



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

## Government Affairs & Human Relations

To: John Morrall  
Company: Office of Management & Budget  
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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

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## **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