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APPROVED
JUN 30 1975

THE WHITE HOUSE
WASHINGTON
June 30, 1975

ACTION
Last Day: July 9

*ceremony
OVAL OFFICE
3 PM.
Statement
issued
6/30/75*

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *JMC*
SUBJECT: Enrolled Bill H.R. 6900 - Emergency Compensation and Special Unemployment Assistance Extension Act of 1975

Attached for your consideration is H.R. 6900, sponsored by Representative Corman and nine others, which:

- Extends the two temporary programs enacted in December providing additional weeks of unemployment compensation benefits. (The Emergency Unemployment Compensation Act of 1974 and The Emergency Jobs and Unemployment Assistance Act of 1974);
- Authorizes general revenue loans to the Virgin Islands for its unemployment compensation program;
- Liberalizes the housing credit enacted in the Tax Reduction Act of 1975.

A discussion of the features of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Phil Buchen (Lazarus), Bill Seidman, and I recommend approval.

RECOMMENDATION

That you sign H.R. 6900 at Tab B.

That you approve the signing statement at Tab C.

Approve OK Disapprove _____



*Torrey-5
7/1/75*



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

JUN 28 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6900 - Emergency Compensation
and Special Unemployment Assistance Extension
Act of 1975
Sponsor - Rep. Corman (D) Calif. and 9 others

Last Day for Action

July 9, 1975 - Wednesday. Recommend action before July 1, 1975 when benefit payments to long-term unemployed workers will expire, in some cases.

Purpose

Extends the two temporary programs enacted in December, 1974 providing additional weeks of unemployment compensation benefits; authorizes general revenue loans to the Virgin Islands for its unemployment compensation program; liberalizes the housing credit enacted in the Tax Reduction Act of 1975, and makes certain other changes in law.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Department of Labor	Approval (Signing statement attached)
Department of the Treasury	Approval
Department of Commerce	Approval (informal)
Department of the Interior	Approval (Title III)
Department of Housing and Urban Development	No objection to approval
Council of Economic Advisers	Does not oppose

Discussion

H.R. 6900 is the outcome of proposals made by the Administration last April to extend the temporary programs enacted in December of 1974 to provide longer periods of

unemployment compensation than authorized under permanent law. While the enrolled bill departs in certain respects from the Administration's proposal, as explained below, it represents a satisfactory compromise between the House and Senate versions of the legislation and generally conforms to the objectives sought by the Administration.

Background

The present regular State unemployment compensation program generally provides up to 26 weeks of benefits for unemployed workers covered under the program. These benefits are financed solely from State taxes on employers.

The Federal-State Extended Unemployment Compensation Act of 1970 established a permanent program of extended benefits for up to 13 weeks (weeks 27-39). These extended benefits are triggered "on" in all States when the national insured unemployment rate is 4.5 percent for three consecutive months, or in particular States if their insured unemployment rate is 4 percent or more for a thirteen-week period and 120 percent of the same period in the two preceding years. The cost of these permanent extended benefits is financed 50-50 from State unemployment insurance tax revenues and Federal unemployment tax revenues, all of which flow through the Federal budget.

The Emergency Unemployment Compensation Act of 1974 enacted last December authorized the Federal Supplemental Benefits (FSB) program which provides a temporary additional thirteen weeks (weeks 40-52) of extended benefits in States where the 1970 extended benefits program is in effect. This Act revised until December 31, 1976 the triggers under the 1970 program (which also apply to FSB) to permit States at their option to pay extended benefits when the national insured unemployment rate is 4 percent rather than 4.5 percent and to disregard the 120 percent State trigger factor.

FSB is financed entirely from Federal unemployment tax revenues and is paid out of the extended benefit account in the unemployment trust fund. Because of depletion of the trust fund, FSB costs will be met in large part by advances to the trust fund from general revenues, which will be repaid, without interest, from subsequent Federal unemployment tax receipts.

Under FSB, no new claims can be filed after December 31, 1976, but people receiving benefits before that date can continue to receive payments through March 1977. The Tax Reduction Act of 1975 amended the Emergency Unemployment Compensation Act of 1974 to make another 13 weeks of FSB (weeks 53-65) available through June 30, 1975.

The Emergency Jobs and Unemployment Assistance Act of 1974, also enacted last December, established a temporary Federal program of Special Unemployment Assistance (SUA) for unemployed workers who are not eligible for unemployment benefits under any other State or Federal law. Groups covered include State and local government employees, farm workers and private household workers. The weekly benefit amounts and number of weeks of benefits are based on State law, up to a maximum of 26 weeks.

Benefits under SUA are activated by triggers on a nationwide basis when the national unemployment rate averages 6 percent for a three month period or on a geographic area basis when the area unemployment rate averages 6.5 percent or more in that period. The Federal Government pays the entire cost of benefit payments under this program out of appropriations from general revenues. No new unemployment claims under SUA can be filed after December 31, 1975, but payments can be made to individuals until March 31, 1976.

Administration Proposal

Based on unemployment projections and rates of exhaustions of unemployment benefits, you proposed in April 1975, and the Labor Department submitted to Congress that month, legislation that would:

-- extend the 13-week added eligibility under FSB provided in the Tax Reduction Act through December 31, 1975, rather than allowing it to expire on July 1, 1975. This will mean that a maximum of 65 weeks of unemployment benefits will be available through calendar year 1975 (26 weeks regular, 13 weeks permanent extended, and 26 weeks of FSB).

-- increase the maximum duration of benefits under SUA from 26 weeks to 39 weeks through December 31, 1975 and extend the program to December 31, 1976 with continued payments permitted as late as March 31, 1977.

-- provide a phased detripping of the duration of FSB and SUA in calendar year 1976 on the basis of insured unemployment rates in major labor market areas (Standard Metropolitan Statistical Areas (SMSA) with 250,000 or more population and balance-of-State areas).



-- bar SUA payments to teachers and other school employees during periods between academic years or terms if they have a contract with a school for the upcoming academic year or term.

Major Provisions of H.R. 6900

The following describes the major provisions of the enrolled bill compared with the Administration's proposal.

Title I - Unemployment Compensation (FSB)

This title of the enrolled bill would extend FSB until the week ending March 31, 1977. New claims would be paid through that week, after which all FSB benefits would terminate. Without the bill, FSB would drop from 26 weeks to 13 weeks as of July 1, 1975.

Under the bill, the "permanent" triggers would govern the 26 week program through December 31, 1975. Beginning January 1, 1976, the duration of benefits would be adjusted by State, according to the following triggers: For individuals whose weeks of unemployment begin during a period when the State insured unemployment rate (IUR) for the preceding 13 weeks exceeds 6 percent, FSB duration would be 26 weeks (weeks 40-65). When the State IUR for the same period is between 5 and 6 percent, FSB duration would be 13 weeks (weeks 40-52). When the State IUR drops below 5 percent, there would be no FSB.

This title would also:

-- require claimants deemed by their State to need upgrading or skill broadening to apply for training approved by the Secretary, if it is available without tuition and fees and is within a reasonable distance.

-- mandate a study and report by the Secretary of Labor on FSB and SUA to be submitted to the Congress not later than January 1, 1977.

-- require that for new claims filed after July 1, 1975, FSB be reduced by the amount of any SUA benefits received by the claimant during the previous 65 weeks, to prevent persons from receiving benefits under both programs.



-- postpone for three years the Federal Unemployment Tax Act (FUTA) penalty rate for States which fail to repay loan advances within the two years allowed, provided the State meets criteria set by the Secretary of Labor for restoring its program to fiscal soundness.

The Administration proposal would have extended FSB for new claims through December 31, 1976, with continued claims payable through March 31, 1977. The enrolled bill would accept new claims through the latter date, a difference we do not regard as serious. In providing for State triggers, the enrolled bill goes only part way toward our proposal for area triggers, but does take an important step in the right direction. The remaining features of the FSB portion of the enrolled bill were not requested by the Administration, but are not objectionable.

Title II - Special Unemployment Assistance

This title of the enrolled bill would increase to 39 weeks the duration of the SUA program from its present 26 weeks limit, for weeks of unemployment beginning on and after July 1, 1975. It would also extend the period for initial claims from December 31, 1975 to December 31, 1976, with continued claims payable through March 31, 1977. The existing triggers would continue to govern the program.

In addition, major provisions of this title would:

-- provide that no SUA benefits be paid to instructional, research or principal administrative employees of education institutions or agencies for periods between two academic years, if they have worked for the first year and have a contract for the second.

-- clarify that self-employed persons are not covered.

-- define SUA benefit year to assure national comparability.

-- authorize States, after opportunity for fair hearing, to require repayment under certain conditions of SUA benefits to which individuals were not entitled.

-- reduce an individual's SUA entitlement by the amount of benefits already received under a State unemployment compensation law, where SUA payment was initiated during an individual's unexpired State benefit year.

This title of the enrolled bill would provide the extension of SUA requested by the Administration, but does not include the area triggering-down mechanism proposed to begin January 1, 1976. The other features of this title were either requested by the Administration, or are regarded as unobjectionable.

Title III - Loans to Virgin Islands and trade adjustment assistance

This title of the enrolled bill would authorize the Secretary of Labor to make loans to the Virgin Islands from general funds determined to be necessary for benefit payments under the Islands' unemployment compensation law. The aggregate amount of loans could not exceed \$5 million, and no loans could be made for months beginning after June 30, 1976. Any amount not repaid by January 1, 1978 would be subject to interest charges at the same rate the Internal Revenue Service charges delinquent accounts.

Interior, in its attached views letter, recommends approval of this feature of Title III, indicating that the resources of the Virgin Islands Unemployment Fund have been exhausted, and the proposed Federal loan authority is similar to that available to States. We believe it would have been preferable to provide Federal assistance based on the total needs of the Islands, rather than on the piecemeal basis reflected in H.R. 6900.

This title of the enrolled bill would also postpone from July 1, 1975 to July 15, 1975 the provision for a penalty tax to be imposed in States which have not entered into an agreement with the Federal Government to administer the trade adjustment assistance benefit program. This provision was enacted to provide Wisconsin an additional period of time to comply.

Title IV - Tax Credit for Purchase of New Principal Residence

This title would amend the tax credit provided in the Tax Reduction Act of 1975 for the purchase of a new principal residence. Under that Act, in order for a homebuyer to qualify for the credit he must attach to his tax return a certification from the seller that the purchase price is the lowest price at which the residence was ever offered

for sale. The enrolled bill would amend this section to require that the house be sold for the lowest price ever offered after February 28, 1975.

The first units in a subdivision are often offered at a "loss leader" price to attract buyers and then prices are increased as sales begin. Under current law, unless the seller is willing to offer this lowest price again, the unit cannot qualify for the tax credit. While some sellers have rolled back prices in order to qualify their homes for the credit, builders have complained that some of their units cannot qualify because of the price provision.

No data exist on the additional number of units that would qualify if the lowest price test is limited to February 28, 1975. Thus, the tax revenue loss from liberalizing the price test is unknown.

Treasury and HUD do not object to this provision.

Budget Impact

Outlays under this bill will depend upon unemployment rates over the coming year and a half. The Department of Labor's latest estimate projects costs of this bill as marginally higher than the Administration proposal. The estimates of costs through March 31, 1977 follow (in \$ millions):

Current law	3,190
Administration proposal	5,110
H.R. 6900	5,250

Recommendations

H.R. 6900 generally achieves the objectives sought by the Administration to provide longer periods of unemployment compensation. The House and Senate versions of the bill were revised in conference to remove the Administration's major objections. All of the agencies concerned recommend approval or do not oppose approval. We concur with the Department of Labor in recommending approval of H.R. 6900. Draft signing statements by the Department of Labor and this Office are attached for your consideration.


for Director

Enclosures



**GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

JUL 3 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning H.R. 6900, an enrolled enactment

"To provide an additional thirteen weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for one year, and for other purposes,"

to be cited as the "Emergency Compensation and Special Unemployment Assistance Extension Act of 1975."

Title I will extend from June 30, 1975 to January 1, 1976, the Federal-State Extended Unemployment and Compensation Act of 1970, under which the unemployed receive up to 65 weeks of compensation. If not extended, guaranteed compensation would revert to 52 weeks on Monday, June 30.

Provision is made that after January 1, 1976, the length of extended unemployment compensation shall depend upon the rate of insured unemployment in each State, rather than upon the national unemployment rate. If the insured unemployment rate in a State were under 5 percent, the unemployed would be eligible for 39 weeks of benefits. If the rate were between 5 and 6 percent, the eligibility period would be 52 weeks, and it would be 65 weeks if the rate exceeded 6 percent. The present national trigger is 4.5%. It will also extend the Emergency Unemployment Compensation Act of 1974, from December 31, 1976 to March 31, 1977, and amend it by providing that payment of benefits may be made contingent upon participation in a job-training program.



2.

Title II will extend through December 31, 1976 the Special Unemployment Assistance program under the Emergency Jobs and Unemployment Assistance Act of 1974 under which benefits are paid to individuals who are not eligible for compensation under any State or Federal unemployment compensation law, and increase the maximum duration of benefits from 26 to 39 weeks.

Title III will authorize appropriations to permit the Secretary of Labor to lend up to \$5 million to the Virgin Islands to enable that government to continue meeting its unemployment benefits obligations.

Title IV amends the certification required of the seller of a new house to qualify it for the tax credit of up to \$2000, to include a statement that the purchase price is the lowest price at which the house was offered for sale after February 28, 1975. The certification now required is that the price is the lowest at which it was ever offered.

This Department recommends approval by the President of this enrolled enactment.

Enactment of this legislation will not involve the expenditure of any funds by this Department.

Sincerely,

Karl E. Bakke

General Counsel



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

JUN 27 1975

Dear Sir:

You have requested the views and recommendations of the Treasury Department on the enrolled bill H.R. 6900 to extend emergency unemployment compensation benefits.

The bill also amends section 44 of the Internal Revenue Code which establishes a tax credit for the purchase of a new principal residence. Under existing law, in order for a purchaser to qualify for the credit he must attach to his return a certification from the seller that the purchase price is the lowest price at which the residence was ever offered for sale. The enrolled bill amends this section to require that the house be sold for the lowest price ever offered after February 28, 1975. It also provides that a written certification filed by the taxpayer is sufficient whether or not it is on a form prescribed by the Secretary or his delegate so long as it is signed by the seller and contains all information required by the statute.

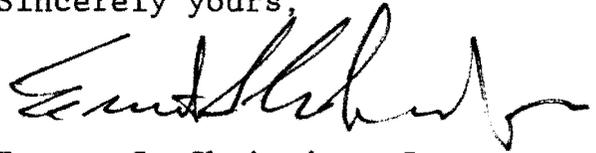
The provisions of the enrolled bill relating to unemployment compensation primarily involve the administration of the unemployment compensation system. The Treasury Department defers to the judgment of the Department of Labor with respect to such provisions.

The amendment to the housing tax credit is a perfecting amendment designed to insure that the credit will work in the manner intended by Congress and to assist the Internal Revenue Service with the

proper administration of the provision. The February 28 cut-off date for determining the lowest price at which a home has been offered for sale carries out the Congressional purpose of preventing price increases while not penalizing builders with the oldest inventory who have been unable to roll back prices sufficiently to qualify for the credit.

We recommend approval of this bill by the President.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ernest S. Christian, Jr.", written in a cursive style.

Ernest S. Christian, Jr.
Deputy Assistant Secretary

Director, Office of Management and Budget
Attention: Assistant Director for
Legislative Reference, Legislative
Reference Division
Washington, D. C. 20503



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUN 27 1975

Dear Mr. Lynn:

This responds to your request for our views on the enrolled bill H.R. 6900, "To provide an additional thirteen weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for one year, and for other purposes."

With regard to the provisions of title III of the enrolled bill, "Loans to the Unemployment Fund of the Virgin Islands," we recommend Presidential approval. However, with respect to the other provisions of H.R. 6900, we defer in our views to the Department of Labor.

Under title III of the bill, the Secretary of Labor is authorized to make loans to the Virgin Islands Unemployment Fund in such amounts as he determines to be necessary in any month of compensation under the unemployment law of the Virgin Islands. Such loans may be made each month until June 30, 1976, and the aggregate amount of such loans shall not exceed \$5 million. Any loan made pursuant to subsection 301(a) of title III shall be repayable without interest by January 31, 1978. Subsection 301(c) authorizes to be appropriated from the general fund of the United States Treasury such sums as may be necessary to carry out the title's provisions.

The Virgin Islands Unemployment Fund operates without Federal loans. The magnitude of the present unemployment situation in the Virgin Islands, however, is without precedent and has exhausted the resources of the existing Fund. This legislation would enable the Virgin Islands Government to resort to Federal loans in this emergency just as any State may now do as a participant in the Federal unemployment insurance program, and become a participant in that program on a short-term basis.

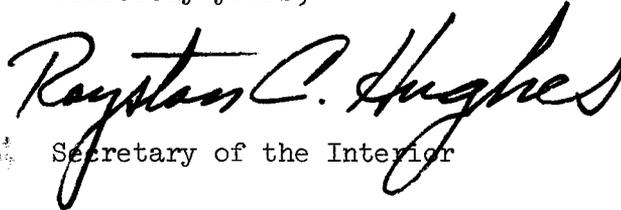
The loans contemplated by enrolled bill H.R. 6900 are for direct use in providing unemployment benefits to workers and, therefore, are comparable to loans to States under the Federal unemployment insurance program, which loans bear no interest.



Save Energy and You Serve America!

We would note that section 8 of the Virgin Islands Organic Act, as amended (48 U.S.C. 1574(b)(ii)) imposes limitations on the authority of the Virgin Islands to borrow to the extent that no public indebtedness of the Virgin Islands shall be incurred in excess of 10% of the aggregate assessed valuation of the taxable real property of the Virgin Islands. Title III of the enrolled bill is silent as to whether loans thereunder are to be made notwithstanding the limitations otherwise imposed upon the borrowing power of the Virgin Islands by the Organic Act, or whether such limitations would be applicable.

Sincerely yours,


Secretary of the Interior

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

June 27, 1975

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Miss Martha Ramsey

Dear Mr. Frey:

Subject: H. R. 6900, 94th Congress, Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of H. R. 6900, the proposed "Emergency Compensation and Special Unemployment Assistance Extension Act of 1975".

This enrolled enactment contains provisions which, in part, would revise and extend the unemployment compensation benefit programs authorized under the Emergency Unemployment Compensation Act of 1974, Public Law 93-572, and the Emergency Jobs and Unemployment Assistance Act of 1974, Public Law 93-567. In addition, the measure would authorize the Secretary of Labor to make loans to the Virgin Islands in connection with the unemployment compensation program of the Virgin Islands. This Department would defer to other interested agencies, notably the Department of Labor, with respect to the relative merits of those provisions.

The measure also contains a provision which would revise the lowest price certification requirement contained in section 44(e) of the Internal Revenue Code of 1954, as added by section 208 of the Tax Reduction Act of 1975, Public Law 94-12. As presently written, section 44(e) conditions eligibility for the home purchase Federal income tax credit authorized under section 44

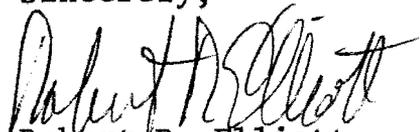
of the Internal Revenue Code of 1954 on a certification by the seller of the home that the purchase price is the lowest price at which the residence was ever offered for sale.

Section 401 of this enrolled bill would alter that requirement so that an income tax credit would be available for purchases of otherwise eligible new residences with respect to which it is certified that the purchase price is the lowest price at which the residence was offered for sale after February 28, 1975. In addition, the provision would revise the requirement that the certification must be in accordance with regulations of the Secretary of the Treasury or his delegate to make a certification legally sufficient "whether or not it is on a form prescribed by the Secretary or his delegate so long as such certification is signed by the seller and contains the information required under this paragraph."

While we would defer to the Treasury Department as to the proposed change concerning the form of the certification, this Department has no objection to the proposed change in the lowest price requirement.

Accordingly, we would have no objection to the President giving his approval to the measure.

Sincerely,



Robert R. Elliott

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

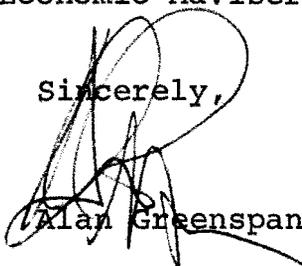
June 27, 1975

Dear Mr. Frey:

This is in response to your requests for the views of the Council of Economic Advisers on H.R. 6900, a bill "To provide an additional thirteen weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for one year, and for other purposes."

Providing extended assistance to those most adversely affected by the current recession seems warranted. As a result, the Council of Economic Advisers does not oppose this bill.

Sincerely,



Alan Greenspan

Mr. James Frey
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D.C. 20503



Summary Comparison: Administration Proposals
and H.R. 6900

On June 26, 1975, Congress passed a bill, H.R. 6900, to extend the emergency unemployment benefits provided last December 31 by the Emergency Unemployment Compensation Act of 1974, as amended (P.L. 93-572, as amended by P.L. 94-12) and the Emergency Jobs and Unemployment Assistance Act of 1974 (P.L. 93-567).

The Administration's proposal for extension of emergency benefits was for no new triggers in 1975 but the use of "area" and national triggers in 1976. This was to apply to both FSB and to SUA. If the insured unemployment rate was over 6 percent for both the Nation and the "area" (as defined below), there would be 26 weeks of FSB and 39 weeks of SUA; if the rate for both were above 5 percent but at least one was below 6 percent, there would be 13 weeks of FSB and 26 weeks of SUA. If either rate dropped below 5 percent there would be no FSB or SUA. An area was defined as a Standard Metropolitan Statistical Area (SMSA) with over 250,000 population or as the remainder of the State (i.e., that part of the State not in any SMSA with over 250,000 population).

H.R. 6900 has no new FSB triggers for 1975 (consistent with the Administration's proposal, the already-incorporated triggers based on the Federal-State Extended Unemployment

Compensation Act of 1970, as amended, remain). In 1976, the Act substitutes exclusively State triggers for national and area triggers. Thus, under H.R. 6900 if the State rate is above 6 percent, there will be 26 weeks of FSB; if it is above 5 percent but below 6 percent, there will be 13 weeks of FSB; and below 5 percent, there will be no weeks of FSB.

In the case of SUA, H.R. 6900 rejects the whole concept of new triggers, using those already in the law. Thus, SUA will trigger off only if the national unemployment rate (not IUR) is below 6 percent and the area (based on CETA prime sponsor areas) rate is below 6.5 percent. The Administration proposal would have substituted its triggers for the existing set of triggers.

The Administration proposal was to extend FSB to include initial claims filed no later than December 31, 1976; there would be a phase-out for continued claims for weeks of unemployment ending not later than March 31, 1977. H.R. 6900 provides for an absolute expiration date of March 31, 1977 with no phase-out period. Thus no FSB benefits will be paid after March 31, 1977.

SUA was extended to include initial claims filed no later than December 31, 1976, with a phase-out till March 31, 1977. This 1 year extension both in expiration and phase-out is consistent with the Administration's proposal.

Note that FSB and SUA have different termination dates as adopted in H.R. 6900.

The original Administration bill had no requirement for enrollment in training programs. However, the Administration indicated to the Conference Committee that it has no objection to such a provision (see Dunlop letter to Conferees).

The original version of the Senate bill also included a requirement that an individual accept any job the conditions of which were not contrary to the labor standard provisions of Federal law, without regard to previous employment experience of the claimant. In supporting the House version of H.R. 6900 which had no such provision, the Administration (Dunlop letter) expressed implicit opposition to such a provision and it was stricken in the Conference.

Thus, H.R. 6900 includes only a provision that the unemployed must accept training if the State unemployment office finds it necessary.

The Federal Unemployment Tax Act provides for advances from the loan account in the Unemployment Trust Fund when a State has insufficient funds in its reserve account to meet current and anticipated obligations. Such loans are interest free, but if repayment is not made within 2 years, a penalty is provided in the form of progressive increases in FUTA taxes from employers in the State. H.R. 6900 includes a provision to allow suspension of such penalty rates on employers until January 1, 1978.

The provision in H.R. 6900 would give the Secretary of Labor the authority to grant suspension of this repayment provision till January 1, 1978, if he determines that the State has taken "appropriate" action to restore the financial integrity of its system.

The Act also requires the Secretary to publish his standards for review of State deferral of repayment in the Federal Register, and to publish the rationale for approval or denial of a State's application for deferral in the Federal Register. The Conference Report makes clear the Secretary is to be "flexible."

The Administration proposal had no clause accomplishing this. We did indicate to the Conference that if such a suspension was introduced we would like specific guidelines for the Secretary. This aim was met.

OTHER SIGNIFICANT PROVISIONS OF H.R. 6900

Loan to Virgin Islands. Authorizes loan of not more than \$5 million from general revenue, subject to interest payments for amounts unpaid by Virgin Islands after January 1, 1978.

Trade Readjustment Act. Extends compliance date for State acceptance of TRA provisions from July 1, 1975 to July 15, 1975.

Research Study. Requires comprehensive report by Secretary of Labor on FSB and SUA but no later than January 1, 1977.

Deduction of Prior UI Payments During State's Benefit Year. SUA individual entitlement reduced by any UI, EB or FSB paid during present benefit year of applicable State law.

TECHNICAL AMENDMENTS

1. No payments to teachers and other research or principal administrative personnel under contract for two successive terms or school years.
2. SUA benefit year adopted - 52 week period beginning with date of claim. No payment of SUA beyond individual's benefit year.
3. Clearly defines employer-employee relationship to which SUA claims are subject.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

June 27, 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

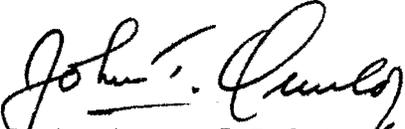
This is in response to your request for our comments on an enrolled bill, H.R. 6900, the "Emergency Compensation and Special Unemployment Assistance Extension Act of 1975." This bill would amend certain provisions of the Emergency Unemployment Compensation Act of 1974 (as amended) and the Emergency Jobs and Unemployment Assistance Act of 1974. Under the bill, the provision of the Emergency Compensation Act of 1974 which allows individuals to receive up to 26 weeks of emergency benefits would be extended until December 31, 1975. Thereafter, the insured unemployment rate in individual States would determine whether emergency benefits could be paid. In addition, the program's present expiration date is changed to remove the current December 31, 1976 deadline for new claims, so that claims would continue to be paid with respect to any weeks of unemployment ending no later than March 31, 1977. It should be noted that, without the provision extending the duration of emergency benefits, the maximum duration of such benefits would, after June 30, 1975, be reduced to 13 weeks. The bill further provides for up to 39 weeks of special unemployment assistance for workers who are not otherwise eligible for unemployment benefits under any other law, and extends that program for 1 year.

Among the bill's other provisions relating to Department of Labor programs, individuals may be required to apply for training as a condition upon receiving emergency benefits if the State determines that there is a need for upgrading or broadening their occupational skills. A study by the Secretary of Labor of the emergency benefits and special

unemployment assistance programs is directed. In addition, the bill provides for a temporary suspension of provisions in the present law regarding repayment of advances to the States from Federal unemployment trust fund accounts when State funds have insufficient funds to meet benefit obligations. Under the bill, there could be a temporary suspension of the higher State tax rate otherwise required to repay such advances for those States which the Secretary of Labor determines have taken appropriate action to restore fiscal soundness to the State's unemployment account. The Secretary of Labor is directed to prescribe and publish regulations setting forth the criteria according to which he will make such determinations. The bill authorizes loans from general funds, of up to \$5 million, to the Virgin Islands, which are not eligible to receive loans from the unemployment trust fund. The bill contains a postponement from July 1, 1975 to July 15, 1975 of the provision for a penalty tax, under the Federal Unemployment Tax Act, upon employers in States which have not entered into an agreement under the Trade Readjustment Assistance Act. The bill also contains a number of technical amendments dealing with the special unemployment assistance programs.

We are transmitting with this report a draft signing statement, a summary of the major provisions of this bill, and a statement of cost estimates. This will formally confirm our support for approval of this measure.

Sincerely,


Secretary of Labor

Enclosures

DRAFT PRESIDENTIAL STATEMENT

Today I am signing into law H.R. 6900, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975. This Act will extend benefits under the Emergency Jobs and Unemployment Assistance Act of 1974, and the Emergency Unemployment Compensation Act of 1974, measures which I signed last December 31. Despite signs that the downturn in the economy is ending, many of our citizens remain unemployed. Without the extension of benefits provided by this law, many would have exhausted all unemployment benefits on July 1 of this year, and many others would have exhausted their benefits in the coming months.

The law which I sign today extends, through March 31, 1977, supplemental benefits to those unemployed who are covered by the regular unemployment system. During 1975, these workers will be eligible for up to 65 weeks of benefits before exhausting their unemployment payments. Starting in 1976 and for the remainder of the program, the availability of emergency supplemental benefits will be determined on a State-to-State basis, depending upon the insured unemployment rate in the State. This will allow a gradual phasing out of the program, which will take into account local conditions as the overall national economy continues to improve.

For those not covered by the regular unemployment program, up to 39 weeks of special unemployment assistance will be available through the end of 1976.

This Act also provides for other measures designed to cope with problems arising out of the current and past economic situation. For example, States whose unemployment trust funds have been depleted to the point of requiring advances from Federal accounts may need additional time to repay those advances. The Act provides relief in this area, contingent upon the States' taking appropriate action to restore fiscal soundness to their programs.

Supplemental benefits and special unemployment assistance have helped millions of our fellow citizens get through this period of economic downturn. Those benefits have also been an important instrument in feeding money into the economy. Today's extensions will continue to ease the plight of those unemployed as our economy regains its health.

I commend the 94th Congress for its action on this vital measure.

STATEMENT BY THE PRESIDENT

Today I am signing into law H.R. 6900, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975. This Act will continue to make available unemployment compensation benefits to many persons who would otherwise have exhausted all benefits on July 1.

The unemployment compensation system is our most important instrument for offsetting the reduction of income for many people who have lost jobs as one result of the current economic downturn. Fortunately, we are now seeing signs in the economy that the worst of the downturn is over. However, we know from past experience that it will take time before the effects of the overall improvement in the economy are reflected in substantial reductions in the unemployment rate. We must therefore continue to provide support for those out of work as they seek jobs. This Act ensures that we will be able to do that.

In April, I proposed a bill to extend the availability of unemployment benefits. Since then, there has been close coordination and cooperation between members of Congress and members of my Administration which has resulted in the compromise bill now before me.

I am gratified that as a result of this cooperative spirit, we will be able to ensure that additional unemployment compensation benefits will continue to be available to help ease the burden on the unemployed until jobs are once again available for them.

COST ESTIMATES FOR UNEMPLOYMENT INSURANCE PROGRAMS FOR FY 1976,
TRANSITIONAL QUARTER AND FY 1977
Total Cost of Current Program and Total Cost of Proposals
(\$Millions)

	Current Law			H.R. 6900 as Passed			Administration Proposal		
	FY 76	Transitional Quarter	FY 77	FY 76	Transitional Quarter	FY 77	FY 76	Transitional Quarter	FY 77
F.S.B. ¹ (weeks 40-52)	1,800	400	620	1,570	240	630	1,690	390	490
F.S.B. ² (weeks 53-65)	----	---	---	980	140	340	990	180	240
S.U.A. ¹ (weeks 1-26)	330	---	---	590	140	240	560	120	190
S.U.A. ² (weeks 27-39)	----	---	---	220	80	80	200	20	40

NOTE: Economic assumptions are June 1, 1975 Administration assumptions. Total unemployment rates: FY 76, 8.5%; Transitional quarter, 7.8%; 1st quarter FY 77, 7.6%. No outlays anticipated after March 31, 1977 under any of above.

U.S. Department of Labor, Manpower Administration
Unemployment Insurance Service
June 27, 1975

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

JUN 28 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6900 - Emergency Compensation
and Special Unemployment Assistance Extension
Act of 1975
Sponsor - Rep. Corman (D) Calif. and 9 others

Last Day for Action

July 9, 1975 - Wednesday. Recommend action before July 1, 1975 when benefit payments to long-term unemployed workers will expire, in some cases.

Purpose

Extends the two temporary programs enacted in December, 1974 providing additional weeks of unemployment compensation benefits; authorizes general revenue loans to the Virgin Islands for its unemployment compensation program; liberalizes the housing credit enacted in the Tax Reduction Act of 1975, and makes certain other changes in law.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Department of Labor	Approval (Signing statement attached)
Department of the Treasury	Approval
Department of Commerce	Approval (informal)
Department of the Interior	Approval (Title III)
Department of Housing and Urban Development	No objection to approval
Council of Economic Advisers	Does not oppose

Discussion

H.R. 6900 is the outcome of proposals made by the Administration last April to extend the temporary programs enacted in December of 1974 to provide longer periods of

To
J. Corman
6-30-75
9:00 a.m.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: June 30, 1975

Time: (; 15pm

FOR ACTION: Roger Semerad
Max Friedersdorf
Phil Buchen
Paul Theis
Bill Seidman *u*

cc (for information): Jim Cavanaggh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: June 30

Time: ~~2:00pm~~
3:00pm

SUBJECT:

H.R. 6900 - Emergency Compensation and Special Unemployment
Assistance Extension Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

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.

K. R. COLE, JR.
For the President

Date: June 30, 1975

Time: (;15am

FOR ACTION: Roger Semerad
Max Friedersdorf
Phil Buchen
Paul Theis
Bill Seidman

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: June 30

Time: noon

SUBJECT:

H.R. 6900 - Emergency Compensation and Special Unemployment
Assistance Extension Act of 1975

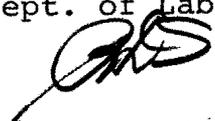
ACTION REQUESTED:

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

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

I concur with Dept. of Labor recommendation


Roger D. Semerad

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.

James H. Cavanaugh
for the President

THE WHITE HOUSE
WASHINGTON

June 30, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M. G.*
SUBJECT: H.R. 6900 - Emergency Compensation
and Special Unemployment Assistance
Extension Act of 1975

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

Date: June 30, 1975

Time: (;15am

FOR ACTION: Roger Semerad
 Max Friedersdorf
 Phil Buchen
 Paul Theis
 Bill Seidman

cc (for information): Jim Cavanaugh
 Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: June 30

Time: noon

SUBJECT:

H.R. 6900 - Emergency Compensation and Special Unemployment
 Assistance Extension Act of 1975

ACTION REQUESTED:

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

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection.

Ken Lazarus

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.

James H. Cavanaugh
 For the President

JUN 30 1975

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: June 30, 1975

Time: (; 15am

FOR ACTION: Roger Semerad
Max Friedersdorf
Phil Buchen
Paul Theis
Bill Seidman

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: ~~June 30~~

Time:

SUBJECT:

H.R. 6900 - Emergency Compensation and Special Unemployment Assistance Extension Act of 1975

ACTION REQUESTED:

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

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*Approved
JWS*

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.

James H. Cavanaugh
For the President

EMERGENCY COMPENSATION AND SPECIAL UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975

JUNE 18 (legislative day, JUNE 6).—Ordered to be printed

MR. NELSON, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany H.R. 6900]

The Committee on Labor and Public Welfare to which was referred the bill (H.R. 6900) to provide an additional 13 weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for 1 year, and for other purposes, having considered title II thereof, reports favorably thereon with an amendment, and recommends that the bill as amended do pass.

EMERGENCY COMPENSATION AND SPECIAL UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975 (H.R. 6900)

PURPOSE

The purpose of H.R. 6900 is to extend unemployment benefits under the Federal Supplemental Benefits and Special Unemployment Assistance programs. It would add 13 weeks to the maximum number of benefit weeks under both programs, extend with certain amendments the Special Unemployment Assistance program through 1976, and entitle the Virgin Islands to borrow money from Federal general revenues as necessary to continue its unemployment insurance program. The House of Representatives passed the bill H.R. 6900 on May 21 by a vote of 381 to 8.

CONSIDERATION OF TITLE II BY COMMITTEE ON LABOR AND PUBLIC WELFARE

H.R. 6900 was referred to the Committee on Labor and Public Welfare. The committee considered only title II. The Committee on Fi-

nance considered titles I and II. Title II authorizes an additional 13 weeks of assistance under the Supplemental Unemployment Assistance Program for unemployed workers who are not covered by regular unemployment compensation programs (increasing the maximum duration of assistance to 39 weeks).

Title II of the Emergency Jobs and Unemployment Assistance Act of 1974 signed last December 31 (Public Law 93-567) provided up to 26 weeks of assistance for such uncovered workers. Persons who started in the program in the first few months of this year and have been unable to find new employment will run out of their 26 weeks of eligibility in the coming weeks. H.R. 6900 would extend such assistance for an additional 13 weeks—up to 39 weeks.

The remainder of H.R. 6900 (titles I and III) has been considered by the Finance Committee, which is submitting its separate report on those titles of the bill.

The Committee on Labor and Public Welfare considered several pieces of legislation to extend the special unemployment assistance program: H.R. 6900 (the House-passed bill), S. 1695 (introduced by Senator Nelson), S. 767 (introduced by Senator Javits), and S. 1810 (introduced by Senator Javits by request of the administration). Testimony was received on these bills on May 19 and 20, and on June 4 and 6. Assistant Secretary of Labor William Kolberg testified on behalf of the Administration on June 6.

GENERAL STATEMENT

Emergency Unemployment Assistance Programs

In December 1974, Congress enacted two temporary programs providing unemployment assistance to unemployed workers. These programs were enacted in response to a sharp increase in the unemployment rate and the large number of workers who were expected, during this period of high unemployment, either to be ineligible for, or to exhaust benefits under the permanent unemployment compensation programs before they could find suitable employment.

The Emergency Unemployment Compensation Act of 1974 (Public Law 93-572, approved December 31, 1974), reported by the Finance Committee, established the Federal Supplemental Benefits (FSB) program, effective through calendar year 1976. This temporary measure provides a maximum of 13 additional weeks of benefits during periods of high unemployment to individuals who exhaust all entitlement to benefits under the permanent programs, including entitlement to Federal-State Extended Unemployment Compensation. Public Law 94-12 approved on March 29, 1975, increased the number of weeks of potential eligibility under the FSB program from a maximum of 13 to a maximum of 26, effective until June 30, 1975. The FSB program is financed through repayable advances from Federal general revenues to the Extended Unemployment Compensation Account in the Federal Unemployment Trust Fund.

Unemployment benefits under FSB are payable in a State whenever the extended benefits program is in effect. Public Law 93-572 permits the States to pay Federal-State extended benefits and FSB when the State insured unemployment rate is at or above 4 percent, and requires

States to pay both Federal-State extended benefits and FSB when the national insured unemployment rate is 4 percent.

Jurisdiction over the Emergency Unemployment Compensation Act program amended by Title I of H.R. 6900 lies with the Senate Finance Committee, and no further reference to that title is included in this report.

The Special Unemployment Assistance Program

Title II of the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93-567, approved December 31, 1974) established a temporary program of Special Unemployment Assistance (SUA), effective through December 1975. This legislation provides assistance for unemployed experienced workers who are not eligible for unemployment assistance under any other State or Federal law.

SUA is available to eligible unemployed workers in any area in which the overall rate of total unemployment (seasonally adjusted) averages 6.5 percent or higher for three consecutive months. The Act requires the Secretary of Labor to designate as an area, for purposes of this program, those areas served by an entity which is eligible to be a prime sponsor under Section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93-203). There are over 400 such areas throughout the country.

SUA is also available to eligible unemployed workers on a nationwide basis when the rate of national unemployment (seasonally adjusted) averages 6 percent or higher for three consecutive months. A worker may no longer become eligible for SUA when neither of those triggers are satisfied for the area in which that worker was last employed.

SUA is payable to an individual who lacks eligibility for compensation under any State or Federal unemployment compensation law, provided such individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law and is not subject to disqualification under such law. The base year for qualifying an individual for SUA, notwithstanding the State law, is the 52-week period preceding the individual's first claim for assistance. Employment and wages not covered by the State law are treated as though they were covered. A special unemployment assistance period must be in effect (that is, the unemployment rate must be at the required level) in the area in which the individual was last employed for at least 5 work days prior to filing his first claim. Maximum duration of benefits under SUA is 26 weeks.

New protection, equivalent to that provided under State UI laws, became available for the first time under the SUA program for up to 12 million workers not now covered under State laws. The major groups so protected during the life of this Act include:

Farmworkers.—With minor exceptions, workers in agriculture are generally excluded from coverage under State UI laws. SUA provides such coverage for over a million farmworkers.

Domestic Workers.—Only four State UI laws now require coverage of any household workers. More than a million additional household workers receive protection under SUA.

State and Local Government.—Twenty-nine States now cover under their own laws substantially all State Government employment, for

a nationwide total of 76 percent, or 2.3 million jobs; and 8 States now cover under their own laws substantially all local government employment for a nationwide total of 22 percent, or 1.8 million jobs. However, more than 8 million workers in State and local government, who are still outside the regular UI system, are included under SUA.

Provisions of Title II of H.R. 6900

Title II of the Emergency Jobs and Unemployment Assistance Act of 1974 (SUA), providing a maximum of 26 weeks of assistance expires on December 31, 1975. Title II of H.R. 6900 extends the SUA program through December 31, 1976, with assistance payable through March 31, 1977, and increases the maximum duration of assistance from 26 to 39 weeks.

As it passed the House, H.R. 6900 would terminate the entitlement for an additional 13 weeks of benefits on June 30, 1976; only the original 26 weeks of maximum benefits would be payable for the remainder of the program.

The Committee recommends that the 13 weeks of additional benefits be extended to terminate simultaneously with the SUA program, rather than on June 30, 1976. The Committee makes this recommendation in the interest of insuring that the Congress has ample opportunity to fully and carefully consider basic reforms in unemployment compensation programs, and particularly the complex consideration of trigger mechanisms designed to relate the duration of unemployment assistance to the severity of changing economic conditions as measured by unemployment rates. In any event, the 9.2 percent overall civilian unemployment rate (seasonally adjusted) reported by the Department of Labor for May 1975, coupled with projections indicating little improvement through 1976, clearly indicates that up to 39 weeks of special unemployment assistance may well be the minimum necessary for the full duration of this program for those who have lost their jobs through no fault of their own.

The Committee gave careful consideration to the Administration's proposal to replace the de-triggering mechanism in the current SUA law with a new series of off-triggers for calendar year 1976.

Under the 1974 Act, the area "off" indicator takes effect when, over a three-month period, the seasonally adjusted rate of unemployment for that area has averaged less than 6.5 percent, and the national unemployment rate has averaged less than 6.0 percent.

The Administration proposed that, after January 1, 1976, the "insured unemployment rate" (IUR) be used as the base for the detripping mechanism and when that rate for either the area or the nation drops below 6 percent, the additional 13 weeks of assistance provided in the Committee bill would be suspended; when the IUR of either the area or the nation declines below 5 percent, SUA payments would be completely suspended.

The Committee wishes to emphasize that the IUR, which runs below the seasonally adjusted total civilian unemployment rate upon which the SUA detripping mechanism is now based, does not take into account unemployment among the 12 million Americans who are not covered by the regular Federal-State unemployment compensation programs. A 6 percent IUR, equivalent to a seasonally adjusted overall rate of 7 to 8 percent, is a level which the Committee regards as

symptomatic of a crisis far too severe to justify the automatic triggering of reductions in assistance.

In addition to raising the de-triggering level to the equivalent of 7 to 8 percent seasonally adjusted total unemployment, the Administration proposal would apply the de-triggering mechanism on the basis of a wholly new geographical definition of unemployment areas. The proposal would define the 139 Standard Metropolitan Statistical Areas (SMSA) of more than 250,000 population as the basic areas; those portions of a State that lay outside an SMSA of that size would be treated as a single "balance of State" area.

Grave inequities would result for unemployed workers in lightly populated "balance of State" areas. There are pockets of unemployment of 15 percent and higher where joblessness would remain at drastic levels long after the IUR for the State as a whole has receded below 6 percent. The trigger would activate without respect to the employment experience of 12 million workers who are not covered by the regular Federal-State unemployment compensation program and are not, therefore, taken into account in the IUR.

Because of the complexities and ramifications of establishing a new detripping mechanism, the Committee concludes that no equitable provisions could be developed and adequately evaluated at this time without unduly delaying action on the urgently needed emergency legislation before us. Enactment of H.R. 6900 is required before June 30, when 13 weeks of extended benefits under the Federal Supplemental Benefits program will expire and when thousands of SUA claimants are expected to begin exhausting their current entitlement of 26 weeks of assistance.

It is the Committee's belief that trigger mechanisms such as the Administration proposes are more appropriately considered in the context of comprehensive unemployment insurance reform rather than at this time. It is the hope of the Committee that general reform of the Federal-State unemployment compensation system can be undertaken during the current Congress, including a substantial expansion of worker coverage that will eliminate the need for a separate program such as SUA in the future. Such fundamental changes are under intensive study by the Department of Labor and by the Ways and Means Committee of the House, which has already initiated hearings and has indicated that action on reform legislation is planned for later this year.

In addition to extending the duration of assistance, H.R. 6900 contains other amendments to the special unemployment assistance program.

Payments of SUA to teachers, researchers, and principal administrators employed by schools are prohibited during the period between academic years or terms if they have performed services in the first of such terms and have a contract to perform such services for the later of such terms.

In the absence of this prohibition, a number of states have indicated that they find no provision in their laws by which they can deny emergency assistance to professional educational workers who are only temporarily unemployed during this period. Payment of such emergency assistance to workers who have contracts for the succeeding

school term would be contrary to the treatment of their counterparts in institutions of higher education, who are covered under regular unemployment insurance. In Public Law 91-373, Congress mandated that college and university teachers, researchers, and administrators with contracts for both terms be denied benefits with respect to the periods between terms. H.R. 6900 would provide the same treatment with respect to these categories of employees of primary and secondary schools who are otherwise eligible for Special Unemployment Assistance.

H.R. 6900 also further restricts the definition of employment and wages for the purposes of SUA. It restricts eligibility for such assistance to individuals who were employees in an employee-employer relationship. An individual is eligible for SUA if he meets the State law's "qualifying employment and wage requirements" and, for this purpose, "employment and wages which are not covered by the State law shall be treated as though they were covered."

This section requires States administering the program to adhere to the definition of "employee" found in Section 3121(d) of the Internal Revenue Code and to the definition of "employment" found in Section 3306(c) of the Internal Revenue Code, except that certain categories excluded from the latter definition (such as government work, agricultural labor, domestics, service performed by an individual in the employ of a relative, etc.) are by specific reference included in the definition for purposes of SUA.

The Committee wishes to emphasize that this section is in no way intended to prejudice the inclusion of any workers excluded by this definition, such as self-employed workers, from participation in any future program of unemployment insurance reform.

H.R. 6900 also establishes new authority and procedure pertaining to the treatment of fraud and erroneous payments under SUA. Section 205(b) of the Emergency Jobs and Unemployment Assistance Act of 1974 (SUA) provides that an individual will be ineligible for assistance and subject to criminal prosecution if he knowingly provides false information. This provision of current law omits most kinds of benefit fraud and does not establish a procedure for handling erroneous overpayments. The amendment to this section contained in H.R. 6900 will close the gap in the current law by establishing the authority and procedure for handling benefit fraud and erroneous payment. It is the Committee's intention that the State agency be authorized to implement appropriate procedures for recovery of erroneous payments as authorized under these provisions, and that the rights of individuals required to repay under these provisions be protected.

H.R. 6900 as amended would also allow an individual to establish successive benefit years if he meets the State's wage, employment and other requirements in the base period between benefit years. The benefit year concept is required because this bill extends the life of the SUA program for an additional year.

H.R. 6900 adds a new provision to Section 206 of the Act which requires reduction of an individual's SUA entitlement by the combined amount of regular, extended and Federal Supplemental unemployment compensation received during a State unemployment in-

surance benefit year. This is consistent with the intent of the Act, to provide SUA only to individuals to the extent they are unprotected by unemployment insurance. No reduction will be made, however, in the SUA entitlement of an individual who was paid State unemployment compensation in a State unemployment insurance benefit year that had expired prior to his SUA claim.

H.R. 6900 as passed by the House would have prevented workers from qualifying for SUA solely on the basis of employment covered under other State or federal unemployment insurance laws. Currently, a worker would be eligible for SUA on the basis of otherwise covered employment if such employment was insufficient to qualify the worker for regular assistance. In some cases, a worker would be able to add uncovered employment to the insufficient covered employment in order to become eligible for SUA. This situation was not proscribed in the House provision. In other cases, however, an individual worker who has worked only in covered employment could be currently ineligible for assistance under UI because in some States the lag period between the base year and the benefit year prevents that worker from using his covered wages at the time he becomes unemployed. In that case, because there is a different, federally-created, base period for SUA, the worker would become eligible for SUA because he or she would not have qualified for assistance under UI.

The House-passed bill would prohibit unemployed workers from claiming SUA benefits by qualifying solely on the basis of covered employment. The effect of this amendment would be to require some recent labor market entrants and re-entrants to wait as long as 25 weeks before collecting their unemployment insurance benefits. Since such workers are often among the first to lose their jobs in an unemployment crisis, it was this Committee's original intent specifically to provide such workers with eligibility under the SUA program. The Committee believes that such workers should not be required to wait up to 25 weeks for assistance during an unemployment crisis of the magnitude we face in the nation today, and that such a waiting period is tantamount to denying assistance to that worker. Therefore, the Senate amendment eliminates the provision in H.R. 6900 restricting SUA only to those workers with some non-covered employment.

The Committee recognizes that some unemployed workers might, under certain limited circumstances, be able to claim regular unemployment compensation at a later date on the basis of the same employment which qualified them for SUA. There has, however, been no evidence to indicate that the number of persons eligible for and taking advantage of this dual eligibility is at all significant.

Moreover, it should be understood that dual eligibility does not result in unemployed persons receiving benefits under both programs at the same time.

The Committee does recognize the need to prevent a worker from drawing assistance first under SUA and then, when he or she ultimately become eligible, under UI—on the basis of the same employment. However, the Committee believes that the provision in H.R. 6900 would not adequately prevent that situation, and the provision actually creates new inequities where none had existed before. By discriminating in the SUA program against those individuals whose eligibility

would be based *solely* on covered wages and employment, the provision would allow a worker to collect SUA on the basis of *some* covered wages and employment so long as that worker had as little as one week of non-covered employment—and the provision would also not prevent that worker from eventually taking advantage of the dual eligibility the House-passed provision was designed to prevent.

The House-passed bill provides that additional entitlements under this Act would begin in any State on the later of: (1) the date of enactment of this Act; (2) the date of execution of agreement modifications with the Secretary of Labor; or (3) July 1, 1975. The effect of this provision could be to create a gap of as much as three weeks during which unemployed workers who exhaust their SUA entitlements on or before June 30, 1975, would receive no assistance. The Committee amendment provides for extended entitlements to begin on July 1, 1975, providing entitlements to assistance from that date for workers who have exhausted previous eligibility under the SUA program.

The Committee also adds a section mandating a study of the long-term unemployed.

In its 40 year history, the Federal-State unemployment compensation system has never experienced such heavy volumes of unemployment as it has experienced in 1975 and is expected to experience in 1976. The greater numbers of long-term unemployed and the greater efforts made under H.R. 6900 and other Federal laws to solve their problems are unprecedented and create the need as well as the opportunity to obtain valuable information regarding both. Such knowledge should be of value in dealing in the future with similar emergencies.

Specifically, the Committee believes information should be obtained regarding long-term unemployed workers who are the beneficiaries of the various emergency unemployment assistance programs and the impact of their unemployment on their economic and social behavior. The beneficiaries to be studied should include recipients and exhaustees of Federal-State extended benefits, Federal Supplemental Benefits, and Special Unemployment Assistance.

Such information should include the employment, economic and demographic characteristics of such individuals, e.g., age, sex, marital status, family income levels, numbers of dependents and earners in the family, industry and occupation classifications, wage levels, potential and actual benefit durations, benefit amounts, and prior work histories. It should include data on the effects upon such individuals and their families of this long-term unemployment in such terms as family budget adjustments, relocation, and changed work search behavior.

The study should also develop information to identify skill training or retraining needs of the long-term unemployed, including analysis as to whether existing programs are adequate to identify the special problems and needs of the long-term unemployed and to provide them with the requisite skills to enable them effectively to find employment.

The information specified should be obtained on a sampling basis, using samples large enough in size so as to be reasonably representative of the various kinds of labor markets (industrial, agricultural, large city, small city, rural, etc.) and sufficient to provide a basis for

comparison of the benefit and work search experiences of unemployed workers located in labor areas with high unemployment levels as contrasted with those located in areas with moderate or low unemployment levels.

Costs of Carrying Out the Bill

It is estimated by the Department of Labor that the cost of carrying out the SUA program for the life of this bill would be \$1.2 billion, of which \$810 million would be spent in Fiscal Year 1976. These cost estimates are considerably changed from those provided by the Department of Labor to the House Committee on Ways and Means during its consideration of this measure, due to revised estimates of claims levels and revised coverage of teachers and other educational employees provided for in the bill.

The revised estimates, as of June 11, 1975, are set out in the following table:

[In millions of dollars]

	Fiscal year 1976	Transitional quarter	1st quarter fiscal year 1977
SUA (1st 26 weeks).....	590	140	140
SUA (Weeks 27-39).....	220	55	55

Source: U.S. Department of Labor, Manpower Administration Unemployment Insurance Service, June 11, 1975.

Costs are for SUA continued through Calendar Year 1976 and the duration of assistance extended up to 39 weeks. These are to be paid throughout the unemployment insurance system and do not involve area triggers. Costs are based on current experience levels of claims and assume retention of the teacher provisions in H.R. 6900. Economic assumptions are those presented in the mid-year review, i.e., total unemployment rates of 8.5 percent for FY 1976, 7.8 percent for the transitional quarter and 7.6 percent for the first quarter of FY 1977.

The cost of the amendments to the Special Unemployment Assistance program, other than those extending the program through 1976 and adding 13 benefit weeks, are believed to be minimal. No extra benefit costs attributable to such amendments have been allowed for, since such costs are considered to be within the margin of statistical error involved in the estimating process. There may be some minimal administrative cost savings.

SECTION-BY-SECTION ANALYSIS OF TITLE II

SECTION 201. EXTENSION OF SPECIAL UNEMPLOYMENT ASSISTANCE

Section 201(a)(1) amends Section 206 of the Emergency Jobs and Unemployment Assistance Act of 1974 to increase the maximum number of benefit weeks under the SUA from 26 to 39. Section 201(b) amends Section 208 of such Act so as to postpone the termination date of the SUA Program from December 31, 1975 to December 31, 1976, and also to postpone the phase-out date from March 31, 1976, to March 31, 1977.

SECTION 202. DENIAL OF SPECIAL UNEMPLOYMENT ASSISTANCE IN THE CASE OF CERTAIN EMPLOYEES OF EDUCATIONAL INSTITUTIONS

Section 202 amends Section 203 of the Emergency Jobs and Unemployment Assistance Act of 1974 to provide for the denial of assistance during periods occurring between school terms or academic years to certain employees of educational institutions who performed service during the first term or year in an instructional, research, or principal administrative capacity, if they have contracts to perform such services for the later term or year for an educational institution or agency.

SECTION 203. TECHNICAL AND CLARIFYING AMENDMENTS

Section 203(a) amends Section 210 of the Emergency Jobs and Unemployment Assistance Act of 1974, by adding provisions which clarify the meaning of employment and wages which are not covered under the State law, for purposes of determination of eligibility, weekly benefit amount and maximum amount of assistance entitlement under SUA. Such employment may be treated, for purposes of such determinations, as if covered under the State law only if the individual meets the requirements of "employee," as defined in Section 3121(d) of the Internal Revenue Code, and his or her employment satisfies the definition of employment in Section 3306(c) of the Internal Revenue Code, excluding paragraphs (1) through (9), (10)(B)(ii), (14), (15) and (17). For this purpose, Section 3306(c) of such Code is to be applied as if the term "United States" includes the Virgin Islands.

Section 203(b)(1) amends Section 205 of the Emergency Jobs and Unemployment Assistance Act of 1974 to establish authority and procedures pertaining to the treatment of fraud and erroneous payments under SUA. It provides that any individual who obtains SUA by means of a false statement or failure to disclose information or causes another to do so shall be ineligible for assistance under Title II of such Act in accordance with the corresponding fraud provisions of the State laws applicable to Unemployment Insurance. It also authorizes

the State agency to require repayment of SUA overpayments. Repayment may be waived when overpayment was received without fault of the individual, and such repayment would be contrary to equity and good conscience. The State agency is permitted to offset such over payments against future assistance or benefits payable to the individual under the SUA program or any other Federal unemployment compensation or allowance programs which the State agency administers, such as Unemployment Compensation for Federal Employees and Ex-Servicemen (UCFE-X), Trade Readjustment Allowance (TRA), and Disaster Unemployment Allowance (DUA). However, no single deduction may exceed 50 percentum of the weekly benefit amount from which the deduction is made, and no deduction may be made until notice and an opportunity for a fair hearing has been given to the individual. The same appeal rights applicable to unemployment insurance claimants would be afforded SUA claimants in these situations.

Subsection (b)(2) of Section 203 amends Section 210 of the Emergency Jobs and Unemployment Assistance Act of 1974 by adding to Section 210 two definitions, "State agency" and "special unemployment assistance benefit year".

Section 203(c) further amends Section 206 of the Emergency Jobs and Unemployment Assistance Act of 1974 by adding a new subsection (b) providing that if an individual has drawn unemployment insurance during a benefit year, the amount of his SUA entitlement during any special unemployment assistance benefit year which he establishes while his State unemployment insurance benefit year has not yet expired will be reduced by the amount of benefits he received earlier in such State unemployment insurance benefit year.

Section 203(d) amends Section 203(4) of the Emergency Jobs and Unemployment Assistance Act of 1974 to correct an inaccurate reference in that section.

SECTION 204. EFFECTIVE DATES

Section 204(a) directs the Secretary of Labor to propose to each State which has an agreement (pursuant to Section 202 of the Emergency Jobs and Unemployment Assistance Act of 1974) a modification of the agreement to reflect these amendments. It provides that if a State fails or refuses, within the 3-week period following the date of enactment of this bill to enter into such a modification, the Secretary shall terminate the agreement.

Section 204(b) establishes that the increase in SUA entitlement, provided by Section 201's amendment of Section 206 of the Emergency Jobs and Unemployment Assistance Act of 1974, is payable in a State for any week of unemployment which begins after July 1, 1975.

Section 204(c) provides that the amendment of Section 203 of the Emergency Jobs and Unemployment Assistance Act of 1974, relating to employees of educational institutions, that are made by Section 202 of this bill and the technical amendments of Sections 206 and 203(1) of the Act that are respectively made by subsections (c) and (d) of Section 203 of this bill shall apply to weeks of unemployment beginning after the date of the enactment of this Act.

Section 204(d) provides that the technical amendment of Section 210 of the Emergency Jobs and Unemployment Assistance Act of 1974

which is set forth in Section 203 (a) and which clarifies the definition of work that may qualify an individual for eligibility under SUA and includes the Virgin Islands in the term "United States" as defined in Section 3306(c) of the Internal Revenue Code, shall take effect on December 31, 1974.

Section 204(e) provides that the technical amendments of Sections 205 and 203 of the Emergency Jobs and Unemployment Assistance Act of 1974 made respectively by subsections (b) and (e) of Section 203 shall take effect with the enactment of this Act. The amendment of Section 205 of the Act that is made by Section 203 (b) relates to fraud and overpayments and the amendment of Section 203 of the Act that is made by Section 203 (e) corrects a citation error.

SECTION 205. STUDY OF EMERGENCY UNEMPLOYMENT
ASSISTANCE PROGRAMS

Section 205 of the bill amends section 211 of the Emergency Jobs and Unemployment Assistance Act of 1974 to require the Secretary of Labor to submit a report to the Congress on experience under the emergency unemployment compensation and special unemployment compensation programs. That report is to deal specifically with the characteristics and problems of the long term unemployed. The report is to be submitted by June 30, 1977, with an interim report to the Congress by June 30, 1976.

COMMITTEE ACTION

The bill was unanimously ordered reported by the Committee on Labor and Public Welfare.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill 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):

EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE
ACT OF 1974

* * * * *

TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

* * * * *

ELIGIBLE INDIVIDUALS

SEC. 203. (a) An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(1) the individual is not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada and is not eligible for assistance or an allowance payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974, the Disaster Relief Act of 1974, the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this provision employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to

compensation for unemployment thereunder on the basis of such employment and wages; and

(2) the individual is totally or partially unemployed, and is able to work, available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(3) the individual has filed a claim for assistance or waiting period credit under this title; and

(4) in the area in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided*, That if the individual, except for the imposition of a disqualification in accordance with [subsection (b)] paragraph (2), was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than twenty-six weeks after the end of such period; and

(5) the State in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

(b) *An individual who performs services in an instructional, research, or principal administrative capacity for an educational institution or agency shall not be eligible to receive a payment of assistance or a waiting period credit with respect to any week commencing during the period between two successive academic years (or, when the contract provides instead for a similar period between two regular but not successive terms, during such similar period) if—*

(1) *such individual performed services in any such capacity for any educational institution or agency in the first of such academic years or terms; and*

(2) *such individual has a contract to perform services in any such capacity for any educational institution or agency for the later of such academic years or terms*

* * * * *

WEEKLY BENEFIT AMOUNT

SEC. 205. (a) The amount of assistance under this title to which an eligible individual shall be entitled for a week of unemployment shall be the weekly benefit amount for a week of unemployment that would be payable to the individual as regular compensation as computed under the provisions of the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this subsection the individual's base year, notwithstanding the

State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of subsection (a) of section 203; and for the purpose of this proviso employment and wages which are not covered by the applicable State unemployment compensation law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

(b) Notwithstanding any provisions of State law, claims for assistance under this title may be determined, where an employment record is not available, on the basis of an affidavit submitted by an applicant. **[If an applicant knowingly provides false information in such affidavit, he shall be ineligible for any assistance under this title and shall, in addition, be subject to prosecution under section 1001 of title 18, United States Code.]**

(c) *If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of assistance under this title to which he was not entitled, such individual—*

(1) *shall be ineligible for further assistance under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and*

(2) *shall be subject to prosecution under section 1001 of title 18, United States Code.*

(d) (1) *When any individual has received an amount of assistance under this title to which he was not entitled the State is authorized to require the individual to repay the amount of such assistance to the State agency, except that the State agency may waive such repayment if it determines that—*

(A) *the payment of such assistance was without fault on the part of the individual, and*

(B) *such repayment would be contrary to equity and good conscience.*

(2) *The State agency may recover the amount to be repaid, or any part thereof, by deductions from any assistance payable under this title or from any unemployment compensation payable to the individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date the individual received the payment of the assistance to which he was not entitled, except that no single deduction may exceed 50 per centum of the weekly benefit amount from which such deduction is made*

(3) *No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity*

for a fair hearing has been given to the individual, and the determination has become final.

(e) Any determination by a State agency under subsection (c) or (d) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

MAXIMUM BENEFIT AMOUNT

SEC. 206 (a) [The] Except as provided by subsection (b), the maximum amount of assistance under this title which an eligible individual shall be entitled to receive [shall be the maximum amount of regular compensation that would be payable to such individual] during any special unemployment assistance benefit year shall be 150 per centum of the maximum amount that would have been payable to such individual during such benefit year as computed under the provisions of the applicable State unemployment compensation law, but not exceeding [twenty-six] 39 times the the weekly benefit [amount] payable to the individual for a week of total unemployment as determined under subsection (a) of section 205: *Provided*, That for the purposes of this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of section 203(a); and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

(b) In the case of any individual who files a claim for assistance under this title during a benefit year which such individual has established under any State unemployment compensation law, the maximum amount of assistance under this title which such individual shall be entitled to receive during the special unemployment assistance benefit year established pursuant to such claim (as determined under subsection (a) without regard to this subsection) shall be reduced by the amount of any unemployment compensation received during the benefit year established under the State unemployment compensation law.

* * * * *

TERMINATION DATE

SEC. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment ending after March 31, [1976] 1977; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made after December 31, [1975.] 1976.

* * * * *

DEFINITIONS

SEC. 210. (a) As used in title, the term—

- (1) "Secretary" means the Secretary of Labor;
- (2) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;
- (3) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five work days prior to filing a claim for assistance or waiting period credit under this title; [and]
- (4) "week" means a calendar week [.] ;
- (5) "State agency" means the agency of the State which administers the program established by this title; and
- (6) "special unemployment assistance benefit year" means the 52 week period beginning with the first week for which an individual files a valid claim for special unemployment assistance.

(b) Assistance under this title shall not be considered to be regular compensation for purposes of qualifying for benefits under the Federal-State Extended Unemployment Compensation Act of 1970, and claims filed under this title shall not be treated as claims for weeks of unemployment for purposes of determining the rate of insured unemployment under section 203(f) (1) of such Act.

(c) Employment and wages which are not covered by the State law may be treated, under sections 203(1), 205(a), and 206(a), as though they were covered only if the employment—

- (1) is performed by an employee (as defined in section 3121(d) of the Internal Revenue Code of 1954), and
- (2) constitutes employment as determined under section 3306 (c) of such Code without regard to paragraphs (1) through (9), (10) (B) (ii), (14), (15), and (17) of such section.

For purposes of paragraph (2), section 3306(c) of such Code shall be applied as if the term "United States" includes the Virgin Islands.

STUDY OF EMERGENCY UNEMPLOYMENT ASSISTANCE PROGRAMS

SEC. 211. The Secretary shall submit a report to the Congress on experience under the emergency unemployment compensation and special unemployment assistance programs, including his analysis and evaluation of the information specified in this section, and of the needs of the long-term unemployed for job counseling, testing, referral and placement services, skill and apprenticeship training, career-related education programs, and public service employment opportunities. The Secretary shall submit the report no later than June 30, 1977, and shall submit an interim report no later than June 30, 1976. The States shall furnish to the Secretary such information as he may find necessary in carrying out the provisions of this section. Such information shall include data (which may be obtained on a sampling basis) relating to the employment, economic, and demographic characteristics of individuals entitled to benefits under the programs of emergency unemployment compensation and special unemployment assistance.

* * * * *

EMERGENCY COMPENSATION AND SPECIAL UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975

JUNE 18 (legislative day, JUNE 6), 1975.—Ordered to be printed

Mr. Long, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 6900]

The Committee on Finance, to which was referred the bill (H.R. 6900), to provide an additional thirteen weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for one year, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

I. Summary of the Committee Bill

Duration of Emergency Benefit Payments

In December 1974, Congress enacted the Emergency Unemployment Compensation Act of 1974 which provided that, through December 1976, extended unemployment benefits (generally the 27th to 39th week of unemployment benefits) would be payable whenever the insured unemployment rate was at least 4.0 percent (either nationally or in specific States). This act also provided that workers who exhausted these extended benefits could then receive emergency unemployment benefits for up to 13 weeks (i.e., the 40th to 52nd weeks of unemployment benefits). In March 1975, a further 13

weeks of emergency benefits (the 53rd to 65th weeks of unemployment benefits) were authorized under a temporary provision expiring June 30, 1975. H.R. 6900, as passed by the House, would extend this provision authorizing 65 weeks of benefits up to June 30, 1976; up to 52 weeks of benefits could subsequently be paid until December 31, 1976 under existing law.

Under the Committee bill, the insured unemployment rate in individual States would determine whether more than 39 weeks of benefits could be paid. When the insured unemployment rate in a State is more than 5 percent, but less than 6 percent, workers in that State could be paid up to 52 weeks of benefits; when the rate is 6 percent or more, up to 65 weeks of benefits could be paid.

The new rules would go into effect July 1, 1975 and continue until the program terminated; under the Committee bill the program would continue until March 31, 1977.

Conditions of Eligibility for Emergency Benefits

Under the Committee bill, in order to be eligible to receive unemployment benefits for more than 39 weeks, an individual would have to apply for and, if available, participate in a training program approved by the Secretary of Labor.

If an individual has applied for but is not participating in a training program, he could not continue to be eligible for benefits after 39 weeks if he refuses a job offer. However, he may not be required to take a job:

- (1) which is vacant solely because of a labor dispute;
- (2) if as a condition of being employed the worker would have to join a company union or would have to refrain from joining any bona fide labor organization;
- (3) in which the wages or conditions of work are substantially less favorable than those which prevail in the locality for similar work;
- (4) which poses an unreasonable threat to the individual's health or safety, taking into account his physical condition; or
- (5) which involves traveling an unreasonable distance to work.

States would be required to refer applicants for emergency benefits to any jobs which are suitable for them under these special criteria to the extent that such jobs are available.

Funding of Emergency Unemployment Benefits

The Emergency Unemployment Compensation Act of 1974 provides 26 weeks of additional unemployment benefits to workers who have exhausted their regular and extended benefits. Regular benefits (the first 26 weeks) are paid from State unemployment tax funds and extended benefits (the 27th to 39th weeks) are paid 50 percent from State funds and 50 percent from Federal trust funds (derived from the Federal unemployment payroll tax on employers). In theory, the new

benefits (from the 40th to 65th weeks) under the emergency benefits program are also paid from the Federal accounts in the trust fund. In practice, however, these accounts are insufficient to meet the benefit requirements, and the law provides for interest-free advances to be made from general revenues to the Unemployment Trust Fund to cover the cost of the program. These advances are to be repaid at some time in the future when it is determined that the Federal extended benefit account in the trust fund has a sufficient surplus to permit such repayment. Thus, under existing law, the amounts expended for the payment of emergency benefits must ultimately be paid from employer payroll taxes.

Under the Committee bill, emergency benefits paid beginning July 1, 1975 would be a general revenue expense and would not be repaid ultimately from employer payroll taxes.

Study of Emergency Benefits Program

The Committee added to the bill a requirement that the Secretary of Labor conduct a study of the emergency benefits program, including information on the benefits paid under the program, the economic and demographic characteristics of the workers receiving benefits under the program, and such other matters as might be useful in evaluating its effectiveness and determining what alternatives to such a program might be appropriate in any future periods of high unemployment. Under the Committee bill, the Secretary would have to submit the report on this study by January 1, 1977.

Repayment of State Loans

Existing Federal law provides that States may obtain advances from the Federal accounts in the unemployment trust fund when their own State accounts have insufficient funds to meet benefit obligations. These advances constitute interest-free loans which must be repaid after two years. If the loans are not repaid within the prescribed two-year period, the Federal unemployment tax rate on employers in the affected State is, in effect, automatically increased each year until the loan has been "recaptured" through these increased taxes.

The Committee added a provision to the bill permitting the suspension of the higher tax rate for three years (1975, 1976, and 1977), but only in States where the Secretary of Labor determines that the State has studied and taken appropriate action with respect to the structure of its unemployment compensation program, including its financing, so as to substantially accomplish the purpose of restoring the fiscal soundness of the State's unemployment account and to permit the repayment within a reasonable time of the amount advanced to the State from the Federal account.

TABLE 1.—MAJOR CHARACTERISTICS OF EXISTING UNEMPLOYMENT COMPENSATION PROGRAMS

Program	Benefit duration ¹	Funding ²	When in effect
Regular State programs.....	1st to 26th week of unemployment.	100 percent from State unemployment accounts.	No special requirements.
Federal-State extended benefits.	27th to 39th week of unemployment.	50 percent from Federal unemployment accounts.	High level of insured unemployment—nationally or in specific State.
Emergency unemployment benefits.	(a) 40th to 52d week of unemployment. (b) 53d to 65th week of unemployment.	(a) 100 percent from Federal unemployment accounts. (b) 100 percent from Federal unemployment accounts.	(a) Temporary program: expires Dec. 31, 1976; effective only when extended program in effect. (b) Same as (a) but effective only through June 30, 1975.

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¹ Based on maximum duration of benefits (26 weeks in most States for regular program). Persons with less substantial work history may qualify for shorter durations.

² Repayable loans from general revenues are available to cover shortages in these accounts.

Special Unemployment Assistance

Title II of the bill would extend through December 31, 1976, the time in which Special Unemployment Assistance payments (payable to unemployed people who do not qualify for unemployment compensation) may be paid. It would also provide that through June 30, 1976, 39 rather than 26 weeks of benefits may be paid under that program. The Committee made no change in this title.

Loan to the Virgin Islands

Title III of the bill would authorize appropriations to permit the Secretary of Labor to loan up to \$5 million to the Virgin Islands to enable that jurisdiction to continue meeting its unemployment benefit obligations. The House bill provides that any loan made under this authority to the Virgin Islands will be subject to repayment without interest no later than January 1, 1978. The House bill, however, does not provide for the payment of interest if the loan remains outstanding after this deadline.

The Committee amendment would require that interest be charged on any portion of such a loan which remains on the books after January 1, 1978. The rate of interest would be set at the same rate (9% as of July 1975) which the Internal Revenue Service assesses against employers who fail to make timely deposits of taxes withheld. In addition, if the Virgin Islands is ever made a part of the regular Federal-State unemployment insurance system, the loan will at that point be treated as though the Virgin Islands had been in the system at the present time. In other words, if the time for repayment has elapsed and any part of the loan remains outstanding, the increased Federal unemployment tax rates provided for in the law for the purpose of recapturing overdue loans would immediately go into effect in the Virgin Islands.

II. Emergency Unemployment Compensation

(Part A of Title I of the Bill)

State unemployment compensation programs generally provide up to 26 weeks of benefits in a year to unemployed workers who are covered under these programs. A few State programs provide for a somewhat longer maximum benefit duration, and most State programs limit the duration of benefits to less than 26 weeks in the case of certain workers who do not have a history of recent steady employment.

Provisions have been made for extending the duration of benefits in times of high unemployment, beyond what is provided under the regular provisions of State programs, to take account of the fact that, during such times, it is more difficult for unemployed workers to find new jobs. These programs were temporary until 1970, when a program to provide such extended benefits was made a permanent part of Federal law through the enactment of the Federal-State Extended Unemployment Compensation Act (Public Law 91-373).

Until this year, the mechanisms in permanent law for triggering extended unemployment benefits have not operated to make these extended benefits available in many States which have experienced continuing high unemployment. As a result, Congress has found it necessary six times since the extended benefit program was enacted to

pass temporary legislation permitting extended benefits to be paid even though the triggering requirements of permanent law were not met.

The major features of the unemployment compensation programs which are now in effect are summarized in table 1.

DURATION OF EMERGENCY BENEFIT PAYMENTS

(Sections 101 and 102 of the Committee Bill)

When Congress enacted the Emergency Unemployment Compensation Act of 1974 (Public Law 93-572) it provided that, through December 1976, extended unemployment benefits (generally the 27th to 39th week of unemployment benefits) would be payable at the option of the State whenever the insured unemployment rate was at least 4.0 percent (either nationally or in specific States). This Act also provided that workers who exhausted these extended benefits could then receive emergency unemployment benefits for up to 13 weeks (i.e., the 40th to 52nd weeks of unemployment benefits). In March 1975, Public Law 94-12 authorized a further 13 weeks of emergency benefits (the 53rd to 65th weeks of unemployment benefits) under a temporary provision expiring June 30, 1975.

H.R. 6900 as passed by the House would extend the provision for up to 65 weeks of benefits through June 30, 1976. The Committee agrees that in times of high unemployment it is desirable to provide additional weeks of unemployment benefits in recognition of the fact that in such times it is reasonable to expect that many workers will need additional time to find new jobs. However, the Committee feels that the availability of these additional weeks of unemployment ought to be targeted to those States and periods when unemployment levels are high. Thus the Committee believes it appropriate that a different duration of benefits be available in a State with an insured unemployment rate of 3 percent than in a State with a rate of 5 percent or of 6 percent.

As a substitute for the House-passed provision, therefore, the Committee adopted an amendment under which the insured unemployment rate in individual States would determine whether more than 39 weeks of benefits could be paid. When the insured unemployment rate in a State is more than 5 percent, but less than 6 percent, workers in the State could be paid up to 52 weeks of benefits; when the rate is 6 percent or more, up to 65 weeks of benefits could be paid.

According to the most recent figures available, 38 States and Puerto Rico had an insured unemployment rate of 6 percent or higher during the prior 13 weeks; 5 States had a rate of between 5 and 6 percent; and 7 States and the District of Columbia had a rate below 5 percent. The most recent insured unemployment rates for the States are shown in Table 2.

The new provisions would go into effect July 1, 1975 and continue until the program is terminated; under the Committee bill, the program would continue until March 31, 1977.

The provisions of present law for determining the insured unemployment rate would be based, as under present law, on the average rate for a 13-week period. Effective July 1, 1975 emergency benefits would be payable in a State (without regard to the unemployment rate in the Nation) provided that the State insured unemployment rate is at least 5 percent. If emergency benefits are not payable in a State on or after July 1, 1975, they may become payable whenever the insured unemployment rate for a 13-week period averages at least 5 percent. In such case, the emergency benefit program would be in effect until the insured unemployment rate falls below 5 percent or for 26 weeks, whichever is longer. For an individual worker, however, not more than 13 weeks of emergency benefits (i.e. the 40th through 52nd week of unemployment benefits) could be paid unless the insured unemployment rate is 6 percent or more. When the rate is 6 percent or more, up to 26 weeks of emergency benefits (i.e. the 40th through the 65th week of unemployment benefits) could be paid. If after the State insured unemployment reaches 6 percent it falls below that rate, only 13 weeks of emergency benefits could be paid to an individual. However, an exception would be made for an individual who had qualified for emergency benefits but who had not been paid for the entire 26-week period. Under the exception, such an individual could be paid for either 13 additional weeks or until he had been paid for the entire 26-week period, whichever is shorter. Thus, for example, in those States which now have insured unemployment rates below 5 percent, the present emergency benefit period will be terminated as of the July 1, 1975 effective date of the bill. Unemployed workers in those States who are now drawing emergency or extended benefits, however, will continue to qualify for emergency benefits through the end of September unless their individual entitlement is exhausted before then.

TABLE 2.—STATE INSURED UNEMPLOYMENT RATES¹ AS OF
MAY 31, 1975

	Public Law 91-373 extended benefit indicators ²	
	13-week IUR	Percent of prior 2 yrs
Alabama.....	8.51	379
Alaska.....	10.22	97
Arizona.....	8.68	337
Arkansas.....	10.77	376
California.....	8.57	182
Colorado.....	4.48	330
Connecticut.....	9.08	261
Delaware ³	8.14	298
District of Columbia.....	4.15	201
Florida.....	6.85	444
Georgia.....	7.22	496
Hawaii ⁴	5.16	123
Idaho.....	6.98	186
Illinois ⁴	6.72	290
Indiana.....	8.01	386
Iowa.....	4.93	305
Kansas.....	4.49	227
Kentucky.....	8.04	295
Louisiana.....	5.01	152
Maine.....	11.49	212
Maryland.....	7.07	282
Massachusetts.....	10.23	179
Michigan ⁵	14.05	243
Minnesota.....	6.60	186
Mississippi.....	7.51	449
Missouri.....	7.80	274
Montana.....	8.50	196
Nebraska.....	5.08	278
Nevada.....	9.35	198
New Hampshire.....	8.08	367
New Jersey ⁴	11.23	174
New Mexico.....	7.28	190
New York.....	8.65	198
North Carolina.....	9.76	694
North Dakota.....	4.90	126

See footnotes at end of table.

TABLE 2.—STATE INSURED UNEMPLOYMENT RATES¹ AS OF
MAY 31, 1975—Continued

	Public Law 91-373 extended benefit indicators ²	
	13-week IUR	Percent of prior 2 yrs
Ohio.....	6.86	343
Oklahoma.....	5.36	219
Oregon.....	9.31	195
Pennsylvania.....	8.84	235
Puerto Rico.....	18.20	180
Rhode Island.....	13.02	236
South Carolina.....	10.81	673
South Dakota.....	4.11	206
Tennessee.....	8.31	384
Texas.....	3.13	287
Utah.....	6.21	197
Vermont ⁴	10.40	187
Virginia.....	5.36	564
Washington.....	10.68	140
West Virginia.....	7.04	213
Wisconsin.....	7.63	277
Wyoming.....	3.08	194

¹ Average of last 13 weeks; national average (seasonally adjusted) March 7.30 percent; April 7.83 percent; May 8.07 percent.² All States currently paying extended benefits under Public Law 91-373. National 4.5 percent trigger began for unemployment for week beginning Feb. 23, 1975.³ Trigger indicator as of May 17, 1975.⁴ Trigger indicator as of May 24, 1975.⁵ Trigger indicator as of May 3, 1975.

Source: U.S. Department of Labor.

ACCEPTANCE OF AVAILABLE TRAINING OR EMPLOYMENT AS A CONDITION OF ELIGIBILITY FOR EMERGENCY BENEFITS

(Section 103 of the Committee Bill)

Under permanent law, unemployment insurance benefits are ordinarily payable for a maximum of 26 weeks with provision for an additional 13 weeks of benefits in times of high unemployment. The purpose of providing longer benefit duration during periods of high unemployment is that in such periods it may reasonably be assumed that it will take somewhat more time for a worker to find a new job. In view of the high levels of unemployment in most States, the Committee bill provides for up to 65 weeks of unemployment benefits.

One of the purposes of the unemployment insurance program is to make it possible for workers who are displaced from jobs to spend a reasonable amount of time searching for new work which is consistent with their experience and abilities. It is generally considered desirable, both from the point of view of the individual worker and from the point of view of society, to have such a system which permits the matching of employment opportunities to the skills and aptitudes of those seeking jobs.

It is thus entirely consistent with the purposes and objectives of the unemployment insurance system that workers not be required, as soon as they become unemployed, to accept the first available job without regard to whether it is consistent with their background. Similarly, it is reasonable to expect that it will take some time for a worker to find a job which is consistent with his background and that he should make an effort to find such a job before consideration is given to training him for a new type of work.

After an unemployed worker has received benefits for 39 weeks, however, the Committee believes that he should be willing to undergo training to gain new job skills or to accept the offer of a job even when it does not make use of his previous training or work experience, or if the salary level is lower than that of his most recent job. The Committee recognizes that it is a common practice for State employment agencies to require claimants for unemployment benefits who have not found reemployment after a certain period to broaden their areas of job search in several respects. The Committee feels that for those who are unemployed as long as 39 weeks it is particularly important to emphasize the need to consider all alternatives which may make reemployment feasible.

Training.—In the Trade Act of 1974, the Congress conditioned the last 26 weeks of possible trade adjustment assistance benefits upon participation in a training program. Under the Committee amendment to H.R. 6900, in order to be eligible to receive unemployment benefits for more than 39 weeks, an individual would be required to make a good faith application to participate in any approved training program which might be available to him. While the Committee recognizes that the availability of training suitable for all types of unemployed workers may be somewhat limited, it expects that in the administration of this provision, State employment agencies will require workers to indicate their willingness to accept training when and if it becomes available and will make particular efforts

to place workers claiming emergency unemployment benefits in appropriate training programs. If a worker is offered the opportunity to participate in a training program, he would, under the Committee amendment, have to accept that offer and continue to participate in the training program as a condition of initial and continuing eligibility for emergency benefits. However, an individual would not be required to participate in a training program if his participation would make it necessary for him to travel an unreasonable distance from his home.

Acceptance of available employment.—Emergency benefits, like regular unemployment insurance benefits, are intended to be paid to individuals who are involuntarily out of work during the period when they are looking for another job. Consequently, the rules which apply under the regular State programs also apply under the emergency benefit program, and benefits are denied to individuals who are not available for work or who refuse to accept appropriate employment opportunities. Existing Federal law provides three limitations on the type of jobs which States can require individuals to accept as a condition of receiving unemployment benefits. The statute specifies that States cannot require workers to take a job:

- (1) which is vacant solely because of a labor dispute;
- (2) if as a condition of being employed the worker would have to join a company union or would have to refrain from joining any bona fide labor organization; or
- (3) in which the wages or conditions of work are substantially less favorable than those which prevail in the locality for similar work.

In practice, however, many States have added additional criteria under which individuals may refuse jobs without losing their eligibility to receive unemployment benefits. The usual criteria involve the degree of risk to the claimant's health, safety, and morals; his physical fitness; his prior training, experience, and earnings; the length of his unemployment and his prospects for securing regular work in his customary occupation; and the distance of the work from his residence. These criteria are designed to protect workers against mandatory requirements that they accept work that might be injurious to them and also to assure that workers will have a reasonable opportunity to obtain work which is commensurate with their experience and abilities.

For the reasons described earlier, the Committee agrees that there are valid purposes to be served in an unemployment insurance program by including criteria such as these under which workers may refuse certain types of jobs during at least the earlier stages of their unemployment. The Committee feels, however, that after 39 weeks of unemployment a person should be required to conclude that work tailored to his particular abilities and experience is simply no longer available in that community. The Committee believes that in these circumstances an individual who wishes to remain in that community and continue drawing unemployment benefits should be required to take any reasonable job opportunity that is available (unless he is participating in a training program).

The Committee, therefore, added a requirement as a condition of eligibility for emergency unemployment benefits that an individual not refuse any job offer which does not conflict with the three basic

Federal limitations described above, which does not pose any unreasonable threat to the individual's health or safety, taking into account his physical condition, and which does not involve his traveling an unreasonable distance to work. However, any other State criteria such as the amount of his previous earnings or type of work experience which permit an individual to refuse an available job would not be applicable.

The Committee does not intend to establish a new set of federally imposed job suitability criteria. In evaluating the appropriateness of an employment opportunity under this provision, each State would continue to apply the criteria it uses at present to determine whether a job poses an undue threat to the individual's health or safety or is inappropriate in view of his physical condition. The States would also continue to apply the three federally mandated conditions in the same way as they do for regular unemployment benefits.

States would be expected to base their determination of reasonable distance to a job on the labor market conditions in the area and the range of typical commuting distances for the types of jobs involved.

In summary, if an individual is not participating in a training program, he could not continue to be eligible for benefits after 39 weeks if he refuses a job offer. However, he may not be required to take a job:

- (1) which is vacant solely because of a labor dispute;
- (2) if as a condition of being employed the worker would have to join a company union or would have to refrain from joining any bona fide labor organization;
- (3) in which the wages or conditions of work are substantially less favorable than those which prevail in the locality for similar work;
- (4) which poses an unreasonable threat to the individual's health or safety, taking into account his physical condition; or
- (5) which involves traveling an unreasonable distance to work.

States would be required to refer applicants for emergency benefits to any jobs which are suitable for them under these special criteria to the extent that such jobs are available.

FUNDING OF EMERGENCY UNEMPLOYMENT BENEFITS

(Section 104 of the Committee Bill)

The Emergency Unemployment Compensation Act of 1974 provides 26 weeks of additional unemployment benefits to workers who have exhausted their regular and extended benefits. Regular benefits (the first 26 weeks) are paid from State unemployment tax funds and extended benefits (the 27th to 39th weeks) are paid 50 percent from State funds and 50 percent from Federal trust funds (derived from the Federal unemployment payroll tax on employers). In theory, the new benefits (from the 40th to 65th weeks) under the emergency benefits program are also paid from the Federal accounts in the trust fund. In practice, however, these accounts are insufficient to meet the benefit requirements, and the law provides for interest-free advances to be made from general revenues to the Unemployment Trust Fund to cover the cost of the program. These advances are to be repaid at some time in the future when it is determined that the Federal extended

benefit account in the trust fund has a sufficient surplus to permit such repayment.

The Committee amendment eliminates the requirement that the cost of emergency benefits ultimately be repaid to general revenues from the Federal unemployment tax. While benefits paid during the first 39 weeks of unemployment may properly be considered as related to the conditions in a particular firm or industry and thus appropriately be funded through the employer payroll tax, the Committee believes that emergency benefits paid from the 40th to 65th weeks of unemployment are more properly viewed as a response to the overall national economic situation. For this reason, the Committee believes that it is appropriate for the funding of such benefits to be borne by the general revenues of the Treasury. The Committee notes that the Federal Advisory Council on Unemployment Insurance voted unanimously to recommend general revenue financing of emergency unemployment benefits. Under the Committee bill, emergency benefits paid beginning July 1, 1975 would be a general revenue expense and would not be repaid ultimately from employer payroll taxes.

STUDY OF EMERGENCY BENEFITS PROGRAM

(Section 105 of the Committee Bill)

Under current permanent law, unemployment benefits are payable usually for a maximum of 26 weeks with provision for an additional 13 weeks of benefits in times of relatively high unemployment. Because of the severe economic situation the country is now experiencing, the emergency benefits program, which is extended by this bill, provides still further weeks of unemployment benefits up to a maximum of 65 weeks.

The Committee believes that information concerning the characteristics of those who are unemployed for longer periods of time should be available to the Congress for reference in the development of appropriate legislation. Such information is not presently available. For this reason, the Committee amendment includes a requirement that the Secretary of Labor conduct a study of the emergency benefits program, including information on the benefits paid under the program, the economic and demographic characteristics of the workers receiving benefits under the program, and such other matters as might be useful in evaluating its effectiveness and determining what alternatives to such a program might be appropriate in any future periods of high unemployment. Under the Committee amendment, the Secretary would have to submit the report on this study to the Congress by the end of December 1976, that is, 90 days prior to the expiration of the emergency benefits program.

III. Federal Loans to State Unemployment Accounts: Additional Time for Repayment

(Part B of Title I of the Committee Bill)

Federal law provides that States may obtain advances from the Federal unemployment account in the trust fund when their own State accounts have insufficient funds to meet benefit obligations. These

advances constitute interest-free loans which must be repaid after two years. If the loans are not repaid within the prescribed two-year period, the Federal unemployment tax rate on employers in the affected State, is, in effect, automatically increased each year until the loan has been recaptured through these increased taxes.

There are now 8 States which have outstanding loans of this type (totaling over \$600 million) and a number of other States are expected to need advances later this year. One State (Connecticut) already is in the situation of having the Federal unemployment tax rate paid by employers in that State increased because it has had an outstanding loan for more than two years. Recent loan activity is summarized in table 3.

TABLE 3.—ADVANCES TO STATES FROM THE FEDERAL UNEMPLOYMENT ACCOUNT

[In millions]

State	1972	1973	1974	Through May 15, 1975	Total
Connecticut.....	\$31.8	\$21.7	\$8.5	\$106.0	\$168.0
Washington.....	34.7	6.0	3.4	42.4	86.5
Vermont.....			5.3	14.2	19.5
New Jersey.....				235.1	235.1
Rhode Island.....				34.3	34.3
Michigan.....				30.0	30.0
Massachusetts.....				25.0	25.0
Puerto Rico.....				10.0	10.0
Total.....	66.5	27.7	17.2	497.0	608.4

¹ Not reduced for any additional Federal taxes collected in 1975 on 1974 wages because of reduction of the 2.7 percent credit due to the loans outstanding as of Nov. 10, 1974.

The Committee amendment would suspend for three years (1975, 1976, 1977) the provision under which the Federal unemployment tax is automatically increased to recapture any loan to a State which remains unpaid after two years. However, the suspension would apply only in States where the Secretary of Labor makes a finding that the State has examined and taken any appropriate action with respect to the structure of its unemployment compensation program, including its financing, which, in the light of existing and anticipated economic conditions, can be expected to result in an actuarially sound program capable of repaying within a reasonable time the amount advanced from the Federal account.

It is not the Committee's intent to prescribe what specific steps a State should take to restore fiscal soundness to its unemployment program, nor to describe the exact period in which this must occur. Rather, the Secretary of Labor is required to evaluate individually the efficacy of each State's actions in accomplishing the purposes of the Committee bill.

In general, the Committee anticipates that the Secretary would make a favorable determination only where, based on all the facts and circumstances, the actions taken by a particular State represent a bona fide affirmative effort to deal in a meaningful way with the financial soundness of that State's program. The Committee recognizes that the situation in a given State may preclude a short-term solution. Nevertheless, the Committee expects that, to secure the Secretary's approval, the actions taken by a State must be reasonably calculated to achieve over time the goal of financial soundness. Under the Committee bill, the broadest latitude has been given to the States in selecting the specific techniques to be utilized.

IV. Special Unemployment Assistance

(Title II of the Bill)

Title II of the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93-567) established the Special Unemployment Assistance program (SUA); effective through December 1975. This legislation provides a temporary program for unemployed workers who are not eligible for unemployment benefits under any other State or Federal law.

The levels of unemployment required for payment of SUA benefits are based on the total unemployment rate, either at the national level or at the area level. The total unemployment rate is established on the basis of estimates made by the Bureau of Labor Statistics based on the monthly national household survey.

The Act requires the Secretary of Labor to designate as areas for purposes of this program, areas served by an entity which is eligible to be a prime sponsor under Section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93-203). There are over 400 such areas throughout the country.

SUA is payable when the total unemployment rate for the most recent three consecutive calendar months for which data are available is 6 percent (seasonally adjusted) at the national level or 6.5 percent (not seasonally adjusted) at the area level. SUA is no longer payable if, for the most recent three consecutive calendar months for which data are available, both requirements are not satisfied.

SUA is payable to an individual who lacks eligibility for compensation under any State or Federal unemployment compensation law, provided such individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law and is not subject to disqualification under such law. The base year for qualifying an individual for SUA, notwithstanding the State law, is the 52-week period preceding the individual's first claim for assistance. Employment and wages not covered by the State law are treated as though they were covered. A special unemployment assistance period must be in effect (that is, the unemployment rate must be at the required level) in the area in which the individual was last employed for at least 5 work days prior to filing his first claim. Maximum duration of benefits under SUA is 26 weeks.

The law currently provides a maximum of 26 weeks of benefits payable through December 31, 1975. The House bill would extend

the SUA program through December 31, 1976 and increase the maximum duration of benefits from 26 to 39 weeks, payable through June 30, 1976. As of July 1, 1976, the maximum reverts to 26 weeks payable through December 31, 1976.

In addition to extending benefits, the House bill would make other changes in the Special Unemployment Assistance program.

Payments of SUA benefits to teachers, researchers, and principal administrators employed by schools are prohibited during the period between academic years or terms if they have contracts with any school for both such years or terms.

Clarification of what constitutes employment and wages for the purposes of SUA is provided. The effect of the amendment is to clarify the definitions of employee and employment and thereby restrict payment to individuals who worked within the scope of the traditional employer-employee relationship.

Authority and procedures pertaining to the treatment of fraud and erroneous payments under SUA are established. Section 205(b) of the Emergency Jobs and Unemployment Assistance Act of 1974 provides that an individual will be ineligible for assistance and subject to criminal prosecution if he knowingly provides false information when his employment record is not available.

The benefit year provisions contained in State Unemployment Compensation laws are applied to SUA. A House amendment would allow an individual to establish successive benefit years only if he meets the State's wage, employment and other requirements in the base period between benefit years.

In addition, the House bill would reduce the amount of SUA entitlement by the total amount of Regular State Benefits, Extended Benefits and Emergency Benefits paid to an individual in a single year.

The House bill also requires that an individual have some non-covered work to qualify for SUA. Section 206 of existing law now prevents an individual, in qualifying for SUA benefits, from relying on employment and wages on the basis of which he is currently or was previously entitled to unemployment benefits. It does not, however, prevent him from using covered employment and wages to qualify for SUA benefits that may later qualify him for unemployment benefits.

The Committee bill makes no change in Title II of the House-passed bill.

V. Loan to the Virgin Islands

(Title III of the Bill)

Title III of H.R. 6900 authorizes an appropriation to enable the Secretary of Labor to loan up to \$5 million to the Virgin Islands to permit that jurisdiction to continue meeting its unemployment benefit obligations. The Virgin Islands unemployment fund is expected soon to become depleted. Unlike Puerto Rico, the Virgin Islands is not included in the regular unemployment insurance system and, therefore, cannot automatically borrow from the Federal accounts in the trust fund in the way that other States and Puerto Rico can.

The House bill provides that any loan made under this authority to the Virgin Islands will be subject to repayment without interest

no later than January 1, 1978. The House bill, however, provides no mechanism for assuring that such repayment will, in fact, be made, nor does it provide for the payment of interest if the loan remains outstanding after this deadline.

The Committee amendment would require that interest be charged on any portion of such a loan outstanding after January 1, 1978. The rate of interest would be set at the same rate (9% as of July 1975) which the Internal Revenue Service assesses against employers who fail to make timely deposits of taxes withheld. In addition, if the Virgin Islands is ever made a part of the regular Federal-State unemployment insurance system, the loan will at that point be treated as though the Virgin Islands had been in the system at the present time. In other words, if the time for repayment has elapsed and any part of the loan remains outstanding, the increased Federal unemployment tax rates provided for in the law for the purpose of recapturing overdue loans would immediately go into effect in the Virgin Islands.

VI. Cost of Carrying Out the Bill

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out the bill.

Title I.—According to the estimates furnished to the Committee by the Department of Labor, Title I of the bill would result in additional benefit payments of \$0.1 billion in fiscal year 1976, would reduce costs by \$0.2 billion in the July–September 1976 transition quarter, and would have no net impact (to the nearest tenth of a billion dollars) in fiscal year 1977. (The program terminates March 31, 1977, and is therefore in effect for only one-half of fiscal year 1977.) Table 4 on page 18 provides additional information with respect to the costs of unemployment programs and the changes resulting from the bill.

Title II.—The Committee made no change in this title of the bill. The Department of Labor estimates that the additional benefits payable under this title would cost \$580 million in fiscal year 1976, \$140 million in July, August, September 1976 transition quarter, and \$140 million in fiscal year 1977.

Title III.—Title III of the bill authorizes a loan to the Virgin Islands of up to \$5 million. The Department of Labor estimates that the loan requirements under this provision will not exceed \$3 million. This provision is operative only during fiscal year 1976.

TABLE 4.—COST ESTIMATES FOR UNEMPLOYMENT INSURANCE PROGRAMS UNDER CURRENT LAW, HOUSE BILL, AND SENATE FINANCE COMMITTEE BILL

[In billions of dollars]

	Increase (+) or Reduction (-) In Costs Compared With Current Law					
	Current law			H.R. 6900 as reported by Finance Committee		
	Fiscal year 1976	Transitional quarter ²	1st quarter, fiscal year 1977 ³	Fiscal year 1976	Transitional quarter ²	1st quarter, fiscal year 1977 ³
Regular program.....	11.5	2.1	3.2			
Extended benefits.....	1.6	0.4	0.4			
Emergency benefits.....	0.7	0.3	0.3	+0.5	-0.2	-0.2

¹ Provides additional benefits only until June 30, 1976.

² July through September 1976.

³ October through December 1976.

⁴ January through March 1977.

Note: Economic assumptions are June 1, 1975, Administration assumptions. Total unemployment rates: Fiscal year 1976, 8.5 percent; Transitional quarter, 7.8 percent; 1st quarter fiscal year 1977, 7.6 percent.

Source: U.S. Department of Labor.

VII. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote by the committee to report the bill. The bill was ordered reported by voice vote.

VIII. Changes in Existing Law Made by the Bill, as Reported

In compliance with subsection (4) of Rule XXIX of the Standing Rules of the Senate, changes in existing law made 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 italics, existing law in which no change is proposed is shown in roman):

Emergency Unemployment Compensation Act of 1974

(Public Law 93-572)

Short Title

Section 101. This Act may be cited as the "Emergency Unemployment Compensation Act of 1974".

Federal-State Agreements

Sec. 102. (a) Any State, the State unemployment compensation law of which is approved by the Secretary of Labor (hereinafter in this Act referred to as the "Secretary") under section 3304 of the Internal Revenue Code of 1954 which desires to do so, may enter into and participate in an agreement with the Secretary under this Act, if such State law contains (as of the date such agreement is entered into) a requirement that extended compensation be payable thereunder as provided by the Federal-State Extended Unemployment Compensation Act of 1970. Any State which is a party to an agreement under this Act may, upon providing thirty days' written notice to the Secretary, terminate such agreement.

(b) Any such agreement shall provide that the State agency of the State will make payments of emergency compensation—

(1) to individuals who—

(A) (i) have exhausted all rights to regular compensation under the State law;

(ii) have exhausted all rights to extended compensation, or are not entitled thereto, because of the ending of their eligibility period for extended compensation, in such State;

(B) have no rights to compensation (including both regular compensation and extended compensation) with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law; and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of the Virgin Islands or Canada,

[(2) for any week of unemployment which begins in—

(A) an emergency benefit period (as defined in subsection (c)(3)); and

(B) the individual's period of eligibility (as defined in section 105(b)).]

(2) for any week of unemployment which—

(A) begins in—

(i) an emergency benefit period (as defined in subsection (c)(3)), and

(ii) the individual's period of eligibility (as defined in section 105(2)); or

(B) begins in an individual's additional eligibility period (as defined in section 105(4)).

(c)(1) For purposes of subsection (b)(1)(A), an individual shall be deemed to have exhausted his rights to regular compensation under a State law when—

(A) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to him based on employment or wages during his base period; or

(B) his rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(2) For purposes of subsection (b)(1)(B), an individual shall be deemed to have exhausted his rights to extended compensation under a State law when no payments of extended compensation under a State law can be made under such law because such individual has received all the extended compensation available to him from his extended compensation account (as established under State law in accordance with section 202(b)(1) of the Federal-State Extended Unemployment Compensation Act of 1970).

(3)(A)(i) For purposes of subsection (b)(2)(A), in the case of any State, an emergency benefit period—

(I) shall begin with the third week after a week for which there is a State "emergency on" indicator; and

(II) shall end with the third week after the first week for which there is a State "emergency off" indicator.

(ii) In the case of any State, no emergency benefit period shall last for a period of less than 26 consecutive weeks, and no emergency benefit period which began prior to July 1, 1975, shall end prior to such date.

(iii) When a determination has been made that an emergency benefit period is beginning or ending with respect to any State, the Secretary shall cause notice of such determination to be published in the Federal Register.

(B)(i) For purposes of subparagraph (A), there is a State "emergency on" indicator for a week if (I) there is a State or National "on" indicator for such week (as determined under subsections (d) and (e) of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970), and (II) the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks equaled or exceeded 5 per centum.

(ii) For purposes of subparagraph (A), there is a State "emergency off" indicator for a week if [there is both a State and a National "off" indicator for such week (as determined under subsections (d) and (e) of the Federal-State Extended Unemployment Compensation Act of 1970)] the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks is less than 5 per centum.

(d) For purposes of any agreement under this Act—

(1) the amount of the emergency compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowances) payable to him during his benefit year under the State law; and

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall (except where inconsistent with the provisions of this Act or regulations of the Secretary promulgated to carry out this Act) apply to claims for emergency compensation and the payment thereof.

(e)(1) Any agreement under this Act with a State shall provide that the State will establish, for each eligible individual who files an application for emergency compensation, an emergency compensation account.

(2) [Except as provided in] Subject to the provisions of paragraph (3), the amount established in such account for any individual shall be equal to the lesser of—

(A) [50] 100 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation, or

(B) [thirteen] twenty-six times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(3) [Effective only with respect to benefits for weeks of unemployment ending before July 1, 1975, the amount established in such account for any individual shall be equal to the lesser of—] Notwithstanding paragraph (2), the total amount of emergency compensation payable to any individual for weeks of unemployment which begin in a 5-per centum period (as defined in section 105(5)) shall not exceed the lesser of—

(A) [100] 50 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with

respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation, or

(B) **[twenty-six]** *thirteen* times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(f)(1) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week beginning before whichever of the following is the latest:

(A) the first week which begins after December 31, 1974,

(B) the week following the week in which such agreement is entered into, or

(C) the first week which begins after the date of the enactment of this Act.

(2) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week ending after **[—**

[(A) December 31, 1976, or

[(B) in the case of an individual who (for a week ending before January 1, 1977) had a week with respect to which emergency compensation was payable under such agreement**]** *March 31, 1977.*

(g)(1) *Notwithstanding the preceding provisions of this section, emergency compensation shall not be payable to an individual for any week—*

(A) *with respect to which he is neither a participant in a training program approved by the Secretary nor an applicant to participate in such a program, or*

(B) *after the first week (in the individual's period of eligibility) during which such individual failed or refused, without good cause, to apply for available employment within his capabilities or to accept any bona fide offer of employment.*

(2) *For purposes of paragraph (1)(B), failure or refusal of an individual to accept employment shall be considered to be with good cause only if—*

(A) *the position offered is vacant due directly to a strike, lockout, or other labor dispute,*

(B) *the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality,*

(C) *as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization,*

(D) *the work site of such position is located at an unreasonably great distance from such individual's residence,*

(E) *such position involves an unacceptably high risk to the health, safety, or morals of the individual, or*

(F) *at the time such individual fails or refuses to accept such position, he is a participant in a training program approved by the Secretary or approved by the State agency.*

(h) *Any agreement under subsection (a) shall provide that, in the administration of this Act, States shall make provision for referring applicants for benefits under this Act to any available employment opportunities within their capabilities which are not positions of the type specified in paragraph (2) of subsection (g).*

Payments to States Having Agreements for the Payment of Emergency Compensation

Sec. 103. (a) There shall be paid to each State which has entered into an agreement under this Act an amount equal to 100 per centum of the emergency compensation paid to individuals by the State pursuant to such agreement.

(b) No payment shall be made to any State under this section in respect of compensation for which the State is entitled to reimbursement under the provisions of any Federal law other than this Act.

(c) Sums payable to any State by reason of such State's having an agreement under this Act shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which would have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

Financing Provisions

Sec. 104 (a)(1) Funds in the extended unemployment compensation account (as established by section 905 of the Social Security Act) of the Unemployment Trust Fund shall be used for the making of payments to States having agreements entered into under this Act.

(2) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this Act. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as established by section 905 of the Social Security Act) to the account of such State in the Unemployment Trust Fund.

(b) There are hereby authorized to be appropriated, without fiscal year limitation, to the extended unemployment compensation account, **[as repayable advances (without interest),]** such sums as may be necessary to carry out the purposes of this Act. Amounts appropriated **[as repayable advances]** and paid to the States under section 103 shall, *to the extent that such amounts are paid with respect to emergency compensation paid to individuals prior to July 1, 1975, be repaid, without interest, as provided in section 905(d) of the Social Security Act.*

Definitions

Sec. 105. For purposes of this Act—

(1) the terms "compensation", "regular compensation", "extended compensation", "base period", "benefit year", "State", "State agency", "State law", and "week" shall have the meanings assigned to them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970;

(2) the term "period of eligibility" means, in the case of any individual, the weeks in his benefit year which begin in an extended benefit period or an emergency benefit period, and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period or in such emergency benefit period; [and]

(3) the term "extended benefit period" shall have the meaning assigned to such term under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970[.];

(4) the term "additional eligibility period" means the thirteen-week period following the week in which an emergency benefit period ends in a State, as determined under section 102(c)(3); but no individual shall have an additional eligibility period unless there was payable to him in such State, for the week in which such emergency benefit period ended, either emergency compensation under this Act or extended compensation under the Federal-State Extended Unemployment Compensation Act of 1970;

(5) the term "5-per centum period" means a period in a State which begins with the third week after the first week in which the rate of insured unemployment in the State for the period consisting of such first week and the immediately preceding twelve weeks is less than 6 per centum and which ends with the second week after the first week in which the rate of insured unemployment in the State for the period consisting of such first week and the immediately preceding twelve weeks equals or exceeds 6 per centum; except that no 5-per centum period shall begin in any State prior to the fourteenth week after the last week in a preceding 5-per centum period in such State;

(6) the term "rate of insured unemployment" means the percentage arrived at by dividing the average weekly number of individuals filing claims for weeks of unemployment with respect to the specified period (as determined on the basis of the reports made by the State agency to the Secretary) by the average monthly covered employment for the specified period;

(7) the rate of insured unemployment for any thirteen-week period shall be determined by reference to the average monthly covered employment under the State law for the first four of the most recent six calendar quarters ending before the close of such period; and

(8) determinations with respect to the rate of insured unemployment in a State shall be made by the State agency in accordance with regulations prescribed by the Secretary.

For purposes of any State law which refers to an extension under Federal law of the duration of benefits under the Federal-State Extended Unemployment Compensation Act of 1970, this Act shall be treated as amendatory of such Act.

Extension of Waiver of 120-Percent Requirement for Purposes of Extended Compensation Program

Sec. 106. The last sentence of section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970, as amended, is amended by striking out "April 30, 1975" and inserting in lieu thereof ["December 31, 1976"] "March 31, 1977".

Temporary Reduction in National Trigger

Sec. 107. Section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before December 31, 1976, and beginning after December 31, 1974 (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a national 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if the phrase '4.5 per centum', contained in paragraphs (1) and (2), read '4 per centum'."

PROVISION FOR FINANCING TEMPORARY REDUCTION IN NATIONAL TRIGGER

Sec. 108. Section 204(a) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new paragraph:

"(3) In the case of compensation which is sharable extended compensation or sharable regular compensation by reason of the provision contained in the last sentence of section 203(d), the first paragraph of this subsection shall be applied as if the words 'one-half of' read '100 per centum of' but only with respect to compensation that would not have been payable if the State law's provisions as to the State 'on' and 'off' indicators omitted the 120 percent factor as provided for by Public Law 93-368 and by section 106 of this Act."

INTERNAL REVENUE CODE OF 1954

*	*	*	*	*	*	*
CHAPTER 23—FEDERAL UNEMPLOYMENT TAX ACT						
*	*	*	*	*	*	*
Section 3302. Credits Against Tax.						
(a) * * *						
*	*	*	*	*	*	*
(c) Limit on Total Credits.—						
(1) * * *						
*	*	*	*	*	*	*

(3) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act on or after the date of the enactment of the Employment Security Act of 1960, then the total credits (after applying subsections (a) and (b) and paragraphs (1) and (2) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

(A)(i) in the case of a taxable year beginning with the second consecutive January 1 as of the beginning of which there is a balance of such advances, by 10 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

(ii) in the case of any succeeding taxable year beginning with a consecutive January 1 as of the beginning of which there is a balance of such advances, by an additional 10 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State;

(B) in the case of a taxable year beginning with the third or fourth consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

(i) 2.7 percent, exceeds

(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year; and

(C) in the case of a taxable year beginning with the fifth or any succeeding consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

(i) the 5-year benefit cost rate applicable to such State for such taxable year or (if higher) 2.7 percent, exceeds

(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year.

The provisions of the preceding sentence shall not be applicable with respect to the taxable year beginning January 1, 1975, or any succeeding taxable year which begins before January 1, 1978; and, for purposes of such sentence, January 1, 1978, shall be deemed to be the first January 1 occurring after January 1, 1974, and consecutive taxable years in the period commencing January 1, 1978, shall be determined as if the taxable year which begins on January 1, 1978, were the taxable year immediately succeeding the taxable year which began on January 1, 1974.

* * * * *

EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE
ACT OF 1974

* * * * *

TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

* * * * *

ELIGIBLE INDIVIDUALS

SEC. 203. (a) An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(1) the individual is not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et

seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada and is not eligible for assistance or an allowance payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974, the Disaster Relief Act of 1974, the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded (A) to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages, or (B) if such employment and wages constitute his sole qualifying employment and wages; and

(2) the individual is totally or partially unemployed, and is able to work, available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(3) the individual has filed a claim for assistance or waiting period credit under this title; and

(4) in the area in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided*, That if the individual, except for the imposition of a disqualification in accordance with [subsection (b)] paragraph (2), was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than twenty-six weeks after the end of such period; and

(5) the State in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

(b) An individual who performs services in an instructional, research, or principal administrative capacity for an educational institution or agency shall not be eligible to receive a payment of assistance or a waiting period credit with respect to any week commencing during the period between two successive academic years (or, when the contract provides instead for a similar period between two regular but not successive terms, during such similar period) if—

(1) such individual performed services in any such capacity for any educational institution or agency in the first of such academic years or terms; and

(2) such individual has a contract to perform services in any such capacity for any educational institution or agency for the later of such academic years or terms

* * * * *

WEEKLY BENEFIT AMOUNT

SEC. 205. (a) The amount of assistance under this title to which an eligible individual shall be entitled for a week of unemployment shall be the weekly benefit amount for a week of unemployment that would be payable to the individual as regular compensation as computed under the provisions of the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of subsection (a) of section 203; and for the purpose of this proviso employment and wages which are not covered by the applicable State unemployment compensation law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

(b) Notwithstanding any provisions of State law, claims for assistance under this title may be determined, where an employment record is not available, on the basis of an affidavit submitted by an applicant. **[If an applicant knowingly provides false information in such affidavit, he shall be ineligible for any assistance under this title and shall, in addition, be subject to prosecution under section 1001 of title 18, United States Code.]**

(c) *If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of assistance under this title to which he was not entitled, such individual—*

(1) shall be ineligible for further assistance under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(d) Any individual who has received an amount of assistance under this title to which he was not entitled shall repay the amount of such assistance to the State agency except that the State agency may waive such repayment if it determines that—

(1) the payment of such assistance was without fault on the part of the individual, and

(2) such repayment would be contrary to equity and good conscience.

Instead of requiring repayment under this subsection, the State agency may recover the amount to be repaid by deductions from any assistance payable under this title or from any unemployment compensation payable to the individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date the individual received the payment of the assistance to which he was not entitled.

(e) Any determination by a State agency under subsection (c) or (d) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

MAXIMUM BENEFIT AMOUNT

SEC. 206. (a) **[The]** *Except as provided by subsection (b), the maximum amount of assistance under this title which an eligible individual shall be entitled to receive [shall be the maximum amount of regular compensation that would be payable to such individual] during any special unemployment assistance benefit year shall be 150 per centum of the maximum amount that would have been payable to such individual during such benefit year as computed under the provisions of the applicable State unemployment compensation law, but not exceeding [twenty-six] 39 times the weekly benefit [amount] payable to the individual for a week of total unemployment as determined under subsection (a) of section 205: *Provided*, That for the purposes of this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of section 203(a); and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages. *Effective with respect to assistance for weeks of unemployment ending after June 30, 1976, the preceding sentence shall be applied by substituting "the maximum amount of regular compensation" for "15 per centum of the maximum amount of regular compensation" and by substituting "26" for "39".**

(b) *In the case of any individual who files a claim for assistance under this title during a benefit year which such individual has established under any State unemployment compensation law, the maximum amount of assistance under this title which such individual shall be entitled to receive during the special unemployment assistance benefit year established pursuant to such claim (as determined under subsection (a) without regard to this subsection) shall be reduced by the amount of any unemployment compensation received during the benefit year established under the State unemployment compensation law.*

* * * * *

TERMINATION DATE

SEC. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment ending after March 31, [1976] 1977; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made after December 31, [1975.] 1976.

* * * * *

DEFINITIONS

SEC. 210. (a) As used in the title, the term—

- (1) "Secretary" means the Secretary of Labor;
- (2) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;
- (3) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five work days prior to filing a claim for assistance or waiting period credit under this title; [and]
- (4) "week" means a calendar week [.] ;
- (5) "State agency" means the agency of the State which administers the program established by this title; and
- (6) "special unemployment assistance benefit year" means the benefit year as defined in the applicable State unemployment compensation law.

(b) Assistance under this title shall not be considered to be regular compensation for purposes of qualifying for benefits under the Federal-State Extended Unemployment Compensation Act of 1970, and claims filed under this title shall not be treated as claims for weeks of unemployment for purposes of determining the rate of insured unemployment under section 203(f)(1) of such Act.

(c) *Employment and wages which are not covered by the State law may be treated, under sections 203(1), 205(a), and 206(a), as though they were covered only if the employment—*

- (1) *is performed by an employee (as defined in section 3121(d) of the Internal Revenue Code of 1954), and*
- (2) *constitutes employment as determined under section 3306 (c) of such Code without regard to paragraphs (1) through (9), (10)(B)(vi), (14), (15), and (17) of such section.*

For purposes of paragraph (2), section 3306(c) of such Code shall be applied as if the term "United States" includes the Virgin Islands.

* * * * *

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To provide an additional thirteen weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for one year, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Compensation and Special Unemployment Assistance Extension Act of 1975".

TITLE I—UNEMPLOYMENT COMPENSATION PROGRAMS

PART A—EMERGENCY UNEMPLOYMENT COMPENSATION

EMERGENCY PERIODS; BENEFIT WEEKS EXTENDED WHEN STATE UNEMPLOYMENT RATE IS HIGH

SEC. 101. (a) (1) Section 102(c)(3)(B)(i) of the Emergency Unemployment Compensation Act of 1974 is amended—

(A) by inserting "(I)" immediately after "if", and

(B) by inserting immediately before the period at the end thereof the following: "and (II) the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks equaled or exceeded 5 per centum".

(2) Section 102(c)(3)(B)(ii) of such Act is amended to read as follows:

"(ii) For purposes of subparagraph (A), there is a State 'emergency off' indicator for a week if the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks is less than 5 per centum.

(b) Section 102(c) of such Act is amended to read as follows:

"(e) (1) Any agreement under this Act with a State shall provide that the State will establish, for each eligible individual who files an application for emergency compensation, an emergency compensation account.

"(2) Subject to the provisions of paragraph (3), the amount established in such account for any individual shall be equal to the lesser of—

"(A) 100 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation, or

"(B) twenty-six times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

“(3) Notwithstanding paragraph (2), the total amount of emergency compensation payable to any individual for weeks of unemployment which begin in a 5-per centum period (as defined in section 105(5)) shall not exceed the lesser of—

“(A) 50 per centum of the total amount of regular compensation (including dependents’ allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation, or

“(B) thirteen times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

“(4) The amounts determined under paragraphs (2) and (3) with respect to any individual shall each be reduced by the amount of any assistance paid to such individual under title II of the Emergency Jobs and Unemployment Assistance Act of 1974 for any weeks of unemployment in the 65-week period preceding the first week of unemployment with respect to which compensation is payable to such individual under this Act.”

(c) Section 102(b)(2) of such Act is amended to read as follows:

“(2) for any week of unemployment which—

“(A) begins in—

“(i) an emergency benefit period (as defined in subsection (c)(3)), and

“(ii) the individual’s period of eligibility (as defined in section 105(2)); or

“(B) begins in an individual’s additional eligibility period (as defined in section 105(4)).”

(d) Section 105 of such Act is amended—

(1) in paragraph (2), by striking out “and” at the end thereof,

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon, and

(3) by inserting after paragraph (3) the following new paragraphs:

“(4) the term ‘additional eligibility period’ means the thirteen-week period following the week in which an emergency benefit period ends in a State, as determined under section 102(c)(3); but no individual shall have an additional eligibility period unless there was payable to him in such State, for the week in which such emergency benefit period ended, either emergency compensation under this Act or extended compensation under the Federal-State Extended Unemployment Compensation Act of 1970;

“(5) the term ‘5-per centum period’ means a period in a State which begins with the third week after the first week in which the rate of insured unemployment in the State for the period consisting of such first week and the immediately preceding twelve weeks is less than 6 per centum and which ends with the second week after the first week in which the rate of insured unemployment in the State for the period consisting of such first week and the immediately preceding twelve weeks equals or exceeds 6 per centum; except that no 5-per centum period shall begin in any State prior to the fourteenth week after the last week in a preceding 5-per centum period in such State;

“(6) the term ‘rate of insured unemployment’ means the percentage arrived at by dividing the average weekly number of individuals filing claims for weeks of unemployment with respect

to the specified period (as determined on the basis of the reports made by the State agency to the Secretary) by the average monthly covered employment for the specified period;

“(7) the rate of insured unemployment for any thirteen-week period shall be determined by reference to the average monthly covered employment under the State law for the first four of the most recent six calendar quarters ending before the close of such period; and

“(8) determinations with respect to the rate of insured unemployment in a State shall be made by the State agency in accordance with regulations prescribed by the Secretary.”

(e) Section 102(c)(3)(A)(ii) of such Act is amended by inserting immediately before the period at the end thereof the following: “, and no emergency benefit period which began prior to January 1, 1976, shall end prior to such date”.

(f) Section 102(e)(3) of such Act is amended by striking out “July 1, 1975” and inserting in lieu thereof “January 1, 1976”.

(g) The amendments made by subsections (a) through (e) of this section shall be effective with respect to weeks of compensation which begin on or after January 1, 1976.

EXTENSION OF PROGRAM

SEC. 102. (a) Section 102(f)(2) of the Emergency Unemployment Compensation Act of 1974 is amended by striking out “after—” and all that follows and inserting in lieu thereof “after March 31, 1977.”

(b) The last sentence of section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by striking out “December 31, 1976” and inserting in lieu thereof “March 31, 1977”.

CONDITIONS OF ELIGIBILITY FOR BENEFITS

SEC. 103. (a) Section 102 of the Emergency Unemployment Compensation Act of 1974 is amended by adding at the end thereof the following new subsection:

“(g) Notwithstanding the preceding provisions of this section, emergency compensation shall not be payable for any week to an individual who is not a participant in a training program which is approved by the Secretary if—

“(1) the State determines that there is a need for upgrading or broadening such individual’s occupational skills and a program which is approved by the Secretary for such upgrading or broadening is available within a reasonable distance and without charge to the individual for tuition or fees, and

“(2) such individual is not an applicant to participate in such a program.”

STUDY AND REPORT BY SECRETARY OF LABOR

SEC. 104. The Secretary of Labor shall conduct a study and review of the program established by the Emergency Unemployment Compensation Act of 1974 and the program established under title II of the Emergency Jobs and Unemployment Assistance Act of 1974 and shall submit to the Congress not later than January 1, 1977, a report on such study and review. Such study and review shall include—

(1) the employment, economic, and demographic characteristics of individuals receiving benefits under either such program,

(2) the needs of the long-term unemployed for job counseling, testing, referral and placement services, skill and apprenticeship training, career-related education programs, and public service employment opportunities, and

(3) an examination of all other benefits to which individuals receiving benefits under either such program are eligible together with an investigation of important factors affecting unemployment, a comparison of the aggregate value of such other benefits plus benefits received under either such program with the amount of compensation received by such individuals in their most recent position of employment.

MODIFICATION OF AGREEMENTS

SEC. 105. The Secretary of Labor shall, at the earliest practicable date after the date of enactment of this Act, propose to each State with which he has in effect an agreement under section 102 of the Emergency Unemployment Compensation Act of 1974 a modification of such agreement designed to provide for the payment of the emergency compensation benefits allowable under such Act by reason of the amendments made by this part. Notwithstanding any provision of the Emergency Unemployment Compensation Act of 1974, if any State fails or refuses, within the three-week period beginning on the date of the enactment of this Act, to enter into such a modification of such agreement, the Secretary of Labor shall terminate such agreement.

COORDINATION WITH SPECIAL UNEMPLOYMENT ASSISTANCE

SEC. 106. Section 102(e) of the Emergency Unemployment Compensation Act of 1974 (as in effect on the day before the date of the enactment of this Act) is amended, effective July 1, 1975, by adding at the end thereof the following new paragraph:

“(4) The amount determined under paragraphs (2) and (3) with respect to any individual shall each be reduced by the amount of any assistance paid to such individual under title II of the Emergency Jobs and Unemployment Assistance Act of 1974, for any weeks of unemployment in the 65-week period preceding the first week of unemployment with respect to which compensation is payable to such individual under this Act.”.

PART B—MISCELLANEOUS

REPAYMENT OF STATE LOANS

SEC. 110. (a) Section 3302(c)(3) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: “The provisions of the preceding sentence shall not be applicable with respect to the taxable year beginning January 1, 1975, or any succeeding taxable year which begins before January 1, 1978; and, for purposes of such sentence, January 1, 1978, shall be deemed to be the first January 1 occurring after January 1, 1974, and consecutive taxable years in the period commencing January 1, 1978, shall be determined as if the taxable year which begins on January 1, 1978, were the taxable year immediately succeeding the taxable year which began on January 1, 1974.”.

(b) (1) The amendment made by subsection (a) shall not be applicable in the case of any State unless the Secretary of Labor finds that such State has studied and taken appropriate action with respect to the financing of its unemployment programs so as substantially to accom-

publish the purpose of restoring the fiscal soundness of the State's unemployment account in the Unemployment Trust Fund and permitting the repayment within a reasonable time of any advances made to such account under title XII of the Social Security Act. For purposes of the preceding sentence, appropriate action with respect to the financing of a State's unemployment programs means an increase in the State's unemployment tax rate, an increase in the State's unemployment tax base, a change in the experience rating formulas, or a combination thereof.

(2) The Secretary of Labor shall promptly prescribe and publish in the Federal Register regulations setting forth the criteria according to which he will determine the requirements of the preceding paragraph.

(3) Immediately after he makes a determination with respect to any State under paragraph (1), the Secretary of Labor shall publish such determination, together with his reasons therefor, in the Federal Register.

TITLE II—AMENDMENTS OF EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE ACT OF 1974

EXTENSION OF SPECIAL UNEMPLOYMENT ASSISTANCE

SEC. 201. (a) Section 206 of the Emergency Jobs and Unemployment Assistance Act of 1974 is amended by striking out so much of the first sentence as precedes "*Provided, That*" and inserting in lieu thereof the following: "Except as provided by subsection (b), the maximum amount of assistance under this title which an eligible individual shall be entitled to receive during any special unemployment assistance benefit year shall be 150 per centum of the maximum amount that would have been payable to such individual during such benefit year as computed under the provisions of the applicable State unemployment compensation law, but not exceeding thirty-nine times the weekly benefit payable to the individual for a week of total unemployment as determined under subsection (a) of section 205:".

(b) Section 208 of such Act is amended—

(1) by striking out "March 31, 1976" and inserting in lieu thereof "March 31, 1977"; and

(2) by striking out "December 31, 1975" and inserting in lieu thereof "December 31, 1976".

DENIAL OF SPECIAL UNEMPLOYMENT ASSISTANCE IN CASE OF CERTAIN EMPLOYEES OF EDUCATIONAL INSTITUTIONS

SEC. 202. Section 203 of the Emergency Jobs and Unemployment Assistance Act of 1974 is amended by inserting "(a)" after "SEC. 203." and by adding at the end thereof the following new subsection:

"(b) An individual who performs services in an instructional, research, or principal administrative capacity for an educational institution or agency shall not be eligible to receive a payment of assistance or a waiting period credit with respect to any week commencing during the period between two successive academic years (or, when the contract provides instead for a similar period between two regular but not successive terms, during such similar period) if—

"(1) such individual performed services in any such capacity for any educational institution or agency in the first of such academic years or terms; and

“(2) such individual has a contract to perform services in any such capacity for any educational institution or agency for the later of such academic years or terms.”.

TECHNICAL AND CLARIFYING AMENDMENTS

SEC. 203. (a) Section 210 of the Emergency Jobs and Unemployment Assistance Act of 1974 is amended by adding at the end thereof the following new section:

“(c) Employment and wages which are not covered by the State law may be treated, under sections 203(a)(1), 205(a), and 206(a), as though they were covered only if the employment—

“(1) is performed by an employee (as defined in section 3121(d) of the Internal Revenue Code of 1954), and

“(2) constitutes employment as determined under section 3306(c) of such Code without regard to paragraphs (1) through (9), (10)(B)(ii), (14), (15), and (17) of such section.

For purposes of paragraph (2), section 3306(c) of such Code shall be applied as if the term ‘United States’ includes the Virgin Islands.”.

(b)(1) Section 205 of such Act is amended—

(A) by striking out the last sentence of subsection (b); and

(B) by adding at the end thereof the following new subsections:

“(c) If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of assistance under this title to which he was not entitled, such individual—

“(1) shall be ineligible for further assistance under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

“(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

“(d)(1) In the case of individuals who have received amounts of assistance under this title to which they were not entitled, the State is authorized to require such individuals to repay the amounts of such assistance to the State agency, except that the State agency may waive such repayment if it determines that—

“(A) the payment of such assistance was without fault on the part of any such individual, and

“(B) such repayment would be contrary to equity and good conscience.

“(2) The State agency may recover the amount to be repaid, or any part thereof, by deductions from any assistance payable under this title or from any unemployment compensation payable to such individuals under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date such individuals received the payment of the assistance to which they were not entitled, except that no single deduction may exceed 50 per centum of the weekly benefit amount from which such deduction is made.

“(3) No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

“(e) Any determination by a State agency under subsection (c) or (d) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.”

(2) Section 210(a) of such Act is amended by striking out “and” at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon, and by adding at the end thereof the following new paragraphs:

“(5) ‘State agency’ means the agency of the State which administers the program established by this title; and

“(6) ‘special unemployment assistance benefit year’ means the fifty-two week period beginning with the first week for which an individual files a valid claim for special unemployment assistance.”

(c) Section 206 of such Act is amended by inserting “(a)” after “Sec. 206.” and by adding at the end thereof the following new subsection:

“(b) In the case of any individual who files a claim for assistance under this title during a benefit year which such individual has established under any State unemployment compensation law, the maximum amount of assistance under this title which such individual shall be entitled to receive during the special unemployment assistance benefit year established pursuant to such claim (as determined under subsection (a) without regard to this subsection) shall be reduced by the amount of any unemployment compensation received during the benefit year established under the State unemployment compensation law.”

(d) Paragraph (4) of section 203(a) of such Act (as amended by section 202 of this Act) is amended by striking out “subsection (b)” and inserting in lieu thereof “paragraph (2)”.

EFFECTIVE DATES

SEC. 204. (a) The Secretary of Labor shall, at the earliest practicable date after the date of the enactment of this Act, propose to each State with which he has in effect an agreement under section 202 of the Emergency Jobs and Unemployment Assistance Act of 1974 a modification of such agreement designed to provide for the payment of the special unemployment assistance allowable under such Act by reason of the amendments made by section 201. Notwithstanding any other provision of law, if any State fails or refuses, within the three-week period beginning on the date of the enactment of this Act, to enter into such a modification of any such agreement, the Secretary of Labor shall terminate such agreement.

(b) Assistance shall be payable to individuals under agreements entered into by States under title II of the Emergency Jobs and Unemployment Assistance Act of 1974, by reason of the amendments made by section 201 of this Act, for weeks of unemployment beginning on or after July 1, 1975.

(c) The amendments made by section 202 and subsections (c) and (d) of section 203 shall apply to weeks of unemployment beginning after the date of the enactment of this Act.

(d) The amendment made by section 203(a) shall take effect on December 31, 1974.

(e) The amendments made by subsections (b) and (e) of section 203 shall take effect on the date of the enactment of this Act.

TITLE III—LOANS TO THE UNEMPLOYMENT
FUND OF THE VIRGIN ISLANDS

SEC. 301. (a) The Secretary of Labor (hereinafter in this section referred to as the "Secretary") may make loans to the Virgin Islands in such amounts as he determines to be necessary for the payment in any month of compensation under the unemployment compensation law of the Virgin Islands. A loan may be made under this subsection for the payment of compensation in any month only if—

(1) the Governor of the Virgin Islands submits an application therefor no earlier than the first day of the preceding month; and

(2) such application contains an estimate of the amount of the loan which will be required by the Virgin Islands for the payment of compensation in such month.

(b) For purposes of this section—

(1) an application for loan under subsection (a) shall be made on such forms and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the unemployment compensation law of the Virgin Islands as the Secretary deems necessary or relevant to the performance of his duties under this section;

(2) the amount required by the Virgin Islands for the payment of compensation in any month shall be determined with due allowance for contingencies and taking into account all other amounts that will be available in the unemployment fund of the Virgin Islands for the payment of compensation in such month; and

(3) the term "compensation" means cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration.

(c) Any loan made under subsection (a) shall be repayable (without interest) not later than January 1, 1978. If after January 1, 1978, any portion of any such loan remains unpaid, the Virgin Islands shall pay interest thereon, until the loan is paid in full, at a rate equal to the rate of interest in effect under section 6621 of the Internal Revenue Code of 1954. If at some future date the Federal Unemployment Tax Act shall be made applicable to the Virgin Islands, then, any amount of principal or interest due on any such loan remaining unpaid on such date shall be treated, for purposes of section 3302(c)(3) of the Internal Revenue Code of 1954, as an advance made to the Virgin Islands under title XII of the Social Security Act.

(d) No loan may be made under subsection (a) for any month beginning after June 30, 1976. The aggregate of the loans which may be made under subsection (a) shall not exceed \$5,000,000.

(e) There are authorized to be appropriated from the general fund of the Treasury such sums as may be necessary to carry out this section.

SEC. 302. Section 3302(c)(4)(A) of the Internal Revenue Code of 1954 is amended by striking out "July 1, 1975" and inserting in lieu thereof "July 15, 1975".

TITLE IV—MISCELLANEOUS

TAX CREDIT FOR PURCHASE OF NEW PRINCIPAL RESIDENCE

SEC. 401. (a) Section 44(e) of the Internal Revenue Code of 1954 (relating to property to which the credit for purchase of new principal residence applies) is amended by striking out paragraph (4) and inserting in lieu thereof the following:

H. R. 6900—9

“(4) CERTIFICATION MUST BE ATTACHED TO RETURN.—This section does not apply to any residence (other than a residence constructed by the taxpayer) unless there is attached to the return of tax on which the credit is claimed a written certification (which may be in any form) signed by the seller of such residence that—

“(A) construction of the residence began before March 26, 1975, and

“(B) the purchase price of the residence is the lowest price at which the residence was offered for sale after February 28, 1975.

For purposes of this paragraph, a written certification filed by a taxpayer is sufficient whether or not it is on a form prescribed by the Secretary or his delegate so long as such certification is signed by the seller and contains the information required under this paragraph.”

(b) Section 208(b) of the Tax Reduction Act of 1975 (relating to suits to recover amounts of price increases) is amended by striking out “ever offered for sale,” each time it appears therein and inserting in lieu thereof “offered for sale after February 28, 1975,”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
UPON SIGNING H.R. 6900
THE EMERGENCY COMPENSATION AND SPECIAL
UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975

THE OVAL OFFICE

3:05 P.M. EDT

I am signing into law today H.R. 6900, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975. This Act will insure continued unemployment compensation benefits to Americans whose benefits would have expired on July 1.

The unemployment compensation system is our most important means of assistance for those Americans whose jobs have been lost as a result of economic recession.

Fortunately, we are now seeing signs in the economy that the worst of the downturn is over and that recovery has already begun. But, we do know from past experience that it will take time before the effects of the overall improvement in the economy are reflected in substantial reductions in the unemployment rate.

We must, therefore, continue to provide support for those out of work as they seek jobs. That is the purpose and the promise of the legislation I am signing today.

In April, I proposed a bill to extend the availability of unemployment benefits. Since then, the close coordination and cooperation between the Congress and the Administration have resulted in the bill now before me.

I am gratified that as a result of this cooperative spirit, we will be able to insure that additional unemployment compensation benefits will continue to be available to help ease the burden of the unemployed until they are back at work again.

I pledge the continued efforts of this Administration to speed that day's arrival.

END (AT 3:08 P.M. EDT)

June 27, 1975

Dear Mr. Director:

The following bills were received at the White House on June 27th:

S.J. Res. 98 ✓	H.R. 1421 ✓	H.R. 3382 ✓
S. 2003 ✓	H.R. 1510 ✓	H.R. 3526 ✓
H.R. 1387 ✓	H.R. 1556 ✓	H.R. 5217 ✓
H.R. 1388 ✓	H.R. 1649 ✓	H.R. 6900
H.R. 1393 ✓	H.R. 2109 ✓	H.R. 7709
H.R. 1408 ✓	H.R. 2119 ✓	H.R. 8030
H.R. 1410 ✓	H.R. 2946 ✓	

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.