



MICHIGAN HEALTH & HOSPITAL ASSOCIATION

SERVICE CORPORATION 6

MHASC Unemployment Compensation Program

6215 W. St. Joseph Highway
Lansing, Michigan 48917

Fax Cover Sheet

Number of pages including cover sheet: 3

TO: John Morrell / OMB

DATE: 5/28/02

FAX: 202/395-6974

TIME: _____

FROM: Neil A. Mac Vicar Senior Director	PHONE: 517/886-8331 FAX: 517/323-0913 E-MAIL: nmacvicar@lans.mha.org
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RE: Birth & Adoption Unemployment Compensation

MESSAGE:

Mr. Morrell,

Please consider the attached letter.

Thank you,

Neil Mac Vicar



6/16/02 10:00 AM

SPENCER JOHNSON, PRESIDENT



MICHIGAN HEALTH & HOSPITAL ASSOCIATION

SERVICE CORPORATION 

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 & 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**:

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



SPENCER JOHNSON, PRESIDENT

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Mr. John Morrall
Office of Management and Budget
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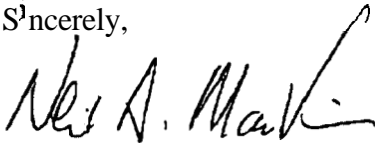
Kcogh, etc]. **In addition**, provide **tax** credit or other incentives to employers **who** increase contributions to employee personal savings accounts in order to adequately compensate a **leave for the birth or adoption of a child**.

- **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 & 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 & Hospital Association Service Corporation

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