

UNEMPLOYMENT COMPENSATION

H.R. 14705

SUMMARY OF TESTIMONY TO BE RECEIVED
TUESDAY, FEBRUARY 17, AND WEDNESDAY,
FEBRUARY 18, 1970

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



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SUMMARIES OF TESTIMONY

Tuesday, February 17, 1970

1. HON. B. F. SISK, CONGRESSMAN FROM CALIFORNIA

Coverage.—Favors extension of unemployment insurance coverage to farm employers having four or more employees during any 20 weeks of a year.

2. AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Benefit standards: amount of benefit.—Favors ultimate goal of Federal requirement that unemployment benefits be equal to at least two-thirds of a worker's average wages; in the interim, favors enactment of S. 3421 (Ribicoff bill), requiring that unemployment benefits be equal to at least one-half of a worker's average wages, with a maximum benefit not less than 50 percent of the statewide average weekly wage. (If a State prefers, S. 3421 provides two alternative measures of minimum benefit adequacy.)

Benefit standards: duration of benefits.—Favors requirement that unemployed worker be provided 26 weeks of benefits if he has worked 20 weeks in base period; as a minimum, favors enactment of provision of amendment 489 (McCarthy amendment) requiring 26 weeks of benefits if he has worked 39 weeks in base period.

Extended benefit program.—Recommends a permanent, wholly Federal program of extended benefits, regardless of general economic conditions, with additional provision of job training and retraining.

Coverage.—Favors extension of coverage to agricultural workers, domestic workers, and all State and local government employees; opposes exclusion of employees of higher educational institutions in an instructive, research, or administrative capacity.

"Double dip".—Opposes prohibition of "double dip"; if requalification is required, no more than 1 week's worth of employment should be required in order to requalify.

Disqualification.—Favors limitations on disqualification in House-passed bill, but urges that the duration of disqualification be limited to 6 weeks or the average period of unemployment in the State, which ever is less.

Reduced State tax rates.—Favors permitting States to reduce tax rates for all employers on a basis other than experience rating.

Financing.—Favors ultimate goal of setting unemployment insurance tax base equal to that under social security (presently \$7,800); as a minimum, favors increase in tax base from the present \$3,000 to \$6,000.

3. INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS OF AMERICA

Coverage.—Favors extension of coverage to agricultural workers, domestic workers, and all State and local government employees.

Benefit standards.—Favors requirement that benefits be equal to at least one-half of a worker's average wages.

Financing.—Favors tax base of \$6,000 as recommended by Department of Labor.

4. AMERICAN RETAIL FEDERAL

Coverage.—Favors extension of coverage to employers of one or more workers in 20 weeks in a calendar year or with a quarterly payroll of \$1,500 (compared with \$800 in House-passed bill).

Federal standards.—Opposes standards in House-passed bill (relating to "double dip," disqualification, etc.) as well as any other Federal standards which may be proposed.

Extended benefit program; financing.—Favors provisions of House-passed bill.

5. NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Coverage.—Opposes changing provision of present Federal law, which covers only employers with four or more workers in 20 weeks in a calendar year. (Mistakenly believes that House-passed bill extends coverage to any employer with a payroll of at least \$300 in a quarter; actually, House bill extends coverage to employers of one or more workers in 20 weeks in a year or with a quarterly payroll of \$800.)

6. NATIONAL SHARECROPPERS FUND

Coverage.—Favors extension of unemployment insurance coverage to farms employing four or more workers in 20 weeks in a calendar year.

7. FRIENDS OF FARMWORKERS

Coverage.—Favors extension of unemployment insurance coverage to farmworkers.

8. AMERICAN FARM BUREAU FEDERATION

Coverage.—Opposes extension of unemployment insurance coverage to farmworkers.

9. AMERICAN COUNCIL ON EDUCATION

Coverage.—Favors extension of coverage to institutions of higher education; opposes exclusion (in House-passed bill) of individuals in an instructional, research, or administrative capacity. Recommends, however, that the statute specify that these groups not be considered unemployed in the summer or other periods during which an employment relationship continues (the House-passed bill leaves this decision up to each State).

Wednesday, February 18, 1970

1. NATIONAL ASSOCIATION OF MANUFACTURERS

General.—Favors enactment of House-passed bill as “a satisfactory bill representing a compromise of widely divergent views.”

Federal standards.—Opposes any Federal standards on principle.

Financing.—Prefers raising revenue through increases in tax rate rather than increases in taxable wages.

2. CHAMBER OF COMMERCE OF THE UNITED STATES

General.—Supports House-passed bill as “a reasonable and balanced approach to the recognized need for change.”

Financing.—Prefers raising revenue through increases in tax rate rather than increases in taxable wages; if Federal wage base is increased States should not be required to conform their tax bases to the Federal base.

Federal standards.—Opposes any Federal standards on principle.

3. COUNCIL OF STATE CHAMBERS OF COMMERCE

General.—Supports House-passed bill as representing “a fair and reasonable accommodation of conflicting viewpoints.”

Financing.—Prefers raising revenue through increases in tax rate rather than increases in taxable wages.

Federal standards.—Opposes any Federal standards on principle.

4. COMMERCE AND INDUSTRY ASSOCIATION OF NEW YORK, INC.

General.—Favors enactment of House-passed bill as “a reasonable compromise among the divergent views of management, labor, and government.”

Financing.—Opposes increase in the wage base above the \$4,200 in the House bill.

Coverage.—Opposes extension of coverage to farm workers.

5. INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES

General.—Favors enactment of House-passed bill.

6. MRS. GERALDINE M. BEIDEMAN, ON BEHALF OF REPRESENTATIVE CALIFORNIA EMPLOYERS

General.—Favors enactment of House-passed bill “as being the best possible compromise of varying interests and concerns throughout the country.”

Coverage.—Opposes extension of coverage to farmworkers.

Financing.—Opposes increase in the wage base above the \$4,200 in the House bill.

Federal standards.—Opposes Federal benefit standards.

7. NATIONAL FEDERATION OF THE BLIND

Coverage.—Opposes exclusion (in House-passed bill) of employees in sheltered workshops.

8. AMERICAN COUNCIL OF THE BLIND

Coverage.—Opposes exclusion (in House-passed bill) of employees in sheltered workshops.

9. AMERICAN TEXTILE MANUFACTURERS INSTITUTE

General.—Favors enactment of House-passed bill.

Coverage.—Opposes extension of coverage to farmworkers.

Financing.—Opposes increase in the wage base above the \$4,200 in the House bill.

10. MR. JAMES M. ROXBROW (FORMER SECRETARY AND ADMINISTRATIVE OFFICER, DELAWARE EMPLOYMENT SECURITY COMMISSION)

Coverage.—Favors extension of coverage to farms employing four or more workers in 20 weeks in a calendar year.

Extended benefit program.—Recommends that extended benefit program become effective before the January 1972 date in the House-passed bill.

Financing.—Favors increase in wage base to \$6,000.

POSITIONS TAKEN BY ORGANIZATIONS ON MAJOR PROPOSALS

1. General

Favors House-passed bill in general

National Association of Manufacturers
U.S. Chamber of Commerce
Council of State Chambers of Commerce
Commerce and Industry Association of New York
Interstate Conference of Employment Security Agencies
Geraldine Beideman on Behalf of Representative California
Employers*
American Textile Manufacturers Institute

2. Coverage

a. *Small firms.*—Present Federal law applies only to employers who have four or more workers in their employ during 20 weeks of the current or preceding calendar year. H.R. 14705 would extend Federal coverage, beginning in 1972 to employers of one or more workers during the 20 weeks; any employer paying wages of at least \$800 during any quarter of the current or preceding calendar year would also be covered even if he did not meet the 20-week test. This provision would extend the Federal tax for the first time to 1,258,000 employers and 2,554,000 jobs. However, since many of these jobs are already covered under State laws, unemployment compensation coverage would be extended for the first time to only 1,285,000 additional workers.

Opposes provision in House-passed bill

National Federation of Independent Business
Favors quarterly payroll test of \$1,500 rather than \$800
American Retail Federation

b. *Agricultural workers.*—In general, agricultural jobs are now excluded from the Federal unemployment compensation law. The House-passed bill would extend coverage to 190,000 maple sugar workers, workers engaged in off-the-farm raising of mushrooms and poultry hatching, and workers in processing plants where more than half the commodities processed are not produced by the plant operator.

Favors extension of coverage to farmworkers

AFL-CIO
International Brotherhood of Teamsters
Friends of Farm Workers

Favors extension of coverage to farm employers having four or more employees during any 20 weeks of a year

Department of Labor
 Hon. B. F. Sisk
 National Sharecroppers Fund
 Mr. James M. Rosbrow

Opposes extension of coverage to farmworkers

American Farm Bureau Federation
 Commerce and Industry Association of New York
 Geraldine Beideman on behalf of representative California employers
 American Textile Manufacturers Institute

c. Nonprofit organizations and State hospitals and institutions of higher education.—The House-passed bill would extend unemployment compensation coverage to 1,935,000 employees of nonprofit organizations. Nonprofit organizations would be required to be covered only if they employ four or more persons during 20 weeks in the current or preceding calendar year. The nonprofit organizations would have to be allowed the option of either reimbursing the State fund for employment insurance attributable to them or paying the regular State unemployment taxes. They would not be required to pay the Federal unemployment tax.

However, coverage would not have to be extended to the following:

1. Churches and religious organizations;
2. Clergymen and members of religious orders;
3. Elementary and secondary schools;
4. Faculty and administrative personnel in institutions of higher education;
5. Physically and mentally handicapped persons employed in rehabilitation facilities (including sheltered workshops);
6. Individuals receiving Government-assisted work-relief or work training, and
7. Inmates of correctional institutions employed in a hospital connected with the institutions.

The bill would require States to extend coverage to 725,000 employees of State hospitals and educational institutions. No Federal tax would be required; the State could finance the coverage either by reimbursing actual benefit costs or through payments equivalent to taxes.

Opposes exclusion of faculty and administrative personnel in institutions of higher education

Department of Labor
 AFL-CIO

American Council on Education (also recommends that the statute specify that these groups not be considered unemployed in the summer or other periods during which an employment relationship continues)

Opposes exclusion of sheltered workshops

National Federation of the Blind
 American Council of the Blind

Favors inclusion of all State and local government employees

AFL-CIO

International Brotherhood of Teamsters

Favors inclusion of domestic employees

AFL-CIO

International Brotherhood of Teamsters

3. Provisions Required To Be Included in State Laws

Under the House-passed bill, States would be required by January 1, 1972, to change their laws to conform to the following four new requirements:

a. *Work requirement.*—A beneficiary would be required to have had work after the beginning of his benefit year in order to obtain unemployment compensation in his next benefit year (prohibiting the so-called "double dip" which allows a worker to draw full benefits in 2 successive benefit years following a single separation from work).

Opposes prohibition of "double dip"

AFL-CIO

b. *Worker training.*—Compensation could not be denied to workers who are undergoing training with the approval of the State agency.

c. *Interstate and combined wage claims.*—Compensation could not be denied or reduced because a claimant lives or files his claim in another State or in a contiguous country with which the United States has an agreement with respect to unemployment compensation. States would also be required to participate in arrangements, approved by the Secretary of Labor in consultation with the State unemployment compensation agencies, for combining an individual's wages and employment covered under more than one State law for the purpose of assuring the prompt and full payment of compensation in such situations. Such arrangements would include provision for applying a single base period (expected to be the base period of the paying State) and for avoiding the duplicate use of such wages and employment.

d. *Cancellation of wage credits.*—Generally, the wage credits of a worker could not be canceled except in case of discharge for misconduct connected with his work, fraud in claiming benefits, or receipt of disqualifying income (such as pension payments). A State could, however, consider a worker ineligible for benefits while he is unemployed after voluntarily quitting—as long as his benefit rights are preserved for a future period of involuntary unemployment during his benefit year.

Recommends that duration of disqualification be limited to 6 weeks or average period of unemployment in State

AFL-CIO

Opposes Federal requirements on principle

American Retail Federation

National Association of Manufacturers

U.S. Chamber of Commerce

Council of State Chambers of Commerce

4. Extended Unemployment Compensation Program

The House-passed bill would establish a new permanent program to pay extended benefits during periods of high unemployment to workers who exhaust their basic entitlement to regular State unemployment compensation (including benefits to Federal civilian workers and exservicemen). As a condition of Federal approval of the State's unemployment insurance program, a State would be required to establish the new program by January 1, 1972. The Federal Government and the States would share the costs of the new program equally.

These extended benefits would be paid to workers only during an "extended benefit" period. Such a period could exist, beginning in 1972, either on a national or State basis by the triggering of either the national or the State "on" indicator. Before 1972, a State legislature could provide extended benefits on the basis of the State "on" and "off" indicators alone, with Federal sharing of costs.

Recommends a permanent, wholly Federal program, available regardless of economic conditions, with provisions of job training
AFL-CIO

Recommends program become effective before 1972
Mr. James M. Rosbrow

5. Financing Provisions

Under the House-passed bill the net Federal tax, which is presently 0.4 percent of covered payroll, would be increased to 0.5 percent, beginning January 1, 1970 (this represents an increase in the Federal tax rate from 3.1 percent to 3.2 percent). The taxable wage base under the Federal Unemployment Tax Act would be increased from \$3,000 to \$4,200 for calendar years 1972 and thereafter.

Favors increase in wage base to \$6,000 by 1975
Department of Labor
International Brotherhood of Teamsters
James M. Rosbrow

Favors setting wage base equal to social security wage base (now \$7,800)
AFL-CIO

Prefers increases in tax rate to increases in wage base; opposes wage base of more than \$4,200
National Association of Manufacturers
U.S. Chamber of Commerce
Council of State Chambers of Commerce
Commerce and Industry Association of New York
Geraldine Beideman on behalf of Representative California
Employers
American Textile Manufacturers Institute

6. Reduced State Tax Rates

The House-passed bill would modify the Federal experience-rating standard to permit States to assign reduced unemployment tax rates (though the rates could not be less than 1 percent) with respect to newly covered employers on a basis other than experience with unemployment. Present law permits tax rate reductions only when based on at least 1 year of experience with unemployment.

Favors permitting States to reduce tax rates for all employers on basis other than experience rating

AFL-CIO

7. Federal Benefit Standards

(The House-passed bill contains no Federal requirement concerning either minimum benefit amounts or minimum duration of benefits.)

Favors requiring States to provide minimum benefits equal to at least two-thirds of a worker's average wages

AFL-CIO

Favors requiring States to provide minimum benefits equal to at least one-half of a worker's average wages

International Brotherhood of Teamsters

Favors requiring States to provide 26 weeks of benefits to worker who has worked 20 weeks in base period

AFL-CIO

Opposes Federal benefit standards

American Retail Federation

National Association of Manufacturers

U.S. Chamber of Commerce

Council of State Chambers of Commerce

Geraldine Beideman on behalf of Representative California

Employers

