

This amendment adds bank verification to the list of required program integrity tools to be used by state unemployment programs and provides for enforcement of the requirements.

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 1163
OFFERED BY M . _____**

Page 6, line 22, strike “provided” and all that follows through page 7, line 1.

Page 8, line 3, strike “provided” and all that follows through line 7.

Page 11, line 5, strike “As a condition” and all that follows through line 8 and insert “The State”.

Page 13, after line 12, insert the following:

1 (E) BANK ACCOUNT AND PAYMENT INFOR-
2 MATION SYSTEMS.—Use the system designated
3 by the Secretary of Labor to authenticate bank
4 account or payment information;

Page 13, after line 17, insert the following:

5 (c) ADDITIONAL TARGETED PENALTIES TO EN-
6 FORCE FEDERAL REQUIREMENTS.—
7 (1) IN GENERAL.—Section 303(b) of the Social
8 Security Act (42 U.S.C. 503(b)) is amended—
9 (A) by striking “Whenever” and inserting
10 “(1) Whenever”;

1 (B) by striking “(1) A denial” and insert-
2 ing “(A) A denial”;

3 (C) by striking “(2) A failure to comply
4 substantially with any provision specified in this
5 section” and inserting “(B) A failure to comply
6 substantially with any provision specified in this
7 section or section 307”;

8 (D) by inserting “, except as provided in
9 paragraph (2),” after “the Secretary of Labor
10 shall notify”;

11 (E) by striking “clause (1)” and inserting
12 “subparagraph (A)”;

13 (F) by adding at the end the following:

14 “(2)(A) Whenever a denial or failure to comply as
15 described in paragraph (1) occurs in a substantial number
16 of cases, the Secretary of Labor may, in lieu of imposing
17 the penalty described in such paragraph, withhold up to
18 15 percent of each payment (with such percentage to be
19 determined by the Secretary of Labor based on factors in-
20 cluding the severity and the extent of such denial or fail-
21 ure) made to the State under section 302 until such time
22 as the Secretary of Labor is satisfied that there is no
23 longer any such denial or failure to comply. The Secretary
24 of Labor may make such withheld amount available to the

1 State, and shall provide technical assistance to the State
2 for such purpose.

3 “(B) The Secretary of Labor shall provide for a re-
4 duction to, or an exemption from, the penalty described
5 in subparagraph (A) in cases where the Secretary of Labor
6 determines that good cause for substantial noncompliance
7 exists, and may allow for flexibility in times of heightened
8 workload or reduced penalties in a case in which a State
9 is making progress toward compliance.”.

10 (2) REGULATIONS.—Not later than 2 years
11 after the date of enactment of this Act, the Sec-
12 retary of Labor shall issue an interim final regula-
13 tion prescribing—

14 (A) the circumstances in which a penalty
15 described in paragraph (2)(A) of section 303(b)
16 of the Social Security Act will be imposed, in-
17 cluding a description of what constitutes sub-
18 stantial noncompliance within the meaning of
19 such section;

20 (B) the method to be used to determine—

21 (i) the percentage of payment to be
22 withheld;

23 (ii) any increased penalty to be im-
24 posed for failure to take corrective action

1 after the imposition of an initial penalty;

2 and

3 (iii) a description of any cir-
4 cumstances in which all or a portion of the
5 penalty will be provided to the State to be
6 used only for corrective action as specified
7 by the Secretary of Labor;

8 (C) procedures under which the Secretary
9 of Labor shall notify a State of any penalty
10 that may potentially be imposed;

11 (D) the timing in which the penalty will be
12 imposed;

13 (E) the permissible uses of any withheld
14 amount made available to the State for correc-
15 tive action pursuant to such paragraph (2)(A);
16 and

17 (F) any other requirements or guidance
18 the Secretary of Labor deems appropriate to
19 implement the amendments made by paragraph
20 (1).

21 (3) EFFECTIVE DATE.—The amendments made
22 by paragraph (1) shall apply with respect to fiscal
23 years beginning on or after the date on which the
24 regulations described in paragraph (2) are finalized.

