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*See  
memo  
4/27/76*

April 26, 1976

MR PRESIDENT:

**Extension of Temporary Unemployment  
Compensation Programs**

The attached memorandum was staffed to Messrs. Buchen, Cannon, Friedersdorf, Marsh, Seidman, Duval and Austin.

With the exception of Tim Austin all consulted support the OMB recommendation.

Tim Austin comments as follows: "Control over the growth of Federal spending and a balanced budget in FY 79 are two of the President's strongest issues. No action should be taken which would seriously question the President's ability to achieve the goals unless the accompanying trade-offs are of highest priority."

Your decision is needed on this matter before you leave because the Department of Labor will be testifying tomorrow on this matter.

Jim Connor



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET

Date:

4/26

TO:

Jim Connor

FROM: Deputy Director

Dept of Labor has been called to testify on this Wed., 4/28. It would be most helpful if we could have a decision today

4/26.

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

April 25, 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: James F. Lynn  
SUBJECT: Extension of Temporary Unemployment Compensation Programs

I. Background

The Labor Department is scheduled to testify Wednesday, April 28 before Ways and Means on seven bills which would extend or alter two temporary unemployment compensation programs. The first, Federal Supplemental Benefits (FSB), provides up to 26 additional weeks of benefits to claimants who have used up their 39 weeks of regular and extended benefits under the Federal-State Unemployment Insurance (UI) system. With FSB, claimants may receive up to 65 weeks of benefits, depending on the insured unemployment rate in their State. The second, Special Unemployment Assistance (SUA), provides up to 39 weeks of benefits to those workers who are not eligible to receive benefits under the regular UI system.

Both programs were enacted in late 1974 and modified by mid-1975. Each will pay benefits until March 31, 1977, although no new SUA claims will be taken after December 31, 1976. Under legislation you proposed last summer, about six million of the estimated 11.3 million workers now covered by SUA would become covered under the regular UI program effective January 1, 1977. But legislation has been delayed, and coverage could not become effective until January 1, 1978, even if a bill passes this session.

Your 1977 budget did not propose to extend either FSB or SUA, but did not close off the possibility of either action. "Seventy Issues" reads: "Because of these [legislative] proposals [to extend regular UI coverage to many SUA claimants] and anticipated improved economic

conditions, no proposal is made to extend legislative authority for the two emergency temporary unemployment assistance programs which will expire in 1977. These programs were conceived to provide additional support during the worst of the recession."

## II. Options

Federal Supplemental Benefits (weeks 40-65 for claimants under regular UI).

1. Extend beyond March 31, 1977.
2. Terminate March 31, 1977 (current law).

A straight extension through the end of FY 1977 would add an estimated \$0.5 - 0.8 billion to FY 1977 outlays. An average of 300,000 people a week would receive benefits.

The Labor Department recommends opposing any change to the FSB program. They believe it will have served its purpose and should be terminated as scheduled. Claimants could still receive up to 39 weeks of regular and extended benefits.

Special Unemployment Assistance (for those not eligible for regular UI).

1. Extend beyond December 31, 1976.
2. Terminate. No new claims after December 31, 1976. Last benefits paid March 31, 1977 (current law).
3. Urge Congress to postpone action until later in year.

An extension through FY 1977, with a provision to close an eligibility loophole, would add an estimated \$0.3 billion to FY 1977 outlays. An average of 150,000 people a week would receive benefits. These people are not eligible for any other UI. Our current working economic assumptions (not yet publicly endorsed) indicate that the unemployment rate for the quarter ending December 31, 1976, may be 7.1% and going down. The rate when you proposed your version of SUA was 6.5% and rising rapidly.

The Labor Department recommends supporting a one-year extension of SUA to December 31, 1977, and correcting the eligibility loophole. They point out that this would bridge the gap left by the delay in legislation you proposed to expand coverage under the regular UI system.

Postponement of final and conclusive action on SUA until the end of this year would enable us to have a better knowledge of the state of the economy and to act on the facts at that time. On the other hand, Congress may not be in session after October, and delay until the meeting of the new Congress would ensure a gap in SUA coverage.

### III. Recommendation

Federal Supplemental Benefits. That you approve Option 2, which would allow the program to terminate as scheduled, March 31, 1977. Labor concurs.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

### Special Unemployment Assistance.

That you approve Option 1, which would allow the program to continue for one year, until the new reform legislation becomes effective. Labor concurs.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 26, 1976

Time:

FOR ACTION:

cc (for information):

- ✓ Phil Buchen
  - ✓ Jim Cannon
  - Max Friedersdorf
  - ✓ Jack Marsh
  - ✓ Bill Seidman
  - ✓ Mike Duval
  - ✓ Tim Austin
- FROM THE STAFF SECRETARY

DUE: Date: TODAY - April 26

Time: 4 P.M.

SUBJECT:

James T. Lynn memo of 4/25/76 re  
Extension of Temporary Unemployment  
Compensation Programs

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

We regret the short time given for review of this issue but OMB has requested that this package go forward to the President this afternoon --

*Duval - see comments*  
*Seidman - agree with OMB + Labor*  
*Tim Austin - Concur 3:50 4/26/76*  
*Buchen - supports OMB*  
*Cannon - (concur with OMB per Carvernaugh)*  
*Marsh approved both options*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 26, 1976

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FOR ACTION:

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*Agree with OMB and Labor  
Recommendations  
RHS for JWS*

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Jim Connor  
For the President



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 26, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

~~Jim Cannon~~

Max Friedersdorf

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Tim Austin

FROM THE STAFF SECRETARY

DUE: Date: TODAY - April 26

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SUBJECT:

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For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

We regret the short time given for review of this issue  
but OMB has requested that this package go forward to  
the President this afternoon --

Support OMB and Labor Recommendations.

*P.W.B.*

4/26/76

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delay in submitting the required material, please  
telephone the Staff Secretary immediately.

Jim Connor  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 26, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen  
Jim Cannon  
 Max Friedersdorf  
 Jack Marsh  
 Bill Seidman  
 Mike Duval  
 Tim Austin  
 FROM THE STAFF SECRETARY

DUE: Date: TODAY - April 26

Time: 4 P.M.

SUBJECT:

James T. Lynn memo of 4/25/76 re  
Extension of Temporary Unemployment  
 Compensation Programs

ACTION REQUESTED:

- |   |  |
|---|--|
| <input type="checkbox"/> For Necessary Action         | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply                         |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks                       |

REMARKS:

*4/26/76*  
 We regret the short time given for review of this issue but OMB has requested that this package go forward to the President this afternoon -- *Beatty*

- 1. Federal Supplemental*  
Approve option 2
  - 2. Special Unemployment Assistance*  
Approve option 1
- [Signature]*

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Jim Connor  
 For the President

THE WHITE HOUSE

WASHINGTON

April 26, 1976

MEMORANDUM FOR: JIM CANNON

FROM: DAVID LISSY 

SUBJECT: Jim Lynn's "Extension of Temporary  
Unemployment Compensation Programs"

I concur with OMB's recommendation (Option 1) on the Special Unemployment Assistance (SUA) issue. The eligibility loophole to be closed would make eligibility in each instance conform to the existing State law. At the moment, in some States, Federal benefits under SUA can exceed benefits under the State plan because of the way wage records are counted.

I am uneasy with OMB's recommendation (Option 2) on the Federal Supplemental Benefits (FSB) issue. Substantively it is the right position to say that extended benefits should not be prolonged indefinitely. There is evidence that extended benefits themselves are a factor in leading to longer unemployment and a higher unemployment rate. The problem is that the new Congressional budget process and the unlikelihood of serious Congressional action this fall force us to deal now with what will be the situation literally a year from now.

The President can be against bad "job creation" bills and still be for jobs and I think his message on public service jobs and public works programs is being understood. It is harder to be against aid to the unemployed at a time when unemployment is still running at 7.5%.

I think it important that we convey the message that we are opposed to action now because it is unnecessary now and there is really no reason to address this issue now except that Congress has chosen to have hearings. We should emphasize that we will keep close watch next fall and winter and would not hesitate to act then should it be necessary -- as we acted when we took the initiative to propose FSB in the first place.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 26, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen  
Jim Cannon  
Max Friedersdorf  
Jack Marsh

Bill Seidman  
|| Mike Duval ||  
Tim Austin

FROM THE STAFF SECRETARY

DUE: Date: TODAY - April 26

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SUBJECT:

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ACTION REQUESTED:

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REMARKS:

We regret the short time given for review of this issue but OMB has requested that this package go forward to the President this afternoon --

- 1) If Friedersdorf does not predict that the President will get rolled, I concur with Lynn's recommendation.
- 2) If the President decides in accordance with the recommendation, I suggest we put out a Statement which:
  - A) Takes a hard line on spending (will not extend FSB at a cost of about 3/4 a billion); but
  - B) Shows compassion for unemployed by extending SUA (at a cost of \$.3b.)

*Perhaps Domestic Council should draft + send in w/ package*

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor  
For the President

*Mike*

THE WHITE HOUSE

WASHINGTON

April 27, 1976

MEMORANDUM FOR: JIM CONNOR

FROM: MAX FRIEDERSDORF

SUBJECT: James T. Lynn memo of 4/25/76 re  
Extension of Temporary Unemployment  
Compensation Programs

The Office of Legislative Affairs concurs with Option 2 *on FSB +*  
*OPTION 1 in S.U.A.*