



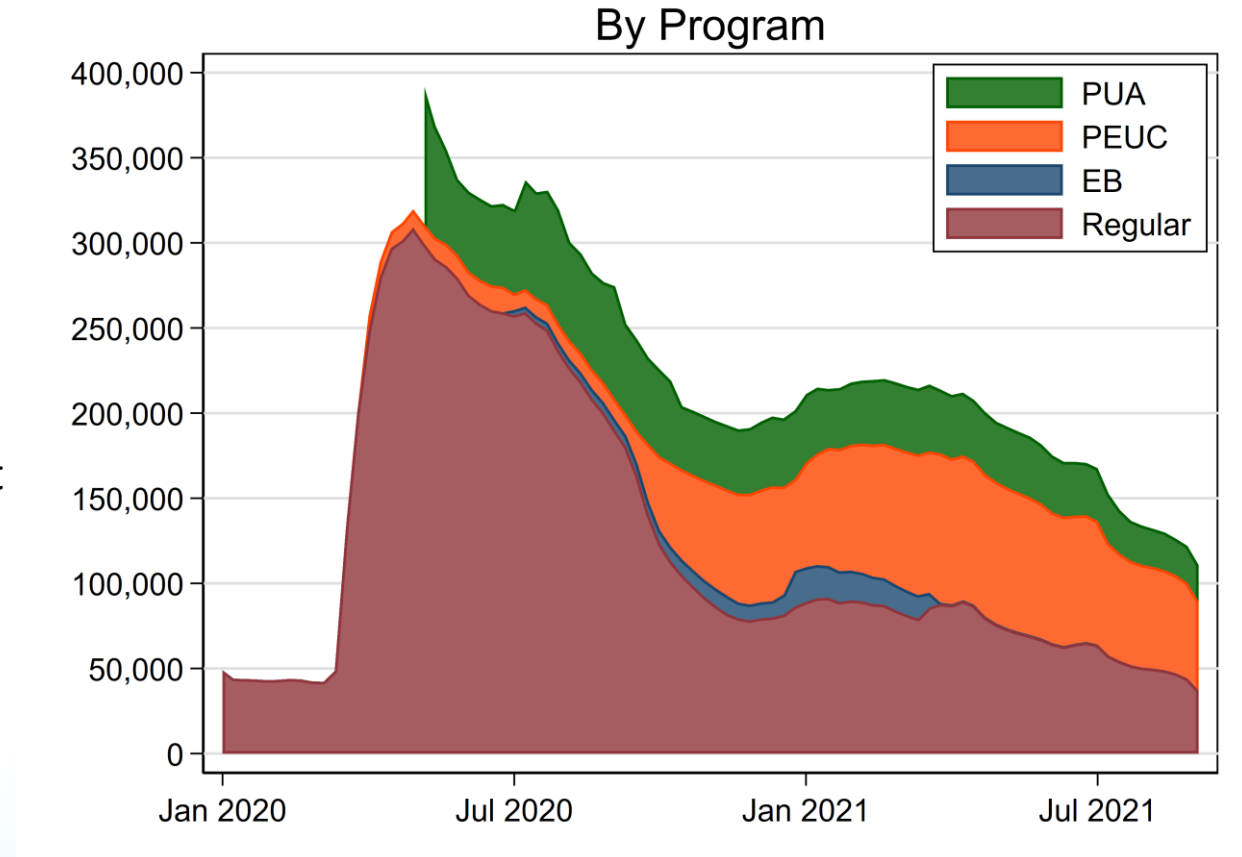
Information on Non-Fraud Overpayments

From application to appeals, the unemployment process is complex. The Connecticut Department of Labor (CTDOL) reviews all overpayments on a case-by-case basis; each case is a person with a specific set of circumstances that must be considered. It is required under state and federal law, and it is the only way to responsibly steward the employer-funded Trust Fund to assist the workforce when they need it and the employers whose tax dollars support it.

The unemployment Trust Fund is funded through taxes on Connecticut businesses. Generally, in non-pandemic years, the interest on any Trust Fund borrowing is paid back through a special assessment on those businesses for the length of time it takes to repay the loan.

Unemployment Claims Numbers 2020-2021

- During the pandemic, unemployment application numbers skyrocketed.
- The agency went from 40,000 weekly filers up to nearly 400,000 weekly filers in May 2020.
- As of October 29, 2021, CTDOL has about 50,000 weekly filers, still above a non-pandemic year.



Graphic source: CTDOL Research Unit

Unemployment Insurance Spending

- Since March 13, 2020, to the present, \$9.9 billion in benefits have been paid in the state unemployment and extended benefits programs plus six federal unemployment programs.
- In total, out of 1.9 million workers in Connecticut, about 580,000 used the unemployment system.
- The U.S. Department of Labor requires all state labor agencies to identify and recover overpayments—the laws in place protect the Trust Fund, the claimants who need it, and the employers who fund it.
- Unemployment insurance overpayments happen for any number of reasons; they are largely grouped as either fraud or non-fraud.



Non-fraud Overpayments

- Unemployment is a complex system guided by state and federal law. Non-fraud overpayments can be made due to no fault of the claimant or the agency.

For example, an employer may appeal a claim after the claimant has been paid. When the employer protests, and if there is an appeal and the appeal goes in favor of the employer, it results in an overpayment to the claimant.

- Other times an applicant makes an error while filing.

For example, a claimant enters their net pay rather than the required gross pay; this results in more allowable wages and fewer tax deductions. That week could result in an overpayment.

- In some cases, the agency itself makes an error.

For example, a claimant reports earned wages and they are not entered properly by the CTDOL agent.

- The federal government allowed states to do blanket waivers under only two circumstances during the pandemic. These still require individual review of the claims.
- CTDOL already has a waiver system in place; waivers are most often granted on economic grounds when it's 'against equity and good conscience' to have an overpayment repaid.

Recovering Non-Fraud Overpayments

- Claimants may pay back the overpayment with a personal check, debit card, money order, or credit card.
- CTDOL may establish a payment plan for a claimant to pay the debt over time.
- As a last resort, the agency can garnish wages and intercept tax refunds.

UI Recovery Rates Report

State Total Overpayments Established and Recovered						
ST	CYQ	UI + EB + EUC Overpayments Established	UI + EB + EUC Overpayments Waived	UI + EB + EUC Adjusted Ops Established \pm	UI + EB + EUC Overpayments Recovered	Recovery Rate $*$
CT	03/31/2020	\$2,730,573	\$501,174	\$2,229,399	\$3,381,424	*151.67%
	06/30/2020	\$663,434	\$166,351	\$497,083	\$5,071,721	*1,020.30%
	09/30/2020	\$1,922,824	\$203,566	\$1,719,258	\$2,024,521	*117.76%
	12/31/2020	\$3,207,991	\$500,179	\$2,707,812	\$1,542,549	56.97%
	03/31/2021	\$3,057,013	\$364,714	\$2,692,299	\$3,566,419	*132.47%
	06/30/2021	\$8,687,701	\$1,237,268	\$7,450,433	\$4,174,456	56.03%
	Total	\$20,269,536	\$2,973,252	\$17,296,284	\$19,761,090	*114.25%

Source: USDOL Employment & Training Administration UI Recovery Rates Report 9.22.21

Overpayments as of September 2021

- Currently, **only about 2%** of claims, around ~13,000, are established overpayments in State Unemployment, Extended Benefits, and Pandemic Emergency Unemployment Compensation programs.
- These 2% of claims constitute about \$30M in overpayments.
 - \$10M State and \$20M Federal.
- Other programs are due to report out by the end of 2021.

Waivers

- **LEVEL 1:** Under CT law, when an overpayment is established (CTDOL has reviewed the claim, the amount a claimant should have received, and the number of weeks a claimant should be paid and determined that an overpayment has occurred), the Labor Commissioner and adjudicators may examine the individual circumstance and waive part or all of the overpayment. There are eight allowable waivers, among them are economic hardship or if someone is unable to work due to a disability.
- **LEVEL 2:** Connecticut law provides the quasi-judicial Appeals Division the ability to grant a waiver for portions of an overpayment; they may take into account that the pandemic has caused delays in getting a hearing and may waive portions of the owed amount.
- **LEVEL 3:** The Appeals Board can waive some overpayments in certain circumstances.
- No waivers are granted if there is fraud involved.

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Appeals to the Referee (Lower authority)

- 1,760 total appeals involving overpayments were filed Oct 1, 2020 - June 30, 2021:
 - 28 single issue appeals of fraud overpayment decisions
 - 8 single issue appeals of nonfraud overpayment/waiver decisions
 - 2 are pending
 - 2 upheld the denial/overpayment decision
 - 4 dismissed due to late filing or lack of claimant participation at hearing
 - 1,724 “triple barrel” non-fraud appeals involving an eligibility issue
 - In triple barrel appeals the adjudicator must rule on the eligibility issue, the overpayment amount, and the waiver request.
- 1615 of the appeals filed during this period have been disposed and 145 are pending.

Appeals to the Board of Review (higher authority)

Of the 1,615 Referee decisions, 108 are being appealed to the Board of Review

Appeals Disposed by Referee

