

Office of the White House Press Secretary
(Vail, Colorado)

NOTICE TO THE PRESS

The President has signed H.R. 17597, The Emergency Unemployment Compensation Act of 1974, which authorizes a temporary program of extended unemployment compensation for workers who are covered by unemployment insurance but who have exhausted their regular and extended benefits under permanent law; provides for financing through advances from general funds to be repaid from Federal Unemployment Tax Act revenues.

The present State unemployment compensation program generally provides up to 26 weeks of benefits for unemployed workers covered under the program. The Federal-State Extended Unemployment Compensation Act of 1970 is a permanent program which provides extended benefits for up to 13 weeks when specified unemployment levels are reached nationally or within a particular State. H.R. 17597 permits payment of unemployment benefits for an additional 13 weeks to eligible beneficiaries, thus providing a total of up to 52 weeks of such benefits.

Under the bill, any State which provides for extended compensation under the 1970 Act may enter into an agreement with the Secretary of Labor to participate in the new temporary extended benefits program. Eligible workers will be those who have exhausted all their unemployment benefit rights, both regular and extended. The amount of benefits payable will be governed by the State law.

The Federal-State Extended Unemployment Compensation Act of 1970 provides that an extended compensation period is 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 national extended compensation period is triggered "off" when there is a 3-month period with an insured unemployment rate of less than 4.5 percent. The State program triggers "off" when either of the two conditions of the "on" trigger are no longer met. Legislation enacted earlier this year (P.L. 93-368) permits States to disregard the 120-percent factor in their trigger through April 30, 1975.

H.R. 17597 modifies the triggers in the 1970 Act to provide through 1976 for temporary "emergency benefit periods" during which those exhausting

their unemployment insurance benefits could get emergency benefits. States are given the option of paying "emergency" extended benefits when the national insured unemployment rate is 4 percent rather than 4.5 percent. The State trigger will remain at 4 percent and the present temporary authority for the States to disregard the 120-percent factor will be extended through 1976.

Under the 1970 Act, the cost of extended benefits is financed 50-50 from State unemployment insurance tax revenues and the Federal unemployment tax revenues. All of these revenues flow through the Federal budget. The additional emergency benefits provided under H.R. 17597 will be paid for entirely from the Federal Unemployment Tax if the State has chosen the 4-percent national trigger rate option and has waived the 120-percent requirement in the State trigger.

Funds to pay the cost of this program will come from the Federal extended unemployment compensation account in the unemployment trust fund. The bill authorizes appropriation of "such sums as may be necessary" for repayable advances from general revenues to the trust fund to cover the cost of the new temporary benefits program if Federal unemployment taxes are insufficient.

Under this program, no emergency benefit period can last less than 26 weeks and benefits will be payable for weeks of unemployment which begin after December 31, 1974. No new claims can be filed after December 31, 1976, but people receiving benefits before that date could continue to receive payments through March 1977.

Budget Impact

Outlays under this bill will depend upon unemployment rates over the next two years. The Urgent Supplemental Appropriation bill for fiscal year 1975 awaiting action contains \$750 million for general fund advances to the unemployment trust fund.

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