



Federal Employer Penalties/"UI Integrity" Amendments Dead – For Now

In a last minute rush of legislative proposals before Congress left before the November elections, Senator Max Baucus introduced “Job Creation and Tax Cuts Act to Cut Taxes for Families, Employers, close Tax Loopholes for the Wealthy Investment Fund Managers and Corporations”. The text of the proposal is available on the Senate Finance Committee web site at <http://finance.senate.gov/newsroom/chairman/release/?id=17f14745-0d33-4cac-9c0a-504e632e39b7> (See particularly pages 253-273)

It became clear fairly soon that there were a number of provisions, including the UI employer penalty provision, that were objectionable by Senate Republican leadership. Recognizing that the proposal was not likely to move over Republican objection, Senate Democrats sought to identify other legislative vehicles in which to insert some or all of the “UI Integrity” provisions as “pay-fors” for additional spending on TANF and to fund the cost of settling long standing claims by American Indians involving lost royalty funds flowing from the use of natural resources on Indian land and for black farmers to resolve claims that they were denied equal access to Agriculture Department loan programs.

The “UI Integrity” amendments, taken as a whole were projected to produce \$2.4 billion in savings over 10 years. Subtitle E of the proposed legislation, labeled “Unemployment Compensation Program Integrity”, included a series of provisions that are very similar to the UI integrity provisions proposed earlier this year by the US Department of Labor and some provisions that were not particularly tied to integrity.

UWC produced a detailed review of the “UI integrity” amendments opposing the employer penalty provision and raising questions about a number of the other provisions that needed to be addressed. We supported the enactment of new Treasury department offset authority to collect unemployment compensation overpayments and the addition of requirements to report the first day of earnings through the national new hire data base to enable more effective identification and collection of UI overpayments.

A package of amendments that would include some of “UI Integrity” amendments was proposed by the Senate Democrat leadership for inclusion in the continuing resolution (CR) that had to be passed by today, September 30th. Fortunately, the final version of the CR that was passed did not contain objectionable UI provisions.

We expect, however, that the “UI Integrity” provisions as proposed by USDOL will continue to be among the proposals that Democrat leadership will seek to enact, particularly those provisions that have been “scored” by the Congressional Budget Office as “revenue raisers”.

UWC will continue to work with Democrat and Republican members of Congress and USDOL to evaluate the impact of these proposals and hope to eliminate the specific provisions that are objectionable while supporting the integrity provisions that we believe will assist states and employers in identifying and collecting benefit overpayments to improve the integrity and solvency of the UI system.