



Labor Department Recovers More than \$4.6 Million In Fraudulently Collected Unemployment Benefits

Initiatives Expected to Recoup \$8 Million Annually

WETHERSFIELD – February 28, 2013 – Following the fourth week of tax season, the Connecticut Department of Labor has recovered nearly \$4.63 million in unemployment benefits that were fraudulently collected by more than 5,000 individuals.

“No one wants to see individuals or employers taking advantage of our unemployment system,” noted State Labor Commissioner Sharon M. Palmer. “Nationally, Connecticut has one of the best performance records when it comes to minimizing the number of unemployment insurance overpayments, but we are making it a top priority to implement new tools and technology to improve upon our successes.”

According to Palmer, the funds, amounting to \$4,622,902, were recovered through the Treasury Offset Program (TOP) and a State Income Tax Intercept program that was upgraded in 2012. Of the \$4.6 million recovered in the past month, \$2.66 million was the result of the new TOP initiative, a partnership with the Internal Revenue Service and the federal Labor Department. This program intercepts federal tax refunds when individuals have not responded to requests to repay unemployment insurance benefits that they were not entitled to collect. The state program, in partnership with the departments of Revenue Services and Social Services, recovered over \$4 million last year – an increase of more than 100% from 2011.

“We estimate that these two programs will recover as much as \$8 million in 2013, allowing us to better maintain the integrity of our benefit payment program and help bolster the state’s unemployment insurance Trust Fund that is funded by employers and finances benefit payments to eligible claimants,” Palmer noted. “Our efforts are dedicated toward chasing cheaters because ultimately, this benefits the taxpayers of Connecticut and our overall economic health.”

The TOP program, piloted last year, required the agency to develop extensive integrity controls, procedures and employee training programs to meet rigorous standards established by the federal government. The goal was to fully implement the program in early 2013 when the bulk of federal tax returns are filed.

“Fraud is a very serious and costly offense that carries severe repercussions, including repayment, administrative penalties, interest charges and prosecution,” noted Deputy Commissioner Dennis Murphy. “In addition to the TOP initiative, the Labor Department has several additional new programs in place, and has upgraded others to combat unemployment fraud. These measures include:

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- A dedicated online FRAUD reporting system, including a fillable form, that can be found at <http://www.ctdol.state.ct.us/BPCU/BenefitsFraud.htm>
- A tip hotline to report suspected fraud at 1-800-894-3490
- A new surveillance program that substantiates information supplied by public tips
- E-filing Garnishments: a new electronic process that has recovered over \$2 million – a 93% increase over the former manual process
- Return-to-Work Crossmatch – Using wage data employers submit when reporting new hires, the agency has prevented an average of 500 fraud cases a week, resulting in UI savings of \$5 million annually
- New Fraud Detection Software implemented in January 2013 gives the agency the ability to scan thousands of UI records to detect odd or unusual patterns

“As part of our overall campaign to fight unemployment insurance fraud, we have also developed a public awareness campaign directed to both claimants and employers,” Palmer added. “Educational materials and videos on proper reporting methods are posted on the agency’s website and informational flyers are being issued to each claimant.”

Palmer urged any person suspecting either claimant or employer fraud to use the online reporting form at <http://www.ctdol.state.ct.us/BPCU/BenefitsFraud.htm>.

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