

*Nat  
Com. of*

92d Congress }  
2d Session }

COMMITTEE PRINT

STAFF DATA AND MATERIALS ON  
**EMERGENCY  
UNEMPLOYMENT  
COMPENSATION**

---

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



JUNE 28, 1972

Prepared by the staff and printed for the use of the Committee on Finance

---

U.S. GOVERNMENT PRINTING OFFICE

79-926

WASHINGTON : 1972

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

CLINTON P. ANDERSON, New Mexico

HERMAN E. TALMADGE, Georgia

VANCE HARTKE, Indiana

J. W. FULBRIGHT, Arkansas

ABRAHAM RIBICOFF, Connecticut

FRED R. HARRIS, Oklahoma

HARRY F. BYRD, Jr., Virginia

GAYLORD NELSON, Wisconsin

WALLACE F. BENNETT, Utah

CARL T. CURTIS, Nebraska

JACK MILLER, Iowa

LEN B. JORDAN, Idaho

PAUL J. FANNIN, Arizona

CLIFFORD P. HANSEN, Wyoming

ROBERT P. GRIFFIN, Michigan

TOM VAIL, *Chief Counsel*

MICHAEL STERN, *Assistant Chief Clerk*

(1)

## EMERGENCY UNEMPLOYMENT COMPENSATION

### Present Law: Extended Benefits

#### ~~Legislative Provisions~~

The Employment Security Amendments of 1970 established 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. As a condition of Federal approval of the State's unemployment insurance program, States were required to establish the new program by January 1, 1972, and all States have established programs. The Federal Government and the States each pay 50 percent of the cost of benefits under the new program. this

These extended benefits are paid to workers only during an "extended benefit" period. Such a period can exist either on a national or State basis by the triggering of either the national or the State "on" indicator. (Before 1972, a State legislature was able to provide extended benefits on the basis of the State "on" and "off" indicators alone, with Federal sharing of 50 percent of the cost.)

*National "On" Indicator.*—There is a national "on" indicator when the seasonally adjusted rate of insured unemployment for the whole Nation equals or exceeds 4.5 percent in each of the three most recent calendar months.

*State "On" Indicator.*—There is a State "on" indicator when the rate of insured unemployment for the State is at least 4 percent and when it equals or exceeds, during a moving 13-week period, 120 percent of the average rate for the corresponding 13-week period in the preceding two calendar years.

*Extended Benefit Period.*—An extended benefit period in a State begins after there is either a State or national "on" indicator, and continues for at least 13 weeks, until the conditions are no longer met.

*Benefits.*—During either a national or State extended benefit period, the State is required to provide each eligible claimant with extended compensation at the individual's regular weekly benefit amount. Benefits under the Federal-State program would be limited to not more than 13 weeks per individual.

#### *Operations Under the Extended Benefit Program*

In 1971, States meeting the State "on" indicator were able to establish extended benefit programs: 22 States paid extended benefits during at least part of 1971, as shown in Table 2.

The national "on" indicator was triggered at the beginning of January 1972, and thus extended benefits were payable in all States beginning in that month. The national period of extended benefits ended on April 1, 1972; there are currently 9 States in which extended benefits are payable on the basis of unemployment levels in the State. These States are shown on table 2.

## Emergency Unemployment Compensation

In December 1971, the Congress enacted a ~~new~~ program of "emergency unemployment compensation benefits" for up to 13 weeks to persons who have exhausted their entitlement to regular and extended unemployment compensation benefits. The program is temporary, with no persons eligible to receive benefits for the first time after June 30, 1972. ~~Currently 19 States are paying emergency unemployment compensation benefits.~~

*State "Emergency On" Indicator.*—The additional 13 weeks of benefits are payable beginning the third week after there has been an "emergency on" indicator in the State. There is an "emergency on" indicator in any State if the insured unemployment rate plus the average rate of those exhausting regular benefits exceeds 5.5 percent over a 13-week period and if one of the following criteria is met:

(1) There is a State or national "on" indicator for extended benefits (that is, the national rate of insured unemployment, seasonally adjusted, has exceeded 4.5 percent in the 3 most recent months, or the State insured unemployment rate exceeded 4 percent in the previous 13 weeks and was at least 120 percent of the insured unemployment rate during the corresponding periods of the previous 2 years), or

(2) There has been such an indicator at some time during the previous year and the State meets all the criteria of the State "on" indicator for extended benefits except for the 120 percent requirement.

*State "Emergency Off" Indicator.*—When the rate of insured unemployment plus the average rate of those exhausting regular benefits in a State drops below 6.5 percent for a 13-week period, there is a State "emergency off" indicator. An emergency extended benefit period in a State ends the third week after the "emergency off" indicator, except that the benefit period must last at least 26 weeks.

*Financing provisions.*—Under the law, emergency unemployment compensation is payable out of the Federal extended unemployment compensation account. Appropriations are authorized for repayable advances (which do not bear interest) to the extended unemployment compensation account in order to pay for the emergency compensation benefits. The amounts paid to any State for benefits under this program are to be repaid by transferring to the general fund of the Treasury amounts equal to such benefits. These transfers are to be made out of amounts which would otherwise be payable to the States which have paid emergency benefits out of excess Federal unemployment tax collections. In effect, the provision amounts to general fund financing of emergency benefits for a period, until the benefits are eventually repaid through payroll taxes.

*Operations under the emergency unemployment compensation program.*—Benefits first became payable under the new law on January 30, 1972; benefits were paid in 19 States. The amounts of benefits that were paid and the States in which benefits have been paid are shown on Table 3.

*Labor Department report and recommendations.*—The law enacted last December required the Secretary of Labor to submit a report to Congress on operations under the emergency compensation program,

including recommendations concerning funding of the program and the desirability of extending it beyond June 30, 1972.

In his June 19 letter transmitting a detailed statistical report on operations on the Emergency unemployment compensation program, Labor Secretary Hodgson stated:

We expect the growth in employment opportunities to continue and more rapidly to bring down the rate of unemployment. We recognize that this is taking time, perhaps a bit more time than we expected, and, therefore, continuation of the Emergency Unemployment Compensation Act for a short period is desirable.

On behalf of President Nixon, I am recommending that the Congress adopt a six-month extension of the Act. We estimate that between 300-400,000 persons would benefit from such an extension, and that the total additional cost would be \$120-220 million.

When President Nixon signed Public Law 92-224, he called attention to the serious deficiency in the financing of the program. He pointed out that it was a departure from the insurance principle under which our unemployment insurance programs have operated since the 1930's. The current act contains a financing arrangement which provides for a repayment to the general funds which may never occur. In order to correct this deficiency, I recommend that the financing be changed to make temporary compensation a charge against the Extended Compensation Account in the Federal Unemployment Trust Fund, with a temporary tax increase of 0.08 percent.

TABLE 1.—NATIONAL SEASONALLY ADJUSTED INSURED UN-  
EMPLOYMENT RATES FOR TRIGGERING EXTENDED UN-  
EMPLOYMENT COMPENSATION BENEFITS

Month	Percent	Month	Percent
January 1971.....	4.12	October 1971.....	4.85
February 1971.....	4.29	October 1971.....	4.85
March 1971.....	4.49	November 1971.....	4.64
April 1971.....	4.59	December 1971.....	4.30
May 1971.....	4.77	January 1972.....	4.09
June 1971.....	4.89	February 1972.....	4.25
July 1971.....	4.50	March 1972.....	4.32
August 1971.....	4.63	April.....	3.98
September 1971.....	4.85	May 1972.....	* 4.00

\* Preliminary.

TABLE 2.—EXTENDED UNEMPLOYMENT COMPENSATION  
BENEFITS AS OF JUNE 3, 1972

State	Indicators		Periods	
	Unem- ploy- ment rates (percent)	Percent of prior 2 years	1st day benefits were paid	Last day benefits were paid
Alabama <sup>3</sup> .....	3.80	116	Apr. 12, 1971	(*)
Alaska.....	13.06	108	Jan. 31, 1971	Nov. 27, 1971
Arizona.....	2.56	100	Jan. 2, 1972	Apr. 1, 1972
Arkansas.....	3.46	86	do.....	Do.
California.....	5.35	85	Dec. 20, 1970	Do.
Colorado.....	1.38	90	Jan. 2, 1972	Do.
Connecticut.....	7.13	115	Oct. 11, 1970	June 3, 1972
Delaware.....	2.41	105	Jan. 2, 1972	Apr. 1, 1972
District of Columbia.....	1.98	117	do.....	Do.
Florida.....	2.20	107	do.....	Do.
Georgia.....	1.47	83	do.....	Do.
Hawaii.....	4.79	172	Oct. 10, 1971	(*)
Idaho.....	4.68	100	Feb. 7, 1971	Apr. 1, 1972
Illinois.....	3.76	124	Jan. 2, 1972	June 3, 1972
Indiana.....	2.92	108	do.....	Apr. 1, 1972
Iowa.....	(i)	(i)	Jan. 2, 1972	Apr. 1, 1972
Kansas <sup>3</sup> .....	2.69	59	Jan. 31, 1971	Do.
Kentucky.....	3.44	94	Mar. 19, 1972	Apr. 1, 1972
Louisiana.....	3.92	93	Jan. 31, 1971	Apr. 1, 1972
Maine.....	7.52	116	Mar. 21, 1971	June 17, 1971

See footnotes at end of table, p. 5.

TABLE 2.—EXTENDED UNEMPLOYMENT COMPENSATION BENEFITS AS OF JUNE 3, 1972—Continued

State	Indicators		Periods	
	Unem- plov- ment rates (percent)	Percent of prior 2 years	1st day benefits were paid	Last day benefits were paid
Maryland.....	4.05	143	Jan. 2, 1972	( <sup>2</sup> )
Massachusetts...	6.44	119	Oct. 11, 1970	June 24, 1971
Michigan.....	(i)	(i)	June 11, 1970	Apr. 1, 1972
Minnesota.....	(i)	(i)	Jan. 2, 1972	Apr. 1, 1972
Mississippi.....	2.14	71	.....do.....	Do.
Missouri.....	3.57	90	.....do.....	Do.
Montana.....	5.04	104	.....do.....	Do.
Nebraska.....	(i)	(i)	.....do.....	Do.
Nevada.....	6.07	135	Mar. 21, 1971	( <sup>2</sup> )
New Hampshire <sup>3</sup> .....	3.10	104	June 12, 1971	Apr. 1, 1972
New Jersey.....	6.83	122	Jan. 3, 1971	( <sup>2</sup> )
New Mexico.....	3.93	90	Jan. 2, 1972	Apr. 11, 1972
New York.....	5.39	121	Jan. 10, 1971	( <sup>2</sup> )
North Carolina.....	1.99	79	Jan. 2, 1972	Apr. 1, 1972
North Dakota.....	5.48	120	.....do.....	Do.
Ohio.....	3.01	108	.....do.....	Do.
Oklahoma <sup>3</sup> .....	4.19	120	Jan. 2, 1972	( <sup>2</sup> )
Oregon.....	5.28	84	Jan. 10, 1971	Apr. 1, 1972
Pennsylvania.....	4.77	132	Jan. 31, 1971	( <sup>2</sup> )
Puerto Rico.....	14.07	159	Jan. 2, 1972	( <sup>2</sup> )
Rhode Island.....	5.76	96	Oct. 11, 1970	Apr. 1, 1972
South Carolina.....	2.15	77	Jan. 2, 1972	Do.
South Dakota.....	2.68	119	.....do.....	Do.
Tennessee.....	2.71	74	.....do.....	Do.
Texas.....	1.71	106	.....do.....	Do.
Utah <sup>1</sup> .....	3.70	99	June 13, 1971	Do.
Vermont.....	7.44	135	Jan. 3, 1971	( <sup>2</sup> )
Virginia.....	1.21	90	.....do.....	Apr. 1, 1972
Washington.....	7.99	73	Oct. 11, 1970	Do.
West Virginia.....	4.66	124	Feb. 8, 1971	( <sup>2</sup> )
Wisconsin.....	3.83	105	Jan. 2, 1972	Apr. 1, 1972
Wyoming.....	(i)	(i)	.....do.....	Do.

<sup>1</sup> Information not available.

<sup>2</sup> States in which extended benefits were payable after June 3, 1972.

<sup>3</sup> States in which extended benefits were not payable throughout the entire period.

TABLE 3.—EMERGENCY UNEMPLOYMENT COMPENSATION  
BENEFIT PROGRAM AS OF JUNE 3, 1972

State	Rates		Periods	
	Exhaustion rate (percent)	Unemployment rate <sup>3</sup> (percent)	1st day benefits were paid	Number of weeks benefits have been paid to date
Alabama.....	0.87	4.67	.....	.....
Alaska.....	1.98	15.04	Jan. 30, 1972....	18
Arizona.....	.58	3.14	.....	.....
Arkansas.....	.84	4.30	.....	.....
California.....	1.54	6.89	Jan. 30, 1972....	18
Colorado.....	.24	1.62	.....	.....
Connecticut.....	1.82	8.95	Jan. 30, 1972....	18
Delaware.....	.59	3.00	.....	.....
District of Columbia.....	.43	2.41	.....	.....
Florida.....	.63	2.83	.....	.....
Georgia.....	.58	2.32	.....	.....
Hawaii.....	.90	5.69	.....	.....
Idaho.....	.90	5.58	Apr. 9, 1972....	8
Illinois.....	( <sup>1</sup> )	( <sup>1</sup> )	.....	.....
Indiana.....	.88	3.80	.....	.....
Iowa.....	.76	3.76	.....	.....
Kansas.....	.95	3.64	.....	.....
Kentucky.....	.73	4.17	.....	.....
Louisiana.....	1.08	5.00	.....	.....
Maine.....	1.97	9.49	Jan. 30, 1972....	18
Maryland.....	.72	4.77	.....	.....
Massachusetts.....	1.41	7.85	Jan. 30, 1972....	18
Michigan.....	1.29	6.30	do	18
Minnesota.....	.93	5.62	Apr. 9, 1972....	8
Mississippi.....	.44	2.58	.....	.....
Missouri.....	.78	4.35	.....	.....
Montana.....	1.03	6.07	Feb. 20, 1972....	15
Nebraska.....	.60	2.69	.....	.....
Nevada.....	1.49	7.56	Jan. 30, 1972....	18
New Hampshire.....	.32	3.42	.....	.....
New Jersey.....	( <sup>1</sup> )	( <sup>2</sup> )	Jan. 30, 1972....	18
New Mexico.....	0.65	4.58	.....	.....
New York.....	.95	6.34	Jan. 30, 1972....	18
North Carolina.....	.40	2.39	.....	.....
North Dakota.....	0.58	6.06	Feb. 27, 1972....	14

See footnotes at end of table, p. 7.



TABLE 3.—EMERGENCY UNEMPLOYMENT COMPENSATION  
BENEFIT PROGRAM

State	Rates		Periods	
	Exhaustion (percent)	Unemploy- ment rate (percent)	1st day	Elapsed weeks
Ohio.....	.59	3.60	.....	.....
Oklahoma.....	1.07	5.26	.....	.....
Oregon.....	.87	6.15	Jan. 30, 1972...	18
Pennsylvania.....	.61	5.38	.....	.....
Puerto Rico.....	3.59	17.66	Mar. 12, 1972..	12
Rhode Island.....	1.70	7.46	Jan. 30, 1972...	18
South Carolina.....	.68	2.83	.....	.....
South Dakota.....	.45	3.13	.....	.....
Tennessee.....	.72	3.43	.....	.....
Texas.....	.50	2.21	.....	.....
Utah.....	.75	4.45	.....	.....
Vermont.....	1.12	8.56	Jan. 30, 1972...	18
Virginia.....	.28	1.49	.....	.....
Washington.....	2.75	10.74	Jan. 30, 1972...	18
West Virginia.....	.54	5.20	Mar. 19, 1972...	11
Wisconsin.....	.65	4.48	.....	.....
Wyoming.....	.31	2.39	.....	.....

<sup>1</sup> Information not available.

<sup>2</sup> Information not available, but above 6.5%.

<sup>3</sup> Insured unemployment rate adjusted for exhaustions.

Source: Department of Labor.

TABLE 4.—CUMULATIVE SUMMARY OF EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM ACTIVITIES, AS OF MAY 27, 1972

	Amount	Beneficiaries
Total.....	\$317,159,200	662,168
Alaska.....	418,979	1,572
California.....	58,586,404	151,976
Connecticut.....	18,196,850	30,720
Idaho.....	379,656	1,952
Maine.....	1,921,284	7,290
Massachusetts.....	29,564,051	57,500
Michigan.....	40,694,593	98,885
Minnesota.....	1,612,368	7,731
Montana.....	309,738	1,483
Nevada.....	778,545	2,252
New Jersey.....	31,324,539	40,309
New York.....	79,055,743	128,045
North Dakota.....	246,728	1,113
Oregon.....	4,919,558	14,133
Puerto Rico.....	1,139,611	6,850
Rhode Island.....	7,262,476	16,863
Vermont.....	1,446,530	2,765
Washington.....	39,177,346	89,887
West Virginia.....	124,201	840

Source: Department of Labor.

TABLE 5.—STATUS OF EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM AS OF JUNE 3, 1972

State	1st day for which payment could be made	Last day for which payment must be made under 26-week requirement	Trigger status as of June 3 (actual)	Estimated month rate will drop below 6.5 percent	Estimated month of last payment
Alaska	Jan. 30	July 29	On	Through 1972	Through 1972.
California	do	do	On	June-July <sup>2</sup>	July-August.
Connecticut	do	do	On	October <sup>3</sup>	November.
Idaho	Apr. 9	Sept. 30 <sup>1</sup>	Off	May	Oct. 7 <sup>1</sup>
Maine	Jan. 30	July 29	On	Through 1972	Through 1972.
Massachusetts	do	do	On	October <sup>3</sup>	November.
Michigan	do	do	Off	June	June.
Minnesota	Apr. 9	Sept. 30 <sup>1</sup>	Off	May	Oct. 7 <sup>1</sup>
Montana	Feb. 20	Aug. 19	Off	do	Aug. 19.
Nevada	Jan. 30	July 29	On	October <sup>3</sup>	November.
New Jersey	do	do	On	do	Do.
New York	do	do	Off	May	July 29.
North Dakota	Feb. 27	Aug. 26	Off	do	June.
Oregon	Jan. 30	July 29	Off	do	July 29.
Puerto Rico	do	do	On	Through 1972	Through 1972.

<sup>1</sup> See footnotes at end of table, p. 10.

	do	do	do	do	do	do	do
Rhode Island	Mar. 19	Sept. 16	Off.	Off.	April	Through 1972	September
Vermont	do	do	On	On	August	Through 1972	September
Washington	do	do	On	On	Through 1972	Through 1972	Through 1972
West Virginia	do	do	On	On	April	Through 1972	September

<sup>1</sup> Cut off by present terminal date of program. The 26-week period from the 1st date for which payments were made actually ends Oct. 7, 1972.

<sup>2</sup> Available data and anticipated trends suggest that the rate will be below 6.5 percent the latter part of June or the 1st part of July.

<sup>3</sup> Reasonably accurate projections for these States are difficult to make because the base of experience is atypical; therefore, the

estimates for these States are subject to a wide margin of error and should be used with extreme caution. It is entirely possible but not likely that these States could be below 6.5 percent in August or September.

Source: Department of Labor.