

111TH CONGRESS
1ST SESSION

H. R. 290

To provide for special transfers of funds to States to promote certain improvements in State unemployment compensation laws.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 8, 2009

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for special transfers of funds to States to promote certain improvements in State unemployment compensation laws.

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 Modernization Act”.

6 **SEC. 2. SPECIAL TRANSFERS FOR UNEMPLOYMENT COM-**
7 **PENSATION MODERNIZATION.**

8 (a) IN GENERAL.—Section 903 of the Social Security
9 Act (42 U.S.C. 1103) is amended by adding at the end
10 the following:

1 “Special Transfers in Fiscal Years 2009, 2010, and 2011
2 for Modernization

3 “(f)(1)(A) In addition to any other amounts, the Sec-
4 retary of Labor shall provide for the making of unemploy-
5 ment compensation modernization incentive payments
6 (hereinafter ‘incentive payments’) to the accounts of the
7 States in the Unemployment Trust Fund, by transfer from
8 amounts reserved for that purpose in the Federal unem-
9 ployment account, in accordance with succeeding provi-
10 sions of this subsection.

11 “(B) The maximum incentive payment allowable
12 under this subsection with respect to any State shall, as
13 determined by the Secretary of Labor, be equal to the
14 amount obtained by multiplying \$7,000,000,000 by the
15 same ratio as would apply under subsection (a)(2)(B) for
16 purposes of determining such State’s share of any excess
17 amount (as described in subsection (a)(1)) that would
18 have been subject to transfer to State accounts, as of Oc-
19 tober 1, 2008, under the provisions of subsection (a).

20 “(C) Of the maximum incentive payment determined
21 under subparagraph (B) with respect to a State—

22 “(i) one-third shall be transferred to the ac-
23 count of such State upon a certification under para-
24 graph (4)(B) that the State law of such State meets
25 the requirements of paragraph (2); and

1 “(ii) the remainder shall be transferred to the
2 account of such State upon a certification under
3 paragraph (4)(B) that the State law of such State
4 meets the requirements of paragraph (3).

5 “(2) The State law of a State meets the requirements
6 of this paragraph if such State law—

7 “(A) uses a base period that includes the most
8 recently completed calendar quarter before the start
9 of the benefit year for purposes of determining eligi-
10 bility for unemployment compensation; or

11 “(B) provides that, in the case of an individual
12 who would not otherwise be eligible for unemploy-
13 ment compensation under the State law because of
14 the use of a base period that does not include the
15 most recently completed calendar quarter before the
16 start of the benefit year, eligibility shall be deter-
17 mined using a base period that includes such cal-
18 endar quarter.

19 “(3) The State law of a State meets the requirements
20 of this paragraph if such State law includes provisions to
21 carry out at least 2 of the following subparagraphs:

22 “(A) An individual shall not be denied regular
23 unemployment compensation under any State law
24 provisions relating to availability for work, active
25 search for work, or refusal to accept work, solely be-

1 cause such individual is seeking only part-time (and
2 not full-time) work, except that the State law provi-
3 sions carrying out this subparagraph may exclude an
4 individual if a majority of the weeks of work in such
5 individual's base period do not include part-time
6 work.

7 “(B) An individual shall not be disqualified
8 from regular unemployment compensation for sepa-
9 rating from employment if that separation is for any
10 compelling family reason. For purposes of this sub-
11 paragraph, the term ‘compelling family reason’
12 means the following:

13 “(i) Domestic violence, verified by such
14 reasonable and confidential documentation as
15 the State law may require, which causes the in-
16 dividual reasonably to believe that such individ-
17 ual's continued employment would jeopardize
18 the safety of the individual or of any member
19 of the individual's immediate family (as defined
20 by the Secretary of Labor).

21 “(ii) The illness or disability of a member
22 of the individual's immediate family (as defined
23 by the Secretary of Labor).

24 “(iii) The need for the individual to accom-
25 pany such individual's spouse—

1 “(I) to a place from which it is im-
2 practical for such individual to commute;
3 and

4 “(II) due to a change in location of
5 the spouse’s employment.

6 “(C) Weekly unemployment compensation is
7 payable under this subparagraph to any individual
8 who is unemployed (as determined under the State
9 unemployment compensation law), has exhausted all
10 rights to regular unemployment compensation under
11 the State law, and is enrolled and making satisfac-
12 tory progress in a State-approved training program
13 or in a job training program authorized under the
14 Workforce Investment Act of 1998. Such programs
15 shall prepare individuals who have been separated
16 from a declining occupation, or who have been invol-
17 untarily and indefinitely separated from employment
18 as a result of a permanent reduction of operations
19 at the individual’s place of employment, for entry
20 into a high-demand occupation. The amount of un-
21 employment compensation payable under this sub-
22 paragraph to an individual for a week of unemploy-
23 ment shall be equal to the individual’s average week-
24 ly benefit amount (including dependents’ allowances)
25 for the most recent benefit year, and the total

1 amount of unemployment compensation payable
2 under this subparagraph to any individual shall be
3 equal to at least 26 times the individual's average
4 weekly benefit amount (including dependents' allow-
5 ances) for the most recent benefit year.

6 “(D) Dependents’ allowances are provided, in
7 the case of any individual who is entitled to receive
8 regular unemployment compensation and who has
9 any dependents (as defined by State law), in an
10 amount equal to at least \$15 per dependent per
11 week, subject to any aggregate limitation on such al-
12 lowances which the State law may establish (but
13 which aggregate limitation on the total allowance for
14 dependents paid to an individual may not be less
15 than \$50 for each week of unemployment or 50 per-
16 cent of the individual’s weekly benefit amount for
17 the benefit year, whichever is less).

18 “(4)(A) Any State seeking an incentive payment
19 under this subsection shall submit an application therefor
20 at such time, in such manner, and complete with such in-
21 formation as the Secretary of Labor may within 60 days
22 after the date of the enactment of this subsection prescribe
23 (whether by regulation or otherwise), including informa-
24 tion relating to compliance with the requirements of para-
25 graph (2) or (3), as well as how the State intends to use

1 the incentive payment to improve or strengthen the State's
2 unemployment compensation program. The Secretary of
3 Labor shall, within 30 days after receiving a complete ap-
4 plication, notify the State agency of the State of the Sec-
5 retary's findings with respect to the requirements of para-
6 graph (2) or (3) (or both).

7 “(B)(i) If the Secretary of Labor finds that the State
8 law provisions (disregarding any State law provisions
9 which are not then currently in effect as permanent law
10 or which are subject to discontinuation) meet the require-
11 ments of paragraph (2) or (3), as the case may be, the
12 Secretary of Labor shall thereupon make a certification
13 to that effect to the Secretary of the Treasury, together
14 with a certification as to the amount of the incentive pay-
15 ment to be transferred to the State account pursuant to
16 that finding. The Secretary of the Treasury shall make
17 the appropriate transfer within 7 days after receiving such
18 certification.

19 “(ii) For purposes of clause (i), State law provisions
20 which are to take effect within 12 months after the date
21 of their certification under this subparagraph shall be con-
22 sidered to be in effect as of the date of such certification.

23 “(C)(i) No certification of compliance with the re-
24 quirements of paragraph (2) or (3) may be made with re-
25 spect to any State whose State law is not otherwise eligible

1 for certification under section 303 or approvable under
2 section 3304 of the Federal Unemployment Tax Act.

3 “(ii) No certification of compliance with the require-
4 ments of paragraph (3) may be made with respect to any
5 State whose State law is not in compliance with the re-
6 quirements of paragraph (2).

7 “(iii) No application under subparagraph (A) may be
8 considered if submitted before the date of the enactment
9 of this subsection or after the latest date necessary (as
10 specified by the Secretary of Labor) to ensure that all in-
11 centive payments under this subsection are made before
12 October 1, 2011.

13 “(5)(A) Except as provided in subparagraph (B), any
14 amount transferred to the account of a State under this
15 subsection may be used by such State only in the payment
16 of cash benefits to individuals with respect to their unem-
17 ployment (including for dependents’ allowances and for
18 unemployment compensation under paragraph (3)(C)), ex-
19 clusive of expenses of administration.

20 “(B) A State may, subject to the same conditions as
21 set forth in subsection (c)(2) (excluding subparagraph (B)
22 thereof, and deeming the reference to ‘subsections (a) and
23 (b)’ in subparagraph (D) thereof to include this sub-
24 section), use any amount transferred to the account of
25 such State under this subsection for the administration

1 of its unemployment compensation law and public employ-
2 ment offices.

3 “(6) Out of any money in the Federal unemployment
4 account not otherwise appropriated, the Secretary of the
5 Treasury shall reserve \$7,000,000,000 for incentive pay-
6 ments under this subsection. Any amount so reserved shall
7 not be taken into account for purposes of any determina-
8 tion under section 902, 910, or 1203 of the amount in
9 the Federal unemployment account as of any given time.
10 Any amount so reserved for which the Secretary of the
11 Treasury has not received a certification under paragraph
12 (4)(B) by the deadline described in paragraph (4)(C)(iii)
13 shall, upon the close of fiscal year 2011, become unre-
14 stricted as to use as part of the Federal unemployment
15 account.

16 “(7) For purposes of this subsection, the terms ‘ben-
17 efit year’, ‘base period’, and ‘week’ have the respective
18 meanings given such terms under section 205 of the Fed-
19 eral-State Extended Unemployment Compensation Act of
20 1970 (26 U.S.C. 3304 note).

21 “Special Transfer in Fiscal Year 2009 for Administration

22 “(g)(1) In addition to any other amounts, the Sec-
23 retary of the Treasury shall transfer from the employment
24 security administration account to the account of each
25 State in the Unemployment Trust Fund, within 30 days

1 after the date of the enactment of this subsection, the
2 amount determined with respect to such State under para-
3 graph (2).

4 “(2) The amount to be transferred under this sub-
5 section to a State account shall (as determined by the Sec-
6 retary of Labor and certified by such Secretary to the Sec-
7 retary of the Treasury) be equal to the amount obtained
8 by multiplying \$500,000,000 by the same ratio as deter-
9 mined under subsection (f)(1)(B) with respect to such
10 State.

11 “(3) Any amount transferred to the account of a
12 State as a result of the enactment of this subsection may
13 be used by the State agency of such State only in the pay-
14 ment of expenses incurred by it for—

15 “(A) the administration of the provisions of its
16 State law carrying out the purposes of subsection
17 (f)(2) or any subparagraph of subsection (f)(3);

18 “(B) improved outreach to individuals who
19 might be eligible for regular unemployment com-
20 pensation by virtue of any provisions of the State
21 law which are described in subparagraph (A);

22 “(C) the improvement of unemployment benefit
23 and unemployment tax operations, including re-
24 sponding to increased demand for unemployment
25 compensation; and

1 “(D) staff-assisted reemployment services for
2 unemployment compensation claimants.”.

3 (b) REGULATIONS.—The Secretary of Labor may
4 prescribe any regulations, operating instructions, or other
5 guidance necessary to carry out the amendment made by
6 subsection (a).

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