

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> UI – OWCP/FECA CROSSMATCH
	<b>CORRESPONDENCE SYMBOL</b> OUI/DUIO/DPM
	<b>DATE</b> July 28, 2017

**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 19-17**

**TO:** STATE WORKFORCE AGENCIES

**FROM:** BYRON ZUIDEMA /s/  
Deputy Assistant Secretary

**SUBJECT:** Federal Employees' Compensation Act Benefits and Unemployment Insurance Benefits Crossmatch through the Interstate Connection Network

1. **Purpose.** To provide information about using Federal Employees' Compensation Act (FECA) data to prevent and detect overpayments as a result of beneficiaries receiving concurrent or overlapping Unemployment Insurance (UI) benefits, and FECA benefit payments when not allowed under a state's UI law.
  
2. **References.**
  - Section 303(a)(1) of the Social Security Act (SSA), 42 U.S.C. 503(a)(1);
  - Unemployment Compensation for Federal Employees (UCFE), 5 U.S.C. 8501 – 8508;
  - Federal Employees' Compensation Act, 5 USC 8101, et seq.;
  - 20 CFR Part 609, Unemployment Compensation for Federal Civilian Employees; and
  - Government Accountability Office (GAO) Report GAO-13-386, *Federal Employees' Compensation Act – Case Examples Illustrate Vulnerabilities That Could Result in Improper Payments or Overlapping Benefits* (released May 3, 2013).
  
3. **Background.** The Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP), Division of Federal Employees' Compensation (DFEC), manages the FECA program. FECA provides workers' compensation benefits to qualifying Federal employees and U.S. postal workers for employment-related injuries and occupational diseases. FECA benefits include wage replacement in the form of benefits for total or partial disability, payment for medical care and, when necessary, vocational rehabilitation assistance.

The federal-state UI program provides unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under state law), and who meet other eligibility requirements of state law. Each state administers a separate UI program within guidelines established by Federal law. Additionally, the Unemployment Compensation for Federal Employees (UCFE) program is administered by state UI agencies acting as agents of the Federal government. The program is operated under the same terms and conditions that apply to regular state UI benefits. See 20 CFR section 609.9(a). In

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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general, the law of the state in which an individual's official duty station in Federal civilian service is located will be the state law under which an individual's eligibility for benefits is determined. See 20 CFR Section 609.8(b)(1).

Some states have unemployment compensation laws that require UI benefits to be reduced or offset by the amount of workers' compensation benefits the claimant received during the same period. Other states' laws require that UI benefits be denied during the period for which a claimant received workers' compensation benefits. And in some of these states, the offset or denial of UI benefits depends on the type of workers' compensation benefits provided to the claimant. That is, FECA benefits may be paid for a variety of reasons, including wage replacement, medical care, vocational rehabilitation, and survivor death benefits. State UI agencies need to know the specific FECA payment type to determine its effect on unemployment benefits. In such cases, the information provided by OWCP about FECA benefits to a UI claimant will not alone be sufficient to make an adjudication decision – the UI agency will still need to conduct fact-finding to determine the impact of the FECA benefits on the specific UI claim.

Another aspect of FECA payments that complicates the UI agency's determination of entitlement and eligibility for UCFE is that DFEC may take several months to issue a determination on the application for FECA benefits. Therefore, UI claimants may not be receiving FECA benefits when an unemployment claim is initially established but are later awarded FECA benefits.

The states with laws requiring the offset of UI benefits by the amount of workers' compensation benefits received under FECA, or the denial of UI benefits while the claimant is receiving certain workers' compensation benefits, require the capability to identify FECA beneficiaries receiving unemployment benefits. The provisions of this UIPL do not apply to those states that do not either deny UI benefits or reduce UI benefit payments to FECA recipients.

4. **GAO Audit.** In the GAO 13-386 report, the GAO identified 50 individuals who received concurrent FECA compensation payments and UI benefits of at least \$5,000 each during the same period.

The GAO recommended that the Secretary of Labor develop an effective mechanism to share FECA compensation information with UI agencies to help identify whether claimants are receiving concurrent or overlapping UI and FECA payments. Sharing FECA data with state UI agencies permits those states that offset FECA benefits against UI benefits, or deny UI benefits based on receipt of FECA payments, to have information necessary to process claims under their own laws. DOL's Employment and Training Administration (ETA) and the OWCP-DFEC have worked to determine how best to identify FECA recipients who are concurrently receiving UI benefits and to provide that information to applicable state UI agencies for review and processing. Section 5, below, discusses the results of this collaboration.

5. **Use of ICON to Provide UI Agencies with FECA Benefit Payment Information.** The Interstate Connection (ICON) network is a telecommunications network used by state UI agencies to administer the UI program. State UI agencies must follow their own state statutes, policies, and procedures for determining what impact the receipt of workers' compensation has on the payment of UI benefits.

ETA and OWCP developed a plan to use the ICON to provide FECA benefit payment information efficiently to the states that need this information to determine entitlement and eligibility for UI benefits based on the requirement in their laws to deny or reduce benefits due to receipt of workers' compensation payments. DFEC will transmit a file every 28 days consistent with its payment cycle of FECA benefit payment information to the ICON hub. In addition to certain identifying information, the file will contain wage loss benefit information. (A Sample FECA Data File Record Layout is found in the Attachment.)

Both new and continued UI and UCFE claims will be cross-matched against the FECA file of benefits paid. When Social Security numbers from new UI and UCFE claims have a corresponding match in the FECA file, the appropriate Interstate Program Coordinator or Federal Program Coordinator in the state UI agency will be notified via a secure e-mail ICON application (known as UImail). When Social Security numbers from continued UI and UCFE claims have a corresponding match in the FECA file, the appropriate Benefit Payment Control or Integrity personnel in the state UI agency will be notified via UImail. The cross-match for continued claims will occur monthly, and state UI agencies will receive timely notification that a claimant has started receiving FECA benefits during the pendency of the UI claim. This will enable the UI agency to investigate the issue and take appropriate action to address, limit, or avoid improper payments. States that require reduction or denial of UI benefits must accurately apply the FECA benefit payment information to the UI claim to ensure proper payment of UI benefits.

The FECA data extracts will be provided only to UI agencies in those states in which there is a potential offset for, or prohibition against, concurrent receipt of FECA benefits and UI benefits. State UI agencies will continue to follow their own state statutes, policies and procedures for determining whether the receipt of workers' compensation has an impact on the payment of UI benefits.

Since the data source is OWCP's DFEC, questions regarding the data should be faxed to the DFEC/UI Offset Unit at (202-513-6810). Upon receipt of any offset clarification request, OWCP will respond to the inquiry as needed. If the gross amount of FECA benefits changed during the requested period (for example, due to cost of living/Consumer Price Index adjustments), details and the effective date(s) of such change(s) will be included. To the extent any breakout of the period provided is needed (period of less than 28 days), the amount in question may be divided by 28 to determine a daily entitlement.

6. **Action Requested.** State UI agency Administrators are requested to provide this information to appropriate staff.

7. **Inquiries**. Questions should be directed to the appropriate ETA Regional Office.
8. **Attachment**. Sample FECA Data File Record Layout