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ASSISTANT WHIP

CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES

February 27, 2004

STEVE BUYER

4TH DISTRICT, INDIANA

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The Hon. Joseph Kernan  
Governor  
State of Indiana  
100 State Office Building  
Indianapolis, IN 46201

Dear Governor Kernan:

As you may be aware, in response to the terrorist attacks of September 11, 2001, Congress sent billions of dollars to the States and extended unemployment benefits to help the unemployed during a time of recession and high unemployment. Congress took this action to stem the tide of the expected aggravated effects that the terrorist attacks were to have on the economy coupled with the recession. We intended these funds to be used to help distressed Americans and their families who were no longer employed.

The Temporary Extended Unemployment Compensation (TEUC) program (P.L. 107-147) included a 13-week extension of unemployment compensation benefits, as well as an \$8 billion distribution to the States to help the unemployed. In March of 2002, Indiana received their share of these funds, totaling \$174,573,012. HEA 1001 was enacted on May 8, 2002 that made \$72,200,000 of these funds available beginning on July 1, 2003. It is my understanding from the U.S. Department of Labor that, to date, Indiana has only expended \$3,784,872.

Attached is a letter that your Commissioner of Workforce Development, Alan Degner, has been sending to unemployed workers. The letter states: "There is nothing the state can do other than follow the current law and hope that the federal government will do the right thing this session. In the meantime, I would encourage you to contact your members of the U.S. Congress and ask that they reinstate extended benefits."

Your administration's position is misleading and disingenuous. The federal government has already taken the appropriate steps to assist the State of Indiana to help the unemployed. Under the federal program as enacted, Indiana has the discretion to act via its State Legislature to extend state unemployment

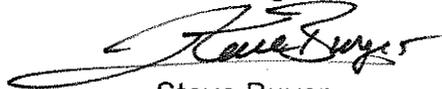
compensation and to use the \$174 million to provide assistance to needy Hoosiers.

In addition, on the website of the Department of Workforce Development, your Administration describes how Indiana will utilize these funds as passed by Congress: "Extend unemployment benefits to Hoosiers who cannot find work within the normal benefit period. Just as the federal government included money to extend unemployment benefits in its stimulus package, the O'Bannon-Kernan administration believes this measure provides a financial bridge to Hoosiers *who need help now*, during the recession." (Emphasis in original.)

I am troubled by the apparent inconsistency between how your administration stated it would utilize the funds, the response from the State telling Hoosiers that they need to contact Congress to solicit more money for the State, and the fact that Indiana has only expended \$3.7 million of those funds after nearly two years since Congress acted. I have received hundreds of letters and phone calls from Hoosiers who are either unemployed or have family or friends facing economic hardship seeking help. Hoosiers deserve to know why these funds are not being used as your administration intended.

I would appreciate an update of the status of this funding as well as whether or not the funding will be used to aid the unemployed in Indiana. If I may be of assistance, please do not hesitate to call.

Best Regards,

A handwritten signature in black ink, appearing to read "Steve Buyer", with a long, sweeping underline that extends to the left.

Steve Buyer  
Member of Congress

Enclosures

**INDIANA  
WORKFORCE  
DEVELOPMENT**



January 28, 2004

Joseph E. Kernan, Governor  
Alan D. Degner, Commissioner

10 N. Senate Avenue  
Indianapolis, IN 46204-2277  
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FAX: 317-233-4793  
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<http://www.workforce.IN.gov>

An Equal Opportunity Employer

Dear [REDACTED]

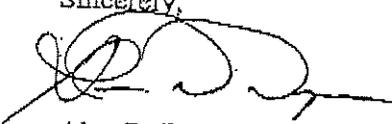
Thank you for your letter to Governor Kernan regarding Temporary Extended Unemployment Compensation (TEUC). As you may be aware, TEUC is a federal program that is administered in each state by the state agency that handles the Unemployment Insurance program. For Indiana, that agency is the Department of Workforce Development (DWD). The governor has shared your letter with me, as his agency head for DWD, and has asked that I respond to you directly.

Congress intended for TEUC to be a temporary program to help people until the economy turned around. The original law that created TEUC expired on December 29, 2002. When Congress reconvened in January of 2003, their first act was to extend the program for six more months. In June of 2003, they again extended benefits for an additional six months and these extended benefits expired at midnight on December 21, 2003. Although there were bills to extend it for six more months introduced in both the House and the Senate, both bodies adjourned for the year without acting on them. Therefore, those people who exhaust their regular benefits anytime after December 21, 2003 cannot be eligible for extended benefits.

Both the Governor and I believe that continued assistance for the unemployed is a critical part of economic recovery and share your concern. However, while I am truly sorry about your situation, this is a purely federal decision. There is nothing the state can do other than follow the current law and hope that the federal government will do the right thing this session. In the meantime, I would encourage you to contact your members of U.S. Congress and ask that they reinstate extended benefits.

I hope that you find this information useful. Again, I want to thank you for writing. Please do not hesitate to contact me with any further questions or concerns.

Sincerely,

  
Alan D. Degner  
Commissioner

cc: Honorable Joseph E. Kernan

# Energize Indiana: A Vision for Indiana's Future

## Reed Act

### Investment in Indiana's workers

Feb 24, 2009

**Energize Indiana** invests \$1.25 billion over 10 years to help Indiana emerge from the national recession and to create 200,000 new high-wage, high-skill jobs, enroll 200,000 more Hoosiers in college and credential programs and increase Hoosiers' per capita income.

EI authorizes Indiana's Department of Workforce Development to help Hoosiers stung by the national recession by extending their unemployment benefits *and* helping them to find jobs, is an integral part of Energize Indiana. If Indiana is to build the highly skilled, highly trained workforce needed to meet the increasing demands of 21st century employers, Hoosier workers in need must be offered a hand up.

### Reed Act

#### Allocation of Reed Act funds (IC 22-4-26-5)

The U.S. Congress in March passed an economic-stimulus package that extends unemployment insurance payments for workers by 13 weeks. It also provides up to \$8 billion to the states to help employers find skilled workers for high-wage jobs and to administer unemployment and employment services. Indiana received \$175 million, and will invest \$160 million to:

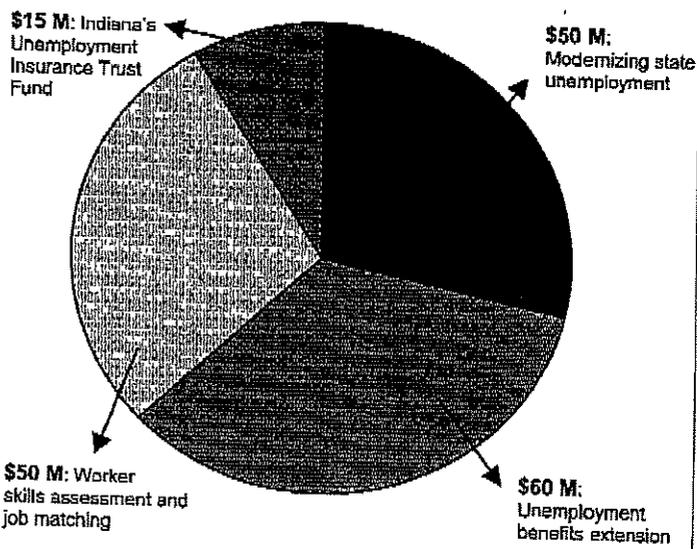
- Assess the skills of 30,000 Hoosier workers; determine the skills required for 1,800 selected job categories; match workers with the jobs; and recruit workers. **\$50 million.**
- Extend unemployment benefits to Hoosiers who cannot find work within the normal benefit period. Just as the federal government included money to extend unemployment benefits in its stimulus package, the O'Bannon-Kernan administration believes this measure provides a financial bridge to Hoosiers who need help now, *during* the recession. **\$60 million.**
- Modernize and simplify the state's unemployment insurance system, allowing recipients to receive their checks more quickly and enabling businesses to pay unemployment taxes online. **\$50 million.**

The remaining \$15 million in economic stimulus funds will remain in the state's Unemployment Insurance Trust Fund. This will help to keep employers' unemployment taxes down. The more financially solvent the fund, the lower taxes are for employers who must pay into the fund.

In this way, employees and employers both see some fiscal relief from this measure.

### Reed Act Allocations

\$175 million of relief for Indiana workers



### What is Reed Act money?

Reed Act money is interest earned on the unemployment taxes that employers pay into the Unemployment Insurance Trust Fund. By federal law (known as the Reed Act), once the interest has built up to a certain amount it must be distributed back to the states.

### How was each state's share determined and what is Indiana's share?

The Job Creation and Workers' Assistance Act of 2002 provided \$8 billion in relief. Each state's share was based on its Federal Unemployment Tax Act taxable wages for calendar year 2000. Based on taxes paid by Indiana employers in 2000, Indiana's share of the \$8 billion was calculated to be \$175 million.