

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



NOV 28 2012

Mr. Steve Arwood
Director
Unemployment Insurance Agency
Michigan Department of Licensing and Regulatory Affairs
Cadillac Place - Suite 13-650
3024 W. Grand Boulevard
Detroit, Michigan 48202

Dear Director Arwood:

The purpose of this letter is to remind you of the deadlines for implementation of the new unemployment compensation (UC) integrity provisions contained in the Trade Adjustment Assistance Extension Act of 2011 (TAAEA), which the President signed into law on October 21, 2012. These provisions will require most states to enact conforming state legislation.

Subtitle C of the TAAEA establishes three new provisions related to UC integrity in Federal law. Specifically, Subtitle C requires states to: 1) assess a penalty of at least 15 percent of the amount of overpaid UC due to claimant fraud and deposit such penalty amounts in the state's account in the unemployment trust fund; 2) prohibit noncharging of overpaid UC when the overpayment is the result of an employer's (or an agent of an employer's) failure to timely and/or adequately respond to an agency's request for information under certain circumstances; and 3) report rehire of employees after a separation of at least 60 days to its state directory of new hires. These provisions are discussed in depth in Unemployment Insurance Program Letter (UIPL) 2-12 and UIPL 2-12, Change 1.

The mandatory penalty assessment and the prohibition on noncharging must apply to erroneous payments established after October 21, 2013 (2 years after enactment of the TAAEA). The change to state directory of new hire reporting became effective on April 22, 2012 (6 months after enactment of the TAAEA). However, if the Secretary of Health and Human Services (HHS) determines that enactment of state legislation is required for the state to report these rehires, this requirement becomes effective "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...."

We note that several states' UC laws were in conformity with one or more of these provisions before enactment of the TAAEA and some states have already enacted legislation to conform to one or more of them subsequent to enactment of the TAAEA. However, based on our informal review, states' UC laws do not generally conform to all of these provisions. Thus, in order for states to comply with these provisions, they generally must enact conforming legislation during the 2013 session of their state legislatures.

However, if you interpret current provisions of your state's UC law in a manner that conforms to these Federal provisions, or if state regulations satisfy them under your state law, please provide

us with a copy of the relevant law or regulation, and an official interpretation of how they satisfy these Federal provisions, in order that we may review them to ensure that no issues exist.

Given that failure to implement these integrity provisions would create a Federal conformity issue, our goal is to ensure states are successful in taking the necessary steps to implement them. My staff is available to provide technical assistance as your staff drafts legislative packages concerning these provisions or to help determine whether your state law or regulation already conforms to any or all of these requirements. Please do not hesitate to contact Robert Johnston, Supervisor of the State Conformity and Compliance Team, at (202) 693-3005, or by e-mail at johnston.robert@dol.gov, if you have questions about the new requirements.

Sincerely,



Gay M. Gilbert
Administrator
Office of Unemployment Insurance

cc: Byron Zuidema
Regional Administrator
Chicago