House Ways and Means Committee Members Challenge Double Dip UI payments to Furloughed Federal Employees

In a letter to Office of Management and Budget (OMB) Director Burwell, Ways and Means Committee Chairman Dave Camp (R-MI), Human Resources Subcommittee Chairman Dave Reichert (R-WA) and 17 other Committee Members called on the Obama Administration to stop recently furloughed Federal employees from also collecting and keeping unemployment benefits, a practice commonly known as "double dipping."

Camp, whose Committee has jurisdiction over the Federal/State Unemployment Insurance (UI) program, commented: "It is absolutely inexcusable that the Obama Administration would even consider allowing employees who were furloughed, and who are getting back pay because Congress took action, to also keep their UI benefits. Under that scheme you get paid not just once, but twice, not to work. Where is the logic in that? It is that kind of misuse of taxpayer dollars that the American people hate about Washington, and we need to stop this practice now."

Recent media reports revealed that some Federal workers who were furloughed and applied for unemployment insurance during the recent government shutdown will be able to keep both those benefits and their pay Congress voted to restore. In response, the Members urged OMB to take action to "[M]aintain the integrity of the unemployment insurance system for those it is intended to serve – unemployed individuals who have been laid off through no fault of their own, and not temporarily furloughed Federal employees who have already received full back pay."

The full letter can be read here.

UCFE claimants are paid from state unemployment trust funds and then reimbursed from federal agency funds for amounts paid. Each state law may differ as to whether the furlough payments are considered to be deductible from unemployment compensation to be paid for a week or weeks during the shutdown. In some states such payments may not be considered to be paid for services provided and may not be deductible, resulting in the individuals being paid unemployment compensation for the week (normally about 50%) of average weekly wage and then also receive back furlough pay equal to the wages that would otherwise be paid.

The primary impact will be on state UI trust fund balances that are paying more in unemployment compensation as a result of the furlough and federal agency budgets that may be charged for the benefits and the furlough payments. Although OMB is the general federal administrative office, the decisions to pay and/or deduct are made in state UI agencies. There is also a potential impact on joint claims in which individuals were employed by federal agencies and private employers during the base period. Although the number of weeks may be small, the increased UI payout should be identified by states and employers and managed to avoid "double dipping" and minimize the impact on state UI trust funds.