



B-285657

June 23, 2000

The Honorable James M. Jeffords  
Chairman  
The Honorable Edward M. Kennedy  
Ranking Minority Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Bill Archer  
Chairman  
The Honorable Charles B. Rangel  
Ranking Minority Member  
Committee on Ways and Means  
House of Representatives

Subject: Department of Labor, Employment and Training Administration: Birth and Adoption Unemployment Compensation

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Labor (Department), Employment and Training Administration, entitled "Birth and Adoption Unemployment Compensation" (RIN: 1205-AB21). We received the rule on June 13, 2000. It was published in the Federal Register as a final rule on June 13, 2000. 65 Fed. Reg. 37210.

The final rule allows state agencies that administer the Unemployment Compensation (UC) program to provide partial wage replacement, on a voluntary, experimental basis, to parents who take approved leave or who otherwise leave employment following the birth or placement for adoption of a child. The rule permits interested states to experiment with methods for allowing the use of the UC program for this purpose.

Enclosed is our assessment of the Department's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the Department complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO

evaluation work relating to the subject matter of the rule is Cynthia Fagnoni, Director, Education, Workforce, and Income Security Issues. Ms. Fagnoni can be reached at (202) 512-7215.

Robert P. Murphy  
General Counsel

Enclosure

cc: The Honorable Raymond Bramucci  
Assistant Secretary of Labor  
Department of Labor

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF LABOR,  
EMPLOYMENT AND TRAINING ADMINISTRATION  
ENTITLED  
"BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION"  
(RIN: 1205-AB21)

(i) Cost-benefit analysis

The Department of Labor conducted a cost-benefit analysis of the final rule and found that the costs could range from zero to \$196 million, depending on the number of states that choose to extend the benefit. The benefits of the final rule, as listed by the Department, are:

- lower conflicts between work and family,
- decrease in the amount of turnover related to birth and adoptions,
- increase in long-term company efficiency levels,
- raise the employment-population ratio for women, and
- increase long-term wages for women.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Secretary of Labor has certified that the final rule will not have a significant economic effect on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

Under title II, the final rule does not contain any federal mandates over \$100 million in any one year on state, local, or tribal governments or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

The final rule was issued using the notice and comment procedures contained at 5 U.S.C. 553. On December 3, 1999, a Notice of Proposed Rulemaking was published

in the Federal Register. 64 Fed. Reg. 67971. The Department received approximately 3,800 pieces of correspondence in response to the Notice and in the preamble to the final rule responds to the comments.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule does not contain any information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Review Act.

Statutory authorization for the rule

The final rule is promulgated under the authority of the Federal Unemployment Tax Act (26 U.S.C. 3301-3311).

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action and in compliance with the requirements of the order.