

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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**JOE R WANZEK**  
Claimant

**APPEAL 17A-UI-04556-DB-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA WORKFORCE DEVELOPMENT  
DEPARTMENT**

**OC: 02/26/17  
Claimant: Appellant (1)**

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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 April 21, 2017 (reference 04) unemployment insurance decision that notified him that \$8,732.00 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.

After due notice was issued, a hearing was scheduled to be held by telephone conference call on May 17, 2017. Claimant participated personally. The administrative law judge took administrative notice of the claimant's unemployment insurance benefits records including the fact-finding 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 acknowledged that he received unemployment insurance benefits in Illinois between April 5, 2014 and October 4, 2014. Claimant did not dispute being paid \$8,732.00 in unemployment insurance benefits in a prior Illinois claim year. Iowa Workforce Development is withholding up to \$8,732.00 in gross unemployment insurance benefits to offset the Illinois overpayment.

Claimant mailed documentation to Illinois the week of May 7, 2017 in an attempt to appeal the Illinois decision that resulted in the overpayment. Claimant has not received any notice of an appeal hearing pending in Illinois and no documentation was provided during the hearing to establish that the Illinois overpayment decision was appealed or that an appeal hearing was pending in Illinois.

## 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 may 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 overpayment amount is stated as \$8,732.00 and there is no indication of that amount or the precipitating decision having been modified or reversed. As such, Iowa

Workforce Development is authorized to offset up to \$8,732.00 in gross unemployment insurance benefits to apply to the Illinois unemployment insurance overpayment.

**DECISION:**

The unemployment insurance decision dated April 21, 2017 (reference 04) is affirmed. Iowa Workforce Development does have legal authority to withhold \$8,732.00 in Iowa unemployment insurance benefits to offset the Illinois overpayment.

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Dawn Boucher  
Administrative Law Judge

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Decision Dated and Mailed

db/rvs