

SUBTITLE C—OFFSETS
PART I—UNEMPLOYMENT COMPENSATION
PROGRAM INTEGRITY

SEC. 251. MANDATORY PENALTY ASSESSMENT ON FRAUD CLAIMS

(a) **IN GENERAL.**—Section 303(a) of the Social Security Act (42 U.S.C. 503(a)) is amended—

(1) in paragraph (10), by striking the period at the end of subparagraph (B) and inserting “; and”; and

(2) by adding at the end of the following new paragraph:

“(11)(A) At the time the State agency determines an erroneous payment from its unemployment fund was made to an individual due to fraud committed by such individual, the assessment of a penalty on the individual in an amount of not less than 15 percent of the amount of the erroneous payment; and

“(B) The immediate deposit of all assessments paid pursuant to subparagraph (A) into the unemployment fund of the State.”.

(b) **APPLICATION TO 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, if the State determines that an erroneous payment was made by the State to an individual under any such program due to fraud committed by such individual, the State shall assess a penalty on such individual and deposit any such penalty received in the same manner as the State assesses and deposits such penalties under the provisions of State law implementing section 303(a)(11) of the Social Security Act, as added by subsection (a).

(2) **DEFINITION.**—For purposes of the subsection, the term “unemployment compensation program of the United States” means—

(A) unemployment compensation for Federal 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) trade readjustment allowances under sections 231 through 234 of the Trade Act of 1974 (19 U.S.C. 2291-2294);

(D) disaster unemployment assistance under section 410(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5177(a));

(E) any Federal temporary extension of unemployment compensation;

(F) any Federal program which increases the weekly amount of unemployment compensation payable to individuals; and

(G) any other Federal program providing for the payment of unemployment compensation.

(c) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to erroneous payments established after the end of the 2-year period beginning on the date of the enactment of this Act.

(2) **AUTHORITY.**—A State may amend its State law to apply such amendments to erroneous payments established prior to the end of the period described in paragraph (1).

SEC. 252. PROHIBITION ON NONCHARGING DUE TO EMPLOYER FAULT

(a) **IN GENERAL.**—Section 3303 of the Internal Revenue Code of 1986 is amended—

(1) by striking subsections (f) and (g); and

(2) by inserting after subsection (3) the following new subsection:

“(f) **PROHIBITION ON NONCHARGING DUE TO EMPLOYER FAULT.**—

“(1) **IN GENERAL.**—A State law shall be treated as meeting the requirements of subsection (a)(1) only if such law provides that an employer’s account shall not be relieved of charges relating to a payment from the State unemployment fund if the State agency determines that—

“(A) the payment was made because the employer, or an agent of the employer, was at fault for failing to respond timely or adequately to the request of the agency for information relating to the claim for compensation; and

“(B) the employer or agent has established a pattern of failing to respond timely or adequately to such requests.

“(2) **STATE AUTHORITY TO IMPOSE STRICTER STANDARDS.**—Nothing in paragraph (1) shall limit the authority of a State to provide that an employer’s account not be relieved of charges relating to a payment from the State unemployment fund for reasons other than the reasons described in subparagraphs (A) and (B) of such paragraph, such as after the first instance of a failure to respond timely or adequately to requests described in paragraph (1)(A).”.

(b) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to erroneous payments established after the end of the 2-year period beginning on the date of the enactment of this Act.

(2) **AUTHORITY.**—A State may amend its State law to apply such amendments to erroneous payments established prior to the end of the period described in paragraph (1).

SEC. 253. REPORTING OF REHIRED EMPLOYEES TO THE DIRECTORY OF NEW HIRES

(a) **DEFINITION OF NEWLY HIRED EMPLOYEE.**—Section 453A(a)(2) of the Social Security Act (42 U.S.C. 653a(a)(2)) is amended by adding at the end the following:

“(C) **NEWLY HIRED EMPLOYEE.**—The term ‘newly hired employee’ means an employee who—

“(i) has not previously been employed by the employer; or

“(ii) was previously employed by the employer but has been separated from such prior employment for at least 60 consecutive days.”.

(b) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Subject to paragraph (2), the amendments made by this section shall take effect 6 months after the date of the enactment of this Act.

(2) **COMPLIANCE TRANSITION PERIOD.**—If the Secretary of Health and Human Services determines that State legislation (other than legislation appropriating funds) is required in order for a State plan under part D of title IV of the Social Security Act to meet the additional requirement imposed by the amendment made by subsection (a), the plan shall not be regarded as failing to meet such requirement before the first day of the second calendar quarter beginning after the close of the first regular session of the State

legislature that begins after the effective date of such amendment. If the State has a 2-year legislative session, each year of the session is deemed to be a separate regular session of the State legislature.