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Ohio Seizes Tax Refunds from Individuals Who Commit Fraud

COLUMBUS, OHIO – Starting this year, the Ohio Department of Job and Family Services (ODJFS) will intercept federal tax refunds headed to individuals who have committed unemployment compensation fraud. The state expects to recover tens of millions of dollars more in fraudulently obtained benefits through this new program, called the Treasury Offset Program (TOP).

When necessary, ODJFS already intercepts state income tax refunds and lottery winnings and can take legal action seeking restitution.

“TOP will allow us to collect tens of millions of dollars in outstanding fraud debt more quickly and efficiently,” said Cynthia C. Dungey, director of ODJFS, the state agency that administers Ohio’s unemployment compensation program. “New York and Illinois each intercepted more than \$26 million during the first year of the program. We expect similar results from TOP in Ohio.”

TOP is a partnership between state agencies and the Internal Revenue Service.

In 2013, Ohio paid approximately \$1.8 billion in state and federal unemployment compensation, and the U.S. Department of Labor named Ohio the top performing large state for accurately issuing benefits to eligible out-of-work Ohioans and rejecting claims for ineligible applicants. However, some individuals do attempt to defraud the program, and Ohio has about \$40 million in outstanding fraud debt for state unemployment benefits, plus an additional \$30 million in outstanding fraud debt for federal unemployment benefits paid to Ohioans.

Unemployment fraud occurs when claimants provide false information in an effort to collect benefits. In most cases, fraud occurs when people return to work but continue to claim that they are unemployed. Fraud also occurs when claimants provide false information about the reason they are unemployed or collect unemployment compensation without actively seeking new employment.

ODJFS fraud staff cross-reference unemployment compensation claimants with a national database of new hires and with employment data from the ODJFS Office of Child Support, the Ohio Bureau of Workers’ Compensation and other agencies. The agency has more than 50 fraud investigators who also investigate tips from employers and concerned citizens. Anyone who believes an individual is collecting unemployment benefits to which he or she is not entitled should call the ODJFS fraud hotline at 800-686-1555 or visit www.unemployment.ohio.gov/fraud.

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