BUILDING ON REEMPLOYMENT IMPROVEMENTS TO DELIVER GOOD EMPLOYMENT FOR WORKERS ACT

APRIL 9, 2019.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Neal, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 1759]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1759) to amend title III of the Social Security Act to extend reemployment services and eligibility assessments to all claimants for unemployment compensation, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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89–006
The amendments are as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.
This Act may be cited as the “Building on Reemployment Improvements to Deliver Good Employment for Workers Act” or the “BRIDGE for Workers Act”.

SEC. 2. FINDINGS.
Congress finds the following:
(1) The Bipartisan Budget Act of 2018 (Public Law 115-123) improved program accountability for effectively serving unemployed workers and made a significant new investment in reemployment services.
(2) Research shows the longer workers are out of work, the harder it can be to maintain their skills, professional network, and stable home life.
(3) Reemployment services give workers who might otherwise struggle to find new jobs the tools that they need to get back to work—such as individualized career counseling and job search help as well as local labor market information—and they can serve as an entry point to the workforce development system.
(4) Reemployment services have been demonstrated to reduce the number of weeks that program participants receive unemployment benefits by improving their employment outcomes, including earnings.
(5) Unemployment benefits replace less than half of working income, on average, so workers who find new jobs quickly suffer less financial hardship.
(6) Combining targeted reemployment services with unemployment benefits helps keep people attached to the labor force who might otherwise become discouraged and drop out.
(7) The Congressional Budget Office estimates that, over time, investments in reemployment services create savings for taxpayers and unemployment trust funds by reducing spending on unemployment benefits.
(8) Many different types of workers can benefit from reemployment services. Reemployment services should be used to shorten the duration of unemployment for workers even if they are not projected to fully exhaust their unemployment benefits.

SEC. 3. ELIGIBILITY FOR REEMPLOYMENT SERVICES.
Section 306(a) of the Social Security Act (42 U.S.C. 506(a)) is amended—
(1) by striking “individuals referred to reemployment services as described in section 303(j)” and inserting “claimants for unemployment compensation, including claimants referred to reemployment services as described in section 303(j),”;
and
(2) by striking “such individuals” and inserting “such claimants”.

Amend the long title to read as follows: “To amend title III of the Social Security Act to extend reemployment services and eligibility assessments to all claimants for unemployment benefits, and for other purposes.”.

Amend the title so as to read:
A bill to amend title III of the Social Security Act to extend reemployment services and eligibility assessments to all claimants for unemployment benefits, and for other purposes.

I. SUMMARY AND BACKGROUND
A. PURPOSE AND SUMMARY

H.R. 1759, as amended, the “Building on Reemployment Improvements to Deliver Good Employment for Workers Act,” or “BRIDGE for Workers Act,” as ordered favorably reported by the Committee on Ways and Means on April 2, 2019, modifies Reemployment Services and Eligibility Assessment (RESEA) grants to allow states and territories to provide services to any recipient of unemployment insurance benefits who could return to work more quickly, if provided with services.
B. BACKGROUND AND NEED FOR LEGISLATION

The Unemployment Insurance (UI) program is a federal-state partnership to provide earned benefits to individuals who lose their job through no fault of their own. RESEAs pair weekly UI benefits with services to improve program integrity and provide workers who might otherwise struggle to find new jobs with tools that help them return to work, such as individualized career counseling, job search help and local labor market information. RESEAs can also serve as an entry point to the workforce development system, when needed. Rigorous research conducted for the Department of Labor (DOL) found that RESEAs, and in particular, an approach that combined personalized assessment and the provision of reemployment services, were effective in increasing employment and reducing the duration of unemployment benefit receipt.1

Between 2005 and 2018,2 Congress provided modest appropriated funding for RESEAs, which the DOL then used to award grants to states and territories.3 Sec. 30206 of the Bipartisan Budget Act of 2018 (P.L. 115–123) codified the authority for the DOL to administer the RESEA program in a new Sec. 306 of the Social Security Act. It also set out various requirements for states to use certain types of evidence-based interventions for UI claimants under RESEA, provided for reasonable notice and accommodations to participating beneficiaries, allocated discretionary funding for RESEA across three categories (base funding, outcome payments, and research and technical assistance) and provided for a funding increase of $2.5 billion over 10 years.4 The Congressional Budget Office estimated that if the Appropriations Committee were to fully fund the new investments in RESEAs, it would reduce the budget deficit by $600 million between 2022 and 2027.5

Under current law, in fiscal year 2020 and future years, the DOL will require states to limit RESEA programs to serving only those workers who are profiled as likely to exhaust their unemployment benefits before finding work. Temporary flexibility to serve any recipient of unemployment benefits provided in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115–245) will expire at the end of fiscal year 2019.6

In a survey conducted by the National Association of State Workforce Agencies (NASWA), 59 percent of states said they were using

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the temporary flexibility to serve a wider array of workers.\textsuperscript{7} NAWSA Board President Jon Pierpont wrote to the Ways and Means Committee:

Until the passage of the [Bipartisan Budget] Act, federal RESEA had been limited to a widely-successful pilot grant program. Today, States around the nation now have the ability to accelerate unemployment insurance (UI) claimants’ transition back to employment faster than non-participants, which is particularly important in an economy desperately in need of skilled workers.

To enhance these efforts, we encourage a minor statutory fix to the Act that reflects your intent to ensure any UI claimant, not just those most likely to exhaust their benefits, are eligible for RESEA services and assessments. The current language in Section 306 of Act needs to be modified to ensure this intent is actualized and while the Appropriations Committee made such a modification in their FY19 Labor-HHS Appropriations bill, a permanent fix would provide clarity and stability for states actively focused on helping claimants return to work expeditiously.\textsuperscript{8}

\section{C. LEGISLATIVE HISTORY}

\textit{Background}

H.R. 1759, the “Building on Reemployment Improvements to Deliver Good Employment for Workers Act,” was introduced on March 14, 2019, by Representative Stephanie Murphy and was referred to the Committee on Ways and Means.

\textit{Committee hearings}

On March 7, the Ways and Means Subcommittee on Worker and Family Support held a hearing on ways to better support workers and their families. The hearing entitled “Leveling the Playing Field for Working Families: Challenges and Opportunities” provided Members with the opportunity to hear from workers about challenges they faced in finding and maintaining employment, and also to discuss supports and programs that help individuals enter and re-enter the workforce.

The House Ways and Means Human Resources Subcommittee also held hearings focusing on obstacles to reemployment and unemployment insurance in previous Congresses, including:

- \textit{Jobs and Opportunity: Employer Perspectives on the Jobs Gap}, April 25, 2018
- \textit{Jobs and Opportunity: Federal Perspectives on the Jobs Gap}, April 17, 2018
- \textit{Jobs and Opportunity: Local Perspectives on the Jobs Gap}, April 12, 2018
- \textit{The Geography of U.S. Poverty}, February 15, 2017
- \textit{Missing from the Labor Force: Examining Declining Employment Among Working-Age Men}, September 6, 2017


Committee action

The Committee on Ways and Means marked up H.R. 1759, the BRIDGE for Workers Act, on April 2, 2019. The bill, as amended was ordered favorably reported to the House of Representatives (with a quorum being present) by voice vote.

II. EXPLANATION OF THE BILL

A. THE BRIDGE FOR WORKERS ACT

Current law

Eligibility for RESEA services is limited to individuals who are receiving regular unemployment compensation and are referred to reemployment services after a state system using statistical profiling identifies the worker as likely to exhaust regular Unemployment Compensation (UC) benefits.9

Reasons for change

The Committee believes that allowing states and territories the flexibility to provide RESEA services to recipients of earned unemployment benefits who could return to work more quickly, if provided with additional assistance, is cost-effective and will benefit both workers and employers.

Explanation of provisions


Section 2. Findings. This section outlines a number of findings concerning the demonstrated effectiveness and cost-effectiveness of RESEAs.

Section 3. Eligibility for reemployment services. This section amends Sec. 306(a) to define the population eligible for services under RESEA to include all recipients of regular and extended UC benefits, not just regular UC claimants identified through state UI worker profiling. With the change, states would be able to use RESEA funds to assist workers who could return to work more quickly if provided assistance, even if they are not profiled to exhaust all benefits.

Effective Date

The changes made by the bill are effective upon enactment.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means during the markup consideration of H.R. 1759, “BRIDGE for Workers Act” on April 2, 2019.

9Sections 306(a) and 303(j) of the Social Security Act, as amended through Pub. L. 115–123.
The Chairman’s amendment in the nature of a substitute was adopted by a voice vote (with a quorum being present).

The bill, H.R. 1759, was ordered favorably reported as amended by voice vote (with a quorum being present).

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 1759, as reported. The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO), which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee states further that the bill involves no new or increased tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 5, 2019.

Hon. RICHARD NEAL,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1759, the BRIDGE for Workers Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Meredith Decker.

Sincerely,

KEITH HALL,
Director.

Enclosure.
H.R. 1759, BRIDGE for Workers Act
As ordered reported by the House Committee on Ways and Means on April 2, 2019

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Pay-as-you-go procedures apply? | No |
Increase or budget deficits in any of the four consecutive 10-year periods beginning in 2020? | No |
Contains intergovernmental mandate? | No |
Contains private-sector mandate? | No |

H.R. 1759 would allow the Department of Labor (DOL) to award grants to states to conduct reemployment services and eligibility assessments for all unemployment claimants. Currently, states can only use those grants to serve claimants that are identified as likely to exhaust regular compensation and thus need job search assistance. DOL requires states, as a condition of receiving the grants, to prioritize those claimants who are unlikely to return to work quickly.

CBO assumes that under H.R. 1759 states would continue to operate the program under that long-standing DOL guidance and that DOL would continue to require states to provide reemployment services to high-priority people. However, the states would have more flexibility in how and when they serve claimants for reemployment services. As a result, CBO estimates that implementing H.R. 1759 would not significantly change the number of people who receive reemployment services and eligibility assessments. Thus, CBO estimates that enacting H.R. 1759 would have no effect on the federal budget.

The CBO staff contact for this estimate is Meredith Decker. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.
C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with Sec. 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4). The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

E. DUPLICATION OF FEDERAL PROGRAMS

With respect to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill contains no provision establishing or authorizing a federal program so no statement on duplication of federal programs is required.

F. HEARINGS

In compliance with Sec. 103(i) of H. Res. 6 (116th Congress) the following hearing was used to develop or consider H.R. 1759: “Leveling the Playing Field for Working Families: Challenges and Opportunities,” held March 7, 2019, and described in the legislative history section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * * * * *

TITLE III—GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION ADMINISTRATION

* * * * * * * *
SEC. 306. GRANTS TO STATES FOR REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENTS.

(a) In General.—The Secretary of Labor (in this section referred to as the “Secretary”) shall award grants under this section for a fiscal year to eligible States to conduct a program of reemployment services and eligibility assessments for individuals referred to reemployment services as described in section 303(j) and claimants for unemployment compensation, including claimants referred to reemployment services as described in section 303(j), for weeks in such fiscal year for which such individuals claimants receive unemployment compensation.

(b) Purposes.—The purposes of this section are to accomplish the following goals:

   (1) To improve employment outcomes of individuals that receive unemployment compensation and to reduce the average duration of receipt of such compensation through employment.
   (2) To strengthen program integrity and reduce improper payments of unemployment compensation by States through the detection and prevention of such payments to individuals who are not eligible for such compensation.
   (3) To promote alignment with the broader vision of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) of increased program integration and service delivery for job seekers, including claimants for unemployment compensation.
   (4) To establish reemployment services and eligibility assessments as an entry point for individuals receiving unemployment compensation into other workforce system partner programs.

(c) Evidence-Based Standards.—

   (1) In General.—In carrying out a State program of reemployment services and eligibility assessments using grant funds awarded to the State under this section, a State shall use such funds only for interventions demonstrated to reduce the number of weeks for which program participants receive unemployment compensation by improving employment outcomes for program participants.

   (2) Expanding Evidence-Based Interventions.—In addition to the requirement imposed by paragraph (1), a State shall—

      (A) for fiscal years 2023 and 2024, use no less than 25 percent of the grant funds awarded to the State under this section for interventions with a high or moderate causal evidence rating that show a demonstrated capacity to improve employment and earnings outcomes for program participants;
      (B) for fiscal years 2025 and 2026, use no less than 40 percent of such grant funds for interventions described in subparagraph (A); and
      (C) for fiscal years beginning after fiscal year 2026, use no less than 50 percent of such grant funds for interventions described in subparagraph (A).

(d) Evaluations.—

   (1) Required Evaluations.—Any intervention without a high or moderate causal evidence rating used by a State in carrying out a State program of reemployment services and eli-
bility assessments under this section shall be under evaluation at the time of use.

(2) **FUNDING LIMITATION.**—A State shall use not more than 10 percent of grant funds awarded to the State under this section to conduct or cause to be conducted evaluations of interventions used in carrying out a program under this section (including evaluations conducted pursuant to paragraph (1)).

(e) **STATE PLAN.**—

(1) **IN GENERAL.**—As a condition of eligibility to receive a grant under this section for a fiscal year, a State shall submit to the Secretary, at such time and in such manner as the Secretary may require, a State plan that outlines how the State intends to conduct a program of reemployment services and eligibility assessments under this section, including—

(A) assurances that, and a description of how, the program will provide—

(i) proper notification to participating individuals of the program’s eligibility conditions, requirements, and benefits, including the issuance of warnings and simple, clear notifications to ensure that participating individuals are fully aware of the consequences of failing to adhere to such requirements, including policies related to non-attendance or non-fulfillment of work search requirements; and

(ii) reasonable scheduling accommodations to maximize participation for eligible individuals;

(B) assurances that, and a description of how, the program will conform with the purposes outlined in subsection (b) and satisfy the requirement to use evidence-based standards under subsection (c), including—

(i) a description of the evidence-based interventions the State plans to use to speed reemployment;

(ii) an explanation of how such interventions are appropriate to the population served; and

(iii) if applicable, a description of the evaluation structure the State plans to use for interventions without at least a moderate or high causal evidence rating, which may include national evaluations conducted by the Department of Labor or by other entities; and

(C) a description of any reemployment activities and evaluations conducted in the prior fiscal year, and any data collected on—

(i) characteristics of program participants;

(ii) the number of weeks for which program participants receive unemployment compensation; and

(iii) employment and other outcomes for program participants consistent with State performance accountability measures provided by the State unemployment compensation program and in section 116(b) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3141(b)).

(2) **APPROVAL.**—The Secretary shall approve any State plan, that is timely submitted to the Secretary, in such manner as the Secretary may require, that satisfies the conditions described in paragraph (1).
(3) Disapproval and Revision.—If the Secretary determines that a State plan submitted pursuant to this subsection fails to satisfy the conditions described in paragraph (1), the Secretary shall—
(A) disapprove such plan;
(B) provide to the State, not later than 30 days after the date of receipt of the State plan, a written notice of such disapproval that includes a description of any portion of the plan that was not approved and the reason for the disapproval of each such portion; and
(C) provide the State with an opportunity to correct any such failure and submit a revised State plan.

(f) Allocation of Funds.—
(1) Base Funding.—
(A) In general.—For each fiscal year after fiscal year 2020, the Secretary shall allocate a percentage equal to the base funding percentage for such fiscal year of the funds made available for grants under this section among the States awarded such a grant for such fiscal year using a formula prescribed by the Secretary based on the rate of insured unemployment (as defined in section 203(e)(1) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note)) in the State for a period to be determined by the Secretary. In developing such formula with respect to a State, the Secretary shall consider the importance of avoiding sharp reductions in grant funding to a State over time.
(B) Base Funding Percentage.—For purposes of subparagraph (A), the term “base funding percentage” means—
(i) for fiscal years 2021 through 2026, 89 percent; and
(ii) for fiscal years after 2026, 84 percent.

(2) Reservation for Outcome Payments.—
(A) In general.—Of the amounts made available for grants under this section for each fiscal year after 2020, the Secretary shall reserve a percentage equal to the outcome reservation percentage for such fiscal year for outcome payments to increase the amount otherwise awarded to a State under paragraph (1). Such outcome payments shall be paid to States conducting reemployment services and eligibility assessments under this section that, during the previous fiscal year, met or exceeded the outcome goals provided in subsection (b)(1) related to reducing the average duration of receipt of unemployment compensation by improving employment outcomes.
B) Outcome Reservation Percentage.—For purposes of subparagraph (A), the term “outcome reservation percentage” means—
(i) for fiscal years 2021 through 2026, 10 percent; and
(ii) for fiscal years after 2026, 15 percent.

(3) Reservation for Research and Technical Assistance.—Of the amounts made available for grants under this section for each fiscal year after 2020, the Secretary may re-
serve not more than 1 percent to conduct research and provide technical assistance to States.

(4) CONSULTATION AND PUBLIC COMMENT.—Not later than September 30, 2019, the Secretary shall—

(A) consult with the States and seek public comment in developing the allocation formula under paragraph (1) and the criteria for carrying out the reservations under paragraph (2); and

(B) make publicly available the allocation formula and criteria developed pursuant to subclause (A).

(g) NOTIFICATION TO CONGRESS.—Not later than 90 days prior to making any changes to the allocation formula or the criteria developed pursuant to subsection (f)(5)(A), the Secretary shall submit to Congress, including to the Committee on Ways and Means and the Committee on Appropriations of the House of Representatives and the Committee on Finance and the Committee on Appropriations of the Senate, a notification of any such change.

(h) SUPPLEMENT NOT SUPPLANT.—Funds made available to carry out this section shall be used to supplement the level of Federal, State, and local public funds that, in the absence of such availability, would be expended to provide reemployment services and eligibility assessments to individuals receiving unemployment compensation, and in no case to supplant such Federal, State, or local public funds.

(i) DEFINITIONS.—In this section:

(1) CAUSAL EVIDENCE RATING.—The terms “high causal evidence rating” and “moderate causal evidence rating” shall have the meaning given such terms by the Secretary of Labor.

(2) ELIGIBLE STATE.—The term “eligible State” means a State that has in effect a State plan approved by the Secretary in accordance with subsection (e).

(3) INTERVENTION.—The term “intervention” means a service delivery strategy for the provision of State reemployment services and eligibility assessment activities under this section.

(4) STATE.—The term “State” has the meaning given the term in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

(5) UNEMPLOYMENT COMPENSATION.—The term unemployment compensation means “regular compensation”, “extended compensation”, and “additional compensation” (as such terms are defined by section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note)).