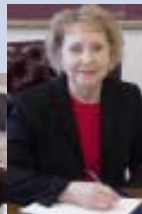
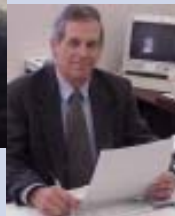
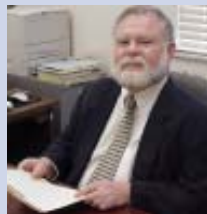
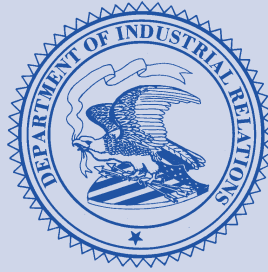


Alabama Department of Industrial Relations 2004 Annual Report



Letter to the Governor

The Honorable Bob Riley Governor of Alabama

In considering the “big picture,” the Alabama Department of Industrial Relations realizes the tremendous opportunity we have to touch and influence the lives of Alabama citizens, thus contributing to a stable and growing state economy. No matter where people live in the great State of Alabama, chances are, they have been served, or know someone who has been served, by our agency.

Those who comprise Alabama’s workforce are among the state’s most valuable resources. It is not only our duty to serve them, but a privilege. The hard-working and dedicated employees of Industrial Relations are committed to the challenges they face in responding to the needs of job applicants, workers, employers, and unemployment insurance claimants. As a result of this dedication and commitment, we are not content to stand pat with business as usual, but are constantly striving to develop new ways to operate more efficiently, today and into the future, for the benefit of our customers. The appointment of an Unemployment Insurance Reform Committee by Governor Bob Riley is a tremendous step in the right direction. In an effort to preclude the possibility of depleting the state’s unemployment compensation trust fund, the committee of business and labor representatives began meeting to determine whether the present unemployment tax structure should be revamped.

Among the major accomplishments of the past year were Internet and other computer application projects that save time and money, and lessen the dependence on paper forms.

A shutdown of many Employment Service offices and a significant reduction in Claimant Assistance Program funds was averted, as the Alabama Legislature passed the reauthorization of the Enhancement Bill. Negotiations were conducted with a tremendous spirit of cooperation between business and labor representatives and paved the way for the bill’s passage.

Thousands of Alabamians whose employment was disrupted by the widespread and devastating destruction of Hurricane Ivan received much-needed help through both the Disaster Unemployment Assistance program and disaster-related unemployment claims.

I am pleased to submit to you the *2004 Alabama Department of Industrial Relations Annual Report*, containing these and other agency achievements that are indicative of programs that are responsive and effective for the public we serve.

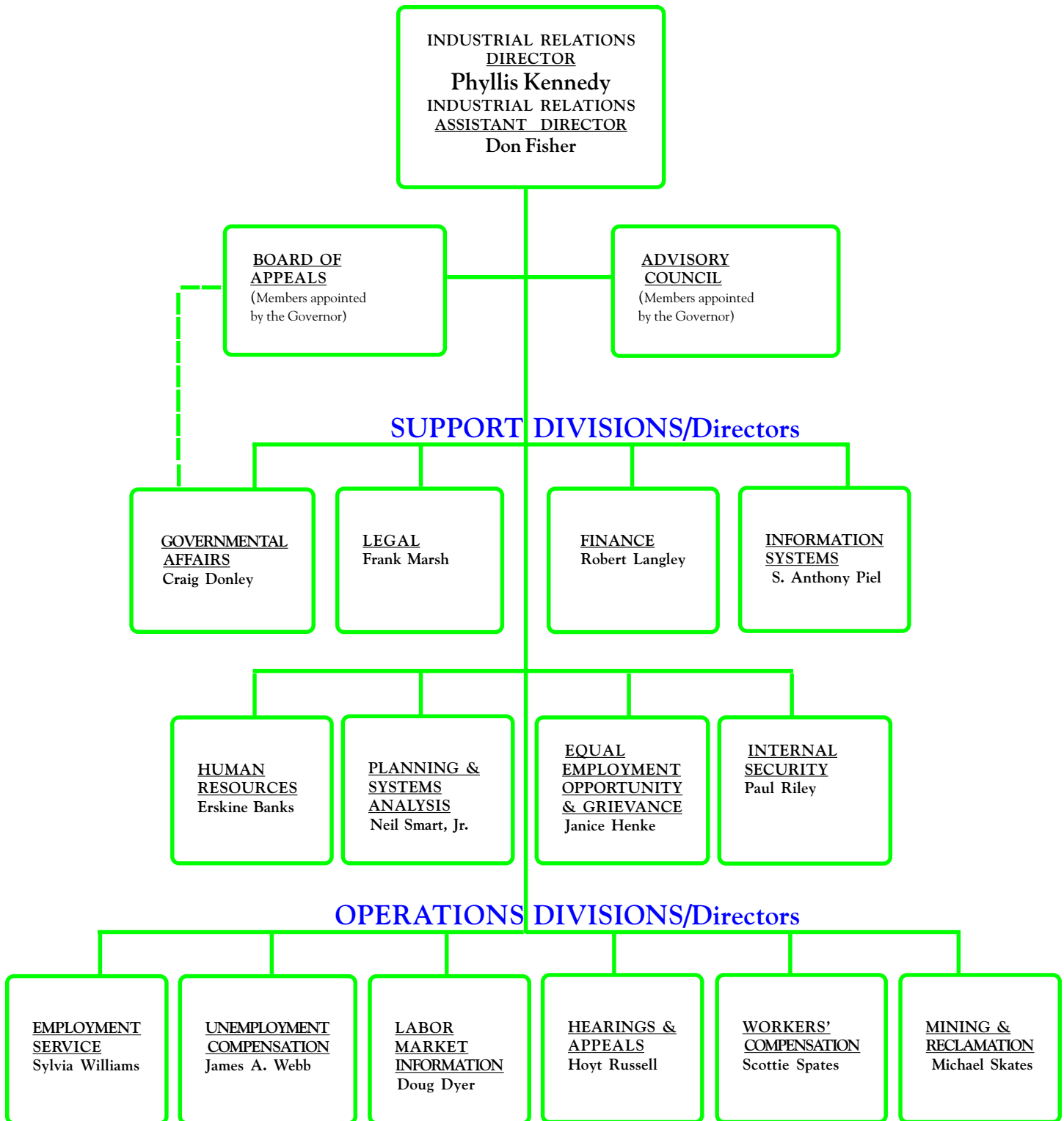


Governor Bob Riley and Phyllis Kennedy

Sincerely,

Phyllis Kennedy,
Industrial Relations Director

STATE OF ALABAMA
 DEPARTMENT OF INDUSTRIAL RELATIONS
 ORGANIZATION CHART



Contents

The Alabama Department of Industrial Relations is an umbrella organization of state government which administers:

**State Employment Service
Unemployment Insurance
Workers' Compensation
Labor Market Information**

Smaller programs also regulated include Abandoned Mine Reclamation, Mine Safety and Inspection, and Surface Mining of Non-Fuel Minerals.

Board of Appeals

**Public-At-Large: John A. Screws
Employers: Don Jones
Labor: Charlotte G. Flowers**

Members of the Board of Appeals are appointed by the Governor to staggered six-year terms in accordance with the Code of Alabama, 1975. The Board of Appeals adjudicates decisions on appeals of contested unemployment compensation claims and certain matters relating to mine and industrial safety.

“The mission of the Department of Industrial Relations is to effectively use tax dollars to provide workforce development and protection services for a more positive economic environment for Alabama employers and workers.”

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Cover page photos of 2004 Industrial Relations Executive Staff, from left: (Top Row) Phyllis Kennedy, DIR director, and Don Fisher, DIR assistant director. (Second Row) Sylvia Williams, Employment Service director; James A. Webb, Unemployment Insurance director; Doug Dyer, Labor Market Information director; Hoyt Russell, Hearings and Appeals director; Scottie Spates, Workers' Compensation director; and Michael Skates, Mining and Reclamation director. (Third Row) Paul Riley, Internal Security director; Neil Smart, Jr., Planning & Systems Analysis director; Janice Henke, Equal Employment Opportunity & Grievance director; and Erskine Banks, Human Resources director. (Bottom Row) S. Anthony Piel, Information Systems director; Frank Marsh, Legal director; Robert Langley, Finance director; and Craig Donley, Governmental Affairs director.

2004 Industrial Relations Highlights

Technological advances took center stage, with paper documents management among the major projects launched by the Alabama Department of Industrial Relations (DIR) over the past year. Other agency highlights were demand-driven outreach programs, with improved customer service to jobseekers, employers, and veterans as the bottom line. Workers' Compensation received an "A" and Enhancement Legislation also passed. In the wake of Hurricane Ivan, thousands of disaster-related unemployment compensation claims were processed.

Here is a closer look at those highlights, along with others from the past year.

---Technological Advances Slow Paper Chase---

The Workers' Compensation Division has saved about \$47,000 over the past year through a paperless submission of group fund applications. In addition to the savings, the entire application approval process was streamlined. A major electronic imaging project was started using PaperVision, a Digitech Systems Product that provides a less expensive means for Electronic Document Management (EDM). EDM's benefits include instant access and control for mountains of paper and endless scattered versions of corporate electronic documents, as well as the processing of 150,000 documents per month, using less staff and expense than with antiquated microfilm.

Unemployment Compensation Division Internet Projects launched in 2003, were completed in 2004:

- ▲ Employer registration and employer wage reporting.
- ▲ Intranet Web site, "DIRNET," through which DIR employees may access on-line forms, documents, and other work-related information.

---Reform of Unemployment Insurance Considered---

Governor Bob Riley appointed a committee of business and labor representatives to examine the current unemployment insurance tax structure. The main goal of a possible reform is to ensure that employers are taxed fairly, while at the same time enough money is paid into the state's unemployment compensation trust fund for benefits to those who qualify. The committee, which met several times during the year, includes former DIR directors Lenora Pate and Alice McKinney.



Unemployment Insurance Reform Committee members shown with DIR Director Phyllis Kennedy (center) are former DIR directors Lenora Pate (left) and Alice McKinney (right).

---Initiatives Promote Customer Service---

DIR Director Phyllis Kennedy held meetings to listen to the ideas and opinions of diverse groups of agency employees. The nine sessions conducted in four cities generated many issues and new ideas to be studied by the DIR executive staff.

A Customer Service Recognition Program was initiated to honor DIR employees who go the extra mile in serving customers. Through the program, a deserving employee is chosen each quarter.

DIR initiated "Operation Grateful Heart," a statewide outreach launched by Governor Riley to provide support for Alabama troops deployed overseas and their families. Governor Riley appointed Sam Condrey, Disabled Veterans' Outreach specialist, Dothan Employment Service, as coordinator of "Operation Grateful Heart." The program, the first of its kind in the nation, brings state, county, and nonprofit agencies under one umbrella in attempting to address difficulties that soldiers or their families may encounter.



2004 Industrial Relations Highlights

---DIR Divisions Excelled---

The Legal Division collected an unusually high amount of unemployment insurance overpayments. A total of nearly \$320,000 was retrieved through civil action and returned to the State Unemployment Insurance Trust Fund.

According to the study, *2004 State Report Cards for Workers' Compensation*, the Workers' Compensation Division was rated the "Most Improved" state in overall ranking. Alabama was also among nine states to receive an "A" on the report card.

The Labor Market Information (LMI) Division received the first "WIA (Workforce Investment Act) Progress in Partnership Award" for its outstanding and cooperative effort in the delivery of quality workforce information. LMI also initiated Alabama's participation as the 32nd partner state in the new U.S. Census Local Employment Dynamics program, which will generate detailed, localized workforce demographics.

---Enhancement Legislation Passes---

The Alabama Legislature passed the Enhancement bill, preventing DIR from closing a large number of Employment Service offices across the state, as well as reducing staff in other offices. Nearly three-quarters of Enhancement funds are used to operate the Employment Service Claimant Assistance Program which helps unemployment compensation claimants find jobs more quickly, resulting in significant savings to the unemployment insurance trust fund.

"We do not work a project without the Alabama State Employment Service." Ed Castille, AIDT director

---Employment Service Assists Hyundai---

Working in cooperation with Alabama Industrial Development Training (AIDT), the Montgomery Employment Service (ES) helped Hyundai Motor Manufacturing prepare for mass production in March 2005. Montgomery ES distributed a total of about 15,000 applications in one week, at two Montgomery locations, in assisting Hyundai recruit over 1,000 total workers for production and maintenance positions at its Hope Hull plant south of Montgomery. Montgomery ES was also involved in scanning the demographic portions of the Hyundai applications for AIDT.

---Ivan-Related Claims Processed---

Sixty-five of 67 Alabama counties were declared disaster areas after Hurricane Ivan struck in September. Over 700 Alabamians left unemployed due to the devastation of Ivan turned to DIR, which administered the FEMA-funded Disaster Unemployment Assistance program. Benefit payments totalled over \$200,000. In addition, more than 10,000 disaster-related unemployment claims were processed, with benefits paid that exceeded \$1.2 million.



Hurricane Ivan wiped out sections of the Gulf State Park pier in Gulf Shores.
(Photo courtesy of Roger Reetz.)

Employment Service

The Alabama State Employment Service (ES) continues to place a high priority on demand-driven services for employers and the workforce. ES marked a milestone in 2004 with the completion of the state's One-Stop Workforce System network of comprehensive Career Centers. The opening of newly-constructed Career Centers in Ft. Payne and Tuscaloosa by One-Stop partners increased the number of statewide Career Centers to 30, with collocated partners offering seamless service to job seekers and employers. With Career Center infrastructure completed, ES, as a partner in the Office of Workforce Development, will pursue opportunities for more effective and efficient service through a cooperative relationship with Office of Workforce Development partners.

---20 Percent of Alabama Workers Receive ES Assistance---

The Alabama State Employment Service, served almost 450,000 job seekers with labor exchange services, which represents 20 percent of the state's two-million workers. Through its 49 points of service, ES provided convenient access to the state's labor force, assisting workers in seeking first jobs, new jobs, or better jobs. These job seeking services included over 600,000 referrals of qualified applicants to jobs, and 104,000 hires by employers. Slightly less than half (41 percent) were female, 43 percent were minority, 12 percent were youth, and 28 percent were unemployment insurance claimants.

Likewise, employers made extensive use of the state's largest and most active labor exchange, seeking ES recruitment, screening, and referral services to fill 78,000 job openings.

---Local ES Offices are Streamlined---

While demand for employment services remained near record levels, funding cuts and rising budgetary costs continued to dictate streamlining, with elimination of three offices, downsizing and relocation of two offices, and an eight percent reduction in permanent staffing. Streamlining, however, was also accompanied by enhancements in Alabama's Career Center System, accomplished through leveraging and resource sharing. While new Career Centers were built in Ft. Payne and Tuscaloosa, offices in Selma and Haleyville relocated with partners to form new Career Centers. The Montgomery office was renovated to accommodate other One-Stop partners in forming another Career Center.

Adaptation to change only serves to further support and strengthen the mission of the Alabama State Employment Service to achieve a customer-focused, technologically-advanced, outcome-driven workforce delivery system, providing high standards of customer service and satisfaction.

"My office has filled over 500 jobs with qualified candidates in a timely manner with your assistance. Thank you for allowing us to use your facility to host weekly job fairs and interviews our first year."

---Employer comments on Alabaster ES

---Employment Service Offers Demand-Driven Partnerships---

The Alabama State Employment Service is one of the four One-Stop operators in the Alabama Career Center System. ES has worked with partners to build a customer-friendly, demand-driven system providing job seekers and employers with a full range of employment and training activities in collocated facilities. This "One-Stop" system provides seamless service at a total of 30 comprehensive centers, in which all partners are located. There are also 19 other satellite offices now operating as affiliate One-Stops linked electronically to the Career Center System, which offer core services and information on accessing other partner agency services.

All centers have resource centers equipped with computers that provide high-speed Internet access for self-service job seekers. These computers also have resume preparation software and tutorials for a number of job-related subjects. Online assistance and information are available 24/7 through the ES Web site at:

<http://es.dir.alabama.gov/>. Business Services and Rapid Response Job Search Workshop initiatives continued in 2004, through the WIA system, to further assist employers and dislocated workers in accessing all available workforce-related services from Career Center System partners.

Employment Service

---“ALEX” is Available for Job Seekers---

The Automated Labor Exchange System (ALEX) is ES's customer-oriented, computerized job search service that provides job seekers easy access and review of job listings. Public access to ALEX is available through ES at One-Stop Career Centers and satellite One-Stops throughout the state.

An Internet version of ALEX, America's Job Bank (AJB), can be accessed through the ES Web site at: <http://es.dir.alabama.gov/>. This electronic expansion of service allows job search capability from anywhere in the world, 24-hours a day, seven-days a week. AJB also allows registered employers to review job seekers' resumes locally, statewide, and nationally. There are more than 1,300,000 job openings and over 730,000 resumes on the AJB Web site. The inclusion of job openings placed with local offices by employers into AJB gains universal exposure, thus greatly enhancing the recruitment effort beyond the local labor market.

Employers may also elect to enter job orders directly into AJB. Job seekers entering an electronic resume into the AJB system gain universal exposure to employers, as well. Special AJB features include Job Scout and Talent Scout. Job Scout allows a job seeker to create a job search which will run automatically, notifying the job seeker by e-mail if a suitable job is posted to AJB. Talent Scout allows an employer to create a resume search which will run automatically, notifying the employer by e-mail if a suitable resume is entered on AJB.

---Claimant Program Puts People Back to Work---

The Claimant Assistance Program is designed to reduce the duration of joblessness for Unemployment Compensation claimants. This is accomplished through quick intervention by local offices with claimants to assess their needs and offer services designed to return them to work as quickly as possible. Among these services are Employability Development Plans, Job Search Plans, Job Search Workshops, and intensified job development and placement services provided by the Employment Service. During the past year, more than 38,000 claimants were helped in finding jobs, thus creating a significant savings to the Alabama Unemployment Trust Fund.



The Montgomery Employment Service was voted as the top employment agency in the *Montgomery Advertiser* "2004 Reader's Choice Awards." It was the only state agency chosen as a first place winner, as voted upon by the newspaper's readers.

---Career Centers Contact Employers---

Career Center personnel made 13,000 personal contacts with local employers, while many other contacts were made by fax, mail, or e-mail. Employers were notified of assistance available to help them in meeting their workforce needs. In turn, employers provided valuable feedback on how they could be served better. Surveys conducted to determine employer satisfaction, as mandated in the Workforce Investment Act, yielded an employer satisfaction score of 85.0 percent.

A vital part of the ES Customer Satisfaction Program is the Alabama Employer Services Committee (AESC). AESC members are actively involved in Alabama's Career Center System. This committee, made up of business owners and leaders from throughout the state, voluntarily serves in an advisory capacity to make recommendations to enhance Industrial Relations services. The organization comprises 38 local community committees, representing approximately 2,500 employers, who work with local ES offices throughout the state.

Employment Service

---Assistance Available in Wake of Layoffs & Closings---

Among the services provided under WIA is the Dislocated Worker Program, which is funded under a contract with ADECA. The program coordinates Rapid Response activities following layoffs or plant closings in the state. Assistance includes setting up meetings between employee groups and local and state agencies, and when feasible, scheduling on-site Job Search Workshops. Through a total of 1,442 workshops, 6,509 dislocated workers received help with their job search. Rapid Response teams provided assistance in the wake of 85 major plant closings and layoffs, which affected more than 16,500 dislocated workers.

---WIA Certifications Made in Two Counties---

Core services and 6,275 WIA eligibility determination certifications were completed by the WIA-contracted staff of Mobile and Jefferson counties. Through these certifications, youth, adult and dislocated workers in those areas are served by WIA-funded programs. The services provided through the WIA Program continue to focus on meeting the needs of businesses for skilled workers, as well as meeting the training, education, and employment needs of the individual.

---Tax Credits Save Employers Money---

The Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work (WtW) Tax Credits are two employer-friendly benefits for hiring job seekers most in need of employment. They reduce an employer's cost of doing business and require little paperwork. The tax credits are designed to help American workers gain economic self-sufficiency and increase American productivity and economic growth. ES is responsible for administration of the eligibility determination and certification process of WOTC and WtW. ES certified 7,120 WOTC-eligible individuals and 730 WtW-eligible individuals. These tax credits provided Alabama employers a maximum potential tax credit of more than \$23,000,000.

---ES Tests Clerical Skills---

The Employment Service administers a computerized Clerical Skills Program. This program is designed to quantify and qualify applicant skills in order to better match jobseeker skills and employer job requirements. ES offices administered over 8,000 tests during the past year.

---ES Serves Rural Residents---

In addition to 34 base offices located in the more densely-populated areas of the state, the Employment Service also operates 18 branch and itinerant offices in the state's rural areas. As a part of this service, ES coordinated the activities of the Agricultural Placement Program, Agricultural Clearance Program, and H-2A Program for non-immigrant aliens. ES was also responsible for conducting agricultural crew leader registration, overseeing the Migrant and Seasonal Farm Worker Outreach (MSFW) Program, as well as performing pre-occupancy housing inspections for all H-2A dwellings.

Two local offices received full on-site monitoring reviews and all local offices received monthly reports and data analysis reviews concerning agricultural workers. Migrant and seasonal farm workers were offered all services provided to other applicants and referred to other community agencies as needed. Bilingual MSFW outreach workers helped to coordinate this process.

Employment Service

---ES Handles Foreign Labor Certification---

The Employment Service Division provides technical assistance to employers seeking to employ foreign workers in temporary agricultural, temporary nonagricultural, and permanent jobs. ES, through its Foreign Labor Certification Unit (FLCU), works directly with the employer, his agent, or attorney to ensure that labor certification applications meet regulations and guidelines mandated by federal and state laws, and U.S. Department of Labor and Employment Service guidelines. FLCU had a total workload of 1,288 labor certification applications for employment authorization. Of those, 799 applications were processed.

In addition to processing labor certification applications, ES provides prevailing wage determinations for temporary Specialty Occupations Visas (H-1B). The H-1B visa occupations are occupations that require highly-specialized knowledge and attainment of a bachelor's degree or higher. A total of 618 prevailing wage requests were received for H-1B visas, of which 605 prevailing wage determinations were issued.

---Job Corps Assists Disadvantaged Youth---

The Employment Service recruited and referred 1,108 economically disadvantaged youth to Job Corps Centers. These referrals resulted in enrollment of 725 youth. Job Corps is America's leading employment and training program for at-risk young adults. The program, funded by Congress and administered by the U.S. Department of Labor, offers a comprehensive array of career development services to at-risk young women and men, ages 16 to 24, to prepare them for successful careers.

---Food Stamp Program Helps Job Seekers---

Of the 25,444 clients referred to the Food Stamp Employment and Training Program, 11,978 were placed in job search. Community work slots were found for 784 Able-Bodied Adults Without Dependents (ABAWD) clients and 95 ABAWD clients were placed in training and education slots. A total of 2,381 Food Stamp clients were either placed in jobs by the Employment Service, or obtained employment after being referred to the program.

"Thanks so much for helping me with my job search. Your professionalism and attention to detail is greatly appreciated."--Customer comment regarding a Local Veterans' Employment Representative.

---Veterans Receive Priority in Employment Services---

Veterans are provided maximum employment and training opportunities, and eligible veterans receive priority in all employment services, including referrals to job listings, job development contacts with employers, and referrals to all supportive services. All local Employment Service locations assign a Local Veterans' Employment Representative to assist veterans with their job search, and offer special assistance with work-search related problems, or barriers to employment. The Alabama Career Center System also offers specialized employment services to disabled veterans through Disabled Veterans' Outreach Program representatives.

Through a special Workforce Investment Act grant from the U.S. Department of Labor, Veterans Employment and Training Service, veterans in designated areas of the state experiencing serious employment barriers may be eligible for referral into special programs. The programs may include up to one year of intensive job development activities, individually structured workforce preparation, skills training, or postsecondary education.

The Employment Service Division extends job search assistance and employment information to military members and spouses who are preparing to leave the service from any military installation in Alabama. The Transition Assistance Program each year assists hundreds of service members and their families' transition into the civilian work force. The Veterans Services Program in Alabama provided priority employment services to more than 34,000 veterans and eligible family members. With ES assistance, over 22,000 veterans were placed into jobs or located work. Veterans made up nine percent of all registered Alabama job seekers.

In addition, a groundbreaking initiative launched by DIR, "Operation Grateful Heart," addresses various difficulties faced by those active in the military overseas and their families at home. (See page 4.) Further information on "Operation Grateful Heart" is available by calling 1-866-452-4944.

Unemployment Insurance

---Alabama Economic Outlook is Bright---

For the most part, an overview analysis of the year-end totals for unemployment activities indicated Alabama's economic outlook was positive. A comparison of initial claims for each month in Fiscal Year 2003 and Fiscal Year 2004 showed lower totals reported in all but two months, December and September. The September level was impacted heavily by the onset of disaster-related claims stemming from Hurricane Ivan, which occurred on September 13, 2004.

The four benchmarks under the State Unemployment Insurance program are as follows: initial claims, weeks claimed, weeks compensated, and amount of payments. All of the benchmarks registered declines from the prior fiscal year, and represented the second year of decreased joblessness across the state.

The federally-funded Temporary Extended Unemployment Compensation (TEUC) program was enacted by Congress to relieve unemployment hardships of workers who exhausted their regular UC program benefits. The extended period under the emergency aid program expired December 31, 2003. The initial claim totals under the TEUC program, combined with the regular Unemployment Insurance (UI) State program, was 290,457, down by approximately 90,000 from the combined total last year.

---Initial Claims Drop 13 Percent---

The number of unemployed workers filing for UI benefits under the State Unemployment Insurance program was 279,643, down 18 percent from the prior year. That total represented Alabama's lowest level in four years.

Newly-unemployed workers who filed for first-time benefits stood at 182,866, down 13 percent, or 27,677 fewer job seekers. Those seeking benefits after at least one week of intermittent work dropped from 128,860 to 96,777.

Out of 41 industry classifications, only four of the sectors reported an upturn in claims received. Very slight increases occurred in accommodations/food services, public administration, finance/insurance, and utility industries. The textile mills manufacturing sector experienced a decrease of 10,879 filers. Construction layoffs declined by 6,805, followed by wood product manufacturing with a drop of 4,241 unemployed.

The highest increase statewide in the concentration of claims was posted in the Mobile and Baldwin County areas. Disaster-related claims as a result of workers displaced due to Hurricane Ivan in the latter half of September 2004 escalated the totals in those areas.



**Johanna Nunn, UC technician,
Montgomery Call Center, takes a call from
an unemployment insurance claimant.**

---Unemployment Benefits Paid Decrease---

A total of 1,416,359 checks were mailed out and a total of \$259,395,388 was paid from the Unemployment Insurance fund to jobless recipients. The gross amount paid dropped 18 percent from the prior year and represented \$56 million less than the payout last year. However, the overall drop was slightly offset by the increase in the maximum weekly benefit amount from \$210 to \$220 enacted in July 2004.

Unemployment Insurance

---Weeks Claimed Decline---

Job seekers applied for 1,604,483 weeks of compensation, with 1,496,751 of these weeks claimed paid in benefits. Both the weeks claimed and weeks paid work loads declined 18 percent below the previous year totals.

---First and Final Payments Drop---

First payments reflected a significant downturn and represented a three-year descent from levels posted in the two previous fiscal years. First-time checks to applicants totaled 118,286. The total represented an 18 percent drop, or 26,082 fewer payments. The average duration of claimants on the unemployment insurance rolls was 12 weeks. Final payments totaled 39,640 and registered a 15 percent decline from the previous year. This level is one of the higher levels experienced in the last four years.

---Federal UC Program Activity Increases---

Contrary to the most recent trend of decreased joblessness throughout the state, activities under the Federal Unemployment Compensation program experienced significant increases. The number of ex-civilian employees that applied for unemployment benefits rose 26 percent. Ex-servicemen or military filers jumped 52 percent to 2,030. The weeks claimed and weeks compensated workloads each rose 32 percent. Gross benefits paid out from the federal unemployment fund totaled \$4,692,773.

---TEUC Expires---

The last week for which a determination was effective under the TEUC program ended April 3, 2004. The TEUC program received two extensions as the lingering plight of jobless workers was addressed nationwide. The totals reflected the dwindling activities of applicants from October 1, 2003 through December 31, 2003. Initial claims totaled 10,814; weeks claimed, 132,913; weeks paid, 141,774; and benefits, \$24,406,113.

---Weeks Claimed Under TRA Drop---

The Special Programs Section of the Unemployment Compensation Division reviews, determines eligibility, and issues payments under the Trade Adjustment Assistance (TAA) program. The TAA program is available to workers who lose their jobs, or whose hours of work or wages are reduced, as a result of increased imports. The TAA program also applies to workers who have lost jobs that have been relocated offshore.

The Trade Act of 2002 reauthorized and extended Trade Adjustment Assistance through September 30, 2007 and made several amendments to the Trade Act of 1974. Under the amendments, certain workers became eligible for up to 52 additional weeks of Trade Readjustment Allowance (TRA) benefits if they are still attending approved training and have exhausted state UI and basic TRA benefits.

To qualify for additional weeks, workers must have applied for approved training within 210 days from their last separation from the adversely-affected employer. Assistance also includes a variety of benefits and reemployment services such as training, job search allowances, relocation allowance, and weekly checks.

TAA certifications were issued to 42 companies between October 1, 2003 through September 2004, and by the end of the fiscal year, 371 participants were enrolled in TAA-funded training. Benefits paid out to institutions statewide totaled \$1,913,135. In addition, waivers were issued to 287 TRA claimants who did not participate in training. Among the courses of study are: business administration, computer science, industrial electronics, LPN medical assistant, and truck driving.

TRA workload activities experienced mixed trends for the second consecutive year. Initial claims at 2,607, crept up seven percent over the year. However, weeks claimed declined 27 percent to 46,689, and weeks compensated dropped 28 percent to 45,843. Benefits paid declined 23 percent to \$8,573,653. As of September 30, 2004, there were 137 petitions continuing to report activity in Alabama.

Unemployment Insurance

---ATAA Program Launched---

The Trade Act of 2002 established the Alternative Trade Adjustment Assistance (ATAA) program as an alternative assistance program for older workers certified eligible to apply for TAA. This program is effective for petitions filed on or after August 6, 2003. The Trade Act requires that adversely-affected firms that request TAA certification must also apply for the ATAA program at the time the petition is filed.

Under the ATAA program, workers in an eligible worker group who are at least 50 years of age, and who obtain different, full-time employment within 26 weeks of separation from the adversely-affected employer, may receive up to half of the difference between the worker's old wage and the new wage.

The wage subsidy may be paid up to a maximum of \$10,000 during a two-year eligibility period. To be eligible for the ATAA program, workers may not earn more than \$50,000 per year in the new employment. In addition, the worker group must be certified as eligible to apply for TAA benefits and meet other ATAA criteria. Workers who begin receiving payments under the ATAA program cannot receive other TAA benefits and services except for relocation allowance and Health Coverage Tax Credit. Between October 1, 2003 thru September 30, 2004, 31 companies were certified for the ATAA program and \$37,350 was paid in subsidy benefits.

---Hurricane Ivan Takes Toll On Alabama---

The Special Programs Section of the Unemployment Compensation Division administers the Disaster Unemployment Assistance (DUA) program. The major objective of DUA is to provide assistance to individuals whose employment has been lost or interrupted as a direct result of a major disaster.

There was one major disaster declared in Alabama during 2004, while payment activities continued from a disaster declared in 2003 due to severe storms, tornadoes and flooding. On September 15, 2004, President Bush declared a Federal disaster for the State of Alabama as a result of Hurricane Ivan. The declaration was made under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The catastrophic slow-moving storm caused flooding, power outages and vast destruction of property and homes. The first 12 affected counties were: Baldwin, Butler, Clarke, Coffee, Conecuh, Covington, Crenshaw, Escambia, Geneva, Mobile, Monroe and Washington. Forty-one additional counties were added to the declaration on September 23, 2004. Among the 53 counties affected, Baldwin County received the highest level of damage. Hurricane Ivan winds resulted in the most widespread power outages ever reported in Alabama. According to state and power company officials, more than one million households lost power during the storm. Damage on the Gulf Coast was enormous, the beaches suffered massive erosion, and condos, homes, and businesses were demolished. By September 30, 2004, 63 applications for DUA benefits were received. No payments had been made as of the end of the fiscal year.

Extensive workload activity has occurred since September 30 and into the 2005 fiscal year. On October 5, 2004, 12 final counties were added to the disaster declaration, bringing the total number of counties eligible for individual assistance to 65.



The swimming pool at Gulf State Park Lodge in Gulf Shores was destroyed by Hurricane Ivan. (Photo courtesy of Roger Reetz.)

Unemployment Insurance

---Health Coverage Tax Credit Implemented---

The Trade Act of 2002 created a Federal tax credit that covered 65 percent of the premium amount that eligible individuals pay for qualified health insurance coverage. The Health Coverage Tax Credit package was implemented in Alabama in August 2003 for displaced workers certified to receive certain TAA benefits, and individuals receiving benefits from the Pension Benefit Guaranty Corporation.

The Internal Revenue Service is responsible for administering the Health Coverage Tax Credit program labeled HCTC. Industrial Relations transmits daily files to the HCTC office in Washington, D.C.

Two options are available for TAA applicants to receive the benefits. Eligible individuals may choose to either pay 100 percent of their premiums throughout the year and claim the credit when they file their federal tax return; or they may choose to have the 65 percent credit paid monthly on their behalf to their health plan administrator. Eligible individuals must pay 35 percent of their premium monthly to the HCTC program if they choose the second option.



2004 was another busy year for Jackie Atkins (left), Special Programs Unit supervisor, and Bonnie Lashley, DUA coordinator.

---NAFTA Concludes---

With the passage of the Trade Act of 2002, the NAFTA (North American Free Trade Agreement) program was repealed and only certifications already issued prior to the end of the program were paid under the NAFTA program. NAFTA, launched in 1994, had provided for a new transitional adjustment targeted to workers who were displaced because of open and free trade with Canada and Mexico. It gave affected workers both rapid and early response to the threat of unemployment, and the opportunity to engage in long-term training, while receiving income support.

The program remained in operation for nine years until the passage of the Trade Act of 2002. Final year-ending totals for NAFTA were minimal, with zero initial claims, three weeks claimed and paid, and \$570 in benefits.

"I want to acknowledge and thank you for the check I received to help with my loss of employment. This financial help is very much appreciated." --Victim of Hurricane Ivan.

Unemployment Insurance

	Fiscal Year 2004	Fiscal Year 2003	Net Change	Percent Change
<u>State Unemployment Compensation Initial Claims</u>				
New	182,866	210,543	(27,677)	-13.1
Additional	96,777	128,860	(32,083)	-24.9
Weeks Claimed *	1,604,483	1,959,325	(354,842)	-18.1
Weeks Compensated	1,496,751	1,827,313	(330,652)	-18.1
Gross Benefits Paid	\$259,395,388	\$315,265,175	(\$55,869,787)	-17.7
<u>Federal Employees Initial Claims</u>				
New	939	740	199	26.9
Additional	251	207	44	21.3
Weeks Claimed *	6,087	6,216	(129)	-2.1
Weeks Compensated	5,762	6,110	(348)	-5.7
Gross Benefits Paid	\$1,494,174	\$841,966	\$652,208	77.5
<u>Ex-Servicemen Initial Claims</u>				
New	1,870	1,234	636	51.5
Additional	160	100	60	60.0
Weeks Claimed *	17,754	11,853	5,901	49.8
Weeks Compensated	17,373	11,398	5,975	52.4
Gross Benefits Paid	\$4,446,672	\$1,570,458	\$2,876,214	183.1
<u>Extended Benefits</u>				
Initial Claims	85	214	(129)	-60.3
Weeks Claimed *	0	0	0	***
Weeks Compensated	0	0	0	***
Gross Benefits Paid	\$0	\$0	\$0	***
<u>Trade Readjustment Allowance **</u>				
Initial Claims	2,607	2,445	162	6.6
Weeks Claimed	46,689	63,872	(17,183)	-26.9
Weeks Compensated	45,843	63,412	(17,569)	-27.7
Gross Benefits Paid	\$8,573,653	\$11,145,765	(\$2,572,112)	-23.1
<u>Disaster Unemployment Assistance</u>				
Initial Claims	63	73	(10)	-13.7
Weeks Claimed	21	461	(440)	-95.4
Weeks Compensated	21	461	(440)	-95.4
Gross Benefits Paid	\$2,009	\$48,817	(\$46,808)	-95.9

* Excludes interstate claims data received through Internet System.

** Includes retroactive payment activity.

*** Less than 0.1 percent change or no activity in prior fiscal year.

Workers' Compensation

The main function of the Workers' Compensation Division is to insure that necessary medical attention and compensation benefits are provided to employees injured on the job, or, in case of death, to their dependents. This division also provides information and services to claimants, employers, insurance companies, attorneys, judges, legislators, labor and management groups, government agencies, and other parties. Other functions include gathering statistics on accidents, enforcing reporting requirements, monitoring claim payments, auditing all claim settlements, and taking corrective action on incorrect settlements or improper reporting procedures.

In addition, Workers' Compensation is responsible for gathering information on fraudulent claims or employers, which includes reacting to tips received on the fraud hotline: 1-800-WC FAKED or 1-800-923-2533. Workers' Compensation ombudsmen mediate disputes through the benefit review conference process. The most frequent issue involves requests for information/assistance concerning the law or specific medical topics.

The ombudsmen also provide assistance to employees, employers, attorneys, insurance carriers, and third party administrators, via telephone, seminars, and speaking engagements.

This division conducts employer inspections for compliance with the Workers' Compensation Law. The Workers' Compensation Division also offers a formal and informal medical dispute resolution process for any party that may dispute a medical service that has been conducted or that is requested.

---Compensation Benefits Increase---

As of June 1, 2004, the State of Alabama average weekly wage was determined to be \$607.10 for the calendar year 2003. This resulted in the following changes, effective July 1, 2004:

- ▲ The minimum weekly compensation payable increased from \$161 to \$167.
- ▲ The maximum benefits payable on fatalities increased from \$293,500 to \$303,500.



Fiscal Year 2003 Workers' Compensation Totals

Group Fund Certificates Issued	5,764
Group Fund Certificates Canceled	3,916
Self-Insurance Certificates Issued	6
Self-Insurance Certificates Canceled	19
Self-Insurers Audited	332
Compliance Inspections	20,035
Employers in Non-compliance	1,487
Continuing Education Seminars	2
Seminar Attendees	937
Continuing Education Certificates	616
Voluntary Mediations	2,179
Court Ordered Mediations	330
Mediations Resolved	2,032
Utilization Management/Bill Screening Certificates	15
Drug-Free Workplace Certificates	190
Medical Disputes	855
Medical Dispute Resolutions	0
Third Party Administrators Certified	18

"This is the first time I have called upon DIR for assistance, and I must say I have been thoroughly impressed with your willingness and ability to help."--Comment from Workers' Compensation client.

Workers' Compensation

---Individual Self-Insurers Total Drops Slightly---

The Worker's Compensation Division also administers the rules and regulations for both the Individual Self-Insurers and Group Self-Insurers. During fiscal year 2004, the following activity took place within the Self-Insurance Section:

<u>Individual Self-Insurance</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2003</u>	<u>Percent Change</u>
Certificates Issued	6	21	-71.43
Certificates Canceled	19	13	46.15
Total Individual Self Insurers	387	400	-3.25
<u>Group Self-Insurance</u>			
Certificates Issued	5,764	6,885	-16.28
Certificates Canceled	3,916	3,375	16.03
Total Employers	25,321	24,705	2.49
Total Number of Group Funds	17	17	0.00

2003 Compensation & Medical Benefits Paid

TOTAL:	\$630,430,494
Voluntary Market:	\$323,092,184
Individual Self-Insured:	\$142,119,599
Group Self-insured:	\$165,218,711

---Most Reported Injuries Occur in Manufacturing---

Injuries reported in Fiscal Year 2004 dropped by 538, compared to the previous year's total of 19,739. Approximately 24 percent of the 19,201 injuries reported occurred in the Manufacturing industry, followed by Construction at 13 percent. The majority of the injuries can be broken down as follows:

<u>Manufacturing</u>	<u>Number of Injuries</u>	<u>Construction</u>	<u>Number of Injuries</u>
Fabricated Metal Product	459	Specialty Trade	1,358
Transportation Equipment	429	Building	705
Plastics and Rubber Products	428	Heavy & Civil Engineering	387
Wood Products	420		
Food Manufacturing	380		

Retail Trade accounted for 11 percent of the reported injuries, which includes 668 in General Merchandise, 459 in Food and Beverage Stores, and 371 in Motor Vehicle and Parts Dealer. So, 48 percent of the total injuries reported fell within three industries: Manufacturing, Construction, and Retail Trade.

---Fatalities Concentrated in Two Industries---

There were 66 fatalities reported in Fiscal Year 2004, with 14 occurring in each of the Construction and Manufacturing industries. Nine fatalities occurred in Transportation and Warehousing and five occurred in Mining. Four fatalities occurred in each of four industries: Agriculture/Fishing, Wholesale Trade, Retail Trade, and Public Administration. Over 90 percent of the fatalities were males. Of the 66 deaths, approximately 76 percent were employed six months or less.

Mining and Reclamation

---23 AML Projects Completed---

The mission of the Abandoned Mine Land (AML) Reclamation Program is to restore land and water resources which have been adversely affected by past coal mining and for which there is no continuing reclamation responsibility under state or federal law. The work is funded by annual grants from the U.S. Department of the Interior, Office of Surface Mining, which collects production fees from active coal operators at a rate of 35 cents per ton for surface-mined coal, and 15 cents per ton for underground-mined coal. AML achievements during Fiscal Year 2004 were as follows:

- ▲ 23 AML projects successfully completed.
- ▲ 234 acres of mine spoils and coal refuse material (considered wastelands) returned to productive use.
- ▲ 7 mine shafts, portals, and other mine-related openings permanently sealed.
- ▲ 8 dangerous highwalls (totalling 9,535 linear feet) along roads and near residential areas eliminated.
- ▲ 20 incidents of mine subsidence beneath urban areas corrected.
- ▲ 8 hazardous water impoundments abated.
- ▲ 63,000 tree seedlings planted on eight AML sites that totalled 134 acres.

Work continued under an innovative "no cost" contract to eliminate a hazardous mine refuse impoundment overlooking the Black Warrior River in Walker County. The contractor at the Gorgas "no cost" project excavated and shipped 67,000 tons of toxic coal fines to Alabama Power's Wilsonville steam plant. Removal of the coal fines protects the environment and will save AML approximately one-million dollars in reclamation costs as work proceeds on the 30-acre site. The Blue Creek Gob "No Cost Removal" project was completed in May 2004, after remaining active for 81 calendar months. Four areas of coal gob were reclaimed that totaled 73 acres. The "No Cost" Material Removal aspect of the project saved AML approximately \$400,000.



An AML contractor is using bulldozers in backfilling a dangerous highwall in Cullman County.

---Alabama Sets the Pace in Reforestation---

Alabama's reforestation of abandoned mines is nationally recognized. During Fiscal Year 2004, tree planting operations were carried out by the Walker County Soil and Water Conservation District Board, under cooperative agreement with Industrial Relations, on abandoned mine land reclamation projects covering 134 acres. Over seven million trees have been planted by Industrial Relations during its 27 years in the reclamation business.

---Acid Mine Drainage Projects Completed in Two Counties---

In Fiscal Year 2004, three acid mine drainage projects were completed. Peabody Washer in Tuscaloosa County reclaimed 20 acres of gob and constructed two acid water treatment leach beds. Camp Cherry Austin in Tuscaloosa County constructed two oxidation ponds and 2,064 feet of acid water treatment limestone filled rock trenches. Deans Ferry in Jefferson County removed a two-acre gob pile that contained 45,000 cubic yards of acidic coal washer waste and neutralized the material by burying it in a prepared area below a dangerous highwall 1,200 feet long by 40 feet high. Work continues to treat acid mine drainage being discharged from a 240-acre abandoned surface mine into Hurricane Creek in Tuscaloosa County.

Mining and Reclamation

---Safety Accomplishment in Mining Recognized---

The Mine Safety and Inspection Section checks all working places in mines to ensure compliance with state laws which protect the safety of persons working in the mining industry. This section also coordinates rescue efforts in the event of a mine disaster and investigates mine accidents.

During Fiscal Year 2004, 3,400 miners were employed in the coal industry, producing 22 million tons of coal. An additional 1,700 miners were employed in open pits and quarries (non-coal). A total of 685 inspections were completed, with 290 at coal mines and 395 at open pit and quarry operations.

A continuing program provided education and training for mine foreman and underground blasting certification. Two underground certification examinations were administered, resulting in the issuance of 30 underground mine foreman certificates, 30 underground blasting certificates, and 18 surface foreman certificates. Mine rescue training was provided by Bevill State Community College under contract with Industrial Relations.

A statewide recognition program for safety accomplishments continued to produce favorable results. Based on the premise that good safety practices not only protect the state's workforce, but also reduce operating costs for employers, the Alabama Workplace Safety Awards Program recognized those employers who, together with their employees, exemplify a high level of safety consciousness in their everyday operations. Sixty-three awards were presented to deserving employers.

Alabama Mining by the Numbers

3,400 Coal Miners

22 Million Tons of Coal Produced

1,700 Miners Employed in Non-Coal Open Pits and Quarries

685 Inspections Completed (**290** at Coal Mines and **395** at Open Pit and Quarry Operations)

340 Surface Mining Permits

325 Permitted Mining Sites

---Surface Mining Permits Increase---

Non-fuel minerals are mined in all 67 Alabama counties and contribute greatly to the state's economy. Examples of non-fuel minerals mined in Alabama are: sand, gravel, granite, clay, bauxite, and shale. The Mine Safety and Inspection Section makes certain that lands mined for those minerals are reclaimed in accordance with the Alabama Surface Mining Act of 1969. In addition, this section issues mining permits, ensures that mine sites are properly bonded for reclamation purposes, makes periodic inspections, and releases bonds once sites have been satisfactorily reclaimed.

In Fiscal Year 2004, 340 permits (35 new permits, 304 renewals, and one amendment) were issued to operators for the surface mining of non-fuel minerals. This was a six percent decrease from the previous year. Meanwhile, a large number of unpermitted surface mining operations are known to exist in the state, and efforts continued with 40 percent less staff to gain compliance in as many of those situations as possible.

One inspector stationed in the Montgomery Central Office made 106 site inspections. Of that total, 15 inspections were made to verify locations of new permit areas; 72 inspections were made of active operations; 12 inspections were made of unpermitted sites; 20 inspections were made to investigate citizen complaints; and five inspections were made of operations with expired permits. One permit was amended to add acreage; 20 bonds were released for satisfactory reclamation; and 11 bonds were forfeited for failure to reclaim.

---Citizen Complaints Investigated---

Other activities included telephone contacts with operators, surety companies, citizens, other agencies, and landowners. Letters were written to mining operators regarding results of site inspections and action needed to remain in compliance with the Alabama Surface Mining Act of 1969. Citizen complaints involving blasting at quarries, highwalls situated too close to property lines, sediment discharge from uncontrolled runoff, and lack of reclamation were promptly investigated.

An estimated 25 sites were abandoned and left unreclaimed at year's end, with insufficient funds to complete any meaningful reclamation. Mining continues at approximately 325 permitted sites, with 80 sites being idle, abandoned, or in the process of being reclaimed.

A small increase in mining of aggregates (limestone, marble, sand, gravel, and crushed stone) is anticipated in Fiscal Year 2005. Road contractors have reacted to new hardness specifications for paving materials by opening new granite and sandstone quarries. As residential areas encroach on the sources of those minerals, increased citizen complaints will need to be addressed.

Labor Market Information

---LMI Operates Five Statistical Programs---

The Labor Market Information (LMI) Division operates five cooperative programs through the United States Department of Labor, Bureau of Labor (BLS) Statistics. These include the Occupational Employment Statistics Program, the Current Employment Statistics Program, the Quarterly Census of Employment and Wages, and the Local Area Unemployment Statistics Program, and Mass Layoff Statistics.

In addition to these five cooperative BLS programs, the LMI Division also has responsibilities as the State of Alabama's official statistical data collection and analysis manager for the Workforce Investment Act of 1998 activities and partners—now officially the Workforce Information System. Primary efforts in 2004 were directed toward new product and service development as well as existing product and service enhancement. Through considerable team effort, diligence, and great attention to detail, the Labor Market Information Division made tremendous progress in the delivery of quality workforce information to our customers.

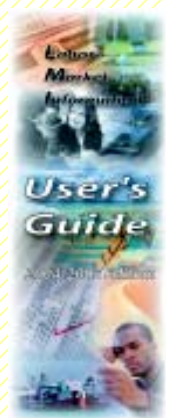
In Data Mining, localized data for demand-driven planning regions statewide have been produced including:

- ▲ Regional profiles planning documents provided to all 12 planning regions, which include employment unemployment, demographic, occupational, and industry data in one concise easy-to-use document.
- ▲ Location quotient industry cluster analysis tools—a new concept in analyzing industry composition and growth issues in regions statewide.
- ▲ Detailed skills reports on known workforce supply.
- ▲ Labor turnover.
- ▲ More detailed supply/demand data.

---LMI Launches Local Employment Dynamics---

LMI initiated Alabama's participation as one of 32 partner states in the U.S. Census Local Employment Dynamics program that will yield detailed demographics on Alabama's workforce, which will help augment the ability of planners, developers, and businesses in analyzing workforce trends, issues, and the potential solutions to workforce challenges. LMI published an *Employer Benefits Survey*—completed and contracted through the University of Alabama's Center for Business and Economic Research, in cooperation with the National Benefits Consortium. In addition, LMI was involved in the following initiatives:

- ▲ Development and maintenance of cost estimates for Unemployment Compensation Legislation.
- ▲ Federal reporting related to Unemployment Compensation program and procedures to include the production of the *Employment Service Statistical Bulletin* on a monthly basis, available via Internet, and other Unemployment Compensation tasks to include statistical reporting of Disaster Unemployment Activities and Trade Act participant outcome files.
- ▲ Update of Alabama's Comprehensive Labor Market Information System's interactive Web site to a more user friendly format—Alabama's Virtual LMI.
- ▲ Maintenance of user-friendly public access to America's Labor Market Information System employer database through the LMI Internet site.
- ▲ Production of long-term Industry and Occupational Projections using base year 2000 and projected through 2012.
- ▲ Publication of the Labor Market Information newsletter in hard copy form and on the Internet.
- ▲ Development and publication of the following career and occupational analysis products: *Career Exploration Guide*, *Alabama Wage Survey*, and update and publication of *LMI User's Guide*.
- ▲ Conducted statewide in-person training/presentations to the following customer groups: 197 Employment Service and CareerLink Staff and 45 other WIA Partners (Vocational Rehabilitation, schools, local, and state government, etc.)
- ▲ Continued preparation for transition to newly-defined Metropolitan Statistical Areas identified by the Census Bureau.



Hearings and Appeals

The Hearings and Appeals Division is responsible for conducting all due-process hearings for the department, including those related to the Unemployment Compensation Division, the Employment Service Division, the Workers' Compensation Division, and the Mining and Reclamation Division. This division is also responsible for conducting hearings concerning departmental personnel matters.

The majority of the hearings conducted involve unemployment compensation benefits. Hearings concerning unemployment compensation benefit eligibility are promptly scheduled and generally conducted on a weekly basis at career center locations throughout the state and by teleconference. A staff of 12 Administrative Hearing Officers conduct these hearings and issue their decisions in a timely manner. These hearings conform with the legal requirements of due-process of law, but without the strict adherence to legal rules of evidence. Approximately 16,000 of these hearings were scheduled in Fiscal Year 2004.

---Hearings and Appeals Receives Passing Scores---

The U.S. Department of Labor implemented new criteria for measuring lower authority appeals quality in 1996. The Hearings and Appeals Division has consistently received passing scores on all appeal cases randomly selected for each quarterly study. So far, all cases selected and evaluated from the past year have received a passing score.

---Hearings and Appeals 2004 Highlights---

- ▲ Developed software applications to allow the Administrative Hearing Officer to conduct teleconference appeal hearings with his/her personal computer.
- ▲ Implemented teleconferencing hearings statewide. One half of all state Administrative Hearing Officers are now conducting teleconference hearings.
- ▲ Consistently exceeded the U.S. Department of Labor standards for quality in processing and deciding appeal cases.
- ▲ Continued to provide a high quality service during a period of increasing work load in a cost-efficient manner by implementing the use of modern day technology in the appeals process.



Equal Opportunity and Grievance

The Equal Employment Opportunity and Grievance Division is responsible for ensuring that the department complies with federal equal opportunity and nondiscrimination laws and regulations. The division conducts compliance reviews of departmental programs, activities, and services and provides technical assistance as needed; receives, investigates, and/or mediates complaints and grievances filed by departmental employees or customers served by the department; and makes recommendations for corrective action, where appropriate.

Finance

As trustee of the taxpayers' dollars, the Finance Division controlled spending throughout the department to ensure that funds are used only as the law prescribes. Through the division's budgetary guidance, expenditures were kept below budget, and funding sources were monitored to provide for continued efficiency in the future.

Record keeping on departmental employees was streamlined with an updated leave system. A new process for reporting time and attendance was initiated to better control and account for personnel costs.

Statewide conversion of local employment offices to One-Stop Career Centers was continued by means of new building leases, subleases, and one-stop agreements with other agencies. These consolidations achieve an economy of scale, while providing a broader range of services to the public in each location.

At the department's Central Office building in Montgomery, a construction project was begun to upgrade the electrical system and replace heating and air conditioning equipment that was 40 years old. This work will result in improved energy efficiency, safety, and reliability, while greatly reducing maintenance costs for years to come. Safety of the facility was also enhanced with implementation of 24-hour security coverage, and the bid process was begun for installation of an electronic surveillance and access control system.

Governmental Affairs

The Governmental Affairs Division was instrumental in the passage of administrative rules critical for Industrial Relations, and with steering contracts through the Legislative Contract Review Committee. The division also helped pass the Enhancement Legislation, and had legislation introduced to regulate employee leasing companies. The division closely monitors federal legislation affecting the agency. This division's director is a member of the National Association of State Workforce Agencies Legislative Committee, and is on a special national task force on UI reform.

---Board of Appeals---

The Board of Appeals hears contested unemployment compensation cases at the highest administrative level possible. The board meets in the following seven cities each month on a rotating basis: Montgomery, Trussville, Decatur, Mobile, Gadsden, Dothan, and Tuscaloosa. In 2004, there were approximately 2,916 cases filed to the board. The board disposed of over 3,050 cases and held 618 hearings. The board answers numerous letters from U.S. senators, congressmen, the governor, state legislators, claimants, employers, and attorneys.

Human Resources

The Human Resources Division provides personnel administration support to all Industrial Relations offices. This includes permanent and temporary staffing, leave management, performance appraisal, and personnel file management. The Training Section provides employees with various kinds of job-related training, as well as motivational speakers, and administrative support for conferences hosted by the agency. Video Conferencing was used in training for the first time, as over 40 employees in seven cities participated in a harassment awareness course.

Information Systems

The Information Systems Division provides state-of-the art mainframe and distributed system processing to support all departmental functions. The division is composed of three sections: Distributed Systems, Data System Management, and Computer Operations. In order to provide optimum processing capabilities, and document imaging up-to-date technology, the division developed and implemented many upgrades during the year. Included in these are the Unemployment Compensation Call Center system, the Unemployment Compensation Optical Scanning System, the Department Help Desk, the Temporary Emergency Unemployment Compensation Systems, and a major upgrade to our online processing systems. The significant achievements made during the past year are:

---Distributed Systems---

- ▲ Redesigned the DIR Web site, including hardware and operating system upgrades, and migrated the design architecture to Microsoft.NET.
- ▲ Implemented E-Government portal on the DIR Web site.
- ▲ Implemented the Alabama Wage and Tax Internet System.
- ▲ Developed and implemented an Intranet Web site for the department.
- ▲ Procured and installed over 500 personal computers for the Employment Service Division.
- ▲ Procured the hardware and software necessary to convert the America's Workforce System from the mainframe to a client-server.
- ▲ Implemented a Dynamic Host Configuration Protocol solution throughout the department's networks.
- ▲ Developed and implemented a Telephone Hearing System for the Hearings and Appeals Division.
- ▲ Completed over 9,000 Help Desk tickets.

---Data Systems---

- ▲ Procured, installed, and implemented a new IBM 2066-OB mainframe computer and zOS operating system.
- ▲ Applied upgrades to the mainframe communications system and associated system software.
- ▲ Designed and programmed a new department leave system.

---Computer Operations---

- ▲ Implemented a document imaging system.
- ▲ Began phase-out of DIR's microfilming function.

Internal Security

The goal of the Internal Security Division is to prevent fraud, waste, and abuse in DIR programs. To a large degree, Internal Security activity focuses on unemployment compensation (UC) operations, where the potential for monetary loss due to fraud and abuse is the greatest. To accomplish its goal in regard to prevention of fraud and abuse the division does the following:

- ▲ Conducts compliance related audits and reviews.
- ▲ Conducts investigations into alleged fraud or other alleged inappropriate activity.
- ▲ Conducts pre-employment background checks for all prospective department employees.
- ▲ Conducts daily review of UC transaction registers in order to identify potentially inappropriate activity.
- ▲ Provides an enhanced level of security to automated UC information systems by controlling/maintaining special password systems, which includes automated audit trails.
- ▲ Provides all divisions with a mandatory system for reporting of security-related incidents.
- ▲ Evaluates the physical security of department property and assets.
- ▲ Makes recommendations to management for improvements.

In addition to these activities, the division recently developed guidelines for all DIR employees in the performance of assigned duties titled, *DIR Principles of Business Conduct* and *DIR Identity Theft Policy*. Both of these were adopted as DIR policy and were directed to all DIR employees.

Legal

The Legal Division serves as legal counsel for Industrial Relations. In addition to actual courtroom trial work, the division renders legal opinions and interpretations of the various laws administered by DIR.

The division represented DIR on appeals in the Court of Civil Appeals and the Alabama Supreme Court. Court appearances were made in the various federal courts concerning individuals suing, claiming a violation of federal statutes and bankruptcies. The division represented the agency in various circuit courts throughout Alabama in cases involving UC benefit appeals, UC tax, rules to show cause, motions to quash, UC overpayment, child support withholding, and surface mining violations, as well as matters before the Board of Adjustment.

As of the the end of 2004, the division had collected over \$1 million in overpaid unemployment compensation and collected an additional \$278,000 for the year, which was placed back into the UC Trust Fund.

Planning and Systems Analysis

Planning and Systems Analysis Division achievements in 2004 included the following:

- ▲ Implemented a Departmental Functional Analysis and Records Disposition Authority, displayed on the Internet, showing how the department is organized, how it functions, what it does to serve the public, what records it maintains, and how long such records are archived.

- ▲ Diminished the use of microfilm as a records storage medium and coordinated with the Information Systems Division to facilitate increased use of digital imaging to reduce costs, increase records retrieval speed, allow concurrent access to records, and improve access to information needed in the administration of the department's programs.

- ▲ Improved the department's information disclosure services by reducing the use of diskettes, compact discs and tape cartridges, and increasing the use of file transfers to reduce costs and raise the speed of disclosure; increased the use of higher skilled staff to enhance customer service; and more evenly distributed workloads to allow for better backup and shorter response times to requests for information.

- ▲ Initiated a plan for listing the goals of each of the department's divisions, tracking progress toward reaching them, and ensuring that they are reached.

INDUSTRIAL RELATIONS DIRECTORY

Central Office:	Information 334-242-8055	Director 334-242-8990
	Employment Service Director 334-242-8005 or 8006	Unemployment Insurance Director 334-242-8025
	Workers' Compensation Director 334-353-0990	Mining & Reclamation 334-242-8265
	Governmental Affairs Director 334-242-8274	Labor Market Information Director 334-242-8859
	Industrial Relations Web Site http://www.dir.alabama.gov/	

ALABAMA CAREER CENTER SYSTEM

COUNTY	LOCATION	PHONE
Autauga	235 S. Court St./Prattville	334-365-7889
Baldwin	201 Faulkner Dr./Bay Minette	251-937-4161
	200 West Michigan Ave./Foley	251-943-1575
Barbour	122 Paul Lee Pkwy./Eufaula	334-687-3551
Blount	68626-A Main St./Blountsville	205-429-4311
	313 Second Ave. W./Oneonta	205-274-0342
Butler	117 W. Commerce St./Greenville	334-382-3128
Calhoun	1731 Coleman Rd./Anniston	256-832-0147
Chambers	403-B North Gilmer Ave./Lanett	334-644-1851
Cherokee	1524 Chestnut Bypass/Centre	256-927-5002
Chilton	506 Enterprise Road/Clanton	205-755-0643
Choctaw	117 S. Mulberry Ave., Ste. 14/Butler	205-459-3227
Clarke	3090 Highway 43/Jackson	251-246-2453
Coffee	2021 Boll Weevil Cir./Enterprise	334-347-0044
Colbert	500 S. Montgomery Ave., #102/Sheffield	256-383-5610
Conecuh	1023 Douglas Ave., #314/Brewton	251-867-4376
Covington	312 West Gate Plaza/Andalusia	334-222-1115
Cullman	1201 Katherine St. NW/Cullman	256-734-4911
Dale	618 Andrews Ave., Ste. E/Ozark	334-774-9386
Dallas	1112 Water Ave./Selma	334-872-0471
DeKalb	2100 Jordan Rd., SW/Fort Payne	256-845-2900
Etowah	216 N. 5th St./Gadsden	256-546-4667
Fayette	1620 Temple Ave., N./Fayette	205-932-5999
Franklin	101 Washington Ave., SW/Russellville	256-332-2625
Houston	1950 Reeves St./Dothan	334-792-2121
Jackson	3509 S. Broad St., Ste. 23/Scottsboro	256-574-1720
Jefferson	3440 Third Ave. S./Birmingham	205-254-1300
	1721 Oxmoor Rd./Homewood	205-870-3275
	820 Watterson Curve/Trussville	205-655-0395

ALABAMA CAREER CENTER SYSTEM

COUNTY	LOCATION	PHONE
Lee	2300 Frederick Rd./Opelika	334-749-5065
Limestone	409 S. Marion St./Athens	256-232-4703
Macon	302 South Main St./Tuskegee	334-727-5855
Madison	2535 Sparkman Dr./Huntsville	256-851-0537
Marengo	1074 Bailey Dr./Demopolis	334-289-0202
Marion	1481 Military St. S./Hamilton	205-921-7657
Marshall	5920 U. S. Hwy. 431 N./Albertville	256-878-3031
	157 South Main St./Arab	256-586-7589
Mobile	515 Springhill Plaza Ct./Mobile	251-461-4146
Monroe	1075 Drewry Rd./Monroeville	251-575-3894
Montgomery	1060 East South Blvd./Montgomery	334-286-1746
Morgan	1819 Bassett Ave. SE/Decatur	256-355-0142
Pike	1023 South Brundidge St./Troy	334-566-3920
Randolph	3862 Hwy. 431/Roanoke	334-863-8114
Russell	1104-B Hwy. 280 Bypass/Phenix City	334-297-1551
St. Clair	1310 Comer Ave./Pell City	205-338-3117
Shelby	109 Plaza Cir./Alabaster	205-663-2542
Talladega	100 Johnson Ave., N., Unit 105/Talladega	256-362-8770
Tallapoosa	260 Church St./Alexander City	256-234-5066
Tuscaloosa	202 Skyland Blvd./Tuscaloosa	205-758-7591
Walker	2604 Viking Dr./Jasper	205-221-2576
Winston	827 20th St., Haleyville	205-486-9245

THE ALABAMA DEPARTMENT OF INDUSTRIAL RELATIONS IS AN EQUAL OPPORTUNITY EMPLOYER.
PROGRAM AUXILIARY AIDS AND SERVICES ARE AVAILABLE UPON REQUEST TO INDIVIDUALS WITH DISABILITIES.