

January 24, 2003

Ms. Cheryl Atkinson
Administrator
Office of Workforce Security
Employment and Training Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room S-4231
Washington, D.C. 20210

**Re: Unemployment Compensation--Trust Fund Integrity Rule: Birth and Adoption
Unemployment Compensation; Removal of Regulations**

Dear Ms. Atkinson:

I am writing to comment on the U.S. Department of Labor's Notice of Proposed Rulemaking, *Unemployment Compensation--Trust Fund Integrity Rule: Birth and Adoption Unemployment Compensation; Removal of Regulations*.¹ The Office of Advocacy of the U.S. Small Business Administration ("Advocacy") commends the U.S. Department of Labor ("DOL") on proposing a rule revision that should minimize the economic impact of Federal regulation upon small entities. In this case, Advocacy encourages DOL's actions in reviewing and revising existing unemployment compensation regulations.

Congress established Advocacy under Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. Advocacy is an independent entity within the U.S. Small Business Administration (SBA), so the views expressed in this letter do not necessarily reflect the views of the SBA or the Administration. Section 612 of the Regulatory Flexibility Act (RFA) also requires Advocacy to monitor agency compliance with the RFA.² On August 13, 2002, President Bush underscored the importance of agency compliance with the RFA and Advocacy's role in giving a voice to small businesses in the rulemaking process when he signed Executive Order 13272, titled "Proper Consideration of Small Entities in Agency Rulemaking."³

¹ Published in the *Federal Register* on December 4, 2002, at 67 Fed. Reg. 72122. The proposed rule repeals the provisions of a final rule on the subject, "Birth and Adoption Unemployment Compensation," published on June 13, 2000, at 65 Fed. Reg. 37210.

² Regulatory Flexibility Act, Pub. L. No. 96-354, 94 Stat. 1164 (1981) (codified as amended at 5 U.S.C. §§ 601-612).

³ Exec. Order No. 13272, 67 Fed. Reg. 53461 (2002).

DOL's proposed rule appropriately limits the use of the unemployment compensation trust fund to those situations where workers lost their jobs and are temporarily unable to find suitable work. We have been concerned that broadening the use of the trust fund would require additional funding. Since the unemployment compensation trust fund is funded by payroll taxes levied upon small businesses, the DOL's proposal should prevent increased tax burdens upon employers. Therefore, Advocacy supports DOL's efforts to ensure trust fund integrity through proper limitation of the class of individuals eligible for payment under the unemployment compensation trust fund.

Advocacy appreciates the opportunity to provide its comments regarding DOL's proposed rule on unemployment insurance trust fund integrity. Thank you for your consideration and please do not hesitate to contact me or Michael See of my staff at (202) 205-6533 or Michael.See@sba.gov.

Sincerely,

Thomas M. Sullivan
Chief Counsel for Advocacy

Michael R. See
Assistant Chief Counsel for Advocacy

Cc: Dr. John D. Graham, Administrator, Office of Information and Regulatory Affairs, Office of Management and the Budget