To improve administration of the unemployment insurance program by expanding program integrity and anti-fraud activities and improving access to benefits, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Wyden (for himself, Mr. Crapo, Mr. Bennet, Mr. Lankford, Mr. Brown, Mr. Barrasso, Mr. Peters, Mr. Young, Mr. Whitehouse, Mr. Risch, Mr. Cardin, and Mr. Tillis) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To improve administration of the unemployment insurance program by expanding program integrity and anti-fraud activities and improving access to benefits, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Unemployment Insurance Integrity and Accessibility Act”.

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Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—UNEMPLOYMENT INSURANCE FRAUD AND OVERPAYMENT RECOVERY

Sec. 101. Extension of the statute of limitations for fraud by individuals under certain unemployment programs.
Sec. 102. Waiver of recovery of nonfraud pandemic overpayments.
Sec. 103. Permissible use of unemployment fund money for program administration.

TITLE II—UNEMPLOYMENT INSURANCE PROGRAM INTEGRITY

Sec. 201. Use of National Directory of New Hires in administration of unemployment compensation programs.
Sec. 203. Unemployment compensation data cross-matching.
Sec. 204. Incarcerated individuals.
Sec. 205. Regulations.

TITLE III—UNEMPLOYMENT INSURANCE ADMINISTRATION AND TECHNOLOGY

Sec. 301. Access to benefits.
Sec. 302. GAO study and report on the use of funding for unemployment fraud prevention, equitable access, and timely payments.

TITLE I—UNEMPLOYMENT INSURANCE FRAUD AND OVERPAYMENT RECOVERY

Sec. 101. Extension of the statute of limitations for fraud by individuals under certain unemployment programs.

(a) Pandemic Unemployment Assistance.—Section 2102 of the CARES Act (15 U.S.C. 9021) is amended—

(1) by redesignating subsection (h) as subsection (i); and
(2) by inserting after subsection (g) the following new subsection:

“(h) Statute of Limitations.—

“(1) In general.—Notwithstanding any other provision of law and subject to paragraph (2), any criminal prosecution or civil enforcement action for a violation of, or conspiracy to violate, section 371, 1028A, 1029, 1341, 1343, or 1349 of title 18, United States Code, or section 3729 of title 31, United States Code, with respect to any unemployment compensation claim funded in whole or in part by pandemic unemployment assistance under this section shall be brought not later than 10 years after the date of the violation or conspiracy.

“(2) Exception.—Paragraph (1) shall not apply with respect to a criminal prosecution or civil enforcement action if the statute of limitations applicable to such criminal prosecution or civil enforcement action expired prior to the date of enactment of the Unemployment Insurance Integrity and Accessibility Act.”.

(b) Federal Pandemic Unemployment Compensation and Mixed Earner Unemployment Compensation.—Section 2104(f) of the CARES Act (15
U.S.C. 9023(f)) is amended by adding at the end the following new paragraph:

“(5) Statute of limitations.—

“(A) In general.—Notwithstanding any other provision of law and subject to subparagraph (B), any criminal prosecution or civil enforcement action for a violation of, or conspiracy to violate, section 371, 1028A, 1029, 1341, 1343, or 1349 of title 18, United States Code, or section 3729 of title 31, United States Code, with respect to any unemployment compensation claim funded in whole or in part by Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation under this section shall be brought not later than 10 years after the date of the violation or conspiracy.

“(B) Exception.—Subparagraph (A) shall not apply with respect to a criminal prosecution or civil enforcement action if the statute of limitations applicable to such criminal prosecution or civil enforcement action expired prior to the date of enactment of the Unemployment Insurance Integrity and Accessibility Act.”.
(c) Pandemic Emergency Unemployment Compensation.—Section 2107(e) of the CARES Act (15 U.S.C. 9025(e)) is amended by adding at the end the following new paragraph:

“(5) Statute of limitations.—

“(A) In general.—Notwithstanding any other provision of law and subject to subparagraph (B), any criminal prosecution or civil enforcement action for a violation of, or conspiracy to violate, section 371, 1028A, 1029, 1341, 1343, or 1349 of title 18, United States Code, or section 3729 of title 31, United States Code, with respect to any unemployment compensation claim funded in whole or in part by pandemic emergency unemployment compensation under this section shall be brought not later than 10 years after the date of the violation or conspiracy.

“(B) Exception.—Subparagraph (A) shall not apply with respect to a criminal prosecution or civil enforcement action if the statute of limitations applicable to such criminal prosecution or civil enforcement action expired prior to the date of enactment of the Unemployment Insurance Integrity and Accessibility Act.”.
(d) FEMA Other Needs Assistance.—

(1) Statute of Limitations.—

(A) In general.—Notwithstanding any other provision of law and subject to subparagraph (B), any criminal prosecution or civil enforcement action for a violation of, or conspiracy to violate, section 371, 1028A, 1029, 1341, 1343, or 1349 of title 18, United States Code, or section 3729 of title 31, United States Code, with respect to other needs assistance for lost wages to supplement unemployment assistance available under programs administered by the Department of Labor shall be brought not later than 10 years after the date of the violation or conspiracy.

(B) Exception.—Subparagraph (A) shall not apply with respect to a criminal prosecution or civil enforcement action if the statute of limitations applicable to such criminal prosecution or civil enforcement action expired prior to the date of enactment of this section.

(2) Definition.—In paragraph (1), the term “other needs assistance for lost wages to supplement unemployment assistance” means any supplementary payment funded in whole or in part by financial as-
sistance under section 408(e)(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5174(e)(2)) relating to a major disaster declared by the President under section 401 of such Act (42 U.S.C. 5170) to supplement recovery efforts in areas affected by the Coronavirus Disease 2019 (COVID-19).

SEC. 102. WAIVER OF RECOVERY OF NONFRAUD PANDEMIC OVERPAYMENTS.

(a) Pandemic Unemployment Assistance.—Section 2102(d)(4) of the CARES Act (15 U.S.C. 9021(d)(4)) is amended to read as follows:

“(4) Repayment and waivers of overpayments.—

“(A) Repayment.—Subject to subparagraph (B), in the case of individuals who have received amounts of pandemic unemployment assistance to which they were not entitled, the State shall require such individuals to repay the amounts of such pandemic unemployment assistance to the State agency.

“(B) Waivers.—

“(i) General authority.—In the case of an overpayment of amounts of pandemic unemployment assistance—
“(I) established on or before December 31, 2025, a State agency may waive repayment of such amounts under subparagraph (A) if the State agency determines that—

“(aa) the payment of such pandemic unemployment assistance was without fault on the part of any such individual; and

“(bb) such repayment would be contrary to equity and good conscience; and

“(II) established after December 31, 2025, a State agency shall waive repayment of such amounts under subparagraph (A) if the State agency determines that—

“(aa) the payment of such pandemic unemployment assistance was not based on fraud on the part of the individual; and

“(bb) such repayment would be contrary to equity and good conscience.

“(ii) ADDITIONAL AUTHORITY.—
“(I) IN GENERAL.—In addition to the waiver authority provided under clause (i) and subject to subclause (II) of this clause, in the case of an overpayment of amounts of pandemic unemployment assistance established on or before December 31, 2025, if the State agency has not recovered such amounts as of the date of enactment of the Unemployment Insurance Integrity and Accessibility Act, the State agency may waive repayment of such amounts to the State agency if it determines that—

“(aa) the payment of such pandemic unemployment assistance was not based on fraud on the part of the individual; and

“(bb) such repayment would be contrary to equity and good conscience.

“(II) RULE FOR AMOUNTS PREVIOUSLY RECOVERED.—In the case of an overpayment of amounts of pand-
lished on or before December 31, 2025, that has been completely or partially recovered by the State agency prior to the date of enactment of the Unemployment Insurance Integrity and Accessibility Act, with respect to such amount that has been so recovered—

“(aa) the waiver authority under subclause (I) of this clause shall not apply; and

“(bb) the State agency may waive repayment of such recovered amounts under the authority under clause (i)(I).

“(C) CONTRARY TO EQUITY AND GOOD CONSCIENCE.—For purposes of this paragraph, a repayment shall be considered contrary to equity and good conscience if—

“(i) recovery would cause financial hardship to the person from whom it is sought;

“(ii) the recipient of the overpayment can show (regardless of their financial situation) that due to the notice that such pay-
ment would be made or because of the incorrect payment, either they have relinquished a valuable right or changed positions for the worse;

“(iii) recovery would be unconscionable under the circumstances; or

“(iv) recovery would be contrary to equity and good conscience under the State law.”.

(b) Federal Pandemic Unemployment Compensation and Mixed Earner Unemployment Compensation.—Section 2104(f)(2) of the CARES Act (15 U.S.C. 9023(f)(2)) is amended to read as follows:

“(2) Repayment and waivers of overpayments.—

“(A) Repayment.—Subject to subparagraph (B), in the case of individuals who have received amounts of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation to which they were not entitled, the State shall require such individuals to repay the amounts of such Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation to the State agency.
“(B) Waivers.—

“(i) General Authority.—In the case of an overpayment of amounts of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation—

“(I) established on or before December 31, 2025, a State agency may waive repayment of such amounts under subparagraph (A) if the State agency determines that—

“(aa) the payment of such Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation was without fault on the part of any such individual; and

“(bb) such repayment would be contrary to equity and good conscience; and

“(II) established after December 31, 2025, a State agency shall waive repayment of such amounts under
subparagraph (A) if the State agency determines that—

“(aa) the payment of such Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation was not based on fraud on the part of the individual; and

“(bb) such repayment would be contrary to equity and good conscience.

“(ii) ADDITIONAL AUTHORITY.—

“(I) IN GENERAL.—In addition to the waiver authority provided under clause (i) and subject to subclause (II) of this clause, in the case of an overpayment of amounts of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation established on or before December 31, 2025, if the State agency has not recovered such amounts as of the date of enactment of the Unemployment Insurance Integrity and Accessibility Act, the State agency may
waive repayment of such amounts to the State agency if it determines that—

“(aa) the payment of such Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation was not based on fraud on the part of the individual; and

“(bb) such repayment would be contrary to equity and good conscience.

“(II) RULE FOR AMOUNTS PREVIOUSLY RECOVERED.—In the case of an overpayment of amounts of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation established on or before December 31, 2025, that has been completely or partially recovered by the State agency prior to the date of enactment of the Unemployment Insurance Integrity and Accessibility Act, with respect to such amount that has been so recovered—
“(aa) the waiver authority
under subclause (I) of this clause
shall not apply; and

“(bb) the State agency may
waive repayment of such recov-
ered amounts under the authority
under clause (i)(I).

“(C) CONTRARY TO EQUITY AND GOOD
CONSCIENCE.—For purposes of this paragraph,
a repayment shall be considered contrary to eq-

uity and good conscience if—

“(i) recovery would cause financial
hardship to the person from whom it is
sought;

“(ii) the recipient of the overpayment
can show (regardless of their financial situ-
ation) that due to the notice that such pay-
ment would be made or because of the in-
correct payment, either they have relin-
quished a valuable right or changed posi-
tions for the worse;

“(iii) recovery would be unconscion-
able under the circumstances; or
“(iv) recovery would be contrary to equity and good conscience under the State law.”.

(e) Pandemic Emergency Unemployment Compensation.—Section 2107(e)(2) of the CARES Act (15 U.S.C. 9025(e)(2)) is amended to read as follows:

“(2) Repayment and Waivers of Overpayments.—

“(A) Repayment.—Subject to subparagraph (B), in the case of individuals who have received amounts of pandemic emergency unemployment compensation to which they were not entitled, the State shall require such individuals to repay the amounts of such pandemic emergency unemployment compensation to the State agency.

“(B) Waivers.—

“(i) General Authority.—In the case of an overpayment of amounts of pandemic emergency unemployment compensation—

“(I) established on or before December 31, 2025, a State agency may waive repayment of such amounts
under subparagraph (A) if the State agency determines that—

“(aa) the payment of such pandemic emergency unemployment compensation was without fault on the part of any such individual; and

“(bb) such repayment would be contrary to equity and good conscience; and

“(II) established after December 31, 2025, a State agency shall waive repayment of such amounts under subparagraph (A) if the State agency determines that—

“(aa) the payment of such pandemic emergency unemployment compensation was not based on fraud on the part of the individual; and

“(bb) such repayment would be contrary to equity and good conscience.

“(ii) ADDITIONAL AUTHORITY.—
“(I) IN GENERAL.—In addition to the waiver authority provided under clause (i) and subject to subclause (II) of this clause, in the case of an overpayment of amounts of pandemic emergency unemployment compensation established on or before December 31, 2025, if the State agency has not recovered such amounts as of the date of enactment of the Unemployment Insurance Integrity and Accessibility Act, the State agency may waive repayment of such amounts to the State agency if it determines that—

“(aa) the payment of such pandemic emergency unemployment compensation was not based on fraud on the part of the individual; and

“(bb) such repayment would be contrary to equity and good conscience.

“(II) RULE FOR AMOUNTS PREVIOUSLY RECOVERED.—In the case of an overpayment of amounts of pan-
demic emergency unemployment com-
pensation established on or before De-
cember 31, 2025, that has been com-
pletely or partially recovered by the
State agency prior to the date of en-
actment of the Unemployment Insur-
ance Integrity and Accessibility Act,
with respect to such amount that has
been so recovered—

“(aa) the waiver authority
under subclause (I) of this clause
shall not apply; and

“(bb) the State agency may
waive repayment of such recov-
ered amounts under the authority
under clause (i)(I).

“(C) CONTRARY TO EQUITY AND GOOD
CONSCIENCE.—For purposes of this paragraph,
a repayment shall be considered contrary to eq-
uity and good conscience if—

“(i) recovery would cause financial
hardship to the person from whom it is
sought;

“(ii) the recipient of the overpayment
can show (regardless of their financial situ-
that due to the notice that such payment would be made or because of the incorrect payment, either they have relinquished a valuable right or changed positions for the worse;

“(iii) recovery would be unconscionable under the circumstances; or

“(iv) recovery would be contrary to equity and good conscience under the State law.”.

(d) FEMA Disaster Relief Assistance.—Section 262(b) of division N of the Consolidated Appropriations Act, 2021 (42 U.S.C. 5174 note) is amended to read as follows:

“(b) Repayment and Waivers of Overpayments.—

“(1) Repayment.—Subject to paragraph (2), in the case of individuals who have received amounts of covered assistance to which they were not entitled, the State shall require such individuals to repay the amounts of such covered assistance to the State agency.

“(2) Waivers of overpayments.—
"(A) GENERAL AUTHORITY.—In the case of an overpayment of amounts of covered assistance—

"(i) established on or before December 31, 2025, a State agency may waive repayment of such amounts under paragraph (1) if the State agency determines that—

"(I) the payment of such covered assistance was without fault on the part of any such individual; and

"(II) such repayment would be contrary to equity and good conscience; and

"(ii) established after December 31, 2025, a State agency shall waive repayment of such amounts under paragraph (1) if the State agency determines that—

"(I) the payment of such covered assistance was not based on fraud on the part of the individual; and

"(II) such repayment would be contrary to equity and good conscience.

"(B) ADDITIONAL AUTHORITY.—
“(i) IN GENERAL.—In addition to the waiver authority provided under subparagraph (A) and subject to clause (ii) of this subparagraph, in the case of an overpayment of amounts of covered assistance established on or before December 31, 2025, if the State agency has not recovered such amounts as of the date of enactment of the Unemployment Insurance Integrity and Accessibility Act, the State agency may waive repayment of such amounts to the State agency if it determines that—

“(I) the payment of such covered assistance was not based on fraud on the part of the individual; and

“(II) such repayment would be contrary to equity and good conscience.

“(ii) RULE FOR AMOUNTS PREVIOUSLY RECOVERED.—In the case of an overpayment of amounts of covered assistance established on or before December 31, 2025, that has been completely or partially recovered by the State agency prior to the date of enactment of the Unemployment
Insurance Integrity and Accessibility Act,
with respect to such amount that has been
so recovered—

“(I) the waiver authority under
clause (i) of this subparagraph shall
not apply; and

“(II) the State agency may waive
repayment of such recovered amounts
under the authority under subpara-
graph (A)(i).

“(C) CONTRARY TO EQUITY AND GOOD
CONSCIENCE.—For purposes of this subsection,
a repayment shall be considered contrary to eq-
uity and good conscience if—

“(i) recovery would cause financial
hardship to the person from whom it is
sought;

“(ii) the recipient of the overpayment
can show (regardless of their financial situ-
ation) that due to the notice that such pay-
ment would be made or because of the in-
correct payment, either they have relin-
quished a valuable right or changed posi-
tions for the worse;
“(iii) recovery would be unconscionable under the circumstances; or

“(iv) recovery would be contrary to equity and good conscience under the State law.”.

(e) **ONGOING REVIEW AND REPORTS TO CONGRESS.**—

(1) **ONGOING REVIEW.**—The Comptroller General of the United States (in this subsection referred to as the “Comptroller General”) shall conduct an ongoing review of the implementation of the provisions of, and the amendments made by, this section. Such review shall include an analysis of—

(A) whether waivers were properly granted to individuals who qualified for a waiver;

(B) whether waivers were properly denied to individuals who did not qualify for a waiver; and

(C) other matters determined appropriate by the Comptroller General.

(2) **REPORTS.**—Not later than 1 year after the date of enactment of this subsection, and annually until the date that is 3 years after the date of enactment of this section, the Comptroller General shall submit to Congress a report containing the results
of the review conducted under paragraph (1), to-
gether with recommendations for such legislation
and administrative action as the Comptroller Gen-
eral determines appropriate.

SEC. 103. PERMISSIBLE USE OF UNEMPLOYMENT FUND
MONEY FOR PROGRAM ADMINISTRATION.

(a) Withdrawal Standard in the Internal
Revenue Code.—Section 3304 of the Internal Revenue
Code of 1986 is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (F), by striking
“and” at the end; and

(B) by inserting after subparagraph (G)
the following:

“(H) subject to subsection (h) and except
as provided in subparagraph (J), of those pay-
ments of benefits from a State’s unemployment
fund that are determined to have been overpaid
and are subsequently recovered by the State,
the State may, immediately following receipt of
such recovered amount, place a percentage of
such recovered amount, as specified in State
law (but not to exceed 5 percent), in a sub-ac-
count of the State’s account in the Unemploy-
ment Trust Fund from which money may be
withdrawn only for the uses described in subsection (g);

“(I) of those payments of contributions (or payments in lieu of contributions) that are collected as a result of an investigation and assessment by a State agency, the State may, immediately following receipt of such payments, place a percentage of such payments, as specified in State law (but not to exceed 5 percent), into the same sub-account of the State’s account in the Unemployment Trust Fund described in subparagraph (H) from which money may be withdrawn only for the uses described in subsection (g); and

“(J) of those payments of pandemic unemployment assistance under section 2102 of the CARES Act, Federal Pandemic Unemployment Compensation under section 2104 of such Act, Mixed Earner Unemployment Compensation under section 2104 of such Act, or pandemic emergency unemployment compensation under section 2107 of such Act that are determined to have been fraudulently overpaid and are subsequently recovered by the State, the State may, immediately following receipt of such recovered
amount, place up to 25 percent of such recovered amount into the same sub-account of the State’s account in the Unemployment Trust Fund described in subparagraph (H) from which money may be withdrawn only for the uses described in subsection (g);”; and

(2) by adding at the end the following new subsections:

“(g) PERMISSIBLE USES.—The uses described in this subsection are the following:

“(1) The payment of costs of deterring, detecting, and preventing improper unemployment insurance payments.

“(2) Uses relating to the proper classification of employees.

“(3) Uses relating to the provisions of State law implementing section 303(k) of the Social Security Act.

“(4) The payment to the Secretary of the Treasury to the credit of the account of the State in the Unemployment Trust Fund.

“(5) Modernizing the State’s unemployment insurance technology infrastructure.

“(6) Improving access to unemployment compensation and recipiency rates for eligible workers.
“(7) Improving the timely and accurate payment of unemployment compensation.

“(8) Complying with the requirements of section 303(q) of the Social Security Act.

“(9) Otherwise improving the administration of State and Federal unemployment compensation laws.

“(h) LIMITATION ON RETENTION OF RECOVERED FUNDS.—

“(1) IN GENERAL.—Subject to paragraph (2), subsection (a)(4)(H) shall not apply to a State unless the State law provides that, in the case of an individual who has received amounts of unemployment compensation to which they were not entitled, the State agency may waive repayment of such amounts to the State agency if it determines that—

“(A) the payment of such unemployment compensation was not based on fraud on the part of the individual; and

“(B)(i) the payment of such unemployment compensation was due to the error of the State agency; or

“(ii) such repayment would be contrary to equity and good conscience.
“(2) Requirement not applicable to pandemic unemployment.—The requirement under paragraph (1) shall not apply to repayments of pandemic unemployment assistance, Federal Pandemic Unemployment Compensation, Mixed Earner Unemployment Compensation, and pandemic emergency unemployment compensation.

“(3) Contrary to equity and good conscience.—For purposes of paragraph (1)(B)(ii), a repayment shall be considered contrary to equity and good conscience if—

“(A) recovery would cause financial hardship to the person from whom it is sought;

“(B) the recipient of the overpayment can show (regardless of their financial situation) that due to the notice that such payment would be made or because of the incorrect payment, either they have relinquished a valuable right or changed positions for the worse;

“(C) recovery would be unconscionable under the circumstances; or

“(D) the situation meets any other criteria as determined by State law.”.

(b) Definition of Unemployment Fund.—Section 3306(f) of the Internal Revenue Code of 1986 is
amended, in the third sentence, by striking “(exclusive of expenses of administration)” and all that follows through the period at the end of paragraph (6) and inserting “, except as otherwise provided in section 3304(a)(4) or any other provision of Federal law.”.

(c) Withdrawal Standard in Social Security Act.—Section 303(a)(5) of the Social Security Act (42 U.S.C. 503(a)(5)) is amended by striking “exclusive of expenses of administration,” and all that follows and inserting “except as otherwise provided in this section, section 3304(a)(4) of the Internal Revenue Code of 1986, or any other provision of Federal law; and”.

(d) Immediate Deposit Requirements.—

(1) Internal Revenue Code Requirement.—Paragraph (3) of section 3304(a) of the Internal Revenue Code of 1986 is amended to read as follows:

“(3) all money received in the unemployment fund of the State shall immediately upon such receipt be paid over to the Secretary of the Treasury to the credit of the Unemployment Trust Fund established by section 904 of the Social Security Act (42 U.S.C. 1104), except for—

“(A) refunds of sums erroneously paid into the unemployment fund of the State;
“(B) refunds paid in accordance with the provisions of section 3305(b); and
“(C) amounts placed in a sub-account of the State’s account in the Unemployment Trust Fund pursuant to subparagraph (H), (I), or (J) of paragraph (4);”.

(2) SOCIAL SECURITY ACT REQUIREMENT.—
Section 303(a)(4) of the Social Security Act (42 U.S.C. 503(a)(4)) is amended by striking “(except for refunds)” and all that follows through “Federal Unemployment Tax Act)” and inserting “(except as otherwise provided in this section, section 3304(a)(3) of the Internal Revenue Code of 1986, or any other provision of Federal law)”.

(e) APPLICATION TO FEDERAL PAYMENTS.—Section 303 of the Social Security Act (42 U.S.C. 503) is amended by adding at the end the following new subsection:

“(n) RECOVERY OF FEDERAL PAYMENTS.—
“(1) IN GENERAL.—As a condition for administering any unemployment compensation program of the United States (as defined in paragraph (2)) as an agent of the United States, a State shall, with respect to erroneous payments made under such programs by the State, use the authority provided under subparagraphs (H) and (I) of section
3304(a)(4) of the Internal Revenue Code of 1986 in
the same manner as such authority is used with re-
spect to erroneous payments made under the State
unemployment compensation law. With respect to er-
roneous Federal payments recovered consistent with
the authority under such subparagraphs (H) and
(I), the State shall immediately place the same per-
centage of the recovered payments into the same
sub-account of the State’s account in the Unemploy-
ment Trust Fund as provided in the State law im-
plementing such section 3304(a)(4).

“(2) DEFINITION.—For purposes of this sub-
section, the term ‘unemployment compensation pro-
gram of the United States’ means—

“(A) unemployment compensation for Fed-
eral civilian employees under subchapter I of
chapter 85 of title 5, United States Code;

“(B) unemployment compensation for ex-
servicemembers under subchapter II of chapter
85 of title 5, United States Code;

“(C) extended benefits under the Federal-
State Extended Unemployment Compensation
Act of 1970 (26 U.S.C. 3304 note);

“(D) any Federal temporary extension of
unemployment compensation;
“(E) any Federal program that increases
the weekly amount of unemployment compensa-
tion payable to individuals; and
“(F) any other Federal program providing
for the payment of unemployment compensa-
tion, as determined by the Secretary.”.

(f) EFFECTIVE DATE.—The amendments made by
this section shall apply to overpayments or payments of
contributions (or payments in lieu of contributions) that
are collected as a result of an investigation and assessment
by the State agency after the earlier of—

(1) the date the State changes its statutes, reg-
ulations, or policies in order to comply with such
amendment; or

(2) December 31, 2026.

(g) IMPLEMENTATION.—

(1) GUIDANCE.—Not later than 90 days after
the date of enactment of this section, the Secretary
of Labor shall provide guidance to States for imple-
menting the amendments made by this section.

(2) REGULATIONS.—

(A) INTERIM FINAL RULE.—Not later than
1 year after the date of enactment of this sec-
tion, the Secretary of Labor shall issue an in-
terim final rule to carry out the amendments made by section.

(B) Final rule.—Not later than 2 years after the date of enactment of this section, the Secretary of Labor shall issue a final rule to carry out the amendments made by section.

TITLE II—UNEMPLOYMENT INSURANCE PROGRAM INTEGRITY

SEC. 201. USE OF NATIONAL DIRECTORY OF NEW HIRES IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

Section 303 of the Social Security Act (42 U.S.C. 503), as amended by section 103(e), is amended by adding at the end the following new subsection:

“(o) Use of National Directory of New Hires.—

“(1) In general.—The State agency charged with administration of the State law shall have in place procedures to—

“(A) compare information in the National Directory of New Hires established under section 453(i) against unemployment compensation data to identify any individuals claiming unemployment compensation who may have become
employed, in accordance with any regulations or
guidance that the Secretary of Health and
Human Services may issue and consistent with
the computer matching provisions of the Pri-
vacy Act of 1974;

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

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

“(2) ENFORCEMENT.—Whenever the Secretary
of Labor, after reasonable notice and opportunity for
hearing to the State agency charged with the admin-
istration of the State law, finds that there is a fail-
ure to comply substantially with the requirements of
paragraph (1), the Secretary of Labor shall notify
such State agency that further payments will not be
made to the State until the Secretary of Labor is
satisfied that there is no longer any such failure.

Until the Secretary of Labor is so satisfied, such
Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

“(3) EFFECTIVE DATE.—The requirements of paragraph (1) shall apply to weeks of unemployment beginning on or after the earlier of—

“(A) the date the State changes its statutes, regulations, or policies in order to comply with such requirements; or

“(B) December 31, 2026.”.

SEC. 202. ELECTRONIC TRANSMISSION OF UNEMPLOYMENT COMPENSATION INFORMATION.

Section 303 of the Social Security Act (42 U.S.C. 503), as amended by sections 103(e) and 201, is amended by adding at the end the following new subsection:

“(p) ELECTRONIC TRANSMISSION OF UNEMPLOYMENT COMPENSATION INFORMATION.—

“(1) IN GENERAL.—The State agency charged with administration of the State law shall use a system designated by the Secretary of Labor for automated electronic transmission between such State agency and employers or their agents of requests for information relating to unemployment compensation and the provision of such information to such State agency.
“(2) Employer participation.—The Secretary of Labor shall work with the State agency charged with administration of the State law to increase the number of employers using the system described in paragraph (1) and to resolve any technical challenges with the system.

“(3) Reports on use of electronic system.—Not later than December 31, 2027 (and if subsequently requested by the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, but in no case more once per year)), the Secretary shall submit to such Committees a report that contains information on—

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

“(B) the reasons reported by employers for not using such system;

“(C) the efforts that States are undertaking to increase employers' use of such system;

“(D) which components and functions of such system States and employers in the States are using; and
“(E) other information determined appropriate by the Secretary.

“(4) ENFORCEMENT.—Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of this subsection, the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary of Labor is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, such Secretary shall make no future certification to the Secretary of the Treasury with respect to the State.

“(5) EFFECTIVE DATE.—The requirements of this subsection shall apply to weeks of unemployment beginning on or after the earlier of—

“(A) the date the State changes its statutes, regulations, or policies in order to comply with such requirements; or

“(B) December 31, 2026.”
SEC. 203. UNEMPLOYMENT COMPENSATION DATA CROSS-MATCHING.

(a) In General.—Section 303(a) of the Social Security Act (42 U.S.C. 503(a)), as amended by section 103, is amended—

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

(2) at the end of each of paragraphs (1) through (10) and paragraph (11)(A), by striking “; and” and inserting a period; and

(3) by adding at the end the following new paragraph:

“(13) The State agency charged with administration of the State law shall use the system designated by the Secretary of Labor for cross-matching claimants of unemployment compensation under State law against any databases in the system to prevent and detect fraud and improper payments.”.

(b) Effective Date.—The amendments made by subsection (a) shall apply to weeks of unemployment beginning on or after the earlier of—

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

(2) December 31, 2026.
SEC. 204. INCARCERATED INDIVIDUALS.

(a) In General.—Section 303(a) of the Social Security Act (42 U.S.C. 503(a)), as amended by sections 103 and 203(a), is amended by adding at the end the following new paragraph:

“(14) The regular cross-matching of claimants for unemployment compensation under the State law, or under Federal law administered by the State pursuant to an agreement, with the prisoner information maintained under sections 202(x) and 1611(e) by the Social Security Administration or such other repositories of information identifying individuals who are incarcerated as the Secretary of Labor may require, for purposes of assisting in the determination of eligibility, subject to appropriate safeguards determined by the disclosing agency to ensure such information is used only for authorized purposes.”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to weeks of unemployment beginning on or after the earlier of—

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

(2) December 31, 2026.
SEC. 205. REGULATIONS.

(a) INTERIM FINAL RULE.—Not later than 1 year after the date of enactment of this section, the Secretary of Labor shall issue an interim final rule to carry out the amendments made by sections 201, 202, 203, and 204.

(b) FINAL RULE.—Not later than 2 years after the date of enactment of this section, the Secretary of Labor shall issue a final rule to carry out the amendments made by sections 201, 202, 203, and 204.

(c) REQUIREMENTS.—In issuing the interim final rule under subsection (a) and the final rule under subsection (b), the Secretary of Labor shall—

(1) take into account benefit access, benefit timeliness, program integrity (including fraud prevention), due process, and other factors determined appropriate by the Secretary;

(2) specify—

(A) the method and frequency of cross-matching necessary to minimize susceptibility to fraud while ensuring benefit access and timeliness;

(B) methods to ensure that data used for cross-matching is accurate and up-to-date;

(C) methods of evaluating the systems described in the amendments made by sections 201, 202, 203, and 204 for effectiveness in pre-
venting and detecting fraud and improper payments;

(D) methods for ensuring that such systems do not result in the flagging of claims based on the personal characteristics of the applicant or claimant, such as race, color, religion, sex, national origin, age, disability, or political affiliation or belief;

(E) methods for ensuring that such systems comply with best practices for privacy and cybersecurity, including ensuring that the cybersecurity of such systems is consistent with the relevant cybersecurity laws (including regulations), policies, and standards that would apply if the system were operated by an agency in the executive branch; and

(F) other information necessary to ensure proper implementation of the amendments made by sections 201, 202, 203, and 204, as determined appropriate by the Secretary of Labor.
TITLE III—UNEMPLOYMENT INSURANCE ADMINISTRATION AND TECHNOLOGY

SEC. 301. ACCESS TO BENEFITS.

(a) In General.—Section 303 of the Social Security Act (42 U.S.C. 503), as amended by sections 103(e), 201, and 202, is amended by adding at the end the following new subsection:

“(q) Access to Benefits.—

“(1) In General.—The State agency charged with administration of the State law shall, in accordance with standards established by the Secretary—

“(A) provide guidance to employers in the State on best practices for providing written information to employees upon separation from employment regarding how the employee may file a claim for unemployment compensation and how the employee may find more information from the State agency about eligibility criteria for unemployment compensation;

“(B) have processes in place so that employers may notify the State workforce agency of employees who may apply for unemployment compensation due to layoffs through no fault of the employee, short-term layoffs, business shut-
downs, partial unemployment, and short-time compensation;

“(C) ensure that any online claim filing system used by the State meets the requirements described in paragraph (2); and

“(D) ensure that alternate means of claim filing (such as phone and in-person options) are available.

“(2) ACCESS REQUIREMENTS FOR ONLINE CLAIM FILING.—The requirements described in this paragraph with respect to an online claim filing system are the following:

“(A) The online claim filing system—

“(i) ensures that the process of filing initial and continuing claims for unemployment compensation can be readily understood and accomplished by claimants (including individuals with limited English proficiency, individuals with disabilities (in compliance with section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d)), older individuals, and individuals with literacy challenges); and

“(ii) provides clear methods of seeking assistance if a claimant is unable to readily
understand or accomplish the process of filing initial or continuing claims.

“(B) The online claim filing system—

“(i) allows claimants to access the online claim filing system and file a claim in any language spoken at home by more than 1 percent of the State’s population, as determined by the Secretary using data from the Bureau of the Census (with such translations either completed by human translators or, in the case of a translation completed by translation software, reviewed by a human translator); and

“(ii) complies with the requirements of the Plain Writing Act of 2010 (5 U.S.C. 301 note), including requirements related to providing information that is clear, concise, and well-organized.

“(C) The online claim filing system is designed to align with the requirements of the Connected Government Act and is accessible and optimized for all commonly used operating systems and web browsers, including operating systems and web browsers commonly used on desktop computers, tablets, and mobile devices,
such that any features of the online claim filing system (such as the ability to upload documentation) that are available in the desktop version of the online claim filing system are also available in the tablet and mobile versions and are available for all operating systems and web browsers commonly used on such devices.

“(D) The online claim filing system allows for electronic submission of documentation required to support a claim, including the ability of claimants to scan or photograph and submit documentation using a tablet or mobile device.

“(E) The online claim filing system allows claimants to access such system 24 hours a day, 7 days a week, with the exception of scheduled and emergency maintenance that shall be conducted, to the extent practicable, at nonpeak hours.

“(F) The online claim filing system is capable of deploying multiple methods of communication with claimants, such as short message service (SMS) message, email, postal mail, live chat, or chatbots.

“(3) ENFORCEMENT.—Whenever the Secretary of Labor, after reasonable notice and opportunity for
hearing to the State agency charged with the admin-
istration of the State law, finds that there is a fail-
ure to comply substantially with the requirements of
this subsection, the Secretary of Labor shall notify
such State agency that further payments will not be
made to the State until the Secretary of Labor is
satisfied that there is no longer any such failure.
Until the Secretary of Labor is so satisfied, such
Secretary shall make no future certification to the
Secretary of the Treasury with respect to the State.

“(4) EFFECTIVE DATE.—The requirements of
this subsection shall apply to weeks of unemploy-
ment beginning on or after the earlier of—

“(A) the date the State changes its stat-
utes, regulations, or policies in order to comply
with such requirements; or

“(B) December 31, 2027.”.

(b) REGULATIONS.—

(1) FINAL RULE.—Not later than 2 years after
the date of enactment of this section, the Secretary
of Labor shall issue a final rule to carry out the
amendment made by subsection (a).

(2) REQUIREMENTS.—In issuing the final rule
under paragraph (1), the Secretary of Labor shall
take into account—
(A) benefit access, benefit timeliness, program integrity (including fraud prevention), and due process;

(B) how States may meet the requirements of section 303(q) of the Social Security Act, as added by subsection (a), while minimizing susceptibility to fraud;

(C) best practices related to user experience, technology modernization, and procurement, including best practices for minimizing the cost of modernization; and

(D) other factors determined appropriate by the Secretary of Labor.

SEC. 302. GAO STUDY AND REPORT ON THE USE OF FUNDING FOR UNEMPLOYMENT FRAUD PREVENTION, EQUITABLE ACCESS, AND TIMELY PAYMENTS.

(a) Study.—The Comptroller General of the United States (in this section referred to as the “Comptroller General”) shall conduct a study on the obligation and use of funds under section 2118 of division A of the CARES Act (15 U.S.C. 9034), as added by section 9032 of the American Rescue Plan Act of 2021 (Public Law 117–2). Such study shall include an analysis of the following:
(1) How the amounts appropriated under such section 2118 are being utilized by the Secretary of Labor and States and territories to detect and prevent fraud, promote equitable access, and ensure timely payment of benefits under unemployment compensation programs, including the percentage of such amounts that were used for each of the 3 permissible uses under subsection (b) of such section 2118.

(2) The progress and implementation of projects funded under such section 2118 arising from Department of Labor Tiger Team recommendations, including any reasons for deviation from agreed-upon negotiated recommendations issued by Department of Labor Tiger Teams.

(3) Outcome metrics used by States and territories and the Secretary to demonstrate effectiveness of actions taken using the amounts appropriated under such section 2118 in achieving the purposes of detecting and preventing fraud, promoting equitable access, and ensuring the timely payment of benefits.

(4) Whether any of the amounts appropriated under such section 2118 were used for any purpose
other than the 3 permissible uses under subsection (b) of such section 2118.

(5) The methodology used by the Secretary to determine funding allocations of the amounts appropriated under such section 2118.

(6) The total amount of unobligated funds remaining under such section 2118.

(7) How amounts appropriated under such section 2118 have been used for technology modernization, and whether States and territories have remaining technology modernization needs.

(8) The total amount awarded under each grant, the projects undertaken by each State and territory using such grant, the amount allocated for each such project, whether such project is complete or incomplete, and, if incomplete, an estimate for the completion of each project.

(9) Whether States and territories will be able to continue activities to detect and prevent fraud, promote equitable access, and ensure timely payment of benefits funded with the amounts appropriated under such section 2118 when such amounts are expended.

(10) Contracts, grants, cooperative agreements, progress reports (including ETA ARPA 9178s), and
other supporting documents relating to agreements entered into using amounts appropriated under such section 2118, and the amount spent on such contracts, grants, agreements, and progress reports.

(11) Any other area determined appropriate by the Comptroller General.

(b) REPORT.—Not later than 2 years after the date of enactment of this section, the Comptroller General shall submit to Congress a report containing the results of the study conducted under subsection (a), together with recommendations for such legislation and administrative action as the Comptroller General determines appropriate.