

Moving Forward in the Right Direction



Alabama Department of Industrial Relations
2005 Annual Report

Letter to the Governor

The Honorable Bob Riley Governor of Alabama

In 2005, the Alabama Department of Industrial Relations traveled down a road full of challenges and changes of epic proportions, while continuing to move forward in the right direction.

Federal funding decreases necessitated statewide closings of 25 Alabama Career Centers, which includes the State Employment Service as a core partner. As a result, the old adage, “necessity is the mother of invention,” rang true, loud, and clear. It was imperative to be flexible in serving the needs of jobseekers in different ways, while maintaining premium customer service and a positive attitude. Through foresight and careful planning, Industrial Relations embraced technology in ways unprecedented in the history of the agency.

To fill the void left in the wake of Career Center closings, a new process was implemented allowing unemployment compensation claimants filing an initial claim through telephone call centers, to be registered automatically with the Employment Service through the Alabama JobLink Web site.

Another technological upgrade in 2005 was also used in conjunction with initial claims, and it was the first of its kind in the nation. Industrial Relations launched an online computer system to instantaneously cross-match Social Security numbers as initial claims are being taken. The verification of the Social Security numbers helps prevent fraudulent claims and identity theft.

Alabama was among the nation’s pioneers in another area: initiation of widespread use of teleconferencing for unemployment compensation appeals hearings. This innovation is a significant money saver.

As in 2004, “mother nature” reeked havoc with the devastation of another hurricane. In the wake of Hurricane Katrina, the handling of thousands of Disaster Unemployment Assistance claims and disaster-related unemployment insurance claims was made easier by increased use of automation of claims.

The Alabama Legislature passed the State Unemployment Tax Act (SUTA) to prevent “SUTA dumping,” the manipulation of state unemployment experience rates to pay lower unemployment compensation taxes; and Alabama marked a milestone of 70 years of administrating the state’s unemployment insurance program.

In presenting the 2005 Alabama Department of Industrial Relations Annual Report to you, I hope that you will share the pride that our agency takes in serving the needs of Alabama citizens through the most efficient means at our disposal, with employees dedicated to that mission.

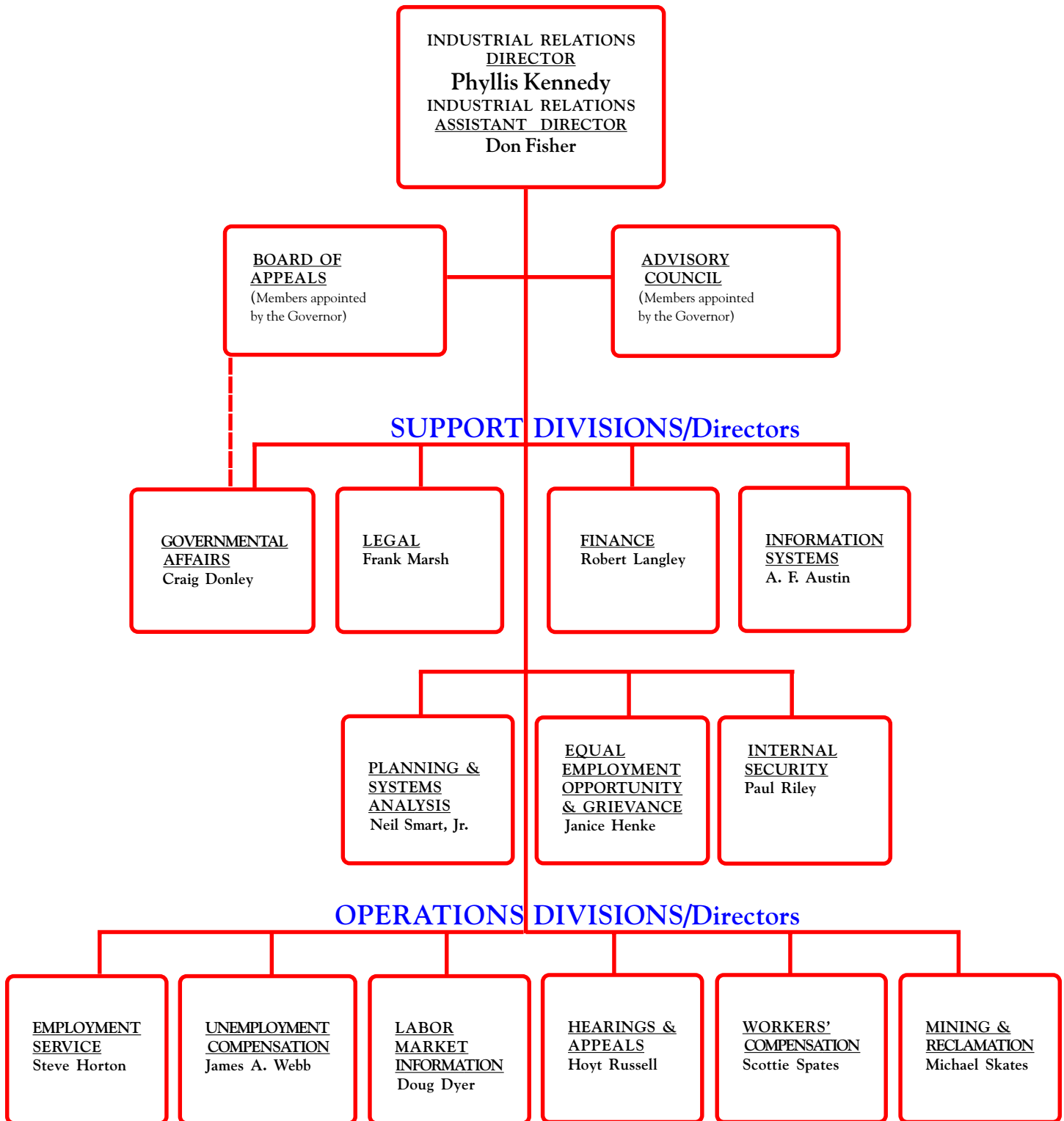


Sincerely,

A handwritten signature in black ink that reads "Phyllis Kennedy".

Phyllis Kennedy,
Industrial Relations Director

STATE OF ALABAMA
DEPARTMENT OF INDUSTRIAL RELATIONS
ORGANIZATION CHART



The Alabama Department of Industrial Relations is an umbrella organization of state government which administers:

- State Employment Service**
- Unemployment Insurance**
- Workers' Compensation**
- Labor Market Information**
- Abandoned Mine Reclamation, Mine Safety & Inspection**
- Surface Mining of Non-Fuel Minerals**

Board of Appeals

Public-At-Large: John A. Screws
Employers: Don Jones
Labor: Charlotte G. Flowers

Members of the Board of Appeals are appointed by the Governor to staggered six-year terms in accordance with the Code of Alabama, 1975. The Board of Appeals adjudicates decisions on appeals of contested unemployment compensation claims and certain matters relating to mine and industrial safety.

“The mission of the Alabama Department of Industrial Relations is to effectively use tax dollars to provide state and federal mandated workforce protection programs promoting a positive economic environment for Alabama employers and workers and to produce and disseminate information on the Alabama economy.

Photos: (cover) Phyllis Kennedy, Industrial Relations director; (page 3) Stephanie Wood, UC Interstate Claims; (page 6) Bob Brantley, ES Planning & Evaluation; (page 7) David White, ES Information Systems Coordination; (page 8) Lavughn Williams, Montgomery ES; (page 11) Greg Niel, ES Veterans Services; (page 12) Ashley Gatlin, UC Automation Support; (page 13) Kristi Mullins, Montgomery Call Center; (page 15) Al Hinson, UC Trade & Disaster Unit; (page 17) Harriet Craig, UC TRA Unit; (page 19) LaDon Murray, Workers' Compensation; (page 20, from left) Dwane Albrets, Mining & Reclamation, and Jim Kitson, Walker County Soil & Water Conservation District Reclamation Department; (page 22) Tonya Lee, Labor Market Information; and (page 23) Ann Cook, Hearings & Appeals.

Contents

2005 Highlights	pages 4-5
Employment Service	pages 6-11
Unemployment Insurance	pages 12-17
Workers' Compensation	pages 18-19
Mining & Reclamation	pages 20-21
Labor Market Information	page 22
Hearings & Appeals	page 23
Equal Opportunity & Grievance	page 24
Finance	page 24
Governmental Affairs	page 24
Information Systems	page 25
Internal Security	page 25
Legal	page 25
Planning & Systems Analysis	page 26
Industrial Relations Directory	pages 26-27



THE ALABAMA DEPARTMENT OF INDUSTRIAL RELATIONS IS AN EQUAL OPPORTUNITY EMPLOYER. PROGRAM AUXILIARY AIDS AND SERVICES ARE AVAILABLE UPON REQUEST TO INDIVIDUALS WITH DISABILITIES.

2005 Industrial Relations Highlights

Progress through technology was a common scenario for Alabama Department of Industrial Relations (DIR) during 2005. DIR was a pioneer in verifying Social Security numbers during the initial claims process and in the use of teleconferencing in unemployment compensation appeals hearings. DIR also embraced technology in assisting claimants to register for the Employment Service and to file for Disaster Unemployment Assistance. Employers received a technological boost through an Internet contribution and wage reporting system. An important legislative step took place with passage of the SUTA Dumping Bill. DIR conducted outreach meetings to educate employers on such topics as employment law, crisis planning, identity theft, and advancements in labor market information. It was a milestone year for unemployment insurance in Alabama, which marked 70 years in 2005. Further details on these highlights and others over the past year are as follows:

---Automation Used in Processing DUA Claims---

As with Hurricane Ivan in 2004, “mother nature” again touched Alabama with Hurricane Dennis and Hurricane Katrina. Three counties were declared as disaster areas due to Hurricane Dennis in July, while 11 counties were declared as disaster areas due to Hurricane Katrina in August. Disaster Unemployment Assistance (DUA) benefits became available to persons who worked or lived in those counties and became unemployed, or could not engage in their customary self-employment, as a direct result of the hurricanes. Since Unemployment Compensation Call Centers use a toll-free telephone number for filing claims, Industrial Relations also took claims for Mississippi and Louisiana residents who had evacuated to Alabama because of Hurricane Katrina.

“Our new method of filing claims allows those seeking DUA to file that claim at the same time the regular unemployment insurance claim is filed. This allows for automated processing of DUA claims, faster payments, and the ability of Call Center personnel to handle inquiries relating to the DUA claim.”

James A. Webb, Unemployment Compensation Division director

---American Legion Recognizes Montgomery Career Center---

The Montgomery Career Center was selected by the American Legion to receive the award for the National Outstanding Employment Service Office of the Year. The office was chosen for its exemplary job referral and job placement rate for veterans, particularly disabled veterans; extensive community outreach to disabled veterans and injured veterans from recent military operations; and for sponsorship of innovative projects and services to help veterans coping with severe challenges and barriers to employment.

---Alabama Pioneers Social Security Number Verification---

Industrial Relations became the first agency in the United States to implement a new online computer system to instantaneously cross-match Social Security numbers during the process of taking initial claims for unemployment insurance benefits. The verification of claimants’ Social Security numbers helps prevent fraudulent claims and identity theft, and speeds up the processing of legitimate claims. Immediate validation of a claimant’s Social Security number significantly decreases the likelihood of a fraudulent claim being accepted and processed. If a Social Security number is not verified, the computer system generates a form requesting claimant proof that the number is accurate. The form is mailed overnight to the claimant, and failure to respond within 10 days disqualifies the claim.

“The technological upgrade enhances the high priority that Industrial Relations places on thorough follow-up of claims for both workers and employers.”

Phyllis Kennedy, Industrial Relations director

---SUTA Dumping Legislation Passes---

The Alabama Legislature passed the State Unemployment Tax Act (SUTA) Dumping Bill during a special session. The bill prevents employers from being able to manipulate their state unemployment experience rate to pay lower unemployment compensation taxes than they should. The measure allowed Alabama to conform to the federal SUTA Dumping Prevention Act of 2004. Failure to pass the legislation would have meant a loss of \$30 million in U.S. Department of Labor grants for the administration of the Alabama unemployment compensation law. It could have also ultimately resulted in the loss of about \$630 million in federal unemployment compensation tax credits for Alabama employers.

2005 Industrial Relations Highlights

---Alabama JobLink Online Service Launched---

Alabama JobLink, a new computer system, provides jobseekers and employers the opportunity for self-service via the Internet at: JobLink.alabama.gov. Jobseekers can use JobLink to register for employment services and create resumes online. They may also contact employers directly about job openings, and receive e-mails when their skills match employer openings. Employers can use JobLink to post and manage their own job openings and search for qualified candidates. Both employers and jobseekers can search in a particular geographic area, an individual county, multiple counties, or statewide. In addition, JobLink facilitates Employment Service registration for unemployment insurance claimants who call in for their initial unemployment compensation benefit through the Industrial Relations Call Center system.

“The process creates an active application for employment through the Alabama JobLink Web site. The information may then be accessed for jobs that match their skills and qualifications.”

David White, Employment Service Information Systems coordinator

---LMI Hosts Training and Informational Meetings---

The Labor Market Information Division (LMI), in conjunction with the National Center on Education and the Economy, and the Corporation for a Skilled Workforce, provided a series of four workshops to train economic developers and other LMI consumers on using Local Employment Dynamics (LED). LED uses U.S. Census data to provide local information to the policy-making and research communities about the dynamics of economic activity. LMI also hosted a meeting to address the new unemployment rate methodology. Bureau of Labor Statistics experts from Washington and Atlanta shared their insight on why the methodology is being used and how it differs from previous computations. The meeting was attended by economic developers, grant writers, reporters, and other interested individuals.

---Alabama Marks 70 Years of Unemployment Insurance---

On September 14, 2005, Alabama celebrated the 70th anniversary of unemployment insurance in the state. Governor Bob Riley signed a proclamation urging Alabamians to recognize the importance of the program. The first unemployment law in Alabama passed in 1935 shortly after national passage of the Social Security Act. From 1936 until 1938 the unemployment trust fund was built from employer contributions and in 1938 benefit payments began. From its inception to this day, the unemployment insurance program provides vital financial benefits to workers who become unemployed through no fault of their own, and helps stabilize local economies during a recession.

---Internet Applications Made Available to Employers---

Industrial Relations began offering employers the option to file unemployment insurance wage and contribution reports online 24-hours a day, seven days a week. Employers may compute, file, and pay unemployment taxes through the Industrial Relations secure Web site. With other new online options, employers can upload magnetic media records of employees' wage history using the Industrial Relations Web site, while new employers can register online.

---Economic Roundtables Held Across Alabama---

Employers in seven Alabama cities heard experts discuss a broad range of timely topics during the Governor's Regional Economic Roundtables. Those topics were: "Managing Your Health Insurance Costs," "Employment Law," "Crisis Planning for your Business," "Tips on Reducing Your Workers' Compensation Insurance," "Managing Your Unemployment Insurance Tax," and "Preventing Identity Theft in the Workplace." The Roundtables were held in Montgomery, Dothan, Birmingham, Huntsville, Florence, Mobile, and Selma. A total of over 400 persons attended the Roundtables, which were a cooperative effort of Industrial Relations, the Governor's Office, the Alabama Retail Association; the Business Council of Alabama; the Chamber of Commerce Association of Alabama; the National Federation of Independent Business; the Alabama Society of CPAs; and Troy University-Dothan Campus.

---Workers' Compensation Initiates Electronic Upgrade---

As a follow-up to the 2004 implementation of electronic filing of Group Fund applications, Workers' Compensation developed an electronic data base for all Group Fund members in 2005. The move provided members with a database that they can access when a new member makes application for membership. This allows the Workers' Compensation Division to more accurately determine members contribution based on losses incurred.

EMPLOYMENT SERVICE

Reform of the state's workforce system took center stage in 2005, as funding reductions reduced staff 23 percent; forced closing 23 of 57 Career Centers; and transformed the delivery of workforce services to a regional delivery system model. This paradigm change presented the Employment Service (ES) and its Career Center partners unprecedented opportunities to reform the workforce system to ensure not only continued accessibility to services, but improvement in the services available.

Reform was embodied in several initiatives. Preeminent among these was implementation of Alabama's JobLink (AJL), an Internet Web-based labor exchange system offering jobseekers and employers the opportunity for self-service via the Internet site:

JobLink.alabama.gov.



For jobseekers, AJL allows around-the-clock access for registration, employment services, the opportunity to create a resume online, receipt of e-mail notification when skills match employer openings, and in some instances, direct employer contact. For employers, AJL is available to post and manage their own job openings and search for qualified workers.

Another initiative implemented to ease the access to services is the simultaneous registration of unemployment insurance claimants filing for benefits by telephone with AJL. Automatic AJL registration precludes the need to visit a Career Center to register for work and allows reemployment assistance to begin more quickly. There was also an initiative that targeted outreach to jobseekers through the training of Alabama Library System staff to assist clientele in the use of AJL at libraries throughout the state. The final initiative was development and launch of an online self-directed Job Search Workshop available around-the-clock to jobseekers at: <http://es.dir.alabama.gov/JobSeeker/Job-Search-Workshop.ppt> or through a link on AJL.

Reform and adaptability to change in an environment of diminishing resources positioned ES to continue to serve as the "Gateway" to Alabama's job and labor markets. Over 400,000 job seekers sought labor exchange services, representing one in five, or 18 percent of the state's 2.2 million workers. Through its remaining 36 points of service and self-service Internet-based system, ES provides convenient electronic access to the state's labor force, assisting these workers in seeking first jobs, new jobs, or better jobs. These job-seeking services included almost 600,000 referrals of qualified applicants to jobs, and 120,000 hires by employers. Slightly less than half (44 percent) of these were female, 46 percent were minority, and 37 percent were unemployment insurance claimants.

Employers, likewise, made extensive use of the State's largest and most active labor exchange in 2005, seeking ES recruitment, screening, and referral services to fill 116,000 job openings.

Adaptation to change only serves to further support and strengthen the mission of the Alabama State Employment Service (ASES) to achieve a customer-focused, technologically-advanced, outcome-driven workforce delivery system, providing high standards of customer service and satisfaction.

EMPLOYMENT SERVICE

---ES as a Career Center Partner---

The Alabama State Employment Service is one of the four partner agencies in the Alabama Career Center System. ES has worked with partners to build a customer-friendly system, providing jobseekers and employers with a full range of seamless employment and training services in collocated “One-Stop” facilities located throughout the state. All centers have resource centers equipped with computers with high speed Internet access for self-service jobseekers. These computers also have resume preparation software and tutorials for a number of job-related subjects. Online assistance and information are available around the clock through the ES Web site at: JobLink.alabama.gov. Staff-assisted personal service also continues to be available for both applicant and employer customers in accessing all available workforce related services from partners in the Career Center System. As a partner in the Career Center System, ES will continue to pursue opportunities to address more effective and efficient service through leveraging and sharing of resources, integration of activities, and commitment to a common goal with Office of Workforce Development partners. Customer service and satisfaction remain the benchmarks of success for today’s Employment Service.



---Alabama JobLink Provides Self-Service---

Self-service became a reality in Alabama’s workforce system in 2005 with the introduction of Alabama JobLink (AJL). AJL is a Web-enabled One-Stop workforce development system providing the opportunity for self-service and/or staff-assisted service for both jobseekers and employers via the Internet. Services, including job search and match activities and labor market information, can be accessed at JobLink.Alabama.gov. Jobseekers can establish an Internet account to manage their self-directed job search activities, build a resume, research career information, receive e-mails on new job openings, or register with labor exchange activities to receive staff-assisted service. Employers, likewise, can establish an account to post their own job orders, manage job openings, search jobseeker resumes, and receive e-mails on new jobseeker resumes. Employers seeking ES assistance in filling positions can continue to place job orders with Career Center staff by phone, fax or e-mail.

AJL provides One-Stop service with links to other workforce-related sites on topics such as career information, training, education, employer recruitment, and other job match sites such as America’s Job Bank (AJB). The inclusion of AJL job openings into AJB gains universal exposure, thus, greatly enhancing the recruitment effort beyond the local labor market. There are currently more than 1,800,000 job openings and 700,000 resumes on the AJB website.

EMPLOYMENT SERVICE

---30,000 Served by Claimant Assistance Program---

The Claimant Assistance Program is designed to reduce the duration of joblessness for Unemployment Insurance claimants. This is accomplished through quick intervention by local offices with the claimants to assess their needs and offer services designed to return them to work as quickly as possible. Among these services are Employability Development Plans, Job Search Plans, Job Search Workshops, and intensified job development and placement services provided by the Employment Service. During the past year, more than 30,000 claimants were helped to find jobs, thus creating a significant savings to the Unemployment Trust Fund.

---AESC Assists Customer Satisfaction Program---

Over 14,000 personal contacts were made with employers by Career Center staff, while countless other contacts were made by fax, mail, or e-mail. Employers were notified of assistance available to help them in meeting their workforce needs. In turn, employers provided valuable feedback on how they could be better served. Surveys conducted to determine employer satisfaction, as mandated in the Workforce Investment Act, yielded an employer satisfaction score of 85 percent.

A vital part of ES's Customer Satisfaction Program is the Alabama Employer Services Committee (AESC). AESC members are actively involved in Alabama's Career Center System. This committee, made up of business owners and leaders from throughout the state, voluntarily serves in an advisory capacity to make recommendations to enhance the services of Industrial Relations. The organization comprises 38 local community committees, representing approximately 2,500 employers who work with local ES offices throughout the state.



---Rapid Response Addresses Over 100 Plant Closings---

The Dislocated Worker Program, funded under a contract with the Alabama Department of Economic and Community Affairs, coordinates Rapid Response activities when there are layoffs or plant closings in the state. This includes arranging for employee groups to meet with appropriate local and state agencies and, when feasible, schedule on-site Job Search Workshops.

During 2005, the Rapid Response team assisted workers at 132 major plant closing and layoffs which affected more than 16,600 dislocated workers.

EMPLOYMENT SERVICE

---ES Makes Over 5,000 Business Services Contacts---

As a partner in the Workforce Investment System (WIA), the Employment Service provides business services to employers, and Rapid Response Job Search Workshops for dislocated workers through Alabama's One-Stop Career Centers. Business services representatives share information regarding business services provided by the Career Center System, and assist employers throughout the state with their business/employment needs. For the program year ending June 2005, a total of 5,106 business services contacts were made. Rapid Response Job Search Workshops served 9,099 dislocated workers through the 1,900 workshops conducted throughout the state, in assisting Alabama's dislocated workers in their job search. These dislocated workers represented 132 Alabama Rapid Response employers.

In addition, core services and 3,847 WIA eligibility determination certifications were completed by the WIA-contracted staff of Mobile and Jefferson counties. Through these certifications, youth, adult and dislocated workers in these areas are served by WIA-funded programs. The services provided through the WIA program continue to focus on meeting the needs of businesses for skilled workers, as well as meeting the training, education and employment needs of the individual.

---Job Corps Referrals Surpass 1,000---

The Employment Service, during the July 2004 through June 2005 Program Year, recruited and referred 1,043 economically-disadvantaged youth to Job Corps Centers. These referrals resulted in the enrollment of 669 youth. Job Corps is America's leading employment and training program for at-risk young adults and operates under a cost-reimbursable contract. The program is funded by Congress and administered by the U.S. Department of Labor. Job Corps offers a comprehensive array of career development services to at-risk young women and men, ages 16 to 24, to prepare them for successful careers.

---2,000 Food Stamp Clients Find Employment---

During the most recent program year, 18,799 clients were referred to the Food Stamp Employment and Training Program. Of the clients referred, 11,070 were placed in job search. Approximately 2,000 Food Stamp clients were either placed on jobs by the Employment Service or obtained employment after being referred to the program.

---Tax Credit Programs Offer Assistance to Employers and Job Seekers---

The Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work (WtW) Tax Credits are two employer-friendly benefits for hiring jobseekers most in need of employment. They reduce an employer's cost of doing business and require little paperwork. The tax credits are designed to help American workers gain economic self-sufficiency and increase American productivity and economic growth. ES is responsible for administration of the eligibility determination and certification process of WOTC and WtW. During 2005, ES certified 7,232 WOTC-eligible individuals and 810 WtW-eligible individuals. These tax credits provided Alabama employers a maximum potential tax credit of more than \$24,000,000.

EMPLOYMENT SERVICE

---ES Continues Skills Testing---

The Employment Service administers a computerized Clerical Skills Program. This program is designed to quantify and qualify applicant skills in order to better match jobseeker skills and employer job requirements. Local offices administered over 8,000 tests during the past year.

---ES Serves Residents of Rural Areas---

In addition to the base offices located in the more densely-populated metropolitan areas of the state, the Employment Service also operates 11 base offices and seven branch and itinerant offices. These offices facilitate access to workforce delivery services through the Career Center System in the state's rural areas.

As a part of this service, ES coordinated the activities of the Agricultural Placement Program, Agricultural Clearance Program, and H-2A Program for non-immigrant Aliens. ES was also responsible for conducting agricultural crew leader registration, overseeing the Migrant and Seasonal Farm Worker Outreach Program as well as performing pre-occupancy housing inspections for all H-2A dwellings.

During the year, two local offices received full on-site monitoring reviews and all local offices received monthly reports and data analysis reviews concerning agricultural workers. Migrant and seasonal farm workers were offered all services provided to other applicants and referred to other community agencies as needed. Bilingual outreach workers helped to coordinate this process.

---ES Assures Labor Certification Applications Meet Standards---

ES, through its Foreign Labor Certification Unit (FLCU), works directly with the employer, his agent, or attorney, to ensure that labor certification applications meet regulations and guidelines mandated by federal and state laws, U.S. Department of Labor, and Employment Service guidelines. Effective March 2005, processing of permanent applications was transferred to the U.S. Department of Labor. ES now provides technical assistance to employers applying for certification of temporary jobs.

During Fiscal Year 2005, FLCU had a total workload of 863 labor certification applications for employment authorization. Of that number, 776 applications were processed. At the close of the fiscal year, 489 nonagricultural applications were pending processing. In addition, ES provides prevailing wage determinations for certifications. A total of 1,375 prevailing wage requests were received and 994 prevailing wage determinations were issued.

EMPLOYMENT SERVICE

---ES Helps Military Transition into Civilian Work Force---

Veterans are provided maximum employment and training opportunities, and eligible veterans receive priority in all employment services, including referrals to job listings, job development contacts with employers, and referrals to all supportive services.

All local Employment Service locations assign a Local Veterans' Employment Representative to assist veterans with their job search, and offer special assistance with work-search related problems, or barriers to employment.

The Alabama Career Center System offers specialized employment services to disabled veterans by Disabled Veterans' Outreach Program representatives, where available.

Through a special Workforce Investment Act grant from the U.S. Department of Labor, Veterans Employment and Training Service, veterans in designated areas of the state experiencing serious employment barriers may be eligible for referral into special programs. The programs may include up to one year of intensive job development activities, individually-structured workforce preparation, skills training, or postsecondary education.

The Employment Service Division extends job search assistance and employment information to military members and spouses who are preparing to leave the service from any military installation in Alabama. The Transition Assistance Program each year assists hundreds of service members and their families' transition into the civilian work force.

During the program year, the Veterans' Services Program in Alabama provided priority employment services to more than 30,000 veterans and eligible family members. Almost 20,000 veterans were placed into jobs, or located work with ES assistance. Veterans made up nine percent of all registered Alabama job seekers.

The Employment Service continues to play a key role in "Operation Grateful Heart," a statewide initiative for military personnel returning to civilian life and the families of Alabama troops still deployed overseas. Through "Operation Grateful Heart," they are able to make one point of contact to request assistance and answer questions regarding re-entry into the workforce, health benefits, and support organizations. The toll-free number for the initiative (1-866-452-4944) is answered by the Employment Service.



UNEMPLOYMENT INSURANCE

---Economic Climate for Workers Appears Favorable---

The main objective of the State Unemployment Insurance (UI) program is to provide temporary relief to workers who are separated from their jobs through no fault of their own, by offering them partial replacement for lost wages. The UI program benefits the individual and the local community. Payments made directly to the individual insure that at least some of life's necessities, such as food, shelter and clothing, can be met while looking for a job. UI benefits are spent in the local community, which helps to sustain the economic well being of businesses.

Using the statistical measures of unemployment workload totals as indicators of the economic climate of workers who maintained steady employment in Alabama from October 1, 2004 through September 30, 2005, the atmosphere appeared optimistic and favorable. Assessment of the year-end totals of activities revealed declines from the prior year in applications (initial claims), weeks claimed, weeks of compensation paid, and total benefits to claimants. This trend of decline has continued for the past three consecutive years. Also, in spite of an influx of disaster-related claims that stemmed from Hurricane Katrina in Alabama on August 28, 2005, the fiscal year initial claims total of 256,313 tallied the lowest level experienced in the last five years. Nationwide, the unemployment rate has also registered lower over the last few years, representing a positive outlook to the American labor force.

---Hurricane Katrina Boosts Disaster-Related Claims---

The number of persons applying for unemployment benefits decreased by eight percent, down 20,330 claims. Employees who experienced job loss for the first time registered a minor five percent drop. Additional filers, or those reapplying for benefits after at least one week of intermittent employment, accounted for the majority of the downturn in claims. Additional claims dropped 15 percent from the previous year. At the beginning of the fiscal year, Hurricane Ivan on September 13, 2004 resulted in the processing of over 10,000 disaster-related claims. Final declaration by the President for this disaster affected 66 Alabama counties. Fiscal Year 2005 was again impacted by the hurricane season with the onslaught of disaster-related claims from Hurricane Katrina on August 28, 2005. Although Baldwin and Mobile counties received the major damage, claims related to the disaster boosted the level nearly 8,000 across the state. Most industries shared the claims downturn this year. The electrical equipment, appliance and component manufacturing sector led the declines with 4,229 fewer. Apparel fabrication mills ranked second, down by 3,093. The textile mills industry posted the third sharpest drop with 2,866 fewer. The only noteworthy increase occurred in the nonclassifiable establishments.



UNEMPLOYMENT INSURANCE

---Unemployment Benefits Drop 13 Percent---

Benefits to unemployed workers lagged 13 percent from the previous year. This represented \$33 million dollars less than Fiscal Year 2004, and \$90 million lower than two years ago. The 1,273,501 weeks of compensation paid fell 15 percent from the prior year. This level recorded the lowest since Fiscal Year 2000. Weeks of joblessness claimed equaled 1,385,934, significantly lower than the peak high of 2,060,276 reached in Fiscal Year 2002. Comparing the weeks paid total to weeks claimed, only 112,433 weeks of payments were denied due to nonmonetary reasons. Indicative of the improvement in the unemployment outlook was the four percent decline in number of recipients who received their first benefit check. The total of 114,040 first payments represented a four-year decline from the Fiscal Year 2001 high of 159,454. A turnaround in the trend of numerous plant shutdowns, sluggish sales and/or slow economic recovery was indicated by the first payment decrease of 45,414 filers over the last five years. Four-digit downturns were recorded in the textile mills manufacturing industry, construction, food manufacturing, and apparel fabrication. The only four-digit increase was recorded in the accommodation/food services sector. Final checks to claimants went down drastically by 27 percent. Paralleling first payments, the 29,121 represented the lowest level experienced in the last five years. The decline indicated primarily that more claimants found a job before having to exhaust their full available balance of unemployment benefits. The continued drop in the final check total for the last five years further signaled the bright climate of employment opportunities in Alabama.

---Government Job Losses Drop 14 Percent---

Federal government civilian and military unemployment dipped slightly from the unusual high experienced in Fiscal Year 2004. Total initial claims from ex-federal employees equaled 2,864, compared to a high of 3,221 reached last year. Government job losses in the civilian sector dropped 14 percent. Weeks claimed for benefits, weeks paid, and amount of payments also experienced declines from the prior year. Weeks claimed at 5,882, weeks paid 5,440 and amount of benefits \$1,418,656, respectively, were recorded. Ex-servicemen initial claims were down 9 percent, from 2,030 in 2004 to 1,839. The payment activities to these filers, however, recorded increases over the year. Weeks claimed rose three percent to 18,218; weeks compensated added two percent to 17,661; and total amount paid registered \$4,498,787, up one percent.



UNEMPLOYMENT INSURANCE

	Fiscal Year 2005	Fiscal Year 2004	Net Change	Percent Change
<u>State Unemployment Compensation Initial Claims</u>				
New	174,126	182,866	(8,740)	-4.8
Additional	82,187	96,777	(14,590)	-15.1
Weeks Claimed *	1,385,934	1,604,483	(218,549)	-13.6
Weeks Compensated	1,273,501	1,496,751	(223,250)	-14.9
Gross Benefits Paid	\$226,349,932	\$259,395,388	(\$33,045,456)	-12.7
<u>Federal Employees Initial Claims</u>				
New	833	939	(106)	-11.3
Additional	192	251	(59)	-23.5
Weeks Claimed *	5,882	6,087	(205)	-3.4
Weeks Compensated	5,440	5,762	(322)	-5.6
Gross Benefits Paid	\$1,418,656	\$1,494,174	(\$75,518)	-5.1
<u>Ex-Servicemen Initial Claims</u>				
New	1,620	1,870	(250)	-13.4
Additional	219	160	59	36.9
Weeks Claimed *	18,218	17,754	464	2.6
Weeks Compensated	17,661	17,373	288	1.7
Gross Benefits Paid	\$4,498,787	\$4,446,672	\$52,115	1.2
<u>Extended Benefits</u>				
Initial Claims	10	85	(75)	-88.2
Weeks Claimed *	0	0	0	***
Weeks Compensated	0	0	0	***
Gross Benefits Paid	\$0	\$0	\$0	***
<u>Trade Readjustment Allowance **</u>				
New	1,365	2,515	(1,150)	-45.7
Additional	51	92	(41)	-44.6
Weeks Claimed	32,251	46,689	(14,438)	-30.9
Weeks Compensated	31,980	45,843	(13,863)	-30.2
Gross Benefits Paid	\$5,987,967	\$8,573,653	(\$2,585,686)	-30.2
<u>Disaster Unemployment Assistance</u>				
Initial Claims	3,667	63	3,614	5736.5
Weeks Claimed	9,663	21	9,642	45914.3
Weeks Compensated	9,466	21	9,445	44976.2
Gross Benefits Paid	\$1,037,064	\$2,009	\$1,035,055	51520.9

* Excludes interstate claims data received through Internet System.

** Includes retroactive payment activity.

*** Less than 0.1 percent change or no activity in prior fiscal year.

UNEMPLOYMENT INSURANCE

---TRA Certifications Issued to 32 Companies---

The Special Programs Section of the Unemployment Compensation Division reviews, determines eligibility, and issues payments under the Trade Adjustment Assistance (TAA) program. The TAA program is available to workers who lose their jobs, or whose hours of work or wages are reduced as a result of increased imports. The Trade Act of 2002 was signed into law on August 6, 2002. The legislation reauthorized and extended Trade Adjustment Assistance through September 30, 2007 and made several amendments to the Trade Act (TRA) of 1974. Under the amendments, workers covered under certified petition numbers greater than TAW 49999 may now be eligible for up to 52 additional weeks of TRA benefits, if they are still attending approved training and have exhausted Unemployment Insurance and basic TRA benefits.

In addition, the Trade Act of 2002 established the Trade Adjustment Assistance for Farmers and Fishermen program. Under this program, the U. S. Department of Agriculture provides technical assistance and cash benefits to eligible farmers and fishermen if increased imports have contributed to a price decline of more than 20 percent. The program's goal is to help producers - farmers and fishermen - respond proactively to import competition through training, cash benefits and employment services. Individuals who are entitled to a cash payment from the USDA program are also entitled to receive training and reemployment services.



Certifications under the TRA program were issued to 32 companies. At the end of the fiscal year, 746 participants were still enrolled in TAA-funded training. Benefits paid to institutions statewide totaled \$1,808,240. Waivers were issued to 208 applicants who did not participate in training. Some of the courses of study were business administration, computer science, industrial electronics, LPN, medical assistant, and truck driving. TRA workload activities reported a significant downturn for the second consecutive year. Initial claims dropped 43 percent to total 1,416, and reflected 1,150 fewer applicants. Weeks claimed declined 31 percent to 32,251 and weeks compensated dropped 30 percent to 31,980. Benefits paid fell 30 percent to \$5,987,967. As of September 30, 2005, activities continued to be reported on 118 petitions in Alabama.

The North American Free Trade Agreement (NAFTA) Implementation Act of 1994 provided for a new transitional adjustment assistance program targeted to workers who are displaced because of open and free trade with Canada or Mexico. NAFTA weekly benefits and training costs were administered in Alabama for the past nine years. However, with the passage of the Trade Act of 2002, the NAFTA program was repealed and only certifications already issued prior to the rescission continued to be paid. For the past two years, only training related costs are reimbursed under the program. Payouts continued to dwindle and totaled \$18,611 paid to institutions statewide for eight participants enrolled in training.

UNEMPLOYMENT INSURANCE

---Hurricanes Cause Widespread Devastation in Alabama---

The Unemployment Compensation Division administers the Disaster Unemployment Assistance (DUA) program. The major objective of the DUA program is to provide assistance to individuals whose employment has been lost or interrupted as a result of a major disaster. Two major disasters were declared in Alabama during 2005, and extensive workload activities continued from the previous fiscal year occurrence of Hurricane Ivan.

On September 13, 2004, the ninth named storm, the sixth hurricane, the fourth major hurricane and the only Category 5 hurricane of the 2004 Atlantic season, named Ivan, moved across Alabama. This catastrophic, slow-moving storm caused flooding, power outages, and vast destruction to property and homes. The winds caused the most widespread power outages ever reported in the state of Alabama. Sixty-five counties in Alabama were declared eligible for individual assistance. In Fiscal Year 2005, workload activities mounted under this disaster and numbered 1,808 initial claims. Weeks claimed and paid to recipients equaled 8,756 each, respectively. Total benefits paid under the disaster were \$963,576.

As a result of Hurricane Dennis, which occurred on July 10, 2005, President Bush declared a federal disaster and assistance was requested by Governor Riley. The three counties affected included Baldwin, Mobile, and Escambia. Workloads under the disaster quoted at minimal levels. Initial claims totaled 36 and 10 claimants were approved for benefits. Nine weeks were claimed and compensated and the total amount paid stood at \$1,020.

On August 29, 2005, Governor Bob Riley requested disaster assistance, and President Bush declared a federal disaster for the State of Alabama, as a result of Hurricane Katrina. The first three counties declared eligible were Baldwin, Mobile and Washington. Eight additional counties were added to the declaration on September 8, 2005 to include: Choctaw, Clarke, Greene, Hale, Marengo, Pickens, Sumter, and Tuscaloosa. That brought the total to 11 counties eligible for individual assistance. Hurricane Katrina was the eleventh named tropical storm, fourth hurricane, third major hurricane, and first Category 5 hurricane of the 2005 Atlantic hurricane season. It was the third most powerful storm of the season, behind Hurricane Wilma and Hurricane Rita, and the sixth-strongest storm ever recorded. Katrina became the most destructive and expensive natural disaster in the history of the United States, and likely the deadliest since 1928. The damages were estimated to be from \$100 to \$200 billion dollars, with over a million people displaced, causing a humanitarian crisis on a scale unseen in the U. S. since the Great Depression.

Katrina DUA claims in Alabama equaled 1,833 by September 30, 2005, and more were processed in the months thereafter. Weeks claimed and weeks compensated stood at 701 and 898, respectively at year-end. Benefits paid amounted to \$72,468, but \$3,193,320 was estimated as the expected DUA cost under the disaster. Alabama's DUA workloads from Katrina, Ivan and Dennis totaled 3,677 initial claims, weeks claimed at 9,663, and 9,466 of these weeks paid. Outlay of benefits under all three disasters totaled \$1,037,064.

UNEMPLOYMENT INSURANCE

---Two Options Are Available to Receive Health Coverage Tax Credit---

The Trade Act of 2002 created a federal tax credit that covered 65 percent of the premium amount that eligible individuals pay for qualified health insurance coverage. The Health Coverage Tax Credit (HCTC) was implemented in Alabama in August 2003 for displaced workers certified to receive certain TAA benefits and individuals receiving benefits from the Pension Benefit Guaranty Corporation. The Internal Revenue Service is responsible for administering the HCTC program and the Department of Industrial Relations transmits daily files to the HCTC office in Washington, D. C. Two options are available for TAA applicants to receive the benefits. Eligible individuals may choose to either pay 100 percent of their premiums throughout the year and claim the credit when they file their federal tax return; or they may choose to have the 65 percent credit paid monthly on their behalf to their health plan administrator. Eligible individuals must pay 35 percent of their premium monthly to the HCTC program, if they choose the advance payment option. Additional information regarding HCTC is available by calling the HCTC Program Customer Contact Center's toll free phone number: 1-866-628-HCTC (4282). Information is also available on the HCTC Program Web site: <http://www.irs.gov> (IRS keyword HCTC).

---17 Companies Receive ATAA Certifications---

The Trade Act of 2002 established the Alternative Trade Adjustment Assistance (ATAA) Program with the goal of aiding the older worker certified eligible to apply for TAA. This program was effective for petition filers on or after August 6, 2003. The Trade Act requires that adversely-affected firms that request TAA certification must also apply for the ATAA program at the time they file the petition. Workers in an eligible worker group who are at least 50 years of age, and who obtain different, full-time employment within 26 weeks of separation from the adversely-affected employer, may receive up to half of the difference between the worker's old wage and the new wage. The wage subsidy may be paid up to a maximum of \$10,000 during a two-year eligibility period. To be eligible for the ATAA program, workers may not earn more than \$50,000 per year in the new employment. These workers must also be certified as eligible to apply for TAA benefits and meet other ATAA criteria. Between October 1, 2004 thru September 30, 2005, ATAA program certifications were issued to 17 companies, and \$163,558 was paid in subsidy benefits to 63 persons. New enrollees in the program this year totaled 38 applicants.



WORKERS' COMPENSATION

---Minimum Weekly Compensation Increases to \$173---

The main function of the Workers' Compensation Division is to insure that necessary medical attention and compensation benefits are provided to employees injured on the job, or, in case of death, their dependents. The division also provides information and services to claimants, employers, insurance companies, attorneys, judges, legislators, labor and management groups, government agencies and other parties. Other functions include gathering statistics on accidents, enforcing reporting requirements, monitoring claim payments, auditing all claim settlements, and taking corrective action on incorrect settlements or improper reporting procedures. The division is also responsible for gathering information on fraudulent claims or employers, which includes reacting to tips received on the fraud hotline: 1-800-WC FAKED, or 1-800-923-2533.

Ombudsmen mediate disputes through the benefit review conference process. The most frequent issue involves requests for information/assistance concerning the law or specific medical topics. The ombudsmen also provide assistance to employees, employers, attorneys, insurance carriers, and third party administrators, via telephone, seminars and speaking engagements.

The division conducts employer inspections for compliance with the Workers' Compensation Law. The division offers both a formal and informal medical dispute resolution process for any party that may dispute a medical service that has been conducted or that is requested.

As of May 26, 2005, the State of Alabama's average weekly wage was determined to be \$629.48 for the calendar year 2004. This resulted in the following changes, effective July 1, 2005: The minimum weekly compensation payable increased from \$167 to \$173. The maximum benefits payable on fatalities increased from \$303,500 to \$314,500.

---Fiscal Year 2005 Workers' Compensation Totals---

Group Fund Certificates Issued	5,598
Group Fund Certificates Canceled	3,982
Self-Insurance Certificates Issued	12
Self-Insurance Certificates Canceled	26
Self-Insurers Audited	285
Compliance Inspections	23,095
Employers in Non-compliance	1,284
Continuing Education Seminars	3
Seminar Attendees	748
Continuing Education Certificates	748
Voluntary Mediations	2,238
Court Ordered Mediations	331
Mediations Resolved	2,051
Utilization Management/Bill	
Screening Certificates	37
Drug-Free Workplace Certificates	211
Medical Disputes	834
Medical Dispute Resolutions	0
Third Party Administrators Certified	15

WORKERS' COMPENSATION

The Workers' Compensation Division also administers the rules and regulations for both the Individual Self-Insurers and Group Self-Insurers.

---Fiscal Year 2005 Self Insurance Activity---

<u>Individual Self-Insurance</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Percent Change</u>
Certificates Issued	12	6	100
Certificates Canceled	26	19	36.84
Total Individual Self Insurers	373	387	-3.62

Group Self-Insurance

Certificates Issued	5,598	5,764	-2.88
Certificates Canceled	3,982	3,916	1.69
Total Employers	26,958	25,321	6.46
Total Number of Group Funds	17	17	0.00

---First Report of Injury Totals---

<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Percent Change</u>
18,848	19,201	-2

Approximately 24 percent of the 18,848 injuries reported occurred in Manufacturing, followed by Construction at 12 percent, and Retail Trade at 11 percent. There were 86 fatalities reported. Twenty percent occurred in Construction, while Manufacturing, Transportation, and Warehousing each recorded 15 percent of the fatalities.

---2004 Compensation & Medical Benefits Paid---

TOTAL:	\$630,430,494
Voluntary Market:	\$323,092,184
Individual Self-Insured:	\$142,119,599
Group Self-insured:	\$165,218,711



MINING & RECLAMATION

---Abandoned Mine Land Reclamation Program---

The mission of the Abandoned Mine Land (AML) Reclamation Program is to restore land and water resources which have been adversely affected by past coal mining, and for which there is no continuing reclamation responsibility under state or federal law. The work is funded by annual grants from the U.S. Department of the Interior, Office of Surface Mining, which collects production fees from active coal operators at a rate of 35 cents per ton for surface-mined coal and 15 cents per ton for underground-mined coal. In addition to benefitting Alabama through removing mine-related safety hazards and improving the environment, the program impacts positively on local economies as reclamation dollars are expended on earth-moving, construction materials, revegetation supplies, and contractors utilizing local manpower to carry out the work. AML achievements during Fiscal Year 2005 were as follows:

- ▲ 11 abandoned mine land reclamation projects successfully completed.
- ▲ 119 acres of mine spoils and coal refuse material (considered wastelands) returned to productive use.
- ▲ 11 mine shafts, portals and other mine-related openings permanently sealed.
- ▲ 6 dangerous highwalls (totaling 9,100 linear feet) along roads and near residential areas eliminated.
- ▲ 20 incidents of mine subsidence beneath urban areas corrected.
- ▲ 7 hazardous water impoundments abated.
- ▲ 41,600 tree seedlings planted on nine AML sites, that totaled 119 acres.

---Innovative Contract Used to Eliminate Hazardous Mine Refuse---

Work continued under an innovative “no cost” contract to eliminate a hazardous mine refuse impoundment overlooking the Black Warrior River in Walker County. The contractor at the Gorgas “no cost” project excavated and shipped 11,800 tons of toxic coal fines (refuse) into the Alabama Power Wilsonville Steam Plant. Over 500,000 tons of waste coal was recovered and turned into electricity. The coal recovery at the site has been completed. Grading and revegetation of the property is underway. Removal of the coal fines protects the environment and will save AML approximately \$1 million in reclamation costs.

During Fiscal Year 2005, tree planting operations were carried out by the Walker County Soil and Water Conservation District Board, under cooperative agreement with Industrial Relations, on abandoned mine land reclamation projects covering 119 acres.

Work continues to treat acid mine drainage being discharged from a 240-acre abandoned surface mine into Hurricane Creek in Tuscaloosa County. Problems associated with acid mine drainage include toxicity to fish and other aquatic communities; corrosion to pipes, culverts and bridges; and undrinkable water supplies requiring expensive treatment.

The Alabama AML Program completed its 139th emergency project in Jefferson County. The emergency provision of Alabama’s program allows Industrial Relations to respond to sudden, life-threatening abandoned mine land problems within 24 hours.



MINING & RECLAMATION

Through vital partnerships between the Office of Surface Mining, state governments, tribal governments, the coal mining industry, and environmental associations, the daunting goal of SMCRA was, and is, being achieved.

Fee collection for severance taxes on current coal production expired on September 30, 2005. A Continuing Resolution passed by Congress on September 29 temporarily extended all AML programs until June 30, 2006. Efforts will continue to draft a document favorable to all states, tribes, industry, and environmental groups, which would be introduced in Congress in 2006 to extend all AML programs an additional 12 to 16 years.

---Mine Safety and Inspection---

The Mine Safety and Inspection Section inspects all mines to ensure compliance with state laws which protect the safety of persons working in the mining industry. This section also coordinates rescue efforts in the event of a mine disaster and investigates mine accidents. During Fiscal Year 2005, 4,011 miners were employed in the coal industry, producing 22.5 million tons of coal. An additional 1,825 miners were employed in open pits and quarries (non-coal). A total of 672 inspections (424 at coal mines, 248 at open pit and quarry operations) were completed. A continuing program provided education and training for mine foreman and underground blasting certification. Two underground certification examinations were administered, resulting in the issuance of 40 underground mine foreman certificates, 40 underground blasting certificates, and 23 surface foreman certificates. Mine rescue training was provided by Beville State Community College under contract with Industrial Relations.

---Surface Mining of Non-Fuel Minerals---

Non-fuel minerals are mined in all 67 Alabama counties and contribute greatly to the state's economy. Examples of non-fuel minerals mined in Alabama are: sand, gravel, granite, clay, bauxite, and shale. This section makes certain that lands mined for those minerals are reclaimed in accordance with the Alabama Surface Mining Act of 1969. In addition, this section issues mining permits, ensures that mine sites are properly bonded for reclamation purposes, makes periodic inspections, and releases bonds once sites have been satisfactorily reclaimed. In Fiscal Year 2005, 422 permits (38 new permits, 380 renewals and four amendments) were issued to operators for the surface mining of non-fuel minerals. One inspector stationed in the Montgomery Central Office made 178 site inspections. Of that total, 30 inspections were made to verify locations of new permit areas; 92 inspections were made of active operations; 25 inspections were made of unpermitted sites; 20 inspections were made to investigate citizen complaints; and four inspections were made of operations with expired permits. Four permits were amended to add acreage, 16 bonds were released for satisfactory reclamation, and two bonds were forfeited for failure to reclaim. Other activities included telephone contacts with operators, surety companies, citizens, other agencies, and landowners. Letters were written to mining operators regarding results of site inspections and action needed to remain in compliance with the *Alabama Surface Mining Act of 1969*. Citizen complaints involving blasting at quarries, highwalls situated too close to property lines, sediment discharge from uncontrolled runoff, and lack of reclamation were promptly investigated. An estimated 15 sites were abandoned and left unreclaimed at year's end, with insufficient funds to complete any meaningful reclamation. Mining continues at approximately 350 permitted sites, with 72 sites being idle, abandoned, or in the process of being reclaimed.

LABOR MARKET INFORMATION

The Labor Market Information (LMI) Division provides strong support for the Alabama's Workforce Information System. Five Bureau of Labor Statistics programs provide the basis for much of the information distributed from this office. These include: Quarterly Census of Employment and Wages, Current Employment Statistics, Local Area Unemployment Statistics, Mass Layoff Statistics, and Occupational Employment Statistics. LMI also conducted research in the area of benefit costs, tax revenues, and trust fund adequacy.

---ALMIS Database Provides Invaluable Resource---

LMI worked cooperatively with the Workforce Investment Boards (WIB) to identify the needs of the Workforce Investment System in Alabama, and U.S. Department of Labor consortiums have provided invaluable guidance for methodologies and training in meeting workforce investment deliverables. In 2005, LMI worked intensely to develop skills-based information, additional product automation, and extended outreach and training. This hard work augments current data resources and helps to build an even stronger Workforce Investment System statewide. The following areas were the focus of LMI activity in 2005: continuing to populate the ALMIS (America's Labor Market Information System) database, developing statewide projections, providing occupational and career information products for public use, maintaining and enhancing electronic workforce information delivery, supporting state workforce information training, consulting with customers, and assessing customer satisfaction.

The ALMIS database provides the backbone of the labor market infrastructure on the Internet. It integrates labor market information with workforce investment applications through nationally standardized coding architecture. Anecdotal comments from individuals who have attended training with the online Alabama LMI system indicate that users are pleased with the content of the ALMIS database and frequently remark on the wide variety and usefulness of data.

Projections data quantifies the labor demand in both industry and occupations. These projections identify high-growth, high-demand occupations and subsequent skills necessary for targeted WIA (Workforce Investment Act) training. This information was utilized in LMI training and incorporated into other products such as the President's High-Growth Job Training Initiatives and "Alabama's Hot 40" posters. The "Hot 40" posters were released and the High-Growth Initiative posters were scheduled to be available early in 2006. Skills-based Projections (SBP) provide a way for reviewing upcoming training needs based on anticipated occupational growth and requisite skills required to carry out job duties. Skills reports are currently in development and utilize O*Net for typical skills, and reflect the official WIA areas in Alabama. 2005 was an excellent year in terms of training and customer support. The Longitudinal Employment Dynamics (LED) program has equipped customers with quality information and resources to help with decision-making at all levels. Over 640 customers were trained in the use of LED, O*Net, and online LMI tools. Each Workforce Investment advisory area was presented with a labor market analysis, carefully tailored for that region. The analysis provided an overview of the local area and was used for regional grant planning.



HEARINGS AND APPEALS

The Hearings and Appeals Division is responsible for conducting all due-process hearings for Industrial Relations, including those related to the Unemployment Compensation Division, the Employment Service Division, the Workers' Compensation Division, and the Mining and Reclamation Division. Hearing and Appeals is also responsible for conducting hearings concerning departmental personnel matters. The majority of the hearings conducted involve unemployment compensation benefits. Hearings concerning unemployment compensation benefit eligibility are promptly scheduled and generally conducted on a weekly basis by teleconference. A staff of 12 Administrative Hearing Officers conduct these hearings and issue their decisions in a timely manner. These hearings conform with the legal requirements of due-process of law, but without the strict adherence to legal rules of evidence. Approximately 16,584 of these hearings were scheduled in 2005.

The U.S. Department of Labor implemented new criteria for measuring lower authority appeals quality in 1996. Hearings and Appeals has consistently received passing scores on all appeal cases randomly selected for each quarterly study. All cases selected and evaluated for 2005 have received a passing score.

---2005 Hearings and Appeals Highlights---

- ▲ Development of software applications to allow the Administrative Hearing Officer to digitally record testimony.
- ▲ Development of software applications to allow interested parties to a hearing to provide pertinent information on an automated call-in system.
- ▲ All Administrative Hearing Officers conducting teleconference hearings, as of 2005.
- ▲ Seven Administrative Hearing Officers now telecommute, thereby reducing the cost of leasing office space.
- ▲ Consistently exceeded the U.S. Department of Labor standards for quality in processing and deciding appeal cases.
- ▲ Continuing to provide a high quality service, during a period of increasing workload, in a cost efficient manner, by implementing the use of modern day technology in the appeals process.



EQUAL OPPORTUNITY AND GRIEVANCE

The Equal Employment Opportunity and Grievance Division is responsible for ensuring that the department complies with federal equal opportunity and nondiscrimination laws and regulations. The division conducts compliance reviews of departmental programs, activities, and services, and provides technical assistance as needed; receives, investigates, and/or mediates complaints and grievances filed by departmental employees or customers served by the department; and makes recommendations for corrective action, where appropriate.

FINANCE

As trustee of the taxpayers' dollars, the Finance Division controls spending throughout the department to ensure that funds are used only as the law prescribes. Despite substantial cuts in federal funding during the fiscal year, the department's finances were managed so as to continue service to the public while maintaining fiscal responsibility. Finance also assisted in the streamlining of the statewide system of local offices through selective cancellation of building leases, thus, ensuring that no Alabamian was more than one county away from face-to-face service. At the Industrial Relations Central Office building in Montgomery, work was completed on the replacement of 40-year-old electrical and mechanical systems. This work will result in a reduction of utility and maintenance costs, while improving safety and reliability. Safety of the facility was also enhanced with the installation of an electronic surveillance and access control system. The department's accounting process was streamlined with the implementation of a new time distribution system. This system also ensures that leave reported through the department's accounting system agrees with the leave record as maintained in the State of Alabama's Government Human Resource System.

GOVERNMENTAL AFFAIRS

The Governmental Affairs Division prepared and passed the "SUTA" Dumping legislation which kept Alabama's Unemployment Compensation law in conformity with federal law. The division also prepared legislation to register professional employer organizations. Governmental Affairs has been meeting with the Unemployment Compensation Reform Committee, appointed by the Governor, to study the unemployment law and make recommendations for legislation. The division answered numerous letters from U.S. Senators, Congressmen, the Governor, state legislators, and the public, and continued to resolve many internal issues within Industrial Relations. The division's Board of Appeals hears contested unemployment compensation cases at the highest administrative level possible. There were approximately 3,300 cases filed with the board in 2005. The board disposed of over 3,124 cases and held 1,087 hearings.

INFORMATION SYSTEMS

The Information Systems Division provides state-of-the art mainframe and distributed system processing to support all DIR departmental functions. The Division is composed of three sections: Distributed Systems section, the Data System Management section, and the Computer Operations section. Significant achievements from the past year included: implementation of the Alabama JobLink Internet System; development and implementation of the automatic registration of Unemployment Compensation claimants in the Alabama JobLink System; and upgrading of the Alabama Wage and Tax Internet System.

INTERNAL SECURITY

The objective of the Internal Security Division is to prevent fraud, waste, and abuse in Industrial Relations programs. To accomplish its objective in regard to prevention of fraud and abuse, Internal Security does the following::

- ▲ Conducts compliance related audits and reviews.
- ▲ Conducts investigations into alleged fraud or other alleged inappropriate activity.
- ▲ Conducts pre-employment background checks for all prospective department employees. There were 124 background checks were accomplished in 2005.
- ▲ Conducts daily review of Unemployment Compensation transaction registers in order to identify potentially inappropriate activity.
- ▲ Conducts daily, weekly and monthly inventories of blank Unemployment Compensation benefit check stock, receipts, and other pre-numbered items, in order to prevent theft or misuse.
- ▲ Provides an enhanced level of security to Unemployment Compensation automated information systems by controlling/ maintaining special password systems which include automated audit trails.
- ▲ Provides all divisions in the Department with a mandatory system for the reporting of security related incidents.
- ▲ Evaluates the physical security of department property, assets, and information.
- ▲ Makes recommendations to management for improvements.

Internal Security also developed and implemented a new system for the secure disposal of all confidential paper and microfilm. The new system was implemented to prevent the potential use of discarded Industrial Relations paper or microfilm to commit identity theft. The division also assisted 98 law enforcement agencies (federal, state, and local) with requested information on 4,815 occasions. In addition, Internal Security assisted the Alabama Attorney General's Office in the prosecution of several cases.

LEGAL

The Legal Division serves as legal counsel for Industrial Relations. In addition to actual courtroom trial work, the division renders legal opinions and interpretations of the various laws administered by the agency. Legal represented Industrial Relations on appeals in the Court of Civil Appeals and the Alabama Supreme Court. Court appearances were made in the various federal courts concerning individuals suing, claiming a violation of federal statutes and bankruptcies. The division represented the agency in all Circuit Courts throughout the state, in cases involving Unemployment Compensation benefit appeals, Unemployment Compensation tax, rules to show cause, motions to quash, Unemployment Compensation overpayments, child support withholding and surface mining violations, as well as matters before the Board of Adjustment. A total of \$238,398.50 was recovered in cash from overpaid claimants and placed in the Trust Fund.

PLANNING AND SYSTEMS ANALYSIS

The Planning and Systems Analysis Division administers special projects and services, records management operations, disclosure of confidential information, and forms management. It coordinates various activities which may cross program or departmental lines and plays a key role in departmental planning functions. Planning and Systems Analysis also maintains the departmental *Policies and Procedures Manual* and develops external agreements for information disclosure services. The division serves as the Industrial Relations liaison with the State Records Commission. Some notable accomplishments during 2005 include the following:

- ▲ Revised Central Office floor plans and space allocations.
- ▲ Facilitated Alabama becoming the first state in the nation to have a system for verification of Social Security numbers online through the Social Security Administration, for the purpose of effectively administering the Unemployment Insurance Program. Assisted 15 other states in setting up such a system.
- ▲ Improved information disclosure services by reducing the use of diskettes, compact discs and tape cartridges, and increasing the use of file transfers to reduce costs to increase timeliness of service; increased the use of higher skilled staff to enhance customer service; and more evenly distributed workloads to allow for better backup and shorter response times to requests for information.

INDUSTRIAL RELATIONS CENTRAL OFFICE DIRECTORY

Information
334-242-8055

Director
334-242-8990

Employment Service Director
334-242-8005

Unemployment Insurance Director
334-242-8025

Workers' Compensation Director
334-353-0990

Mining & Reclamation Director
334-242-8265

Governmental Affairs Director
334-242-8274

Labor Market Information Director
334-242-8859

Industrial Relations Web Site
<http://www.dir.alabama.gov/>

ALABAMA CAREER CENTER SYSTEM

COUNTY	LOCATION	PHONE
Baldwin	201 Faulkner Dr./Bay Minette/36507	251-937-4161
	200 West Michigan Ave./Foley/36535	251-943-1575
Barbour	122 Paul Lee Pkwy./Eufaula/36027	334-687-3551
Blount	68626-A Main St./Blountsville/35031	205-429-4311
Butler	117 W. Commerce St./Greenville/36037	334-382-3128
Calhoun	1731 Coleman Rd./Anniston/36207	256-832-0147
Clarke	3090 Highway 43/Jackson/36545	251-246-2453
Coffee	2021 Boll Weevil Cir./Enterprise/36330	334-347-0044
Colbert	500 S. Montgomery Ave.,#102/Sheffield/35660	256-383-5610
Conecuh	1023 Douglas Ave., #314/Brewton/36426	251-867-4376
Cullman	1201 Katherine St. NW/Cullman/35055	256-734-4911
Dallas	1112 Water Ave./Selma/36703	334-872-0471
DeKalb	2100 Jordan Rd. SW/Fort Payne/35967	256-845-2900
Etowah	216 North 15th St./Gadsden/35901	256-546-4667
Houston	1950 Reeves St./Dothan/36303	334-792-2121
Jackson	3509 S. Broad St., Ste. 119/Scottsboro/35769	256-574-1720
Jefferson	3440 Third Ave. S./Birmingham/35222	205-254-1300
	820 Watterson Curve/Trussville/35173	205-655-0395
Lee	2300 Frederick Rd./Opelika/36801	334-749-5065
Madison	2535 Sparkman Dr./Huntsville/35810	256-851-0537
Marengo	1074 Bailey Dr./Demopolis/36732	334-289-0202
Marion	1481 Military St. S./Hamilton/35570	205-921-7657
Marshall	5920 U. S. Hwy. 431 N./Albertville/35950	256-878-3031
Mobile	515 Springhill Plaza Ct./Mobile/36608	251-461-4146
Monroe	33 Outlet Dr./Monroeville/36460	251-575-3894
Montgomery	1060 East South Blvd./Montgomery/36116	334-286-1746
Morgan	1819 Bassett Ave. SE/Decatur/35601	256-355-0142
Pike	1023 South Brundidge St./Troy/36081	334-566-3920
Randolph	3862 Hwy. 431/Roanoke/36274	334-863-8114
Shelby	109 Plaza Cir./Alabaster/35007	205-663-2542
Talladega	100 Johnson Ave., N., Unit 105/Talladega/35160	256-362-8770
Tuscaloosa	202 Skyland Blvd./Tuscaloosa/35405	205-758-7591
Walker	2604 Viking Dr./Jasper/35501	205-221-2576