>Claimant<br><br><br>**IOWA WORKFORCE**<br>  **DEVELOPMENT DEPARTMENT** | **APPEAL 21A-UI-06910-S1-T**<br><br>**ADMINISTRATIVE LAW JUDGE**<br>**DECISION**<br><br><br>**OC:  03/22/20**<br>**Claimant:  Appellant  (1R)** |

Iowa Code § 96.3-7 – Overpayment
PL 116-136 Section 2104 – Federal Pandemic Unemployment Compensation

**STATEMENT OF THE CASE:**

The claimant appealed an Iowa Workforce Development decision dated February 22, 2021, reference 02, that concluded the claimant was overpaid $59,400.00 in Federal Pandemic Unemployment Compensation as a result of an administrative error.  After a hearing notice was mailed to the claimant's last-known address of record, a telephone hearing was held on May 17, 2021.  The claimant participated personally.

The claimant offered and Exhibit A was received into evidence.  The administrative law judge took official notice of the administrative file.

**ISSUE:**

The issue is whether the claimant is overpaid Federal Pandemic Unemployment Compensation.

**FINDINGS OF FACT:**

The administrative law judge, having heard the testimony of the witness and having considered all of the evidence in the record, finds that:  The claimant filed for unemployment insurance benefits with an effective date of March 22, 2021.  When he filed for benefits, he requested that state and federal taxes be withheld from his unemployment benefits.

The claimant was paid unemployment benefits.  The agency paid him an additional $59,400.00 as a result of an administrative error.  The Agency categorized the payment as Federal Pandemic Unemployment Compensation, The claimant notified the Agency on or about December 15, 2020, when he noticed extraordinary payments in his account.  The Agency took no action to contact the claimant or recoup the payments.

The employer issued the claimant a 1099-G showing the claimant received $77,866.05 in unemployment insurance compensation.  This included $18,466.06 in various benefits the claimant received in 2020, and the $59,400.00 overpayment.  The 1099-G showed $7,786.80 was withheld in federal taxes and $3,893.31 in Iowa income tax was withheld from the benefits.

On February 22, 2021, the Agency issued a decision of overpayment of $59,400.00 in Federal Pandemic Unemployment Compensation. The claimant returned $50,490.00 as soon as he received the decision. $50,490.00 was the unspent amount deposited in his bank account by the Agency. The difference, $8,910.00, was the amount the Agency paid in taxes on the $59,400.00 overpayment.

The claimant is still eligible for unemployment insurance benefits but the Agency is offsetting his benefit amount to retrieve the amount the Agency withheld for taxes.

**REASONING AND CONCLUSIONS OF LAW:**

For the following reasons the administrative law judge concludes the claimant was overpaid $59,400.00 due to Agency error.

PL116-136, Sec. 2104 provides, in pertinent part:

> (b) Provisions of Agreement
>
> (1) Federal pandemic unemployment compensation.--Any agreement under this section shall provide that the State agency of the State will make payments of regular compensation to individuals in amounts and to the extent that they would be determined if the State law of the State were applied, with respect to any week for which the individual is (disregarding this section) otherwise entitled under the State law to receive regular compensation, as if such State law had been modified in a manner such that the amount of regular compensation (including dependents' allowances) payable for any week shall be equal to
>
> (A) the amount determined under the State law (before the application of this paragraph), plus
>
> (B) an additional amount of $600 (in this section referred to as "Federal Pandemic Unemployment Compensation").
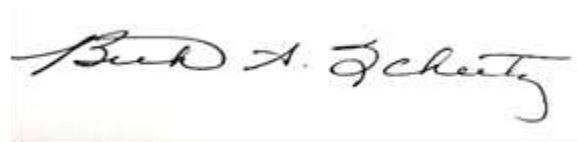>
> ….
>
> (f) Fraud and Overpayments
>
> (2) Repayment.--In the case of individuals who have received amounts of Federal Pandemic Unemployment Compensation to which they were not entitled, the State shall require such individuals to repay the amounts of such Federal Pandemic Unemployment Compensation to the State agency…

The claimant received $59,400.00 in error, which the Agency identified as Federal Pandemic Unemployment Compensation. The Agency withheld a portion of those funds for state and federal taxes. Due to the Agency's administrative error and inaction in 2020, a 1099-G was issued by the Agency on those funds. The claimant will incur tax liability due to the Agency's actions and inactions in 2020. The claimant was overpaid $59,400.00, which the Agency has identified as Federal Pandemic Unemployment Compensation

**DECISION:**

The decision of the representative dated February 22, 201, reference 02, is affirmed. The claimant was overpaid $59,400.00, which the Agency has identified as Federal Pandemic Unemployment Compensation

The issue of whether the claimant's overpayment can be waived and whether a new 1099-G can be issued to properly reflect the claimant's benefits in 2020, is remanded for determination. The Agency is instructed to work with the claimant to lessen the financial harm it has inflicted on the claimant by the error.

_____
Beth A. Scheetz
Administrative Law Judge


May 25, 2021_____
Decision Dated and Mailed


bas/ol


***Note to Claimant***: This decision determines you have been overpaid FPUC under the CARES Act. If you disagree with this decision, you may file an appeal to the Employment Appeal Board by following the instructions on the first page of this decision. Additionally, instructions for requesting a waiver of this overpayment can be found at https://www.iowaworkforcedevelopment.gov/unemployment-insurance-overpayment-and-recovery. If this decision becomes final and you are not eligible for a waiver, you will have to repay the benefits you received.

The IRS has resources at: https://www.irs.gov/newsroom/heres-what-taxpayers-should-do-if-they-have-missing-or-incorrect-documents