

Unemployment Insurance Legislative Update

by

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UI Legislation

- Post Pandemic Responses
- UI Modernization and Recession Readiness Act (Wyden)
- GAO Reports [GAO-24-106753, COVID-19 Relief: States' and Localities' Fiscal Recovery Funds Spending as of March 31, 2023](#)
- Use of State and Local Fiscal Recovery Funds
- Remaining States with outstanding federal loans (California, New York, Virgin Islands and Connecticut) <https://fiscaldata.treasury.gov/datasets/ssa-title-xii-advance-activities/advances-to-state-unemployment-funds-social-security-act-title-xii>
- American Rescue Plan Act (ARPA) \$2 Billion – Reduced to \$1 Billion by Fiscal Responsibility Act of 2023 [untitled \(congress.gov\)](#)
- HR 1163 and S 1587
- Senate Finance UI Framework (Wyden/Crapo)
- Protect Small Business from FUTA Tax Increases in States with Loans (Steel/Tenney) [CREC-2023-12-12-pt1-PgH6834.pdf \(congress.gov\)](#)

UI Legislation

- Bridge for Workers Act [BILLS-118hr5861rh.pdf \(congress.gov\)](#)
 - Bi-partisan (LaHood R-IL) and Davis D-IL)
 - Expands flexibility to use reemployment service and eligibility funds for all UI claimants
- Reemployment Service and Eligibility Assessment (RESEA) funding under scrutiny for performance
- Increased funding for US DOL Office of Inspector General
- Continuation of Integrity and Work Search Focus
Unemployment Integrity Act (Edwards R-NC)
[BILLS-118hr5967ih.pdf \(congress.gov\)](#)
- Potential budget cuts
- No Boss Act expansion of Self Employment Assistance (SEA) [untitled \(house.gov\)](#)

UI Legislation

Senators Wyden and Bennet and Rep Beyer Proposal

Unemployment Insurance Modernization and Recession Readiness Act: [4.13.21 UI Reform Discussion Draft Summary.pdf \(senate.gov\)](#)

- Automatically add weeks of benefits when unemployment rises.
- Establish new requirements to cover more workers – ABC test.
- Requiring that states offer 26 weeks of benefits, replace 75 percent of workers' wages, cover part-time workers, and pay workers for their first week of unemployment—the “waiting week.”
- Create permanent \$250 per week Jobseeker Allowance for any unemployed workers not covered by the traditional unemployment insurance system, such as self-employed workers and new entrants to the labor force.
- Include additional \$25 weekly federal allowance for each dependent an unemployed worker has, and provide federal funding to increase unemployed workers' wage replacement rates to 100 percent during major disasters or public health emergencies.

Comment: the bill would result in the largest UI related tax increase in history and mandate UI coverage to include workers using the ABC test instead of the common law or FUTA definition under current law.

UI Legislation

Senator Wyden and Crapo Framework

Unemployment Insurance Fraud and Overpayment Recovery

- Extends the federal statute of limitations for pandemic unemployment insurance fraud to 10 years (from 5 years under current law).
- Allows states to waive overpayments of pandemic unemployment insurance that have not been recovered as of date of enactment in non-fraud cases where repayment would be contrary to equity and good conscience. States are required to waive these non-fraud overpayments if no overpayment is established by December 31, 2025.
- Allows states to retain 5 percent of recovered overpayments of unemployment compensation and 5 percent of employer unemployment taxes collected as part of a state investigation. States may retain up to 25 percent of overpayment recoveries of fraudulent pandemic unemployment overpayments.

Allows states to invest retained funds in unemployment insurance administration.

Unemployment Insurance Program Integrity

UI Legislation

Senator Wyden and Crapo Framework (cont.)

Unemployment Insurance Program Integrity

- Requires states to crossmatch unemployment compensation claims against the Social Security Administration's prisoner database to prevent fraud.
- Requires the Secretary of Labor to issue regulations to ensure proper implementation of crossmatching requirements.

Unemployment Insurance Administration and Technology.

- Implements new access and technology requirements for online claim filing systems and in person alternatives.
- Requires states to provide guidance to employers to facilitate their eligible workers' access to benefits.
- Provides for oversight of federal investments into the administration of UI programs

What to Expect in UI Legislation

- Extend period for criminal prosecution
- Extend period for overpayment collection for fraudulent overpayments and possibly non-fraud
- Require some cross-matches and measures to address identity theft
- Some temporary increased overpayment collection flexibility due to administrative error
- Some increased flexibility to permit retention of a portion of amounts of fraudulent and/or non-fraud overpayments
- 2024 Election Results will impact negotiations for end of 2024 agreement and scope of reform legislation in 2025