

DRAFT LANGUAGE FOR STATE LAWS

I. Draft Statutory Language.

The following language will allow States to use either of the Reed Act appropriation alternatives provided after this draft statutory language.

(f) Money credited under Section 903 of the Social Security Act.

(1) Money credited to the account of this State in the Unemployment Trust Fund by the Secretary of the Treasury of the United States of America pursuant to Section 903 of the Social Security Act may not be requisitioned from this State's account or used except for the payment of benefits and for the payment of expenses incurred for the administration of this State's unemployment compensation law and public employment offices. Such money may be requisitioned pursuant to Section [insert section referring to withdrawals from the Unemployment Trust Fund] for the payment of benefits. Such money may also be requisitioned and used for the payment of expenses incurred for the administration of this State's unemployment compensation law and public employment offices but only pursuant to a specific appropriation by the legislature and only if the expenses are incurred and the money is requisitioned after the date of enactment of an appropriation law which specifies the purpose(s) for which such money is appropriated and the amount(s) appropriated therefor. Such appropriation is subject to the following conditions:

- (A) The period within which such money may be obligated is limited to a period ending not more than two years after the date of the enactment of the appropriation law; and
- (B) the amount which may be obligated is limited to an amount which does not exceed the amount by which (i) the aggregate of the amounts transferred to the account of this State pursuant to Section 903 of the Social Security Act exceeds, (ii) the aggregate of the amounts used by this State pursuant to this Act and charged against the amounts transferred to the account of this State.

(2) For purposes of subsection (1)(B), the amounts obligated under an appropriation for the above-described administrative purposes shall be charged against transferred amounts at the exact time the obligation is entered into.

(3) The appropriation, obligation, and expenditure or other disposition of money appropriated under this subsection shall be accounted for in accordance with standards established by the United States Secretary of Labor.

(4) Money appropriated as provided herein for the payment of expenses of administration shall be requisitioned as needed for the payment of obligations incurred under such appropriation and, upon requisition, shall be deposited in the employment security administration fund from which such payments shall be made. Money so deposited shall, until expended, remain a part of the unemployment fund and, if it will not be immediately expended, shall be returned promptly to the account of this State in the Unemployment Trust Fund.

(5) Notwithstanding paragraph (1), moneys credited with respect to Federal fiscal years 1999, 2000, and 2001, shall be used solely for the administration of the UC program and are not subject to appropriation by the legislature.

II. Draft Appropriation Language.

Two suggested Reed Act appropriation bills are presented. Either bill may be used with the draft statutory language presented earlier. The first permits States with statutory Reed Act provisions to incorporate the requirements of Section 903(c)(2), SSA, by simply referencing these statutory provisions. This approach may be better for States where the Reed Act appropriation may be contained in a larger appropriation act or where State appropriation law limits the content of any single appropriation bill. The second details the requirements of Section 903(c)(2) and is similar to Reed Act appropriation bills recommended by this Department in the past. Since Reed Act moneys transferred with respect to Federal fiscal years 1999, 2000, and 2001, need not be appropriated by the State legislature, States need not follow this draft language for such moneys.

Alternative 1.

AN ACT APPROPRIATING MONEY FOR ERECTING A BUILDING FOR USE BY
[Name of State employment security agency]

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF [Name of State]

SEC. 1 There is hereby appropriated out of funds made available to this State under Section 903 of the Social Security Act, as

amended, the sum of \$_____, or so much thereof as may be necessary, to be used, under the direction of the [name of State employment security agency or the agency responsible for building construction] and subject to the requirements of Section [reference section of State code containing Reed Act provisions] of the State Code, for the purpose of acquiring land and erecting a building thereon for the use of [name of State employment security agency] and for such improvements, facilities, paving, landscaping, and fixed equipment 1/ as may be required for its proper use and for operation by the [name of State employment security agency].

SEC. 2 Section 1 shall take effect and be in force from and after passage.

Alternative 2.

AN ACT APPROPRIATING MONEY FOR ERECTING A BUILDING FOR USE BY [Name of State employment security agency]

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF [Name of State]

SEC. 1 There is hereby appropriated out of funds made available to this State under Section 903 of the Social Security Act, as amended, the sum of \$_____, or so much thereof as may be necessary, to be used, under the direction of the [name of State employment security agency or the agency responsible for building construction], for the purpose of acquiring land and erecting a building thereon for the administration of this State's unemployment compensation law and public employment offices and for such improvement, facilities, paving, landscaping, and fixed equipment 2/ as may be required for its proper use and operation.

SEC. 2 No part of the money hereby appropriated may be obligated after the expiration of the 2-year period beginning on the date of the enactment 3/ of this act.

1/ "Fixed equipment" refers to such things as a central heating and/or air conditioning plant which becomes an integral part of the building and may be included in the cost of the building reimbursable out of granted funds.

2/ See footnote 1/ above.

3/ The Department of Labor recommends that the phrase "date of enactment" be used here, since Section 903(c)(2)(B) of the Social Security Act requires that use of the appropriated money be limited to a 2-year period beginning with such date.

SEC. 3 The amount obligated 4/ pursuant to this act shall not exceed at any time the amount by which a) the aggregate of the amounts transferred to the account of this State pursuant to Section 903 of the Social Security Act exceeds (b) the aggregate of the amounts obligated for administration and paid out for benefits and required by law to be charged against the amounts transferred to the account of this State.

SEC. 4 This Act shall take effect and be in force from and after passage.

4/ Section 903(c)(2)(D) requires that this limitation be applied to money obligated, even though a State may choose to apply the 2-year limitation to expenditures.