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05/28/2002 04:58:16 PM

Please respond to nobody@a1289.g.akamai.net

Record Type. Record

To: John Morrall@EOP
cc:
Subject: Suggestion for Regulatory Reform

Name:
Neil A. Mac Vicar

Address:
6215 West St. Joseph Hwy., Lansing, MI 48917

Telephone No.:
517/886-8331

E-mail address:
nmacvicar@lans.mha.org

Name of Guidance:
Birth and Adoption Unemployment Compensation

Regulating Agency:
Department of Labor

Subagency (if any):

Citation (Code of Federal Regulation):
20 CFR Part 604

Authority (Statute/Regulation):

Description of Problem (Nature of Impact and on Whom):

May 28, 2002

Mr. John Morrall
Office of Information and Regulatory Affairs
Office of Management and Budget, NEOB, Room 1035 725 17th Street, NW
Washington, D.C. 20503

Dear Mr. Morrall:

I am writing in reference to the U.S. Department of Labor's DOL rule and regulations concerning Birth and Adoption Unemployment Compensation BAA/UC which allow states to pay unemployment compensation benefits to parents during a leave of absence for the birth or adoption of a new child 20 CFR Part 604. On behalf of the Michigan Health and Hospital Association MHA and the 235 health care employers we represent specifically in unemployment compensation matters, I respectfully renew our continued opposition to the BAA/UC regulation and encourage the Office of Management and Budget to support rescind the regulation.

For numerous reasons set forth by the employer community, the regulation is contrary to the intent of the individual state and federal unemployment statutes. Using money in state unemployment trust funds is not the proper mechanism to provide financial support during leaves for the birth or adoption of a child. For further elaboration, we will gladly provide you with our written opposition, which was filed with the DOL in February 2000.

It is our understanding that the Department of Management and Budget is currently reviewing the regulation and may consider supporting an initiative to rescind the regulation. Michigan health care employers represented by **MHA** strongly recommend rescission and will support a rescission initiative.

In considering a rescission initiative, we understand that alternatives may be considered to replace the BAA/UC concept. We believe there are many viable alternatives to provide financial support to parents who take a leave of absence for the birth or adoption of a new child alternatives that will not intrude on state unemployment trust reserves.

Below are two examples of alternatives for parents to obtain financial support in the event that they choose to take a leave of absence for the birth or adoption of a new child:

h Allow employees to make penalty-free, tax-free withdrawals up to 12 weeks of wages from personal saving accounts IRA, 401k, 403b,

Page Two Mr. John Morrall Office of Management and Budget May 28, 2002

Keogh, etc. In addition, provide tax credit or other incentives to employers who increase contributions to employee personal savings accounts in order to adequately compensate a leave for the birth or adoption of a child.

h Offer special tax credit or other incentives to employers that compensate employees for leaves of absences or set-up special funds to compensate employees on a leave for the birth or adoption of a child.

Under these two examples, parents can take a leave for the birth or adoption of a new child and receive some financial support from their personal savings and with assistance from their employer without placing state

unemployment trusts in jeopardy. Beyond the two examples presented, we would be glad to provide other suggestions of options that should be considered to replace the BAA/UC concept.

Again, the Michigan Health and Hospital Association urges the prompt rescission of the BAA/UC regulation and will strongly support a rescission initiative. Please contact me if you have any questions or wish to discuss this in more detail. My direct dial telephone number is 517-323-8331 and my e-mail address is nmacvicar@lans.mha.org. Thank you for your consideration of this matter.

Sincerely,

Neil A. Mac Vicar Senior Director Unemployment Compensation Program
Michigan Health and Hospital Association Service Corporation

cc: Eric Oxfeld, President, UWC -- Strategic Services on
Unemployment and Workers Compensation

Proposed Solution:

May 28, 2002

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Estimate of Economic Impacts (Quantified Benefits and Costs if possible / Qualified description as needed):

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