

**SECRETARY OF LABOR**  
**WASHINGTON, D.C. 20210**

**MAR 21 2014**

The Honorable Harry Reid  
Senate Majority Leader  
Washington, DC 20510

The Honorable Mitch McConnell  
Senate Minority Leader  
Washington, DC 20510

Dear Senators Reid and McConnell:

I am writing in regard to the letter you received March 19, 2014, from the National Association of State Workforce Agencies (NASWA) on S. 2148, the Emergency Unemployment Compensation (EUC) Extension Act of 2014. I applaud the bipartisan efforts in the Senate to restore critical unemployment benefits for 2.1 million individuals who have lost this lifeline due to the lapse in the EUC program at the end of December, and to ensure that other eligible recipients continue to receive these benefits. I know from talking directly to many long-term unemployed individuals that these benefits are essential to enable them to do basic things like feeding their families or paying their rent as they actively look for work every day.

I have carefully reviewed the NASWA letter. I am confident that there are workable solutions for all of the concerns raised by NASWA. From the Great Recession to the present, the Congress has worked in a bipartisan fashion to enact twelve different expansions or extensions to the EUC program. A number of the extensions included changes to the program that were as or more complex than those included in the current bill. The Department of Labor has consistently worked with states to implement these extensions in an effective, collaborative and prompt fashion, and will do so again.

As a former State Labor Secretary from 2007 to 2009 overseeing the state agency responsible for administering the Unemployment Insurance (UI) program, I am acutely aware of challenges that states can face in implementing temporary programs like EUC. I also know from my time at the state level, and now as Secretary of Labor, that there is a strong commitment by the U.S. Department of Labor to work collaboratively with states to enable effective implementation of any newly enacted UI provisions. This has always been the case and I am confident that by continuing to work with states we could address NASWA's concerns on S. 2148 as well.

The NASWA letter points to a number of operational issues they believe will be challenging to states. Let me more specifically address the four issues raised in the NASWA letter.

First, the letter states: "Most states are struggling with antiquated and rigid computer systems -- averaging 25 years old -- thus making it very hard to implement program changes quickly and effectively." While it is true that many states have antiquated computer systems, many other states have taken steps to modernize their systems. In the past five years, the Department has provided \$345 million to states to support UI information technology modernization efforts. I note again, that the Department has been able to work with states during the course of the EUC program to overcome these challenges, and I am confident we could do so again.

Second, the letter states: "The legislation is not clear on how states would pay for the administration of their EUC claims process if federal funds cannot be spent to determine an individual's eligibility" and raises concerns about technical language in the bill regarding Federal funding for certain required activities. Ideally, this issue can be clarified with a simple technical amendment without changing the substance of the agreement that is the foundation for the bill.

Third, the letter states: "The 'millionaire provision' would be very hard to administer. The UI system is not means-tested and therefore does not collect information on an individual's adjusted gross income. Screening individuals by reported quarterly UI covered wages, rather than income tax information, would be a more feasible approach." We are confident that concerns about implementation could be addressed. And we are certain that any challenges pale in comparison to the need that the long-term unemployed have for these benefits. The Department would follow legislation with guidance to states on implementation as we do when any new statutory provision is enacted.

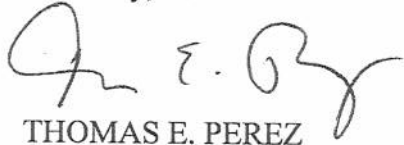
Finally, the letter states: "The backdating of EUC claims to December 29, 2013, would make it nearly impossible, in many cases, to apply a state's weekly work search requirement, a key factor to determine eligibility for UI benefits and to avoid improper payments to claimants who are ineligible." Prior extensions of EUC benefits have included retroactive payments for those who lost benefits during the lapse. In prior iterations of EUC where there has been a gap in the program, we have successfully overcome this challenge, and the Department already has guidance on how to carry out such a directive. We are confident that we could successfully address this challenge again.

The economy is moving in the right direction. There have been 48 consecutive months of private sector job growth resulting in 8.7 million private sector jobs. The unemployment rate of 6.7 percent is a full point lower than a year ago. At the same time, considerable work remains, as millions of Americans are still unemployed. In particular, long-term unemployment remains unacceptably high, and millions of Americans continue to work hard to find a job, but have not yet succeeded. In the past, when long-term unemployment rates have remained at levels similar to the current level, the Congress has consistently acted in a bipartisan fashion to extend emergency unemployment benefits. It would be virtually unprecedented for the Congress to fail to extend EUC benefits under the current circumstances.

I have spoken to many Governors and state Labor Secretaries who are anxiously awaiting another extension of EUC benefits, and who are ready, willing and able to implement any changes called for by the Congress. They have told me repeatedly that people are suffering; time is of the essence and the administrative burden is far less than the burdens confronting the long-term unemployed. As a result of the Great Recession, the Department of Labor and states developed considerable experience in implementing EUC programs. Once again, the Department of Labor stands ready to work with states to ensure the successful implementation of an extension. In addition, the Administration has put forth a number of proposals and is looking at additional options to ensure that reemployment services are available to assist the long-term unemployed in obtaining reemployment. I look forward to working with you and providing the Department's assistance.

If you have additional questions, please contact Mr. Adri Jayaratne, Office of Congressional and Intergovernmental Affairs at (202) 693-4600.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. E. Perez', written over the printed name.

THOMAS E. PEREZ

cc: Mark Henry, President, National Association of State Workforce Agencies  
Senator Jack Reed  
Senator Dean Heller