

N E W S R E L E A S E

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## **Employment Development Department Issues Statement on New U.S. Department of Labor Benefit Overpayment Directive**

SACRAMENTO—The California Employment Development Department (EDD) issued the following statement on the [directive issued to states today](#) by the U.S. Department of Labor on how to waive federal benefit overpayments assessed during the pandemic through no fault of the claimant:

“California joined every state in the country in calling for greater clarity about when states can allow claimants to keep benefits obtained through no fault of their own—and we appreciate the fast response from the U.S. Department of Labor,” said EDD Director Nancy Farias. “The directive released today looks promising for claimants and we will be carefully reviewing all of the details.”

“We are thankful to the states, like California, who shared with us challenges dealing with overpayment waivers in a way that will not alarm claimants or cause them undue hardship,” said U.S. Labor Secretary Marty Walsh. “States did their best to pay benefits as quickly as they could during the pandemic, but implementing new programs quickly meant innocent mistakes which resulted in overpayments. We encourage states to forgive as many honest mistakes as they can.”

EDD will carefully review the 40-page federal directive and provide further information in the future about how these scenarios and information will apply. EDD is not collecting overpayments of federal benefits at this time. Instead EDD is continuing to verify claimant eligibility before any overpayment notices would issue.

California and every state in the country [recently called for better guidance](#) on when states must recover overpaid federal benefits during the pandemic. Today’s directive from the U.S. Department of Labor details when states can waive the recovery of overpayments under the CARES Act Unemployment Compensation programs. This includes elaborating on the criteria for waiving overpayments that were not the claimant’s fault.

The federal government identified seven scenarios in which states can waive all overpayments for anyone fitting specific criteria. These approved “blanket waiver” scenarios, will allow states to waive overpayment recovery in specific situations. The directive makes clear that any overpayments resulting from claimant fraud are not eligible for any waiver.

Future updates to California’s overpayments and waivers process will continue to post on [the EDD website](#).