

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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**DEBORAH D KYOMUGISHA**  
Claimant

**APPEAL 22A-UI-06446-DB-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA WORKFORCE DEVELOPMENT  
DEPARTMENT**

**OC: 04/05/20**  
**Claimant: Appellant (1R)**

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Iowa Code § 8A.504 – Setoff Procedures  
Iowa Code § 96.11(16) – Reimbursement of Setoff Costs  
Iowa Admin. Code 871-25.16 – State Payment Offset

**STATEMENT OF THE CASE:**

The claimant/appellant filed an appeal from the March 10, 2022 (reference 07) unemployment insurance decision that found claimant's tax refund was subject to an offset to repay an established overpayment of unemployment insurance benefits. The claimant was properly notified of the hearing. A telephone hearing was held on April 22, 2022. The claimant participated personally. The administrative law judge took administrative notice of the claimant's unemployment insurance benefits records.

**ISSUE:**

Is the claimant's tax refund subject to offset?

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: Claimant had filed for regular State of Iowa funded unemployment insurance benefits effective April 5, 2020. Two denial decision were issued on or about July 15, 2020 (reference 02) finding that she failed to have child care and on October 14, 2020 (reference 03) finding that her separation from employment with Dial Silvercrest Corp. was disqualifying. Overpayment decisions stemmed from these disqualification decisions. On October 13, 2020 a reference 06 decision finding that the claimant was overpaid FPUC benefits of \$9,600.00 for the sixteen week period ending July 25, 2020 was issued. No appeal to that decision was filed by the claimant and it became final. On July 27, 2020, an assessment for PUA benefits decision was issued that found the claimant was eligible for PUA benefits effective March 22, 2020. That decision was not appealed and it became final. Claimant's administrative records establish that her Iowa tax refund of \$303.00 was offset on March 29, 2022 to apply to the unpaid overpayment balance. Claimant's administrative records establish that after the \$303.00 payment, a balance of \$10,197.00 is still due and owing.

Claimant's administrative records establish that she was never paid PUA benefits or FPUC benefits based upon a PUA allowance for the weeks of March 22, 2020 through July 25, 2020. That issue will be remanded to the Benefits Bureau for an initial investigation and determination.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow, the administrative law judge concludes as follows:

Iowa Code §8A.504 provides in relevant part:

2. Setoff procedure. The collection entity shall establish and maintain a procedure to set off against any claim owed to a person by a public agency any liability of that person owed to a public agency, a support debt being enforced by the child support recovery unit pursuant to chapter 252B, or such other qualifying debt.

Iowa Code § 96.11(16) provides:

Reimbursement of setoff costs. The department shall include in the amount set off in accordance with section 8A.504, for the collection of an overpayment created pursuant to section 96.3, subsection 7, or section 96.16, subsection 4, an additional amount for the reimbursement of setoff costs incurred by the department of administrative services.

Iowa Admin. Code 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.

25.16(1) The individual's name and social security number are given to the department of revenue.

25.16(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.

25.16(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.

25.16(4) Any appeal by the individual is limited to the validity of the department's authority to recoup the overpayment through offset.

25.16(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 sections 96.11 and 421.17(26,29).

Iowa Code section 421.17(27) sets forth a procedure whereby one state agency may obtain funds owed by a second state agency to an individual to apply to a debt, which that same individual owes to the first state agency. Iowa Admin. Code r. 871-25.16 specifically authorizes Iowa Workforce Development to withhold the state income tax refund owing to the claimant to apply to an overpayment of benefits which that same claimant owes to Iowa Workforce Development so long as both amounts are at least \$50.00. Iowa Code section 96.11(16) allows reimbursement of setoff costs.

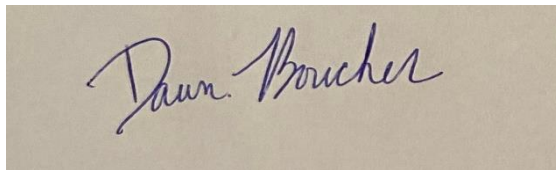
In this case, the claimant's administrative record currently establish that a balance was owed of \$10,500.00 prior to the \$303.00 tax offset initiated by the Department. The claimant had an original unpaid overpayment balance and an Iowa income tax refund of at least \$50.00. Therefore, Iowa Workforce Development was legally authorized to withhold that Iowa income tax refund up to the remaining amount of the overpayment of benefits, not including a \$7.00 transfer fee, which the claimant owes to Iowa Workforce Development. However, the issue of claimant's non-payment of PUA benefits and subsequent FPUC benefits based off of any PUA allowance will be remanded to the Benefits Bureau for an initial investigation and determination.

**DECISION:**

The March 10, 2022 (reference 07) unemployment insurance decision is affirmed pending the remanded issue. The claimant's income tax refund was subject to an offset due to a currently established overpayment of benefits.

**REMAND:**

The issue of non-payment of PUA and PUA FPUC benefits based upon a PUA allowance decision that was issued on July 27, 2020 finding PUA benefits were allowed effective March 22, 2020 is remanded to the Benefits Bureau for an initial investigation and determination.

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Dawn Boucher  
Administrative Law Judge

April 26, 2022  
Decision Dated and Mailed

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