

118TH CONGRESS  
2D SESSION

# S. 4663

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.

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## IN THE SENATE OF THE UNITED STATES

JULY 10, 2024

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 Finance

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## 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.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Unemployment Insurance Integrity and Accessibility  
6 Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 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. 202. Electronic transmission of unemployment compensation information.

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.

## 3 **TITLE I—UNEMPLOYMENT IN-** 4 **SURANCE FRAUD AND OVER-** 5 **PAYMENT RECOVERY**

### 6 **SEC. 101. EXTENSION OF THE STATUTE OF LIMITATIONS** 7 **FOR FRAUD BY INDIVIDUALS UNDER CER-** 8 **TAIN UNEMPLOYMENT PROGRAMS.**

9 (a) PANDEMIC UNEMPLOYMENT ASSISTANCE.—Sec-  
 10 tion 2102 of the CARES Act (15 U.S.C. 9021) is amend-  
 11 ed—

12 (1) by redesignating subsection (h) as sub-  
 13 section (i); and

1           (2) by inserting after subsection (g) the fol-  
 2           lowing new subsection:

3           “(h) STATUTE OF LIMITATIONS.—

4           “(1) IN GENERAL.—Notwithstanding any other  
 5           provision of law and subject to paragraph (2), any  
 6           criminal prosecution or civil enforcement action for  
 7           a violation of, or conspiracy to violate, section 371,  
 8           1028A, 1029, 1341, 1343, or 1349 of title 18,  
 9           United States Code, or section 3729 of title 31,  
 10          United States Code, with respect to any unemploy-  
 11          ment compensation claim funded in whole or in part  
 12          by pandemic unemployment assistance under this  
 13          section shall be brought not later than 10 years  
 14          after the date of the violation or conspiracy.

15          “(2) EXCEPTION.—Paragraph (1) shall not  
 16          apply with respect to a criminal prosecution or civil  
 17          enforcement action if the statute of limitations appli-  
 18          cable to such criminal prosecution or civil enforce-  
 19          ment action expired prior to the date of enactment  
 20          of the Unemployment Insurance Integrity and Ac-  
 21          cessibility Act.”.

22          (b) FEDERAL PANDEMIC UNEMPLOYMENT COM-  
 23          PENSATION AND MIXED EARNER UNEMPLOYMENT COM-  
 24          PENSATION.—Section 2104(f) of the CARES Act (15

1 U.S.C. 9023(f)) is amended by adding at the end the fol-  
2 lowing new paragraph:

3 “(5) STATUTE OF LIMITATIONS.—

4 “(A) IN GENERAL.—Notwithstanding any  
5 other provision of law and subject to subpara-  
6 graph (B), any criminal prosecution or civil en-  
7 forcement action for a violation of, or con-  
8 spiracy to violate, section 371, 1028A, 1029,  
9 1341, 1343, or 1349 of title 18, United States  
10 Code, or section 3729 of title 31, United States  
11 Code, with respect to any unemployment com-  
12 pensation claim funded in whole or in part by  
13 Federal Pandemic Unemployment Compensa-  
14 tion or Mixed Earner Unemployment Com-  
15 pensation under this section shall be brought  
16 not later than 10 years after the date of the  
17 violation or conspiracy.

18 “(B) EXCEPTION.—Subparagraph (A)  
19 shall not apply with respect to a criminal pros-  
20 ecution or civil enforcement action if the statute  
21 of limitations applicable to such criminal pros-  
22 ecution or civil enforcement action expired prior  
23 to the date of enactment of the Unemployment  
24 Insurance Integrity and Accessibility Act.”.

1       (c) PANDEMIC EMERGENCY UNEMPLOYMENT COM-  
2 PENSATION.—Section 2107(e) of the CARES Act (15  
3 U.S.C. 9025(e)) is amended by adding at the end the fol-  
4 lowing new paragraph:

5           “(5) STATUTE OF LIMITATIONS.—

6           “(A) IN GENERAL.—Notwithstanding any  
7 other provision of law and subject to subpara-  
8 graph (B), any criminal prosecution or civil en-  
9 forcement action for a violation of, or con-  
10 spiracy to violate, section 371, 1028A, 1029,  
11 1341, 1343, or 1349 of title 18, United States  
12 Code, or section 3729 of title 31, United States  
13 Code, with respect to any unemployment com-  
14 pensation claim funded in whole or in part by  
15 pandemic emergency unemployment compensa-  
16 tion under this section shall be brought not  
17 later than 10 years after the date of the viola-  
18 tion or conspiracy.

19           “(B) EXCEPTION.—Subparagraph (A)  
20 shall not apply with respect to a criminal pros-  
21 ecution or civil enforcement action if the statute  
22 of limitations applicable to such criminal pros-  
23 ecution or civil enforcement action expired prior  
24 to the date of enactment of the Unemployment  
25 Insurance Integrity and Accessibility Act.”.

1 (d) FEMA OTHER NEEDS ASSISTANCE.—

2 (1) STATUTE OF LIMITATIONS.—

3 (A) IN GENERAL.—Notwithstanding any  
4 other provision of law and subject to subpara-  
5 graph (B), any criminal prosecution or civil en-  
6 forcement action for a violation of, or con-  
7 spiracy to violate, section 371, 1028A, 1029,  
8 1341, 1343, or 1349 of title 18, United States  
9 Code, or section 3729 of title 31, United States  
10 Code, with respect to other needs assistance for  
11 lost wages to supplement unemployment assist-  
12 ance available under programs administered by  
13 the Department of Labor shall be brought not  
14 later than 10 years after the date of the viola-  
15 tion or conspiracy.

16 (B) EXCEPTION.—Subparagraph (A) shall  
17 not apply with respect to a criminal prosecution  
18 or civil enforcement action if the statute of limi-  
19 tations applicable to such criminal prosecution  
20 or civil enforcement action expired prior to the  
21 date of enactment of this section.

22 (2) DEFINITION.—In paragraph (1), the term  
23 “other needs assistance for lost wages to supplement  
24 unemployment assistance” means any supplementary  
25 payment funded in whole or in part by financial as-

1       sistance under section 408(e)(2) of the Robert T.  
 2       Stafford Disaster Relief and Emergency Assistance  
 3       Act (42 U.S.C. 5174(e)(2)) relating to a major dis-  
 4       aster declared by the President under section 401 of  
 5       such Act (42 U.S.C. 5170) to supplement recovery  
 6       efforts in areas affected by the Coronavirus Disease  
 7       2019 (COVID–19).

8       **SEC. 102. WAIVER OF RECOVERY OF NONFRAUD PANDEMIC**  
 9               **OVERPAYMENTS.**

10       (a) PANDEMIC UNEMPLOYMENT ASSISTANCE.—Sec-  
 11       tion 2102(d)(4) of the CARES Act (15 U.S.C.  
 12       9021(d)(4)) is amended to read as follows:

13               “(4) REPAYMENT AND WAIVERS OF OVERPAY-  
 14       MENTS.—

15               “(A) REPAYMENT.—Subject to subpara-  
 16       graph (B), in the case of individuals who have  
 17       received amounts of pandemic unemployment  
 18       assistance to which they were not entitled, the  
 19       State shall require such individuals to repay the  
 20       amounts of such pandemic unemployment as-  
 21       sistance to the State agency.

22               “(B) WAIVERS.—

23               “(i) GENERAL AUTHORITY.—In the  
 24       case of an overpayment of amounts of pan-  
 25       demic unemployment assistance—

1 “(I) established on or before De-  
2 cember 31, 2025, a State agency may  
3 waive repayment of such amounts  
4 under subparagraph (A) if the State  
5 agency determines that—

6 “(aa) the payment of such  
7 pandemic unemployment assist-  
8 ance was without fault on the  
9 part of any such individual; and

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

13 “(II) established after December  
14 31, 2025, a State agency shall waive  
15 repayment of such amounts under  
16 subparagraph (A) if the State agency  
17 determines that—

18 “(aa) the payment of such  
19 pandemic unemployment assist-  
20 ance was not based on fraud on  
21 the part of the individual; and

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

25 “(ii) ADDITIONAL AUTHORITY.—

1           “(I) IN GENERAL.—In addition  
2           to the waiver authority provided under  
3           clause (i) and subject to subclause  
4           (II) of this clause, in the case of an  
5           overpayment of amounts of pandemic  
6           unemployment assistance established  
7           on or before December 31, 2025, if  
8           the State agency has not recovered  
9           such amounts as of the date of enact-  
10          ment of the Unemployment Insurance  
11          Integrity and Accessibility Act, the  
12          State agency may waive repayment of  
13          such amounts to the State agency if it  
14          determines that—

15               “(aa) the payment of such  
16               pandemic unemployment assist-  
17               ance was not based on fraud on  
18               the part of the individual; and

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

22           “(II) RULE FOR AMOUNTS PRE-  
23           VIOUSLY RECOVERED.—In the case of  
24           an overpayment of amounts of pan-  
25           demic unemployment assistance estab-

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-

1                   ment would be made or because of the in-  
 2                   correct payment, either they have relin-  
 3                   quished a valuable right or changed posi-  
 4                   tions for the worse;

5                   “(iii) recovery would be unconscion-  
 6                   able under the circumstances; or

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

10           (b) FEDERAL PANDEMIC UNEMPLOYMENT COM-  
 11   PENSATION AND MIXED EARNER UNEMPLOYMENT COM-  
 12   PENSATION.—Section 2104(f)(2) of the CARES Act (15  
 13   U.S.C. 9023(f)(2)) is amended to read as follows:

14                   “(2) REPAYMENT AND WAIVERS OF OVERPAY-  
 15   MENTS.—

16                   “(A) REPAYMENT.—Subject to subpara-  
 17                   graph (B), in the case of individuals who have  
 18                   received amounts of Federal Pandemic Unem-  
 19                   ployment Compensation or Mixed Earner Un-  
 20                   employment Compensation to which they were  
 21                   not entitled, the State shall require such indi-  
 22                   viduals to repay the amounts of such Federal  
 23                   Pandemic Unemployment Compensation or  
 24                   Mixed Earner Unemployment Compensation to  
 25                   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

1 subparagraph (A) if the State agency  
2 determines that—

3 “(aa) the payment of such  
4 Federal Pandemic Unemploy-  
5 ment Compensation or Mixed  
6 Earner Unemployment Com-  
7 pensation was not based on fraud  
8 on the part of the individual; and

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

12 “(ii) ADDITIONAL AUTHORITY.—

13 “(I) IN GENERAL.—In addition  
14 to the waiver authority provided under  
15 clause (i) and subject to subclause  
16 (II) of this clause, in the case of an  
17 overpayment of amounts of Federal  
18 Pandemic Unemployment Compensa-  
19 tion or Mixed Earner Unemployment  
20 Compensation established on or before  
21 December 31, 2025, if the State agen-  
22 cy has not recovered such amounts as  
23 of the date of enactment of the Unem-  
24 ployment Insurance Integrity and Ac-  
25 cessibility Act, the State agency may

1 waive repayment of such amounts to  
2 the State agency if it determines  
3 that—

4 “(aa) the payment of such  
5 Federal Pandemic Unemploy-  
6 ment Compensation or Mixed  
7 Earner Unemployment Com-  
8 pensation was not based on fraud  
9 on the part of the individual; and

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

13 “(II) RULE FOR AMOUNTS PRE-  
14 VIOUSLY RECOVERED.—In the case of  
15 an overpayment of amounts of Fed-  
16 eral Pandemic Unemployment Com-  
17 pensation or Mixed Earner Unemploy-  
18 ment Compensation established on or  
19 before December 31, 2025, that has  
20 been completely or partially recovered  
21 by the State agency prior to the date  
22 of enactment of the Unemployment  
23 Insurance Integrity and Accessibility  
24 Act, with respect to such amount that  
25 has been so recovered—

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

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

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

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

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

22                  “(iii) recovery would be unconscion-  
23                  able under the circumstances; or

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

4           (c) PANDEMIC EMERGENCY UNEMPLOYMENT COM-  
5 PENSATION.—Section 2107(e)(2) of the CARES Act (15  
6 U.S.C. 9025(e)(2)) is amended to read as follows:

7                   “(2) REPAYMENT AND WAIVERS OF OVERPAY-  
8 MENTS.—

9                   “(A) REPAYMENT.—Subject to subpara-  
10 graph (B), in the case of individuals who have  
11 received amounts of pandemic emergency unem-  
12 ployment compensation to which they were not  
13 entitled, the State shall require such individuals  
14 to repay the amounts of such pandemic emer-  
15 gency unemployment compensation to the State  
16 agency.

17                   “(B) WAIVERS.—

18                   “(i) GENERAL AUTHORITY.—In the  
19 case of an overpayment of amounts of pan-  
20 demic emergency unemployment compensa-  
21 tion—

22                   “(I) established on or before De-  
23 cember 31, 2025, a State agency may  
24 waive repayment of such amounts

1 under subparagraph (A) if the State  
2 agency determines that—

3 “(aa) the payment of such  
4 pandemic emergency unemploy-  
5 ment compensation was without  
6 fault on the part of any such in-  
7 dividual; and

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

11 “(II) established after December  
12 31, 2025, a State agency shall waive  
13 repayment of such amounts under  
14 subparagraph (A) if the State agency  
15 determines that—

16 “(aa) the payment of such  
17 pandemic emergency unemploy-  
18 ment compensation was not  
19 based on fraud on the part of the  
20 individual; and

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

24 “(ii) ADDITIONAL AUTHORITY.—

1           “(I) IN GENERAL.—In addition  
 2           to the waiver authority provided under  
 3           clause (i) and subject to subclause  
 4           (II) of this clause, in the case of an  
 5           overpayment of amounts of pandemic  
 6           emergency unemployment compensa-  
 7           tion established on or before Decem-  
 8           ber 31, 2025, if the State agency has  
 9           not recovered such amounts as of the  
 10          date of enactment of the Unemploy-  
 11          ment Insurance Integrity and Accessi-  
 12          bility Act, the State agency may waive  
 13          repayment of such amounts to the  
 14          State agency if it determines that—

15               “(aa) the payment of such  
 16               pandemic emergency unemploy-  
 17               ment compensation was not  
 18               based on fraud on the part of the  
 19               individual; and

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

23           “(II) RULE FOR AMOUNTS PRE-  
 24           VIOUSLY RECOVERED.—In the case of  
 25           an overpayment of amounts of pan-

1           demic emergency unemployment com-  
 2           pensation established on or before De-  
 3           cember 31, 2025, that has been com-  
 4           pletely or partially recovered by the  
 5           State agency prior to the date of en-  
 6           actment of the Unemployment Insur-  
 7           ance Integrity and Accessibility Act,  
 8           with respect to such amount that has  
 9           been so recovered—

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

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

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

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

24                   “(ii) the recipient of the overpayment  
 25                   can show (regardless of their financial situ-

1           ation) that due to the notice that such pay-  
 2           ment would be made or because of the in-  
 3           correct payment, either they have relin-  
 4           quished a valuable right or changed posi-  
 5           tions for the worse;

6           “(iii) recovery would be unconscion-  
 7           able under the circumstances; or

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

11          (d) FEMA DISASTER RELIEF ASSISTANCE.—Section  
 12   262(b) of division N of the Consolidated Appropriations  
 13   Act, 2021 (42 U.S.C. 5174 note) is amended to read as  
 14   follows:

15          “(b) REPAYMENT AND WAIVERS OF OVERPAY-  
 16   MENTS.—

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

23               “(2) WAIVERS OF OVERPAYMENTS.—

1           “(A) GENERAL AUTHORITY.—In the case  
2 of an overpayment of amounts of covered assist-  
3 ance—

4           “(i) established on or before Decem-  
5 ber 31, 2025, a State agency may waive  
6 repayment of such amounts under para-  
7 graph (1) if the State agency determines  
8 that—

9           “(I) the payment of such covered  
10 assistance was without fault on the  
11 part of any such individual; and

12           “(II) such repayment would be  
13 contrary to equity and good con-  
14 science; and

15           “(ii) established after December 31,  
16 2025, a State agency shall waive repay-  
17 ment of such amounts under paragraph  
18 (1) if the State agency determines that—

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

22           “(II) such repayment would be  
23 contrary to equity and good con-  
24 science.

25           “(B) ADDITIONAL AUTHORITY.—

1 “(i) IN GENERAL.—In addition to the  
2 waiver authority provided under subpara-  
3 graph (A) and subject to clause (ii) of this  
4 subparagraph, in the case of an overpay-  
5 ment of amounts of covered assistance es-  
6 tablished on or before December 31, 2025,  
7 if the State agency has not recovered such  
8 amounts as of the date of enactment of the  
9 Unemployment Insurance Integrity and  
10 Accessibility Act, the State agency may  
11 waive repayment of such amounts to the  
12 State agency if it determines that—

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

16 “(II) such repayment would be  
17 contrary to equity and good con-  
18 science.

19 “(ii) RULE FOR AMOUNTS PRE-  
20 VIOUSLY RECOVERED.—In the case of an  
21 overpayment of amounts of covered assist-  
22 ance established on or before December 31,  
23 2025, that has been completely or partially  
24 recovered by the State agency prior to the  
25 date of enactment of the Unemployment

1 Insurance Integrity and Accessibility Act,  
2 with respect to such amount that has been  
3 so recovered—

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

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

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

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

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

1 “(iii) recovery would be unconscion-  
2 able under the circumstances; or

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

6 (e) ONGOING REVIEW AND REPORTS TO CON-  
7 GRESS.—

8 (1) ONGOING REVIEW.—The Comptroller Gen-  
9 eral of the United States (in this subsection referred  
10 to as the “Comptroller General”) shall conduct an  
11 ongoing review of the implementation of the provi-  
12 sions of, and the amendments made by, this section.  
13 Such review shall include an analysis of—

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

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

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

21 (2) REPORTS.—Not later than 1 year after the  
22 date of enactment of this subsection, and annually  
23 until the date that is 3 years after the date of enact-  
24 ment of this section, the Comptroller General shall  
25 submit to Congress a report containing the results

1 of the review conducted under paragraph (1), to-  
 2 gether with recommendations for such legislation  
 3 and administrative action as the Comptroller Gen-  
 4 eral determines appropriate.

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

7 (a) WITHDRAWAL STANDARD IN THE INTERNAL  
 8 REVENUE CODE.—Section 3304 of the Internal Revenue  
 9 Code of 1986 is amended—

10 (1) in subsection (a)(4)—

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

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

15 “(H) subject to subsection (h) and except  
 16 as provided in subparagraph (J), of those pay-  
 17 ments of benefits from a State’s unemployment  
 18 fund that are determined to have been overpaid  
 19 and are subsequently recovered by the State,  
 20 the State may, immediately following receipt of  
 21 such recovered amount, place a percentage of  
 22 such recovered amount, as specified in State  
 23 law (but not to exceed 5 percent), in a sub-ac-  
 24 count of the State’s account in the Unemploy-  
 25 ment Trust Fund from which money may be

1 withdrawn only for the uses described in sub-  
2 section (g);

3 “(I) of those payments of contributions (or  
4 payments in lieu of contributions) that are col-  
5 lected as a result of an investigation and assess-  
6 ment by a State agency, the State may, imme-  
7 diately following receipt of such payments, place  
8 a percentage of such payments, as specified in  
9 State law (but not to exceed 5 percent), into  
10 the same sub-account of the State’s account in  
11 the Unemployment Trust Fund described in  
12 subparagraph (H) from which money may be  
13 withdrawn only for the uses described in sub-  
14 section (g); and

15 “(J) of those payments of pandemic unem-  
16 ployment assistance under section 2102 of the  
17 CARES Act, Federal Pandemic Unemployment  
18 Compensation under section 2104 of such Act,  
19 Mixed Earner Unemployment Compensation  
20 under section 2104 of such Act, or pandemic  
21 emergency unemployment compensation under  
22 section 2107 of such Act that are determined to  
23 have been fraudulently overpaid and are subse-  
24 quently recovered by the State, the State may,  
25 immediately following receipt of such recovered

1 amount, place up to 25 percent of such recov-  
2 ered amount into the same sub-account of the  
3 State's account in the Unemployment Trust  
4 Fund described in subparagraph (H) from  
5 which money may be withdrawn only for the  
6 uses described in subsection (g);” and

7 (2) by adding at the end the following new sub-  
8 sections:

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

11 “(1) The payment of costs of deterring, detect-  
12 ing, and preventing improper unemployment insur-  
13 ance payments.

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

16 “(3) Uses relating to the provisions of State  
17 law implementing section 303(k) of the Social Secu-  
18 rity Act.

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

22 “(5) Modernizing the State's unemployment in-  
23 surance technology infrastructure.

24 “(6) Improving access to unemployment com-  
25 pensation and reciprocity rates for eligible workers.

1           “(7) Improving the timely and accurate pay-  
2           ment of unemployment compensation.

3           “(8) Complying with the requirements of sec-  
4           tion 303(q) of the Social Security Act.

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

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

10           “(1) IN GENERAL.—Subject to paragraph (2),  
11           subsection (a)(4)(H) shall not apply to a State un-  
12           less the State law provides that, in the case of an  
13           individual who has received amounts of unemploy-  
14           ment compensation to which they were not entitled,  
15           the State agency may waive repayment of such  
16           amounts to the State agency if it determines that—

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

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

23                   “(ii) such repayment would be contrary to  
24                   equity and good conscience.

1           “(2) REQUIREMENT NOT APPLICABLE TO PAN-  
 2        DEMIC UNEMPLOYMENT.—The requirement under  
 3        paragraph (1) shall not apply to repayments of pan-  
 4        demic unemployment assistance, Federal Pandemic  
 5        Unemployment Compensation, Mixed Earner Unem-  
 6        ployment Compensation, and pandemic emergency  
 7        unemployment compensation.

8           “(3) CONTRARY TO EQUITY AND GOOD CON-  
 9        SCIENCE.—For purposes of paragraph (1)(B)(ii), a  
 10       repayment shall be considered contrary to equity and  
 11       good conscience if—

12                   “(A) recovery would cause financial hard-  
 13                   ship to the person from whom it is sought;

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

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

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

24       (b) DEFINITION OF UNEMPLOYMENT FUND.—Sec-  
 25       tion 3306(f) of the Internal Revenue Code of 1986 is

1 amended, in the third sentence, by striking “(exclusive of  
 2 expenses of administration)” and all that follows through  
 3 the period at the end of paragraph (6) and inserting “,  
 4 except as otherwise provided in section 3304(a)(4) or any  
 5 other provision of Federal law.”.

6 (c) WITHDRAWAL STANDARD IN SOCIAL SECURITY  
 7 ACT.—Section 303(a)(5) of the Social Security Act (42  
 8 U.S.C. 503(a)(5)) is amended by striking “exclusive of ex-  
 9 penses of administration,” and all that follows and insert-  
 10 ing “except as otherwise provided in this section, section  
 11 3304(a)(4) of the Internal Revenue Code of 1986, or any  
 12 other provision of Federal law; and”.

13 (d) IMMEDIATE DEPOSIT REQUIREMENTS.—

14 (1) INTERNAL REVENUE CODE REQUIRE-  
 15 MENT.—Paragraph (3) of section 3304(a) of the In-  
 16 ternal Revenue Code of 1986 is amended to read as  
 17 follows:

18 “(3) all money received in the unemployment  
 19 fund of the State shall immediately upon such re-  
 20 ceipt be paid over to the Secretary of the Treasury  
 21 to the credit of the Unemployment Trust Fund es-  
 22 tablished by section 904 of the Social Security Act  
 23 (42 U.S.C. 1104), except for—

24 “(A) refunds of sums erroneously paid into  
 25 the unemployment fund of the State;

1           “(B) refunds paid in accordance with the  
2           provisions of section 3305(b); and

3           “(C) amounts placed in a sub-account of  
4           the State’s account in the Unemployment Trust  
5           Fund pursuant to subparagraph (H), (I), or (J)  
6           of paragraph (4);”.

7           (2) SOCIAL SECURITY ACT REQUIREMENT.—  
8           Section 303(a)(4) of the Social Security Act (42  
9           U.S.C. 503(a)(4)) is amended by striking “(except  
10          for refunds” and all that follows through “Federal  
11          Unemployment Tax Act)” and inserting “(except as  
12          otherwise provided in this section, section  
13          3304(a)(3) of the Internal Revenue Code of 1986, or  
14          any other provision of Federal law)”.

15          (e) APPLICATION TO FEDERAL PAYMENTS.—Section  
16          303 of the Social Security Act (42 U.S.C. 503) is amended  
17          by adding at the end the following new subsection:

18          “(n) RECOVERY OF FEDERAL PAYMENTS.—

19                 “(1) IN GENERAL.—As a condition for admin-  
20          istering any unemployment compensation program of  
21          the United States (as defined in paragraph (2)) as  
22          an agent of the United States, a State shall, with re-  
23          spect to erroneous payments made under such pro-  
24          grams by the State, use the authority provided  
25          under subparagraphs (H) and (I) of section

1       3304(a)(4) of the Internal Revenue Code of 1986 in  
 2       the same manner as such authority is used with re-  
 3       spect to erroneous payments made under the State  
 4       unemployment compensation law. With respect to er-  
 5       roneous Federal payments recovered consistent with  
 6       the authority under such subparagraphs (H) and  
 7       (I), the State shall immediately place the same per-  
 8       centage of the recovered payments into the same  
 9       sub-account of the State’s account in the Unemploy-  
 10      ment Trust Fund as provided in the State law im-  
 11      plementing such section 3304(a)(4).

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

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

18           “(B) unemployment compensation for ex-  
 19      servicemembers under subchapter II of chapter  
 20      85 of title 5, United States Code;

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

24           “(D) any Federal temporary extension of  
 25      unemployment compensation;

1           “(E) any Federal program that increases  
2           the weekly amount of unemployment compensa-  
3           tion payable to individuals; and

4           “(F) any other Federal program providing  
5           for the payment of unemployment compensa-  
6           tion, as determined by the Secretary.”.

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

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

15           (2) December 31, 2026.

16       (g) IMPLEMENTATION.—

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

21           (2) REGULATIONS.—

22           (A) INTERIM FINAL RULE.—Not later than  
23           1 year after the date of enactment of this sec-  
24           tion, the Secretary of Labor shall issue an in-

1           terim final rule to carry out the amendments  
2           made by section.

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

7   **TITLE II—UNEMPLOYMENT IN-**  
8       **SURANCE PROGRAM INTEG-**  
9       **RITY**

10 **SEC. 201. USE OF NATIONAL DIRECTORY OF NEW HIRES IN**  
11                   **ADMINISTRATION OF UNEMPLOYMENT COM-**  
12                   **PENSATION PROGRAMS.**

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

16       “(o) USE OF NATIONAL DIRECTORY OF NEW  
17   HIRES.—

18           “(1) IN GENERAL.—The State agency charged  
19       with administration of the State law shall have in  
20       place procedures to—

21                   “(A) compare information in the National  
22       Directory of New Hires established under sec-  
23       tion 453(i) against unemployment compensation  
24       data to identify any individuals claiming unem-  
25       ployment compensation who may have become

1 employed, in accordance with any regulations or  
2 guidance that the Secretary of Health and  
3 Human Services may issue and consistent with  
4 the computer matching provisions of the Pri-  
5 vacy Act of 1974;

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

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

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

1 Secretary shall make no future certification to the  
 2 Secretary of the Treasury with respect to the State.

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

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

9 “(B) December 31, 2026.”.

10 **SEC. 202. ELECTRONIC TRANSMISSION OF UNEMPLOYMENT**  
 11 **COMPENSATION INFORMATION.**

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

15 “(p) ELECTRONIC TRANSMISSION OF UNEMPLOY-  
 16 MENT COMPENSATION INFORMATION.—

17 “(1) IN GENERAL.—The State agency charged  
 18 with administration of the State law shall use a sys-  
 19 tem designated by the Secretary of Labor for auto-  
 20 mated electronic transmission between such State  
 21 agency and employers or their agents of requests for  
 22 information relating to unemployment compensation  
 23 and the provision of such information to such State  
 24 agency.

1           “(2) EMPLOYER PARTICIPATION.—The Sec-  
 2       retary of Labor shall work with the State agency  
 3       charged with administration of the State law to in-  
 4       crease the number of employers using the system de-  
 5       scribed in paragraph (1) and to resolve any technical  
 6       challenges with the system.

7           “(3) REPORTS ON USE OF ELECTRONIC SYS-  
 8       TEM.—Not later than December 31, 2027 (and if  
 9       subsequently requested by the Committee on Fi-  
 10      nance of the Senate or the Committee on Ways and  
 11      Means of the House of Representatives, but in no  
 12      case more once per year)), the Secretary shall sub-  
 13      mit to such Committees a report that contains infor-  
 14      mation on—

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

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

19               “(C) the efforts that States are under-  
 20              taking to increase employers’ use of such sys-  
 21              tem;

22               “(D) which components and functions of  
 23              such system States and employers in the States  
 24              are using; and

1           “(E) other information determined appro-  
2           priate by the Secretary.

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

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

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

21                 “(B) December 31, 2026.”.

1 **SEC. 203. UNEMPLOYMENT COMPENSATION DATA CROSS-**  
2 **MATCHING.**

3 (a) IN GENERAL.—Section 303(a) of the Social Secu-  
4 rity Act (42 U.S.C. 503(a)), as amended by section 103,  
5 is amended—

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

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

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

14 “(13) The State agency charged with adminis-  
15 tration of the State law shall use the system des-  
16 ignated by the Secretary of Labor for cross-match-  
17 ing claimants of unemployment compensation under  
18 State law against any databases in the system to  
19 prevent and detect fraud and improper payments.”.

20 (b) EFFECTIVE DATE.—The amendments made by  
21 subsection (a) shall apply to weeks of unemployment be-  
22 ginning on or after the earlier of—

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

26 (2) December 31, 2026.

1 **SEC. 204. INCARCERATED INDIVIDUALS.**

2 (a) IN GENERAL.—Section 303(a) of the Social Secu-  
3 rity Act (42 U.S.C. 503(a)), as amended by sections 103  
4 and 203(a), is amended by adding at the end the following  
5 new paragraph:

6 “(14) The regular cross-matching of claimants  
7 for unemployment compensation under the State  
8 law, or under Federal law administered by the State  
9 pursuant to an agreement, with the prisoner infor-  
10 mation maintained under sections 202(x) and  
11 1611(e) by the Social Security Administration or  
12 such other repositories of information identifying in-  
13 dividuals who are incarcerated as the Secretary of  
14 Labor may require, for purposes of assisting in the  
15 determination of eligibility, subject to appropriate  
16 safeguards determined by the disclosing agency to  
17 ensure such information is used only for authorized  
18 purposes.”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 subsection (a) shall apply to weeks of unemployment be-  
21 ginning on or after the earlier of—

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

25 (2) December 31, 2026.

1 **SEC. 205. REGULATIONS.**

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

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

10 (c) REQUIREMENTS.—In issuing the interim final  
11 rule under subsection (a) and the final rule under sub-  
12 section (b), the Secretary of Labor shall—

13 (1) take into account benefit access, benefit  
14 timeliness, program integrity (including fraud pre-  
15 vention), due process, and other factors determined  
16 appropriate by the Secretary;

17 (2) specify—

18 (A) the method and frequency of cross-  
19 matching necessary to minimize susceptibility to  
20 fraud while ensuring benefit access and timeli-  
21 ness;

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

24 (C) methods of evaluating the systems de-  
25 scribed in the amendments made by sections  
26 201, 202, 203, and 204 for effectiveness in pre-

1           venting and detecting fraud and improper pay-  
2           ments;

3           (D) methods for ensuring that such sys-  
4           tems do not result in the flagging of claims  
5           based on the personal characteristics of the ap-  
6           plicant or claimant, such as race, color, religion,  
7           sex, national origin, age, disability, or political  
8           affiliation or belief;

9           (E) methods for ensuring that such sys-  
10          tems comply with best practices for privacy and  
11          cybersecurity, including ensuring that the cy-  
12          bersecurity of such systems is consistent with  
13          the relevant cybersecurity laws (including regu-  
14          lations), policies, and standards that would  
15          apply if the system were operated by an agency  
16          in the executive branch; and

17          (F) other information necessary to ensure  
18          proper implementation of the amendments  
19          made by sections 201, 202, 203, and 204, as  
20          determined appropriate by the Secretary of  
21          Labor.

1 **TITLE III—UNEMPLOYMENT IN-**  
 2 **SURANCE ADMINISTRATION**  
 3 **AND TECHNOLOGY**

4 **SEC. 301. ACCESS TO BENEFITS.**

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

9 “(q) ACCESS TO BENEFITS.—

10 “(1) IN GENERAL.—The State agency charged  
 11 with administration of the State law shall, in accord-  
 12 ance with standards established by the Secretary—

13 “(A) provide guidance to employers in the  
 14 State on best practices for providing written in-  
 15 formation to employees upon separation from  
 16 employment regarding how the employee may  
 17 file a claim for unemployment compensation  
 18 and how the employee may find more informa-  
 19 tion from the State agency about eligibility cri-  
 20 teria for unemployment compensation;

21 “(B) have processes in place so that em-  
 22 ployers may notify the State workforce agency  
 23 of employees who may apply for unemployment  
 24 compensation due to layoffs through no fault of  
 25 the employee, short-term layoffs, business shut-

1           downs, partial unemployment, and short-time  
2           compensation;

3           “(C) ensure that any online claim filing  
4           system used by the State meets the require-  
5           ments described in paragraph (2); and

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

9           “(2) ACCESS REQUIREMENTS FOR ONLINE  
10          CLAIM FILING.—The requirements described in this  
11          paragraph with respect to an online claim filing sys-  
12          tem are the following:

13           “(A) The online claim filing system—

14           “(i) ensures that the process of filing  
15           initial and continuing claims for unemploy-  
16           ment compensation can be readily under-  
17           stood and accomplished by claimants (in-  
18           cluding individuals with limited English  
19           proficiency, individuals with disabilities (in  
20           compliance with section 508 of the Reha-  
21           bilitation Act of 1973 (29 U.S.C. 794d)),  
22           older individuals, and individuals with lit-  
23           eracy challenges); and

24           “(ii) provides clear methods of seeking  
25           assistance if a claimant is unable to readily

1 understand or accomplish the process of  
2 filing initial or continuing claims.

3 “(B) The online claim filing system—

4 “(i) allows claimants to access the on-  
5 line claim filing system and file a claim in  
6 any language spoken at home by more  
7 than 1 percent of the State’s population,  
8 as determined by the Secretary using data  
9 from the Bureau of the Census (with such  
10 translations either completed by human  
11 translators or, in the case of a translation  
12 completed by translation software, re-  
13 viewed by a human translator); and

14 “(ii) complies with the requirements  
15 of the Plain Writing Act of 2010 (5 U.S.C.  
16 301 note), including requirements related  
17 to providing information that is clear, con-  
18 cise, and well-organized.

19 “(C) The online claim filing system is de-  
20 signed to align with the requirements of the  
21 Connected Government Act and is accessible  
22 and optimized for all commonly used operating  
23 systems and web browsers, including operating  
24 systems and web browsers commonly used on  
25 desktop computers, tablets, and mobile devices,

1 such that any features of the online claim filing  
2 system (such as the ability to upload docu-  
3 mentation) that are available in the desktop  
4 version of the online claim filing system are also  
5 available in the tablet and mobile versions and  
6 are available for all operating systems and web  
7 browsers commonly used on such devices.

8 “(D) The online claim filing system allows  
9 for electronic submission of documentation re-  
10 quired to support a claim, including the ability  
11 of claimants to scan or photograph and submit  
12 documentation using a tablet or mobile device.

13 “(E) The online claim filing system allows  
14 claimants to access such system 24 hours a  
15 day, 7 days a week, with the exception of sched-  
16 uled and emergency maintenance that shall be  
17 conducted, to the extent practicable, at nonpeak  
18 hours.

19 “(F) The online claim filing system is ca-  
20 pable of deploying multiple methods of commu-  
21 nication with claimants, such as short message  
22 service (SMS) message, email, postal mail, live  
23 chat, or chatbots.

24 “(3) ENFORCEMENT.—Whenever the Secretary  
25 of Labor, after reasonable notice and opportunity for

1 hearing to the State agency charged with the admin-  
 2 istration of the State law, finds that there is a fail-  
 3 ure to comply substantially with the requirements of  
 4 this subsection, the Secretary of Labor shall notify  
 5 such State agency that further payments will not be  
 6 made to the State until the Secretary of Labor is  
 7 satisfied that there is no longer any such failure.  
 8 Until the Secretary of Labor is so satisfied, such  
 9 Secretary shall make no future certification to the  
 10 Secretary of the Treasury with respect to the State.

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

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

17 “(B) December 31, 2027.”.

18 (b) REGULATIONS.—

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

23 (2) REQUIREMENTS.—In issuing the final rule  
 24 under paragraph (1), the Secretary of Labor shall  
 25 take into account—

1 (A) benefit access, benefit timeliness, pro-  
 2 gram integrity (including fraud prevention),  
 3 and due process;

4 (B) how States may meet the requirements  
 5 of section 303(q) of the Social Security Act, as  
 6 added by subsection (a), while minimizing sus-  
 7 ceptibility to fraud;

8 (C) best practices related to user experi-  
 9 ence, technology modernization, and procure-  
 10 ment, including best practices for minimizing  
 11 the cost of modernization; and

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

14 **SEC. 302. GAO STUDY AND REPORT ON THE USE OF FUND-**  
 15 **ING FOR UNEMPLOYMENT FRAUD PREVEN-**  
 16 **TION, EQUITABLE ACCESS, AND TIMELY PAY-**  
 17 **MENTS.**

18 (a) STUDY.—The Comptroller General of the United  
 19 States (in this section referred to as the “Comptroller  
 20 General”) shall conduct a study on the obligation and use  
 21 of funds under section 2118 of division A of the CARES  
 22 Act (15 U.S.C. 9034), as added by section 9032 of the  
 23 American Rescue Plan Act of 2021 (Public Law 117–2).  
 24 Such study shall include an analysis of the following:

1           (1) How the amounts appropriated under such  
2           section 2118 are being utilized by the Secretary of  
3           Labor and States and territories to detect and pre-  
4           vent fraud, promote equitable access, and ensure  
5           timely payment of benefits under unemployment  
6           compensation programs, including the percentage of  
7           such amounts that were used for each of the 3 per-  
8           missible uses under subsection (b) of such section  
9           2118.

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

16          (3) Outcome metrics used by States and terri-  
17          tories and the Secretary to demonstrate effectiveness  
18          of actions taken using the amounts appropriated  
19          under such section 2118 in achieving the purposes  
20          of detecting and preventing fraud, promoting equi-  
21          table access, and ensuring the timely payment of  
22          benefits.

23          (4) Whether any of the amounts appropriated  
24          under such section 2118 were used for any purpose

1 other than the 3 permissible uses under subsection  
2 (b) of such section 2118.

3 (5) The methodology used by the Secretary to  
4 determine funding allocations of the amounts appro-  
5 priated under such section 2118.

6 (6) The total amount of unobligated funds re-  
7 maining under such section 2118.

8 (7) How amounts appropriated under such sec-  
9 tion 2118 have been used for technology moderniza-  
10 tion, and whether States and territories have re-  
11 maining technology modernization needs.

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

18 (9) Whether States and territories will be able  
19 to continue activities to detect and prevent fraud,  
20 promote equitable access, and ensure timely payment  
21 of benefits funded with the amounts appropriated  
22 under such section 2118 when such amounts are ex-  
23 pended.

24 (10) Contracts, grants, cooperative agreements,  
25 progress reports (including ETA ARPA 9178s), and

1       other supporting documents relating to agreements  
2       entered into using amounts appropriated under such  
3       section 2118, and the amount spent on such con-  
4       tracts, grants, agreements, and progress reports.

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

7       (b) REPORT.—Not later than 2 years after the date  
8       of enactment of this section, the Comptroller General shall  
9       submit to Congress a report containing the results of the  
10      study conducted under subsection (a), together with rec-  
11      ommendations for such legislation and administrative ac-  
12      tion as the Comptroller General determines appropriate.

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