

116TH CONGRESS
2D SESSION

S. 4244

To amend title III of the Social Security Act to provide for improvements to State unemployment systems and to strengthen program integrity.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2020

Mr. YOUNG (for himself and Mr. SASSE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title III of the Social Security Act to provide for improvements to State unemployment systems and to strengthen program integrity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unemployment Insur-
5 ance Systems Modernization Act of 2020”.

6 **SEC. 2. IMPROVEMENTS TO STATE UNEMPLOYMENT SYS-**
7 **TEMS AND STRENGTHENING PROGRAM IN-**
8 **TEGRITY.**

9 (a) UNEMPLOYMENT COMPENSATION SYSTEMS.—

1 (1) IN GENERAL.—Section 303(a) of the Social
2 Security Act (42 U.S.C. 503(a)) is amended—

3 (A) in the matter preceding paragraph (1),
4 by striking “provision for—” and inserting
5 “provision for each of the following:”;

6 (B) at the end of each of paragraphs (1)
7 through (10) and paragraph (11)(B), by strik-
8 ing “; and” and inserting a period; and

9 (C) by adding at the end the following new
10 paragraph:

11 “(13) The State system shall, in addition to
12 meeting the requirements under section 1137, meet
13 the following requirements:

14 “(A) The system shall be capable of han-
15 dling a surge of claims that would represent a
16 twentyfold increase in claims from January
17 2020 levels, occurring over a one-month period.

18 “(B) The system shall be capable of—

19 “(i) adjusting wage replacement levels
20 for individuals receiving unemployment
21 compensation;

22 “(ii) adjusting weekly earnings dis-
23 regards, including the ability to adjust
24 such disregards in relation to an individ-

1 ual’s earnings or weekly benefit amount;
2 and

3 “(iii) providing for wage replacement
4 levels that vary based on the duration of
5 benefit receipt.

6 “(C) The system shall have in place an
7 automated process for receiving and processing
8 claims for disaster unemployment assistance
9 under section 410(a) of the Robert T. Stafford
10 Disaster Relief and Emergency Assistance Act
11 (42 U.S.C. 5177(a)), with flexibility to adapt
12 rules regarding individuals eligible for assist-
13 ance and the amount payable.

14 “(D) In the case of a State that makes
15 payments of short-time compensation under a
16 short-time compensation program (as defined in
17 section 3306(v) of the Internal Revenue Code of
18 1986), the system shall have in place an auto-
19 mated process of receiving and processing
20 claims for short-time compensation.

21 “(E) The system shall have in place an
22 automated process for receiving and processing
23 claims for—

24 “(i) unemployment compensation for
25 Federal civilian employees under sub-

1 chapter I of chapter 85 of title 5, United
2 States Code;

3 “(ii) unemployment compensation for
4 ex-servicemembers under subchapter II of
5 chapter 85 of title 5, United States Code;
6 and

7 “(iii) trade readjustment allowances
8 under sections 231 through 233 of the
9 Trade Act of 1974 (19 U.S.C. 2291–
10 2293).”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by paragraph (1) shall apply to weeks of unemploy-
13 ment beginning on or after the earlier of—

14 (A) the date the State changes its statutes,
15 regulations, or policies in order to comply with
16 such amendment; or

17 (B) October 1, 2023.

18 (b) ELECTRONIC TRANSMISSION OF UNEMPLOYMENT
19 COMPENSATION INFORMATION.—Section 303 of the So-
20 cial Security Act (42 U.S.C. 503) is amended by adding
21 at the end the following new subsection:

22 “(n) ELECTRONIC TRANSMISSION OF UNEMPLOY-
23 MENT COMPENSATION INFORMATION.—

24 “(1) IN GENERAL.—Not later than October 1,
25 2023, the State agency charged with administration

1 of the State law shall use a system developed (in
2 consultation with stakeholders) and designated by
3 the Secretary of Labor for automated electronic
4 transmission of requests for information relating to
5 unemployment compensation and the provision of
6 such information between such agency and employ-
7 ers or their agents.

8 “(2) USE OF APPROPRIATED FUNDS.—The Sec-
9 retary of Labor may use funds appropriated for
10 grants to States under this title to make payments
11 on behalf of States as the Secretary determines is
12 appropriate for the use of the system described in
13 paragraph (1).

14 “(3) EMPLOYER PARTICIPATION.—The Sec-
15 retary of Labor shall work with the State agency
16 charged with administration of the State law to in-
17 crease the number of employers using this system
18 and to resolve any technical challenges with the sys-
19 tem.

20 “(4) REPORTS ON USE OF ELECTRONIC SYS-
21 TEM.—After the end of each fiscal year, on a date
22 determined by the Secretary, each State shall report
23 to the Secretary information on—

24 “(A) the proportion of employers using the
25 designated system described in paragraph (1);

1 “(B) the reasons employers are not using
2 such system; and

3 “(C) the efforts the State is undertaking
4 to increase employer’s use of such system.

5 “(5) ENFORCEMENT.—Whenever the Secretary
6 of Labor, after reasonable notice and opportunity for
7 hearing to the State agency charged with the admin-
8 istration of the State law, finds that there is a fail-
9 ure to comply substantially with the requirements of
10 paragraph (1), the Secretary of Labor shall notify
11 such State agency that further payments will not be
12 made to the State until the Secretary of Labor is
13 satisfied that there is no longer any such failure.
14 Until the Secretary of Labor is so satisfied, such
15 Secretary shall make no future certification to the
16 Secretary of the Treasury with respect to the
17 State.”.

18 (c) UNEMPLOYMENT COMPENSATION INTEGRITY
19 DATA HUB.—

20 (1) IN GENERAL.—Section 303(a) of the Social
21 Security Act (42 U.S.C. 503(a)), as amended by
22 subsection (a), is amended by adding at the end the
23 following new paragraph:

24 “(14) The State agency charged with adminis-
25 tration of the State law shall use the system des-

1 ignated by the Secretary of Labor for cross-match-
 2 ing claimants of unemployment compensation under
 3 State law against any databases in the system to
 4 prevent and detect fraud and improper payments.”.

5 (2) EFFECTIVE DATE.—The amendment made
 6 by paragraph (1) shall apply to weeks of unemploy-
 7 ment beginning on or after the earlier of—

8 (A) the date the State changes its statutes,
 9 regulations, or policies in order to comply with
 10 such amendment; or

11 (B) October 1, 2023.

12 (d) USE OF NATIONAL DIRECTORY OF NEW HIRES
 13 IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION
 14 PROGRAMS AND PENALTIES ON NONCOMPLYING EMPLOY-
 15 ERS.—

16 (1) IN GENERAL.—Section 303 of the Social
 17 Security Act (42 U.S.C. 503), as amended by sub-
 18 section (b), is amended by adding at the end the fol-
 19 lowing new subsection:

20 “(o) USE OF NATIONAL DIRECTORY OF NEW
 21 HIRES.—

22 “(1) IN GENERAL.—Not later than October 1,
 23 2023, the State agency charged with administration
 24 of the State law shall—

1 “(A) compare information in the National
 2 Directory of New Hires established under sec-
 3 tion 453(i) against information about individ-
 4 uals claiming unemployment compensation to
 5 identify any such individuals who may have be-
 6 come employed, in accordance with any regula-
 7 tions or guidance that the Secretary of Health
 8 and Human Services may issue and consistent
 9 with the computer matching provisions of the
 10 Privacy Act of 1974;

11 “(B) take timely action to verify whether
 12 the individuals identified pursuant to subpara-
 13 graph (A) are employed; and

14 “(C) upon verification pursuant to sub-
 15 paragraph (B), take appropriate action to sus-
 16 pend or modify unemployment compensation
 17 payments, and to initiate recovery of any im-
 18 proper unemployment compensation payments
 19 that have been made.

20 “(2) ENFORCEMENT.—Whenever the Secretary
 21 of Labor, after reasonable notice and opportunity for
 22 hearing to the State agency charged with the admin-
 23 istration of the State law, finds that there is a fail-
 24 ure to comply substantially with the requirements of
 25 paragraph (1), the Secretary of Labor shall notify

1 such State agency that further payments will not be
 2 made to the State until the Secretary of Labor is
 3 satisfied that there is no longer any such failure.
 4 Until the Secretary of Labor is so satisfied, such
 5 Secretary shall make no future certification to the
 6 Secretary of the Treasury with respect to the
 7 State.”.

8 (2) PENALTIES.—

9 (A) IN GENERAL.—Section 453A(d) of the
 10 Social Security Act (42 U.S.C. 653a(d)), in the
 11 matter preceding paragraph (1), is amended by
 12 striking “have the option to set a State civil
 13 money penalty which shall not exceed” and in-
 14 serting “set a State civil money penalty which
 15 shall be no less than”.

16 (B) EFFECTIVE DATE.—The amendment
 17 made by subparagraph (A) shall apply to pen-
 18 alties assessed on or after October 1, 2023.

19 (e) STATE PERFORMANCE.—

20 (1) IN GENERAL.—Section 303 of the Social
 21 Security Act (42 U.S.C. 503), as amended by sub-
 22 sections (b) and (d), is amended by adding at the
 23 end the following new subsection:

24 “(p) STATE PERFORMANCE.—

1 “(1) IN GENERAL.—For purposes of assisting
2 States in meeting the requirements of this title, title
3 IX, title XII, or chapter 23 of the Internal Revenue
4 Code of 1986 (commonly referred to as ‘the Federal
5 Unemployment Tax Act’), the Secretary of Labor
6 may—

7 “(A) consistent with subsection (a)(1), es-
8 tablish measures of State performance, includ-
9 ing criteria for acceptable levels of performance,
10 performance goals, and performance measure-
11 ment programs;

12 “(B) consistent with subsection (a)(6), re-
13 quire States to provide to the Secretary of
14 Labor data or other relevant information from
15 time to time concerning the operations of the
16 State or State performance, including the meas-
17 ures, criteria, goals, or programs established
18 under paragraph (1);

19 “(C) require States with sustained failure
20 to meet acceptable levels of performance or with
21 performance that is substantially below accept-
22 able standards, as determined based on the
23 measures, criteria, goals, or programs estab-
24 lished under subparagraph (A), to implement
25 specific corrective actions and use specified

1 amounts of the administrative grants under this
2 title provided to such States to improve per-
3 formance; and

4 “(D) based on the data and other informa-
5 tion provided under subparagraph (B)—

6 “(i) to the extent the Secretary of
7 Labor determines funds are available after
8 providing grants to States under this title
9 for the administration of State laws, recog-
10 nize and make awards to States for per-
11 formance improvement, or performance ex-
12 ceeding the criteria or meeting the goals
13 established under subparagraph (A); or

14 “(ii) to the extent the Secretary of
15 Labor determines funds are available after
16 providing grants to States under this title
17 for the administration of State laws, pro-
18 vide incentive funds to high-performing
19 States based on the measures, criteria,
20 goals, or programs established under sub-
21 paragraph (A).

22 “(2) ENFORCEMENT.—Whenever the Secretary
23 of Labor, after reasonable notice and opportunity for
24 hearing to the State agency charged with the admin-
25 istration of the State law, finds that there is a fail-

1 ure to comply substantially with the requirements of
2 paragraph (1), the Secretary of Labor shall notify
3 such State agency that further payments will not be
4 made to the State until the Secretary of Labor is
5 satisfied that there is no longer any such failure.
6 Until the Secretary of Labor is so satisfied, such
7 Secretary shall make no future certification to the
8 Secretary of the Treasury with respect to the
9 State.”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by this subsection shall take effect on the date of en-
12 actment of this Act.

13 (f) FUNDING.—Out of any money in the Treasury of
14 the United States not otherwise appropriated, there are
15 appropriated to the Secretary of Labor \$3,000,000,000 to
16 assist States in carrying out the amendments made by this
17 section, which may include regional or multi-State efforts.
18 Amounts appropriated under the preceding sentence shall
19 remain available until expended.

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