

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.

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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

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## 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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