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THE WHITE HOUSE  
WASHINGTON

November 1, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

L. WILLIAM SEIDMAN

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

Unemployment Insurance: The Administration  
Proposals and the Subcommittee Bill

Confirming phone call to your office yesterday, the President reviewed your memorandum of October 30 and approved the following:

"Continue support of benefit amount standard"

Please follow-up with appropriate action.

cc: Don Rumsfeld

THE WHITE HOUSE

WASHINGTON

October 30, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN

*LWS*

Secretary Dunlop prepared the attached memorandum for the Economic Policy Board to keep the members abreast of recent activities on the Unemployment Insurance front.

He asked that I check with you to ascertain that your support for the Administration's proposal for a weekly benefit amount standard (50 percent of the individual's average weekly wage, up to the State maximum; State maximums of two-thirds of the statewide average weekly wage) was unchanged. He is testifying before the Ways and Means Committee Friday afternoon and simply wants to be sure that he is still on firm ground in pressing for adoption of the benefit amount standard. See page three of memorandum.

Continue support of benefit amount standard

*MR 7*

Do not press for inclusion of the standard \_\_\_\_\_

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

October 29, 1975

MEMORANDUM FOR ECONOMIC POLICY BOARD

Subject: Unemployment Insurance: The Administration  
Proposals and the Subcommittee Bill

On October 20, 1975, the Unemployment Compensation Subcommittee of the House Ways and Means Committee approved a clean bill (H.R. 10210) for consideration by the full committee. The vote was 7-3 as follows: Pro--Corman, Fisher, Keys, Jacobs, Burke, Frenzel and William Steiger; Con--Pickel, Burleson and Ketchum. The Ways and Means Committee hearing is now expected to be held on October 31.

Although the changes made by the Subcommittee are in my view consonant with the Administration's proposals, the Subcommittee's bill does differ in some respects from the original Administration bill (H.R. 8614):

Coverage. The Administration proposed increased farm coverage--employers with 4 or more workers in each of 20 weeks or \$5,000 in a calendar quarter. The Subcommittee bill makes the crew leader the employer, rather than the farm operator, if the crew leader is registered under the Farm Labor Contractor Registration Act.

The Subcommittee bill provides for domestic service--employers with quarterly wages of \$600 or more compared to \$500 or more in the Administration bill.

The Subcommittee bill provides with respect to State and local government employment that States are required to cover State and local government workers, excepting only legislators, judges, elected and appointed officials, emergency employees, National Guardsmen, and inmates of custodial and penal institutions.. (The Administration bill would have

extended required coverage, now limited to State hospitals and colleges and universities, to all State and local government hospitals and institutions of education, including primary and secondary schools.)

Coverage changes effective January 1, 1977.

The Subcommittee bill would increase coverage by about 9 million workers compared to 6 million provided in the Administration bill.

Financing. The Subcommittee bill provides that the net Federal unemployment tax rate is increased from 0.5 percent to 0.7 percent, beginning in 1976; to drop back to 0.5 percent in 1982 or earlier, if the general revenue advances to the Federal extended benefit account are repaid sooner than 1981.

The Federal unemployment tax base is increased, from the present \$4,200 to \$8,000, beginning January 1, 1977.

(The Administration bill would have, beginning in 1977, raised the tax base to \$6,000 and the tax rate to 0.65 percent, to drop back to 0.45 percent when the advances to the extended benefit account were repaid.)

Extended benefits. The Subcommittee bill provides that the national trigger rate for extended benefits (weeks 27-39) is to be based on the most recent 13 weeks, as is the case now for the State trigger. The State trigger rate is to be seasonally adjusted as is already being done for the national trigger rate. The national trigger rate remains 4.5 percent (insured unemployment) and the State trigger rate 4.0 percent. The 120 percent factor is deleted from the State trigger. (This provision is the same as the Administration bill except for the deletion of an option to the States to use area triggers.)

Repeal of UCFE finality provision. This provision now makes Federal agency findings of the reasons for Federal workers' separations binding on State agencies (not in the Administration bill).

Ban on State UI disqualifications based solely on pregnancy.  
(Not in the Administration bill.)

Requirement that States pay administrative costs and entire extended benefit costs (weeks 27-39) of State and local government workers. (Same as Administration bill but effective date changed from January 1, 1976, to January 1, 1978.)

Transition from SUA. Provision for Federal reimbursement from general revenues to the extent that benefits are paid on the basis of services newly covered under H.R. 10210, until July 1, 1977; after July 1, 1977, to the extent that benefits are based on such services performed before January 1, 1977. (No transition from SUA provided for in Administration bill.)

UI Study Commission. As in Administration bill, with only minor changes.

Benefit Amount Standard. The subcommittee deadlocked, 5-5, on the Administration's proposal for a weekly benefit amount standard (50 percent of the individual's average weekly wage, up to the State maximum; State maximums of two-thirds of the statewide average weekly wage). No benefit amount standard is included in H.R. 10210 and this issue will be presented to the full House Ways and Means Committee. It is my intention to seek to get the Ways and Means Committee to put the standard into the bill. I intend to urge this position at a meeting with the full Committee in the near future.

We have been working closely with the Committee to see to it that the bill which emerges for consideration by the House stays on track, within the scope of Administration proposals.

*John F. Pando*  
Secretary of Labor

*Bill - Per our phone conversation, I would appreciate your checking with the President that this is his position as he previously decided.*

*(12)*  
*WBS*