

COMPARISON OF H.R. 15119 AS PASSED BY THE
HOUSE OF REPRESENTATIVES AND AS REPORTED
BY THE COMMITTEE ON FINANCE

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

PREPARED BY THE STAFF



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Item	House bill	Committee bill
A. COVERAGE		
1. Small firms.....	1. Employers of 1 worker during each of 20 weeks in a calendar year, or with payrolls of \$1,500 in a calendar quarter would be covered (sec. 101).	1. Deleted. (Retains present law which limits coverage to employers of four or more workers during each of 20 weeks in a calendar year.)
2. Definition of employee.....	2. Definition of employee amended to bring closer to OASDI and thus extend unemployment insurance coverage to certain agent-drivers and salesmen even though they are not employees under common law (sec. 102).	2. Same (sec. 101).
3. Agricultural processing workers.....	3. Definition of agricultural labor amended to bring it closer to OASDI and thus extend unemployment insurance coverage to certain processing workers now exempt as agricultural labor. Included in this group are maple sugar workers, those engaged in off-the-farm raising of mushrooms and poultry hatching, and workers in processing plants where more than half the commodities processed were not produced by the plant operator. This provision is similar to that for S. 1991, except that employees of certain agricultural cooperative organizations would not be covered (sec. 103).	3. Same (sec. 102).
4. Nonprofit organizations.....	4. No FUTA coverage. As a condition for any tax credit, States would be required to provide coverage for certain employees of certain nonprofit organizations (sec. 104).	4. Same (sec. 103).
(a) Services not covered.....	(a) Coverage need not be extended to the following services (sec. 104(b)): (1) Church employees and employees of church controlled or supported organizations operated primarily for a religious purpose; (2) Ordained or commissioned ministers and members of religious orders;	(a) Same (sec. 103(b)).

**COMPARISON OF H.R. 15119 AS PASSED BY HOUSE OF REPRESENTATIVES AND AS REPORTED BY THE COMMITTEE
ON FINANCE—Continued**

Item	House bill	Committee bill
A. COVERAGE—continued		
4. Nonprofit organizations.....	4. No FUTA coverage, etc.—Continued	4. Same (sec. 103).
(a) Service not covered.....	(a) Coverage need not be extended to—Con. (3) Employees of educational institutions other than institutions of higher education; (4) Persons employed by an institution of higher education in an instructional, research or principal administrative capacity; (5) Physicians or similarly licensed practitioners, or persons employed in an instructional or research capacity, in hospitals or hospital-connected medical research organizations, but nurses would be covered; (6) Clients of sheltered workshops; (7) Participants in Federal or State assisted work-relief or work-training programs. No change in existing exclusions of students employed by the school they are attending, of student nurses and interns, and of services performed in a calendar quarter for a nonprofit organization the remuneration for which is less than \$50 a quarter.	Same (sec. 103(b)).
(b) Size of nonprofits covered...	(b) Nonprofit organizations must be employers of 4 or more workers in 20 weeks during a calendar year (sec. 104(b)).	(b) Same (sec. 103(b)).

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(c) Payment of tax.....	(c) Nonprofit organizations must be allowed the option of reimbursing the State fund for unemployment insurance attributable to them or paying the regular contributions. They would not be required to pay the Federal unemployment tax (sec. 104 (b) and (c)).	(c) Same (sec. 103 (b) and (c)).
5. State hospitals and institutions of higher education.	5. Employees of State hospitals and State institutions of higher education would be covered except for the exclusion of certain services (sec. 104).	5. Same (sec. 103).
(a) Services not covered.....	(a) Services not covered would be those noted in A4 above for nonprofit hospitals and institutions of higher education (sec. 104(b)).	(a) Same (sec. 103(b)).
(b) Payment of tax.....	(b) State hospitals and institutions would not be required to pay the Federal unemployment tax (sec. 104(c)). The State could provide either reimbursement or contribution method of financing, as it chose.	(b) Same (sec. 103(c)).
6. Exclusion of students in work study programs.	6. Services of students engaged in certain work study programs, requiring the combination of academic instruction with work experience, are excluded from FUTA (sec. 105(a)).	6. Same (sec. 104).
7. Effective dates.....	7. Extension of coverage to small firms applies to remuneration paid after Dec. 31, 1968 (sec. 101(b)); the coverage extensions to agent-drivers, etc. (sec. 102(c)) and to agricultural processing workers (sec. 103(b)) apply to remuneration and services after Dec. 31, 1968; requirement of State coverage of nonprofit organizations, State hospitals and State institutions of higher education applies with respect to certification of State laws for 1969 and subsequent years, but only with respect to services performed after Dec. 31, 1968 (sec. 104(d)). The special nonprofit financing provisions are effective Jan. 1, 1967 (sec. 104(d)). The exclusion of students in work-study programs also is effective Jan. 1, 1967 (sec. 105(b)).	7. Same (except for small firms since provision is deleted).

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COMPARISON OF H.R. 15119 AS PASSED BY HOUSE OF REPRESENTATIVES AND AS REPORTED BY THE COMMITTEE ON FINANCE—Continued 4

Item	House bill	Committee bill
B. PROVISIONS OF STATE LAWS		
1. Benefit requirements.....	1. No provisions.....	1. Full tax credit is conditional on inclusion of the following benefit requirements in the State law (sec. 151):
(a) Qualifying requirement.....		(a) No worker may be required to have more than 20 weeks of employment (or equivalent) in his base period to qualify for benefits (sec. 151).
(b) Individual benefit amount.....		(b) Individual weekly benefit amount must be at least 50 percent of the individual's average weekly wage, or 50 percent of the statewide average wage, whichever is less (sec. 151(c)).
(c) Average weekly wage.....		(c) Individual's average weekly wage is computed as $\frac{1}{3}$ of his high-quarter wages or as his total base period wages divided by weeks of work (sec. 151(c)).
(d) Duration of benefits.....		(d) Any worker who has 20 weeks of employment (or equivalent) shall be entitled to not less than 26 times his weekly benefit amount (sec. 151(c)).
(e) Effect of failure to meet condition for full tax credit.		(e) Failure to meet any of the conditions in B 1 above would reduce the Federal tax credits of employers in the State by the difference between 2.7 percent and the State's 4-year benefit-cost rate (sec. 152).
2. Additional provisions to be included in State laws.	2. To receive any tax credit, the State law must include the following provisions (sec. 121(a)).	2. To receive any tax credit, the State law must include the following provisions.
(a) Requalifying requirement.....	(a) An individual who has received compensation during his benefit year must have had work since the beginning of such year to qualify for com-	(a) Same.

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	pensation in his next benefit year (sec. 121(a)).	
(b) Disqualifications.....	(b) An individual's wage credits must not be canceled nor his benefit rights totally reduced except for misconduct, fraud, or disqualifying income (sec. 121(a)). No other limitation on State disqualification provisions.	(b) Same.
(c) Training.....	(c) An individual must not be denied benefits because he is taking training with the agency's approval (sec. 121(a)).	(c) Same.
(d) Interstate.....	(d) An individual's benefits must not be denied or reduced because he filed his claims for benefits in, or resides in, another State (sec. 121(a)).	(d) Same.
(e) Multistate.....	(e) No provision (sec. 121(a)).	(e) States must participate in wage combining arrangements which base a worker's benefits on wages paid in the base period of the State in which he files his claim (sec. 121(a)).
3. Effective dates.....	3. The provisions set forth in B2 above would be effective Jan. 1, 1969 (sec. 121(b)).	3. Same (sec. 122(b)).
C. FINANCING		
1. Experience rating.....	1. Federal experience rating conditions for additional credit allowance amended to permit States to reduce tax rates of new or newly covered employers, but not below 1 percent (sec. 122(a)). See also A4(c) above.	1. Same (sec. 122(a)).
2. Tax rate.....	2. Federal unemployment tax rate increased to 3.3 percent (sec. 301(a)). Of the net Federal tax of 0.6 percent, 0.1 percent would be credited to a new extended unemployment compensation account to finance the Federal share of the extended benefits program established by the bill with a ceiling on the extended benefits account equal to \$500,000,000 or 0.2 percent of covered wages, which ever is smaller (sec. 206(a)).	2. Federal unemployment tax rate increased to 3.3 percent (sec. 301(b)). Of the net Federal tax of 0.6 percent, 0.1 percent would be credited to the new extended unemployment compensation account in the case of calendar year 1968, 0.15 percent in the case of calendar years 1969 through 1972, and 0.2 percent thereafter, with a ceiling on the extended benefits account equal to \$1 billion or 0.4 percent of covered wages, which ever is less (sec. 206(a)).
3. Wage base.....	3. Wages taxable under FUTA would be increased from \$3,000 to \$3,900 for 1969 through 1971, and \$4,200 thereafter (sec. 302).	3. Wages taxable under FUTA would be increased from \$3,000 to \$3,900 for 1968 through 1971, and \$4,800 thereafter (sec. 301(a)).

COMPARISON OF H.R. 15119 AS PASSED BY HOUSE OF REPRESENTATIVES AND AS REPORTED BY THE COMMITTEE ON FINANCE—Continued

Item	House bill	Committee bill
C. FINANCING—continued		
4. Effective dates.....	4. Experience rating provisions (nonprofit and new employers) are effective Jan. 1, 1967 (secs. 104(c) and 122(b)). Tax rate increase is effective for calendar year 1967 (sec. 301(b)), with the additional amounts to become available in fiscal years beginning after June 30, 1967 (sec. 141(b)). The \$3,900 wage base provision is effective for calendar years beginning 1969, and the \$4,200 base for calendar years beginning 1972 (sec. 302 (a) and (b)).	4. Experience rating provisions are same (secs. 103(d) and 122(b)). The \$3,900 wage base provision is effective for calendar years beginning 1968 and \$4,800 base for calendar years beginning 1972 (sec. 301).
D. EXTENDED BENEFITS FOR THE LONG-TERM UNEMPLOYED		
1. General.....	1. Establishes a new Federal-State extended unemployment insurance program, which would require the States to enact laws providing for payment of extended benefits during periods of high unemployment to workers who have exhausted their basic entitlement. The periods during which benefits would be payable would be determined under a State trigger for each State and under a national trigger for all States (title II).	1. Same except for financing. (See 2, below.) (Title II.)
2. Financing.....	2. Federal Government pays 50 percent of the cost, States the other 50 percent. Included in costs to be shared are regular benefits in excess of 26 weeks to the extent such excess weeks are paid during an extended benefit period (sec. 204).	2. Federal Government finances all costs of the extended benefits program, including regular benefits in excess of 26 weeks to eligible workers to the extent such excess weeks are paid during an extended benefit period. (Sec. 204.)
3. Eligibility.....	3. Eligibility under the bill depends on the worker's benefit rights and his benefit year:	3. Same.
(a) Benefit rights.....	(a) To qualify for extended benefits, the worker must have exhausted his regular benefits and have no potential rights under any law; he may be required by State law to have had	(a) Same except deletes provision allowing States to require at least 26 weeks of base period employment or the equivalent.

(b) Benefit year.....	<p>at least 26 weeks of base period employment or the equivalent (sec. 202 (a) and (b)).</p> <p>(b) To qualify, the individual must have at least 1 week of his State benefit year within an "extended benefit period." If his benefit year ends in such a period, and he cannot establish another benefit year, his benefits continue to be payable during not more than the 13 weeks following the end of the benefit year. In no case, however, is extended compensation payable for any week which does not begin in an extended benefit period (sec. 203(c)).</p>	(b) Same.
4. Benefit amount and duration.....	<p>4. In an extended benefit period, the worker would be paid an extended weekly benefit amount equal to his regular weekly benefit amount under the State program, including dependents' allowances, if any. Extended compensation would be payable for not more than $\frac{1}{2}$ his basic entitlement, up to a maximum of 13 weeks extended compensation and 39 weeks combined regular and extended compensation (sec. 202(d)).</p>	4. Same (sec. 202(d)).
5. Extended benefit period.....	<p>5. Benefits would be payable only during an extended benefit period, which would be based on either a national or a State "on" indicator and would begin 3 weeks after whichever occurred first. An extended benefit period would stay in effect for at least 13 weeks (sec. 203).</p>	5. Same (sec. 203).
(a) National "on" indicator....	<p>(a) When an extended benefit period was established by a national "on" indicator, extended benefits would be payable in all States. An extended benefit period would be established by a national indicator if (1) the seasonally adjusted rate of insured unemployment for the Nation equaled or exceeded 5 percent for each month in the 3-month period and (2) the total number of claimants exhausting their rights to regular</p>	<p>(a) Same except to conform a national extended benefit period triggered shortly after a State extended benefit period begins (sec. 203).</p>

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Item	House bill	Committee bill
D. EXTENDED BENEFITS FOR THE LONG-TERM UNEMPLOYED—continued		
5. Extended benefit period..... (a) National "on" indicator.....	5. Benefits would be payable only, etc.—Continued (a) When an extended benefit, etc.—Con. compensation during those 3 months equaled or exceeded 1 percent of covered employment. It would end whenever either of these conditions was not met (sec. 203).	5. Same (sec. 203).
(b) State "on" indicator.....	(b) In the absence of an extended benefit period based on the national indicator, an extended benefit period would be established for an individual State if (1) the average rate of insured unemployment for a running 13-week period equaled or exceeded 120 percent of the average rate for the corresponding 13-week period of the 2 preceding years and (2) such rate equaled or exceeded 3 percent. It would end whenever either of these conditions was not met. A 14-week interval between State extended benefit periods is required (sec. 203).	(b) Same (sec. 203).
6. Effective dates.....	6. No extended benefit period may begin with a week beginning before Jan. 1, 1969 (sec. 208(a)). Payments to States provision shall apply with respect to weeks of unemployment beginning after Dec. 31, 1968 (sec. 208(b)). Provision that State law must have an extended benefits program to apply beginning with taxable year 1969 (sec. 208).	6. Same (sec. 208).
E. JUDICIAL REVIEW		
1. Judicial review.....	1. States are afforded an opportunity for judicial review of any findings of the Secretary of Labor which could adversely affect the rights of employers of that State to tax offset credit or result in cutting off from a State funds for administration of its UI program (sec. 131).	1. Same (sec. 131).

2. Effective date.....	2. The judicial review amendments take effect on the date of enactment of the bill (sec. 131).	2. Same (sec. 131).
F. OTHER PROVISIONS		
1. Research program.....	1. The Social Security Act would specifically authorize continuing and comprehensive research programs on unemployment insurance with authorization to appropriate funds for such programs (sec. 142).	1. Same except for clerical amendment which covers authorization to appropriate funds for all research programs authorized (sec. 142).
2. State staff training.....	2. H.R. 15119 provides directly or through State agencies for training of current and prospective State unemployment insurance staff, including grants to nonprofit institutions of higher learning for training personnel, special courses, and fellowships and traineeships (sec. 142).	2. Same (sec. 142).
3. Reed Act funds.....	3. States would have another 5 years in which funds returned to them as excess Federal tax collections could be spent for administrative purposes (sec. 143).	3. Same (sec. 143).
4. Certification date.....	4. The certification date for tax credit would be changed from Dec. 31 to Oct. 31, beginning 1967 (sec. 144).	4. Same (sec. 144).
5. Maritime workers, etc.....	5. Sanction provided to enforce existing prohibition in the FUTA against discriminatory treatment of workers over whom the Federal Government has special jurisdiction, such as maritime employees and employees of Federal instrumentalities (sec. 123).	5. Same (sec. 123).
6. Effective dates.....	6. Research and staff training appropriations authorized beginning with fiscal year ending June 30, 1967 (sec. 142). Change in certification date would apply for the taxable year 1967 and thereafter (sec. 144(h)). Provision affecting maritime workers would be effective with respect to the certification on Oct. 31, 1968 (sec. 123).	6. Same.