

**IOWA DEPARTMENT OF INSPECTIONS AND APPEALS  
ADMINISTRATIVE HEARINGS DIVISION, UI APPEALS BUREAU**

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**STACY JO MUELLER  
FKA STACY JO LOFSTROM**  
Claimant

**APPEAL NO. 23A-UI-04487-JT-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA WORKFORCE DEVELOPMENT  
DEPARTMENT**

**OC: 11/01/20  
Claimant: Appellant (1R)**

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Iowa Code § 8A.504 – Set-off Procedures  
Iowa Code § 96.11(16) – Off-set Administrative Fee  
Iowa Admin. Code r. 871-25.16 - Income Tax Offset

**STATEMENT OF THE CASE:**

On May 1, 2023, Stacy Mueller, formerly known as Stacy Lofstrom (claimant) filed a timely appeal from the April 27, 2023 (reference 02) decision that held the claimant's Iowa income tax refund would be withheld and applied to a prior overpayment of unemployment insurance benefits and a \$7.00 administrative transfer fee. After due notice was issued, a hearing was held on May 17, 2023. The claimant participated. Exhibit A, the online appeal, was received into evidence. The administrative law judge took official notice of the following Iowa Workforce Development administrative records: NMRO, the reference 04 and 05 (o.c. 06/03/18) overpayment decisions, the administrative law judge decisions in Appeal Numbers 19A-UI-01678-H2T and 19A-UI-01679-H2T, as well as the Great Plains overpayment status database and DBIN regarding the voided 11/01/20 original claim.

*Note: Though the April 27, 2023 (reference 02) tax-offset decision included a November 1, 2020 original claim date, the relevant original claim date at issue is June 3, 2018.*

*Also note: Though a copy of the hearing notice was mailed to an address in Houston, Texas, the claimant has never resided at that address and the address is a fraudulent address associated with the voided November 1, 2020 original claim. See KLOG (regarding confirmed ID theft). The present decision should be mailed to the claimant's address in Bondurant and should not be mailed to the Houston, Texas address.*

**ISSUE:**

Whether Iowa Workforce Development has authority to withhold the claimant's Iowa income tax refund to off-set or recover a prior overpayment of unemployment insurance benefits plus a \$7.00 administrative transfer fee.

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: The claimant has a \$946.00 combined outstanding overpayment of unemployment insurance

benefits. The combined overpayment arose in connection with an original claim that was effective June 3, 2018 and represents benefits paid to the claimant for the two-week period of August 5, 2018 through August 18, 2023. On August 27, 2018, Iowa Workforce Development Benefits Bureau entered a reference 04 decision that held the claimant was overpaid \$473.00 for the week ending August 11, 2018. On August 31, 2018, IWD Benefits Bureau entered a reference 05 decision that held the claimant was overpaid \$473.00 for the week ending August 18, 2018. The claimant filed an appeal from the reference 04 and 05 decisions. See Appeal Numbers 19A-UI-01678-H2T and 19A-UI-01679-H2T. When the claimant did not appear for the March 11, 2019 consolidated hearing, the administrative law judge dismissed the appeals in Appeal Numbers 19A-UI-01678-H2T and 19A-UI-01679-H2T. The claimant did not appeal the administrative law judge decisions in Appeal Numbers 19A-UI-01678-H2T and 19A-UI-01679-H2T. The claimant did not repay any of the \$946.00 combined overpayment amount. Iowa Workforce Development records (Great Plains) reflect a \$946.00 outstanding overpayment balance.

The claimant earned wages in Iowa in 2022 and filed an Iowa individual income tax return for the 2022 tax year. The claimant expected an Iowa income tax refund of approximately \$1,100.00. On April 27, 2023, Iowa Workforce Development sent the reference 02 notice/decision to the claimant. The reference 02 decision stated the claimant's Iowa income tax refund would be withheld and applied to a prior overpayment of unemployment insurance benefits and a \$7.00 administrative transfer fee.

Iowa Workforce Development records (DBIN) reflect a voided November 1, 2020 original claim. The claimant did not file that claim. The claimant advises that IWD notified the claimant she would not be held liable for benefits paid in connection with the November 1, 2020 claim. The present overpayment tax-set matter does not concern the voided November 1, 2020 original claim, despite reference to that original claim date in the April 17, 2023 (reference 02) decision.

#### **REASONING AND CONCLUSIONS OF LAW:**

Iowa Code section 8A.504 provides a procedure for state agencies "to set off against any claim owed to a person by a state agency any liability of that person owed to a state agency." Iowa Code section 96.11(16) directs Iowa Workforce Development to assess "an additional amount for the reimbursement of setoff costs incurred by the department of administrative services."

Iowa Administrative Code rule 871-25.16 provides:

State payment offset. An individual who is owed a payment from the state of at least \$50 and owes an overpayment of benefits of at least \$50 is subject to an offset against the individual's payment from the state to recover all or a part of the individual's overpayment of benefits and to reimburse the department of revenue for administrative costs to execute the offset. All overpayments, whether fraud or nonfraud, are included in this process.

(1) The individual's name and social security number are given to the department of revenue.

(2) The department of revenue notifies the department that an overpaid individual is owed a payment from the state. The department then notifies the overpaid individual of the potential offset against the individual's payment from the state.

(3) In the case of a joint or combined income tax filing, the individual has ten days from the postmark date on the decision to request a split of the refund to ensure the other party's portion of the refund is not offset. When a request is made, the department notifies the department of revenue to make the split. The department then notifies the overpaid individual of the amount of the offset. If the request for split of the refund is not made timely, the entire income tax refund becomes subject to offset.

(4) Any appeal by the individual is limited to the validity of the department's authority to recoup the overpayment through offset.

(5) In the event that the amount of the offset exceeds the remaining overpayment, the department shall issue to the individual a special check equal to the amount of the excess.

This rule is intended to implement Iowa Code section 96.11 and 421.17(26,29).

The claimant is owed a payment from the state of at least \$50.00 and owes an overpayment of benefits of at least \$50.00. The overpayment balance is \$946.00. The claimant estimates the amount owed to her through the Iowa income tax refund is \$1,100.00. Iowa Workforce Development complied with the off-set procedure set forth at Iowa Code section 8A.504. Iowa Workforce Development has authority to withhold the claimant's Iowa income tax refund and offset it against the outstanding overpayment balance plus a \$7.00 administrative transfer fee.

**DECISION:**

The April 27, 2023 (reference 02) decision is AFFIRMED. Iowa Workforce Development has authority to withhold claimant's Iowa income tax refund and offset it against the outstanding unemployment insurance overpayment balance plus a \$7.00 administrative transfer fee.

**REMAND:**

This matter is REMANDED to Iowa Workforce Development so that IWD may update the claimant's mailing address agency-wide to 9338 N.E. 83<sup>rd</sup> Street, Bondurant, IA 50035.



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James E. Timberland  
Administrative Law Judge

May 18, 2023  
Decision Dated and Mailed

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**APPEAL RIGHTS.** If you disagree with the decision, you or any interested party may:

1. Appeal to the Employment Appeal Board within fifteen (15) days of the date under the judge's signature by submitting a written appeal via mail, fax, or online to:

**Employment Appeal Board  
4<sup>th</sup> Floor – Lucas Building  
Des Moines, Iowa 50319  
Fax: (515)281-7191  
Online: eab.iowa.gov**

The appeal period will be extended to the next business day if the last day to appeal falls on a weekend or a legal holiday.

**AN APPEAL TO THE BOARD SHALL STATE CLEARLY:**

- 1) The name, address, and social security number of the claimant.
- 2) A reference to the decision from which the appeal is taken.
- 3) That an appeal from such decision is being made and such appeal is signed.
- 4) The grounds upon which such appeal is based.

An Employment Appeal Board decision is final agency action. If a party disagrees with the Employment Appeal Board decision, they may then file a petition for judicial review in district court.

2. If no one files an appeal of the judge's decision with the Employment Appeal Board within fifteen (15) days, the decision becomes final agency action, and you have the option to file a petition for judicial review in District Court within thirty (30) days after the decision becomes final. Additional information on how to file a petition can be found at Iowa Code §17A.19, which is online at <https://www.legis.iowa.gov/docs/code/17A.19.pdf>.

**Note to Parties:** YOU MAY REPRESENT yourself in the appeal or obtain a lawyer or other interested party to do so provided there is no expense to Workforce Development. If you wish to be represented by a lawyer, you may obtain the services of either a private attorney or one whose services are paid for with public funds.

**Note to Claimant:** It is important that you file your weekly claim as directed, while this appeal is pending, to protect your continuing right to benefits.

**SERVICE INFORMATION:**

A true and correct copy of this decision was mailed to each of the parties listed.

**DERECHOS DE APELACIÓN.** Si no está de acuerdo con la decisión, usted o cualquier parte interesada puede:

1. Apelar a la Junta de Apelaciones de Empleo dentro de los quince (15) días de la fecha bajo la firma del juez presentando una apelación por escrito por correo, fax o en línea a:

**Employment Appeal Board  
4th Floor – Lucas Building  
Des Moines, Iowa 50319  
Fax: (515)281-7191  
En línea: eab.iowa.gov**

El período de apelación se extenderá hasta el siguiente día hábil si el último día para apelar cae en fin de semana o día feriado legal.

**UNA APELACIÓN A LA JUNTA DEBE ESTABLECER CLARAMENTE:**

- 1) El nombre, dirección y número de seguro social del reclamante.
- 2) Una referencia a la decisión de la que se toma la apelación.
- 3) Que se interponga recurso de apelación contra tal decisión y se firme dicho recurso.
- 4) Los fundamentos en que se funda dicho recurso.

Una decisión de la Junta de Apelaciones de Empleo es una acción final de la agencia. Si una de las partes no está de acuerdo con la decisión de la Junta de Apelación de Empleo, puede presentar una petición de revisión judicial en el tribunal de distrito.

2. Si nadie presenta una apelación de la decisión del juez ante la Junta de Apelaciones Laborales dentro de los quince (15) días, la decisión se convierte en acción final de la agencia y usted tiene la opción de presentar una petición de revisión judicial en el Tribunal de Distrito dentro de los treinta (30) días después de que la decisión adquiriera firmeza. Puede encontrar información adicional sobre cómo presentar una petición en el Código de Iowa §17A.19, que está en línea en <https://www.legis.iowa.gov/docs/code/17A.19.pdf>.

**Nota para las partes:** USTED PUEDE REPRESENTARSE en la apelación u obtener un abogado u otra parte interesada para que lo haga, siempre que no haya gastos para Workforce Development. Si desea ser representado por un abogado, puede obtener los servicios de un abogado privado o uno cuyos servicios se paguen con fondos públicos.

**Nota para el reclamante:** es importante que presente su reclamo semanal según las instrucciones, mientras esta apelación está pendiente, para proteger su derecho continuo a los beneficios.

**SERVICIO DE INFORMACIÓN:**

Se envió por correo una copia fiel y correcta de esta decisión a cada una de las partes enumeradas.