

# NEWS RELEASE



**STATE OF ALABAMA**  
**Department of Industrial**  
**Relations**  
**News For Immediate Release**  
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## **HISTORIC NEGOTIATION REACHED BETWEEN BUSINESS AND LABOR REFORM OF UNEMPLOYMENT COMPENSATION PROGRAM IN ALABAMA UNDER REVIEW**

MONTGOMERY, ALABAMA, March 10, 2004 . . . . . Business and labor representatives, along with the Alabama State Employee Association, and with the Alabama Department of Industrial Relations (DIR) acting as facilitator, have hammered out a deal that may pave the way for passage of Enhancement legislation which will keep open Employment Service offices statewide. It may also have far-reaching consequences for all Alabama employers paying Unemployment Insurance taxes, and for every Alabamian who may one day need unemployment compensation benefits.

“These negotiations have taken place over a period of several weeks and I hope the ultimate result will be a reform of the unemployment compensation program during the Riley administration,” says Phyllis Kennedy, director of DIR. “If the Enhancement legislation passes, it will immediately prevent this department from closing more than 25 offices statewide, and reducing staff in other local offices by about 30 percent. The Employment Service provides a valuable service for employers and job seekers and has been a driving force in assisting our state’s growing automobile manufacturing sector which brings thousands of jobs to Alabamians. I’m proud the parties were able to come together and for the work of Craig Donley, DIR Government Affairs director, who helped facilitate the agreement.”

The compromise on the Enhancement bill will allow a \$10.00 increase in the maximum weekly benefit amount for unemployment compensation recipients. The increase would take effect in July. Currently, the maximum weekly amount is \$210 per week and is one of the lowest benefit rates in the nation. This bill would raise the maximum amount to \$220 per week.

The Enhancement legislation will not result in a higher unemployment insurance tax rate for Alabama employers because, with or without the unemployment compensation benefit increase, it will be necessary to move into the higher Schedule D tax rate in 2005.

“This agreement exemplifies the positive results that can be achieved when groups, even those traditionally opposed, seek common ground and work together to move our state forward,” says Business Council of Alabama (BCA) President William Canary. “The BCA was pleased to serve as a lead negotiator in reaching this historic agreement that brought business and industry together with labor to find constructive solutions for the future. On behalf of Alabama’s employers and employees, it’s gratifying to know that we have crafted an agreement that serves each well and establishes a foundation for the future that is based on good faith and fairness. The BCA is proud to have worked closely with

DIR and House Commerce Committee Chairman, Rep. Frank McDaniel, to bring the parties together and to help secure the important programs and jobs provided through DIR's Employment Security Enhancement program."

The negotiation will also result in an advisory work group appointed by Governor Riley that will equally represent business and labor interests, and be facilitated by DIR. Issues to be addressed may include the possibility of a waiting week to receive benefits; a revamping of the unemployment insurance taxing structure; incremental increases of weekly benefit amounts to a cost-of-living index; and a probationary bill where employers may dismiss an employee at the beginning of employment and not have it effect that company's tax rate. Any and all unemployment issues may be addressed in open discussions during these advisory group meetings.

"This is a step in the right direction," says Stewart Burkhalter, president of the Alabama AFL-CIO. "It marks the first time in a long time that there were peaceful negotiations resulting in success. I look forward to being part of the advisory work group to look at revision of the current unemployment compensation law. I am also pleased to see this move forward in the House and Senate for consideration."

"This is a winning situation for everyone," says Mac McArthur, Executive Director of the Alabama State Employees Association. "Certainly, it is a huge victory for those 170 state employees who will lose their jobs without passage of the Enhancement legislation. It will also provide a much-needed benefit to unemployed workers, and allow the Employment Service to continue its valuable services to employers."

Other representatives involved in the negotiation process were Rosemary Elebash, state director of the National Federation of Independent Business, and Allen Owen of MeadWestvaco.

Sponsors of the Enhancement bill (HB166) are Representative Steve Clouse in the House, and Senator Phil Poole in the Senate (SB407). The sponsors for legislation to increase unemployment compensation benefit amounts are Representative Randy Hinshaw in the House (HB169), and Senator Pat Lindsey in the Senate (SB292).

The Enhancement program first began in 1989 and has been continuous since that time. The current legislation would extend the program until March 2006. Nearly 74 percent of the Enhancement funds are used to operate the Claimant Assistance program which helps unemployment compensation claimants find jobs more quickly. More than 35,000 Alabamians last year were assisted in finding employment through this program and resulted in significant savings to the unemployment insurance trust fund.

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Industrial Relations is an umbrella organization of State government which administers: Unemployment Insurance, Employment Service, Workers' Compensation, and Labor Market Information. Smaller programs also administered include Abandoned Mine Land Reclamation, Mine Safety and Inspection, and Surface Mining of Non-Fuel Minerals. For more information on DIR visit the Web site: <http://dir.alabama.gov/>.