1. **Penalty for fraud overpayments** (Congressional mandate) (1303)
   - Federal government requires all states to assess penalty on fraud overpayments of unemployment benefits in the amount of at least 15%.
   - MS statute allows but does not require penalty for fraud overpayments. No penalties currently being assessed, only charging interest.
   - MS statute currently requires penalty funds to be deposited in a Special Administrative Fund for payment of otherwise unfunded MDES expenses.
   - This language requires that 15% of the 20% (or 3/4th will be deposited into the UI Trust fund)
   - The remaining 5% (or 1/4th with be deposited into the Special administrative fund)
   - The 20% penalty charged here will now be consistent with the amount of penalty we charge employers for late filing and payment of taxes
   - Part one of a two part law change. Other change to be requested in 2013 session.

2. **Deposits and use of penalty and interest money collected** (1446,1460,1467)
   - All money collected for penalty and interest, except that mandated by Congress to be deposited into the unemployment trust fund will be deposited into the Special Employment Security Administration Fund
   - Describes use of penalty and interest deposited into the Special Employment Security Fund.

3. **Self-Employment Assistance Program (SEAP)** (no existing code section) (2759,5376)
   - Allows people receiving unemployment benefits to forgo work search in lieu of starting business
   - Would receive weekly payments at same rate as UI payments
   - Payments will come from UI Trust Fund
   - Will have criteria they must meet in order to stay in program...
     - Develop business plan
     - Secure business license
     - Attend approved training ...
   - *Intended to increase entrepreneurship*

4. **Drug testing in regard to employment** (2622)
   - Amendment pursuant to Congressional action in the Middle Class Tax Relief and Job Creation Act of 2012
   - Language addresses same issues as Congressional Act
   - Disqualification is consistent with MS existing refusal of suitable work clause
   - Allows random drug testing of the individual who have been discharged from their employment due to a positive drug test or who fail a drug test for a position that normally requires drug testing as a condition of employment in connection with receipt of unemployment benefits and continued eligibility
   - The occupations that require drug testing will be defined by the US Secretary of Labor
• Individuals who provide acceptable drug test results may have any remainder of their disqualification dismissed upon submitting the acceptable test to MDES

5. MDES reauthorization (Chapter 71 multiple sections are sun-setting 6/30/2014 – not all sections) (5373)
   • MDES was created in 2004 session of MS Legislature with a 4 year sunset provision
   • MDES was reauthorized in 2008 for 2 years, in 2010 for 1 year and in 2011 for 3 years (now sunsets June 30 2014)
   • Inquiries by business interests in MDES and some legislators if we are interested in removing the repeal language this year and creating MDES in perpetuity.
   • MDES is one of only a few cabinet level agencies who are required to seek reauthorization periodically.
   • Agencies not required to seek reauthorization include Workers Compensation, Department of Environmental Quality, MEMA, Department of Marine Resources, and Department of Public Safety.
   • Extends repeal date until July 1, 2019

6. Change to UI Trust Fund reserve ratio (5626,5634)
   • Reserve ratio currently set at 4% (Section 71-5-355)
   • Reserve ratio controls whether employers have modified UI tax rates or maximum UI tax rates
   • Not updated when modifications were made to Size of Fund Index (SOFI) in 2005 & 2010 and the taxable wage base in 2010
   • Recommending lowering from 4% to 3%. Actuaries say can be lowered to 2% but MDES recommends 3%.
   • Necessary in order to continue having more favorable modified UI tax rates

7. Unemployment beneficiaries may receive training while receiving unemployment benefits
   • A worker may receive training on site at a business for up to 12 weeks while receiving unemployment benefits
   • The worker would not be penalized during that time, if he/she is receiving training full time, for not seeking work
   • The worker would be responsible for finding an employer to allow such training
   • The worker cannot be treated as an employee will not accrue any benefits or rights that an employee would expect