



Printing Industries of America, Inc.
100 Daingerfield Rd., Alexandria, VA 22314

Government Affairs & Human Relations

To: John Morrall
Company: Office of Management & Budget
Fax Number: 202-395-6974
From: Wendy Lechner
Phone Number: 703-519-8196
Fax Number: 703-519-6481
Date: 5/28/02

This fax is 3 pages (including cover sheet).

Comments:

Printing Industry Facts

Establishments.....45,963
Employees.....1,153,599

2002 Total Shipments:
\$15937 billion

The Economic Impact:

- 9 \$54 Billion in Wages and Salaries.
- \$9 Billion in Employee Benefits & Payroll Taxes.
- \$58 Billion in raw materials, supplies & outside services.

Issues That Are Important to Printers..

- Health Care-Oppose legislation that would hinder the ability of printers to provide affordable health benefits to employees.
- Death Tax-Permanent repeal of the Death Tax. **Many** small printers are put in the position of being forced to sell a family business to pay the US Treasury.
- Ergonomics-Oppose any legislation that would preempt the DOL's ability to implement a practical and real solution for both employers and employees

THE ORIGINAL
Print[™]
INFORMATION
TECHNOLOGY

www.gain.net



Printing Industries of America, Inc.

Partner of the Graphic Arts Technical Foundation

May 28, 2002

Mr. John Morrall

Office of Information and Regulatory Affairs

Office of Management and Budget, NEOB, Room 10235

725 17th Street, NW

Washington, D.C. 20503.

Dear Mr. Morrall,

I strongly urge the Office of Management **and** Budget to **immediately** support rescission of the Birth and Adoption Unemployment Compensation (BAA-UC) rule of 1999 **as** produced by the Department of **Labor**. The **BAA-UC** regulations authorize states to withdraw **funds** from their unemployment insurance (**UI**) trust accounts to compensate employed workers who take leave following the birth or adoption of a **child**.

Under the regulation, states would be able to experiment with adding to the definition of unemployed parents taking family leave **for** the birth or adoption of a child **as** defined under the Family and Medical Leave **Act**. While this might sound like a positive goal, the consequences of adding tens of thousands of people to those eligible for **UI funds** are enormous.

For more than 65 years, these funds have been paid by employers to ensure that unemployed workers who are able and available for work have a safety net between jobs. **BAA-UC** regulations would raid these **funds** for people who **are** not truly unemployed and who have jobs to which they can return. By diverting UI trust **funds** for paid leave, **BAA-UC** is clearly **contrary** to Congress's intent under both the Federal Unemployment Tax Act and the Family and Medical Leave Act. Paid leave **as** authorized **under** the BAA-UC regulations is not unemployment insurance. It is supplemental leave insurance.

Today, roughly half of state UI trust **funds** do not have or are close to not having sufficient reserves. This means that if unemployment **grows**, employers would face significantly higher taxes, which will only exacerbate unemployment. Several states, including New **York** and Texas, have already needed federal loans to pay their UI benefits. In these and **many** other states, payroll **tax** increases will be imposed on employers to replenish UI trust funds. **Moreover**, using UI trust **funds** for paid leave **puts** the federal budget itself at **significant risk**, because the federal government is the **financial guarantor** for state UI benefits.

The printing industry would be significantly **and** adversely affected by the implementation of **this** rule at the state level. Most of the businesses within our industry are small, approximately 20 employees, with a profit margin of 3%. In addition, many

printers **are** still recovering from the ill effects of the recent recession. **Many** of these **small** businesses will not be able to pay the costs of additional taxes needed to keep UI trusts solvent without raising prices on goods and services or **adding** to the pool of unemployed workers.

Due to **their** size, a large percentage of printers **would** not fall under the guidelines of FMLA. Still, they would be financially responsible for supplementing **paid voluntary** leave through taxes for workers who **are** not even their employees. *Also, this regulation will give* employees the right to sue employers for failure to properly implement **this** new category of "unemployment". It is difficult enough to maintain accurate implementation of dozens of **regulations** now. This new change would **only** add to the dilemma of small businesses having to merge different regulatory requirements without making mistakes.

Furthermore, employees could receive UI benefits even if they do not intend to **return** to their job. The company's UI experience rating will be affected when FMLA leave-takers use UI **funds**, yet **the** employee does **not** even **have** to return to **work** for the same employer. Voluntary **FMLA** leave should not be considered under UI; the two requirements **are** incompatible.

The misuse of the unemployment **insurance** program for family and medical leave is unwise and unworkable. I therefore respectfully urge **OMB** to recommend that the **BAA-UC** rule be rescinded **and** urge **DOL** to begin the rulemaking process to accomplish this objective as soon as possible.

Sincerely,

/S/

Wendy Lechner
Senior Director, Federal Employment Policy