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COALITION FOR EMPLOYMENT SECURITY FINANCING REFORM ENDORSES SHAW LEGISLATION (H.R. 3684)

Washington, D.C. - Today the Coalition for Employment Security Financing Reform endorsed the Employment Security Financing Act of 1998 (H.R. 3684), which was introduced by Congressman Clay Shaw (Florida) and co-sponsored by Congressmen Rob Portman (Ohio), Mac Collins (Georgia) and John Sununu (New Hampshire). This bill reforms the employment security system by giving states greater control of the unemployment taxes paid by their employers, by simplifying filing and lowering employer taxes and by increasing resources needed to help workers get back to work quickly. The Coalition is comprised of 26 states and over 40 organizations.

Workers, employers and states will benefit from this legislation by states having more control of the money their employers send to Washington in federal unemployment taxes. Nationally, less than 60 cents out of every dollar in federal unemployment taxes is put to work as intended - to help workers get rehired and to prevent fraud. That results in over \$18 billion sitting idly instead of helping workers get back on the job.

"Congressman Shaw is to be commended for stepping up to the plate and hitting a home run. It is heartening to see elected officials inside the beltway say Washington should stop playing budget games with employer's taxes that are collected to help American workers get back on the job", said Debra Bowland, Administrator of the Ohio Bureau of Employment Services. Joe Weisenburger, Deputy Commissioner of the New Hampshire Employment Security Commission, echoed Congressman Shaw's assertion that "jobless workers deserve a helping hand, not the back of the hand." Mr. Weisenburger further said that "enough is enough, the time is now to put the federal jobs tax back to work for all of us," referring to the serious deterioration over the last several years of funding for the nation's only economic safety net for workers.

The Coalition believes that this legislation gives states the right incentives and the flexibility to make good decisions, and will create a virtual cycle of lower taxes, improved program efficiency, and swifter returns to work for jobless Americans. Employers will see their unemployment paperwork burdens significantly reduced, while workers will continue to have all the workplace protections they enjoy today.

Eric Oxfeld, President of UWC, a national association representing employers on unemployment and worker's compensation issues, explained that "this legislation will benefit employers by reducing and simplifying federal and state payroll taxes used to finance the unemployment compensation system." Mr. Oxfeld stated that "it repeals the 'temporary' surtax on federal unemployment taxes, eliminates the need for duplicative state add-on taxes, and lowers state unemployment taxes because improved state employment services will help unemployed workers find jobs faster." Mr. Oxfeld also stated that "H.R. 3684 significantly reduces tax paperwork by

combining FUTA and state unemployment taxes on a single form, and it ensures that these taxes have to be filed no more than quarterly."

Starting on January 1, 2000, states, rather than the IRS, would collect federal unemployment taxes along with their state unemployment taxes. The transition to the new system will be complete by the end of fiscal year 2004, permitting states plenty of time to plan for new responsibilities and to take advantage of new opportunities under the reformed system.

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