

SERVICES PROGRAM FOR DISABLED CHILDREN; UNEMPLOYMENT COMPENSATION AMENDMENTS

DECEMBER 10 (legislative day, NOVEMBER 29), 1979.—Ordered to be printed

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

REPORT

[To accompany H.R. 4612]

The Committee on Finance, to which was referred the bill (H.R. 4612) to maintain for an additional 3 years the current program of preventive services, referral, and case management for disabled children receiving SSI benefits, having considered the same, reports favorably thereon with an amendment and an amendment to the title and recommends that the bill as amended do pass.

I. SUMMARY

The committee bill, as reported, includes without change the text of the House bill extending for 3 years the program of services for disabled children who are recipients of supplemental security income (SSI) and adds to the bill an amendment making a number of modifications in the Federal-State unemployment compensation programs.

Services for disabled children.—The bill provides for the extension for an additional 3 years of the special referral and services program for disabled children who are receiving SSI benefits. The program was enacted in 1976 and provided up to \$30 million in Federal funds to be allocated annually to the States on the basis of the proportion of children under age 7 in the State. Without extending legislation, the program will have expired as of September 30, 1979.

This program requires the referral by the Social Security Administration of a disabled child under age 16 to a State agency which is responsible for counseling disabled children and their families, and for establishing an individual service plan for each child. Children are to be referred to appropriate services, and agencies are required to monitor the program to assure adherence to service plans.

Elimination of the national trigger for the extended benefit program.—Under existing law, an additional 13 weeks of benefits over and above the usual maximum duration of 26 weeks for regular State unemployment benefits become payable in times of high unemployment. Fifty percent of the costs of these extended benefits are paid from the proceeds of the Federal unemployment tax. The basis for the extended benefits program is that unemployed workers may reasonably be expected to find themselves unable to obtain employment for a longer period of time when jobs are scarce as indicated by high levels of unemployment. Consequently, the law requires States to participate in the extended benefits program when insured unemployment levels in the State have increased by at least 20 percent (measured against the 2 prior years) and an absolute insured unemployment rate of 4 percent has been reached. Present law also, however, requires that all States implement the extended benefit program when the national insured unemployment rate reaches a level of 4.5 percent. This “national trigger” can result in adding 3 months of benefit duration in a State which has experienced neither a particularly high level of unemployment nor any relative growth in unemployment levels. The committee amendment would delete the national trigger.

Waiting week for benefits.—Most States do not now pay benefits for the first week of unemployment on the basis that requiring a “waiting week” before benefit eligibility starts provides an important incentive to immediately undertake a search for reemployment. However, 12 States do not have such a requirement and 9 other States have a waiting week but then pay benefits retroactively for that week after a certain period of unemployment. The committee amendment is designed to encourage States not to provide benefits for the first week of unemployment by denying Federal matching for extended benefits payable for the first week after the individual exhausts his regular benefits if the State does not have a waiting week for those regular benefits or if it makes retroactive payments for the waiting week.

Modification of optional State trigger level for extended benefits.—Under present law, States are required to participate in the extended unemployment compensation program when the State insured unemployment rate is both at least 4 percent and at a level 20 percent higher than the insured unemployment rate in the State during the comparable period in the 2 preceding years. States which are not required to participate in the program under the above criteria are nevertheless permitted to participate in it if the State insured unemployment rate is at least 5 percent (even though that percentage is less than 20 percent higher than the rate in the 2 prior years). To use this optional provision, however, States must set the entry point for the program at an insured unemployment rate of 5 percent. They are not permitted to elect to have the program become operational only at some higher percentage, such as 6 or 7 percent. The Committee amendment allows States the additional flexibility to come into the extended benefit program at any rate of insured unemployment which is 5 percent or higher.

Reduction of benefits when the unemployed individual is receiving a pension based on recent employment.—When the 1976 amendments to the unemployment laws were under consideration by Congress, concern

was expressed over the situation in which an individual who is in fact retired rather than unemployed may receive unemployment benefits at the same time that he is receiving a retirement pension. The law was amended to provide for a dollar-for-dollar reduction in unemployment benefits by the amount of any pension concurrently payable to the individual. Because of concern that the provision may have been too broadly drawn, the effective date was set in the future to permit time for study, and that effective date was subsequently further extended to March 31, 1980.

Under the committee amendment, the reduction would be limited to situations where an individual receives a pension paid for by an employer he worked for during the period of employment on which his unemployment benefits are based. (States would not be required to apply the reduction to that part of a pension which reflects a return of employee contributions.)

Benefit limitations for ex-servicemen.—Federally financed unemployment benefits are payable to individuals who leave military service after serving for at least 90 days (other than those who are separated for misconduct). In general, these benefits are payable under the rules and in the amounts that are applicable to the State unemployment benefit program in the State where the ex-serviceman applies for benefits. The committee amendment would extend the minimum period of service required to qualify for these benefits from 90 days to 1 year.

Incentive for Federal agencies to contest improper benefit claims.—An important element of the unemployment compensation program in the States is the experience rating system which provides a strong incentive for employers to avoid unnecessary employee turnover and to monitor claims for unemployment benefits to assure that awards are not being made by the State agency to individuals not entitled to them. Federal agencies do not have a similar incentive in the case of their employees since benefit costs are funded through a separate account not chargeable to the individual agency. The committee amendment requires that a separate account be established as a revolving account with each agency required to reimburse the account out of its own appropriation for the actual amount of the unemployment benefits which had been paid to its employees and former employees.

II. GENERAL DISCUSSION OF THE BILL

SERVICES FOR DISABLED CHILDREN

(Section 1 of the Bill)

Present law.—As part of the supplemental security income program (SSI), the Social Security Administration is required to refer blind and disabled children who are receiving benefits to an appropriate State agency for counseling, medical, rehabilitative and social services. The State agency to be used for referral is either the agency administering the crippled children's program, or another agency designated by the Governor if he finds that such agency could administer the program of services more effectively.

The agency responsible for administering the State program must operate under a State plan which includes provision for counseling of disabled children and their families, the establishment of individual service plans for children under 16, monitoring to assure adherence to the plans, and provision of services to children under age 7 and to children who have never been in school and require preparation to take advantage of public educational services.

A total of \$30 million was made available for each of the fiscal years 1977, 1978 and 1979. The funds are allocated on the basis of the relative number of children age 6 and under in each State. The law provides that up to 10 percent of the State's funds may be used for counseling, referral and monitoring which is provided under the State plan for children up to age 16. The remainder of the funding is available for services to disabled children under age 7 and those who have never been in school.

At the present time all States except one have had a services plan approved by the Secretary of HEW.

Committee bill.—The committee bill would extend this program for disabled children for an additional three years, through fiscal year 1982. Without such an extension, the program will have no funding after September 30, 1979.

The committee notes that the program is only now becoming fully implemented. The Department of HEW issued final regulations for the program after substantial delay (in April 1979), and, until regulations were effective, States were forced to operate under interim guidelines. Those States which have been able to fully implement their programs have found them to be an effective mechanism for coordinating all available services which a child may need, and assuring that the services are actually received.

The committee believes that the justification for the original enactment of the program is still valid. The committee noted in its report on the original legislation:

The committee believes that there are substantial arguments to support the establishment of a formal referral procedure. Many disabled children have conditions which can be improved through proper medical and rehabilitative services, especially if the conditions are treated early in life. The referral of children who have been determined to be disabled could thus be of very great immediate and long-term benefit to the children and families who receive appropriate services. In addition, the procedure could be expected to result in long-range savings for the SSI program, in that some children, at least, would have their conditions satisfactorily treated and would move off the disability rolls instead of receiving payments for their entire lifetime. The referral of disabled children by the Social Security Administration would also serve as a case-finding tool for community agencies serving disabled children and assist them in focusing their services in behalf of these children. Many communities have the capability to help disabled and handicapped children, but are not always able to identify those with the greatest need.

TABLE 1.—SSI DISABLED AND BLIND CHILDREN'S SERVICES PROGRAM: FEDERAL ALLOCATION BY STATE, FISCAL YEAR 1979

States	Children under age 7	Allotment of funds
Total.....	22,097,899	\$30,000,000
Region I:		
Connecticut.....	263,513	357,600
Maine.....	108,017	146,700
Massachusetts.....	505,574	686,400
New Hampshire.....	82,078	111,300
Rhode Island.....	83,666	113,700
Vermont.....	48,860	66,300
Region II:		
New Jersey.....	665,208	903,000
New York.....	1,680,483	2,281,500
Region III:		
Delaware.....	59,474	80,700
District of Columbia.....	89,742	121,800
Maryland.....	372,822	506,100
Pensylvania.....	1,078,254	1,463,700
Virginia.....	497,034	674,700
West Virginia.....	193,286	262,500
Region IV:		
Alabama.....	407,836	553,800
Florida.....	775,176	1,052,400
Georgia.....	580,813	788,400
Kentucky.....	381,137	517,500
Mississippi.....	301,948	409,800
North Carolina.....	588,036	798,300
South Carolina.....	330,843	449,100
Tennessee.....	448,621	609,000
Region V:		
Illinois.....	1,175,494	1,596,000
Indiana.....	577,305	783,600
Michigan.....	964,638	1,309,500
Minnesota.....	390,302	529,800
Ohio.....	1,118,524	1,518,600
Wisconsin.....	450,263	611,400
Region VI:		
Arkansas.....	234,588	318,600
Louisiana.....	461,961	627,300
New Mexico.....	145,238	197,100
Oklahoma.....	290,258	394,200
Texas.....	1,495,750	2,030,700

TABLE 1.—SSI DISABLED AND BLIND CHILDREN'S SERVICES PROGRAM: FEDERAL ALLOCATION BY STATE, FISCAL YEAR 1979—Continued

States	Children under age 7	Allotment of funds
Region VII:		
Iowa.....	281,729	\$382,500
Kansas.....	226,223	307,200
Missouri.....	482,037	654,300
Nebraska.....	162,243	220,200
Region VIII:		
Colorado.....	278,709	378,300
Montana.....	81,820	111,000
North Dakota.....	70,333	95,400
South Dakota.....	75,169	102,000
Utah.....	203,411	276,300
Wyoming.....	44,170	60,000
Region IX:		
Arizona.....	275,313	373,800
California.....	2,160,909	2,933,700
Hawaii.....	106,665	144,900
Nevada.....	64,170	87,000
Region X:		
Alaska.....	52,188	70,800
Idaho.....	105,318	143,100
Oregon.....	230,926	313,500
Washington.....	349,824	474,900

Sources: U.S. Bureau of the Census, Department of Health, Education, and Welfare.

ELIMINATION OF NATIONAL TRIGGER UNDER THE EXTENDED BENEFITS PROGRAM

(Section 201 of the Bill)

Present law.—In most States, unemployment benefits are payable under the regular State program of unemployment compensation for a maximum of 26 weeks. The costs of these regular benefits are financed entirely from State unemployment taxes. In times of high unemployment, however, the Federal-State Extended Unemployment Compensation program becomes operative. This program provides for an additional benefit duration for workers who have exhausted their entitlement to regular State benefits. Benefits are payable under the extended program for half as many weeks as benefits were payable under the regular program. In other words, when the extended program is in effect, unemployed persons can receive up to 13 additional weeks of benefits for an overall maximum of 39 weeks. Half of the cost of extended benefits is paid for from State unemployment taxes and half of the cost is borne by the Federal Unemployment Tax.

Present law provides for the extended benefit program to be operative in any State when the insured unemployment rate (the number of persons receiving unemployment benefits as a percentage of persons working in jobs covered by the program) is sufficiently high under any one of three tests or "triggers." Under the basic State trigger, the program is in operation when the insured unemployment rate for the State is at least 4 percent and that State's insured unemployment rate is at least 20 percent higher than the average insured unemployment rate in that State during the comparable period in the two prior years. If the State insured unemployment rate is not at least 20 percent above the rate for the 2 prior years, a State may nevertheless elect to have the extended benefit program become effective whenever the State insured unemployment rate reaches a trigger level of 5 percent. In addition to the basic and optional State trigger provisions, present law also includes a national trigger. When the national insured unemployment rate is at a level of 4.5 percent or higher, the extended benefits program must be operated by all States.

Committee bill.—The Committee bill would eliminate the national trigger for paying extended unemployment benefits. Unemployment benefits are provided in order to protect workers against the involuntary loss of income that occurs when they lose their jobs and for the period thereafter while they are trying to obtain new employment. In times of high unemployment, the availability of jobs is curtailed and the competition for them is increased. At such times, it is likely that an unemployed worker will need more time to find a new job. This relationship between the overall level of unemployment and the amount of time it takes to find a new job is the basic justification for a program of extended benefit duration. The committee believes, however, that that relationship is more properly reflected in the State triggers than in the national trigger. When a worker becomes unemployed, the question of how long he will have to search for new employment is dependent upon the availability of, and competition for, jobs in the area where he resides, not upon the national average unemployment situation.

When the extended unemployment compensation program was originally enacted in 1970, extended benefits could be triggered on as to an individual State only if the State insured unemployment rate was both 4 percent and was at least 20 percent higher than in the 2 preceding years. In the case of a prolonged national recession, States would be unable to meet the "20 percent higher" requirement even though they might be experiencing a very high level of insured unemployment. For this reason, the national trigger did serve as an important safeguard under that original legislation. In the 1976 amendments, however, the law was changed to provide for an optional alternative State trigger based on an absolute State insured unemployment rate of 5 percent. The committee believes that that change in the law eliminated the need for a national trigger.

The elimination of the national trigger for extended benefits is effective under the bill as of January 1, 1980. However, it is not expected that the national insured unemployment rate would reach a 4.5 percent level until later in the year. At present, the national rate stands at 3.05 percent.

TABLE 2.—EXTENDED BENEFIT INDICATORS AS OF NOVEMBER 10, 1979

State	13-week insured unemployment rate	Percent of prior 2 yrs
National.....	3.05	
Alabama.....	3.14	98
Alaska.....	6.71	70
Arizona.....	1.48	61
Arkansas.....	2.78	93
California.....	2.71	68
Colorado ¹	(1.08)	(57)
Connecticut.....	1.87	56
Delaware.....	1.91	72
District of Columbia.....	2.41	79
Florida.....	2.02	73
Georgia.....	1.83	75
Hawaii.....	2.71	70
Idaho.....	2.43	89
Illinois.....	2.54	68
Indiana.....	2.14	155
Iowa.....	1.21	68
Kansas.....	1.50	82
Kentucky.....	3.04	116
Louisiana.....	1.91	72
Maine.....	2.78	67
Maryland.....	2.00	78
Massachusetts.....	2.40	67
Michigan ¹	(5.48)	(138)
Minnesota.....	1.11	69
Mississippi.....	2.09	92
Missouri.....	2.53	89
Montana.....	2.16	71
Nebraska.....	.77	61
Nevada.....	2.04	68
New Hampshire.....	1.01	91
New Jersey ¹	(4.73)	(85)
New Mexico.....	1.72	64
New York.....	3.14	64
North Carolina.....	1.41	83
North Dakota.....	.89	56

TABLE 2.—EXTENDED BENEFIT INDICATORS AS OF NOVEMBER
10, 1979—Continued

State	13-week insured unemploy- ment rate	Percent of prior 2 yrs
Ohio ¹	(2.48)	(136)
Oklahoma.....	1.14	66
Oregon.....	2.72	75
Pennsylvania ¹	(3.43)	(78)
Puerto Rico.....	11.50	69
Rhode Island.....	5.00	89
South Carolina.....	2.03	88
South Dakota.....	.70	63
Tennessee.....	2.56	101
Texas.....	1.08	80
Utah.....	1.50	73
Vermont.....	2.39	69
Virginia.....	1.11	79
Virgin Islands.....	3.13	68
Washington.....	2.38	53
West Virginia.....	3.25	98
Wisconsin.....	2.03	100
Wyoming.....	.48	64

¹ Trigger indicator as of Nov. 3, 1979.

Note: National rate is seasonally adjusted.

Source: Department of Labor.

WAITING PERIOD FOR BENEFITS

(Section 202 of the Bill)

Present law.—Although there are certain Federal requirements which State unemployment compensation programs must meet, States have broad discretion to determine qualifying requirements, benefit amounts, and duration of regular benefits. Most State unemployment compensation laws provide that no benefits will be payable for the first week in which the worker is unemployed and otherwise eligible. Twelve States, however, do not now provide for such a "waiting week." These are: Alabama, Connecticut, Delaware, Iowa, Kentucky, Maine, Maryland, Michigan, Nevada, New Hampshire, Pennsylvania, and Wisconsin. Three other States (New York, Rhode Island, and Georgia) have a waiting week but will pay benefits for that waiting week in some circumstances, and nine States (Hawaii, Illinois, Louisiana, Minnesota, Missouri, New Jersey, Ohio, Texas, and Virginia) pay

compensation for the waiting week retroactively after the worker has experienced a specified duration of compensable unemployment.

Committee bill.—The committee recognizes that eligibility and benefit provisions of the unemployment compensation program have, with relatively few exceptions, been left to State discretion, and the committee does not wish to depart from that general practice by requiring that all States establish a waiting week for benefits. At the same time, the committee notes that a large majority of States do have a waiting week and most States do not make exceptions or pay retroactively for the waiting week. The existence of a waiting week does not impose an undue hardship since most workers will have some resources to fall back on for the very early stages of their unemployment. It does, however, have a very important positive effect in that it gives the unemployed worker a stronger financial incentive to seek reemployment immediately. The committee feels that most States have properly concluded that the system should convey the message that the priority is: 1) look for a new job and 2) apply for unemployment benefits rather than the reverse.

Under present law, the Federal statute actually tends to reward States which have elected not to have a waiting period. In such States, 50 percent Federal funding for extended unemployment benefits begins with the 27th week of a worker's unemployment, while in States with a waiting period such funding begins with the 28th week of a worker's unemployment. The committee believes that this fiscal incentive should be modified so as to favor States which do utilize the waiting week rather than States which do not. The committee bill provides that there will be no Federal matching of extended unemployment compensation for the first week in which such compensation is payable unless the State law provides for a waiting week (and does not make payment for the waiting week on a retroactive basis). (The same rule would apply to the first week of sharable regular compensation in States which provide more than 26 weeks of regular benefits.) In other words, if a State pays benefits for the first week of unemployment (on either a current or retroactive basis), the first week of extended benefits after the worker exhausts his regular benefit eligibility would be funded entirely from State funds and Federal matching would apply to the second through the thirteenth week of extended benefit eligibility.

STATE OPTION AS TO CRITERIA FOR STATE "ON" AND "OFF" INDICATORS

(Section 203 of the Bill)

Present law.—As explained in the description of section 201 above, one of the three "trigger" situations in which extended benefits may be payable is the optional State insured unemployment rate of 5 percent. Prior to the 94th Congress, permanent law provided for extended benefits to be payable on a State-by-State basis only under the mandatory trigger of a State insured unemployment rate of 4 percent or more which was also at least 20 percent above the rate which the State had experienced during a comparable period in the 2 prior years. Because that requirement prevents benefits from being payable in States with high but persistent levels of unemployment, temporary legislation had been enacted on several occasions to waive

the "20 percent higher" requirement. To meet this problem on a permanent basis, the law was amended to give each State the option of triggering into the program at a 5 percent insured unemployment rate without regard to how that level of unemployment compared with prior years.

Committee bill.—Inasmuch as the 5 percent State trigger is optional with the States, the committee sees no reason why States should not be given the additional flexibility to set the trigger level at whatever level of insured unemployment which the State may find appropriate so long as it is at least 5 percent. At the time the optional 5 percent State trigger was under consideration by the Congress, there was disagreement as to the most appropriate level and the Senate version of that legislation provided for a trigger level of 6 percent. Since the question of whether to pay benefits at all under this trigger has been left to the States, it seems reasonable to give the States this additional flexibility to set the trigger at 5, 5½, 6 or whatever percent they find most appropriate.

REDUCTION IN BENEFITS ON ACCOUNT OF PENSION

(Section 204 of the Bill)

Present law.—It has generally been the practice of Congress to leave great discretion to the States in the design and operation of their unemployment compensation programs and, in particular, in the establishment of benefit structure and qualifying requirements. In a few cases, however, Congress has determined that particular features were of sufficient importance to merit the establishment of Federal requirements. In the consideration of the 1976 unemployment compensation amendments concern was expressed over the fact that in some States unemployment benefits were routinely payable to individuals who had become unemployed solely by reason of retirement and who were concurrently receiving retirement pensions. To assure that this practice would not continue, the Federal statute was amended to require a reduction in unemployment benefits by the amount of any pension which was concurrently payable to the unemployed individual. It was recognized that this requirement was quite broadly drawn; consequently its effective date was established as October 1, 1979 and subsequently was extended to April 1, 1980 to permit the consideration of alternative requirements.

Committee bill.—The committee understands that since the adoption by Congress of the reduction provision in the 1976 amendments, a number of States have acted to adopt State-law provisions which would address the problem. However, several States have not taken such action. Consequently, it remains true that, in the absence of a Federal requirement, there are some States in which unemployment benefits would be routinely payable to individuals who have simply retired and are receiving retirement pensions from their former employers. The committee continues to believe that the payment of unemployment benefits in such situations is inappropriate and that, under the circumstances, a Federal requirement is necessary. However, the committee agrees that the provision adopted in 1976 is overly broad since it would reduce benefits on the basis of pensions earned

many years earlier as well as on the basis of pensions received from the individual's most recent employer. This could cause a reduction to be applied in situations involving bona fide unemployment as well as in situations involving retirement. The committee bill therefore would modify the present law provision relating to the reduction of unemployment benefits because of pension payments. Under the committee bill the reduction would be required only if the pension were one provided (or contributed to) by an employer who either was chargeable for the individual's unemployment benefits as a reimbursing employer or under the State experience rating system or was an employer for whom the individual worked during his base period. (The base period and chargeability would be determined by State law; the term "employer" is intended to be understood in its common meaning and to include governmental and nonprofit entities.) States would be permitted to apply the reduction in a manner which provides a reasonable adjustment to take into account contributions which the employee himself made to the cost of the pension. Under the committee provision, the reduction would continue, as under present law, to apply to all types of periodic payments based on prior employment including both governmental and private systems subject only to the limitations described above.

FEDERAL SERVICE OF EX-SERVICEMEN

(Section 205 of the Bill)

Present law.—Under a special provision of Federal law, States pay unemployment benefits to recently discharged servicemen. These benefits are fully reimbursed to the States out of Federal general revenues. Benefits are payable provided that the discharge was not dishonorable or for bad conduct and provided that the individual completed at least 90 days of active service (unless discharged earlier because of a service-incurred injury or disability).

Committee bill.—The committee understands that benefits are being paid under this provision in a very substantial number of instances in which individuals are leaving military service after quite short periods of service—well below the ordinary term of an enlistment. While there are a variety of reasons why enlistments are terminated early, the committee believes that compensation for ex-servicemen is primarily intended to be available to those who have completed more substantial periods of service. The committee bill would modify existing law to extend from 90 days to one year the minimum length of service generally required to qualify for Federally funded compensation payments.

BENEFITS ON ACCOUNT OF FEDERAL SERVICE TO BE PAID BY EMPLOYING FEDERAL AGENCY

(Section 206 of the Bill)

Present law.—Under present law, individuals who are terminated from Federal employment (or partially terminated) may apply for benefits with the State agency of the State in which their Federal employment was located. Unemployment benefits are payable to such

individuals under the same rules and procedures as apply to individuals in that State who lose jobs in private employment. To the extent that benefits are based on Federal employment, the State is reimbursed by the Federal government (out of appropriated funds) for the benefit costs. The Federal costs of benefits for former employees are appropriated into a single account as a part of the annual Labor-HEW Appropriations Act.

Committee bill.—An important element in the unemployment compensation program in the States is the experience-rating system which provides a strong incentive for employers to avoid unnecessary employee turnover and to monitor claims for unemployment to assure that awards are not being made by the State agency to persons not entitled to benefits. Under existing law this same type of incentive does not exist for Federal agencies since they have no fiscal stake in the question of whether or how much unemployment compensation is paid to their employees. The costs of such compensation is borne by a government-wide account which is not reflected in individual agency budgets and therefore not subject to any effective review by the appropriations subcommittees responsible for monitoring these budgets.

The committee bill would modify this arrangement by providing that the budget account from which States are reimbursed would receive its funding not from a single direct appropriation but rather from payments made by each agency out of that agency's appropriation. This should make each agency more aware of the need to monitor, and in appropriate cases contest, benefit claims of former employees in order to avoid excessive costs which would have to be absorbed from other parts of the agency's budget.

Under the committee bill, a separate account for Federal employee benefits would be established. This account would be placed within the Unemployment Trust Fund but would be funded entirely from general revenues. It would operate on a revolving fund basis starting with a transfer to the account on January 1, 1980 of the amounts that have already been appropriated to pay for Federal employee unemployment benefits. Starting on that same date, States would be reimbursed out of this account for their benefit payments to Federal employees. The employing agencies would, in turn, be required to reimburse the account out of their individual appropriations. Additional appropriations could be made to the account to assure an adequate working balance and any excess amounts in the account would be transferred back to the general fund of the Treasury.

Although the change becomes effective as of January 1, 1980, the committee recognizes that it will take some time and effort for the Labor Department to begin making determinations as to the amounts owed the account by each agency and for the readjustment of budgets to accommodate this change. For this reason, the bill is intentionally drawn in a manner which does not mandate a particular time limit within which determinations and reimbursements must be made. The bill provides that agencies will make transfers to the account on a quarterly basis reflecting what they owe the account on the basis of Labor Department determinations which have been completed as of the start of that quarter. While this does provide great leeway to the Department in implementing this provision, the committee intends

that the Department should move as quickly as feasible to begin implementation and should assure that agencies are promptly made aware of the fact and purpose of this change in the law.

ADDITIONAL TABLES RELATING TO UNEMPLOYMENT COMPENSATION

Tables 3 through 6 below provide a variety of data concerning the Federal-State unemployment compensation programs.

TABLE 3.—SELECTED UNEMPLOYMENT COMPENSATION STATISTICS, FISCAL YEARS 1978–1980

Item	Fiscal year—		
	1978 (actual)	1979 (preliminary)	1980 (estimate)
Labor force (thousands).....	100,420	101,887	104,010
Covered employment (mil- lions) (calendar year).....	79.9	82.8	83.5
Total covered wages (bil- lions) (calendar year).....	\$772.9	\$857.4	\$947.8
Total taxable wages (bil- lions) (calendar year).....	\$383.2	\$425.9	\$456.6
FUTA revenue (millions)....	\$2,600.0	\$2,890.0	\$3,050.0
State tax revenue (millions).	\$11,030.0	\$12,190.0	\$12,900.0
Total unemployment rate (percent).....	6.2	5.9	6.8
Insured unemployment rate (percent).....	3.5	3.2	3.7
Benefit payments (billions):			
Regular UI benefits.....	8.351	8.470	11.200
Extended benefits.....	1.022	.250	.620

Source: Department of Labor (based on Administration midsession budget review assumptions).

TABLE 4.—UNEMPLOYMENT: 1960-84

[Rates in percent]

Year	National unemployment rate	
	Total	Insured
1960	5.5	4.8
1961	6.7	5.6
1962	5.5	4.4
1963	5.7	4.3
1964	5.2	3.8
1965	4.5	3.0
1966	3.8	2.3
1967	3.8	2.5
1968	3.6	2.2
1969	3.5	2.1
1970	4.9	3.4
1971	5.9	4.1
1972	5.6	3.5
1973	4.9	2.7
1974	5.6	3.5
1975	8.5	6.0
1976	7.7	4.6
1977	7.0	3.9
1978	6.0	3.3
1979 (estimate)	6.1	3.2
Projections (fiscal years):		
1980	6.8	3.7
1981	6.6	3.6
1982	6.2	3.3
1983	5.9	3.0
1984	5.6	2.8

Source: Department of Labor, midsession budget review assumptions.

TABLE 5.—WEEKLY STATE UNEMPLOYMENT COMPENSATION BENEFITS FOR TOTAL UNEMPLOYMENT

State	Weekly benefit amount ¹		Average (calendar year 1977)	Required total earnings in base year ²		Mini- mum work in base year (weeks) ³
	Mini- mum	Maxi- mum		For mini- mum benefit	For maxi- mum benefit	
Alabama.....	\$15	\$90	64.30	\$522.01	\$3,204.01	20
Alaska.....	18-28	90-120	84.06	750.00	8,500.00	20
Arizona.....	25	90	69.80	937.50	3,356.25	20
Arkansas.....	15	124	58.38	450.00	3,720.00	20
California.....	30	104	70.17	750.00	3,308.00	
Colorado.....	25	137	82.03	750.00	14,144.52	
Connecticut.....	15-20	128-192	78.21	600.00	5,120.00	20
Delaware.....	20	150	88.96	720.00	5,400.00	
District of Columbia.....	13-14	172	94.55	450.00	5,899.51	20
Florida.....	10	95	61.38	400.00	3,760.20	20
Georgia.....	27	90	67.06	412.50	3,337.50	20
Hawaii.....	5	134	90.52	150.00	4,020.00	14
Idaho.....	17	121	72.44	520.01	3,775.01	20
Illinois.....	15	129-154	59.42	1,000.00	3,609.50	20
Indiana.....	35	74-124	67.75	500.00	2,122.10	20
Iowa.....	17-18	131-148	77.56	600.00	3,503.13	20
Kansas.....	30	123	75.04	900.00	3,690.00	20
Kentucky.....	22	120	66.00	1,000.00	3,779.20	20
Louisiana.....	10	141	74.21	300.00	4,230.00	
Maine.....	12-17	96-144	63.89	900.00	2,167.00	20
Maryland.....	10-13	106	66.01	360.00	3,816.00	20
Massachusetts.....	12-18	122-183	74.45	1,200.00	3,170.01	20
Michigan.....	16-18	97-136	84.52	350.14	2,240.14	14
Minnesota.....	30	150	77.88	900.00	5,382.00	15
Mississippi.....	10	80	53.35	360.00	2,880.00	20
Missouri.....	15	85	69.95	450.00	2,550.00	20
Montana.....	30	119	70.45	1,150.50	4,621.50	20
Nebraska.....	12	106	68.02	600.00	3,150.00	20
Nevada.....	16	115	74.27	562.51	4,275.01	20
New Hampshire.....	21	102	58.78	1,200.00	8,600.00	20

TABLE 5.—WEEKLY STATE UNEMPLOYMENT COMPENSATION BENEFITS FOR TOTAL UNEMPLOYMENT—Continued

State	Weekly benefit amount ¹			Required total earnings in base year ²		Minimum work in base year (weeks) ³
	Minimum	Maximum	Average (calendar year 1977)	For minimum benefit	For maximum benefit	
New Jersey.....	20	117	83.36	600.00	3,480.20	20
New Mexico.....	20	98	58.37	633.62	3,152.51	20
New York.....	25	125	71.61	800.00	4,980.00	20
North Carolina.....	15	130	64.30	565.50	5,049.75	20
North Dakota.....	36	131	71.76	1,440.00	5,240.00	20
Ohio.....	10-16	120-189	82.37	400.00	3,760.20	20
Oklahoma.....	16	132	61.25	1,000.00	4,912.51	20
Oregon.....	35	127	61.12	700.00	10,120.00	18
Pennsylvania.....	13-18	152-160	87.56	440.00	6,000.00	20
Rhode Island.....	26-31	120-140	77.83	1,060.00	4,327.40	20
South Carolina.....	10	111	65.94	300.00	4,290.01	20
South Dakota.....	28	109	56.66	1,160.00	3,469.22	20
Tennessee.....	14	100	48.96	504.00	3,600.00	20
Texas.....	16	91	41.42	500.00	3,375.38	20
Utah.....	10	137	76.72	700.00	3,656.00	19
Virgin Islands.....	15	82	.....	396.00	2,460.00	20
Vermont.....	18	115	69.73	700.00	4,580.00	20
Virginia.....	38	122	69.96	1,368.00	4,392.00	20
Washington.....	17	137	74.43	1,800.00	3,412.50	.....
West Virginia.....	18	166	55.27	1,150.00	16,550.00	.....
Wisconsin.....	27	145	82.29	780.15	4,320.15	15
Wyoming.....	24	121	73.37	960.00	3,000.01	20
Puerto Rico.....	7	72	40.98	150.00	2,880.00	20

¹ A range of amounts is shown for those States which provide dependents' allowances.

² In some States larger total earnings may be required in order for the benefits to be paid for the maximum number of weeks.

³ Number of weeks of work in base year required to qualify for minimum benefits. "2Q" denotes that State directly or indirectly requires work in at least 2 quarters of the base year.

Source: Department of Labor.

TABLE 6.—STATE UNEMPLOYMENT COMPENSATION ACCOUNTS

[Millions]

State	Balance in trust fund Dec. 31, 1978	Benefit outlays CY 1978	CY 1978 balance in months of CY 1979 outlays	Out-standing loans as of Dec. 31, 1978	Out-standing loans as of July 31, 1979
Total.....	\$11,161.1	\$10,494.8		\$5,088.9	\$5,084.0
Alabama.....	88.7	105.5	10.1	27.0	
Alaska.....	58.4	88.2	7.9		
Arizona.....	137.7	33.3	49.6		
Arkansas.....	33.5	57.1	7.0	19.5	19.5
California.....	1,755.0	1,065.2	19.8		
Colorado.....	99.5	49.6	24.1		
Connecticut.....	74.3	150.4	5.9	410.5	410.5
Delaware.....	14.4	24.3	7.1	47.0	47.0
District of Columbia.....	.8	58.3	.2	64.5	70.6
Florida.....	398.0	117.1	40.8		
Georgia.....	344.7	108.6	38.1		
Guam.....					
Hawaii.....	37.7	41.4	10.9		
Idaho.....	80.7	27.1	35.7		
Illinois.....	334.4	673.6	6.0	946.5	946.5
Indiana.....	357.7	100.0	42.9		
Iowa.....	94.2	106.2	10.6		
Kansas.....	199.7	48.0	49.9		
Kentucky.....	165.8	102.2	19.5		
Louisiana.....	120.9	130.9	11.1		
Maine.....	25.0	47.9	6.3	36.4	36.4
Maryland.....	121.4	102.5	14.2		
Massachusetts.....	207.4	295.4	8.4	265.0	265.0
Michigan.....	597.2	492.6	14.5	624.0	624.0
Minnesota.....	164.5	134.3	14.7	172.0	152.0
Mississippi.....	180.3	38.2	56.6		
Missouri.....	208.0	135.9	18.4		
Montana.....	15.2	27.5	6.6	10.5	10.5
Nebraska.....	66.4	25.3	31.5		
Nevada.....	51.6	30.7	20.2		
New Hampshire.....	60.0	15.4	46.8		
New Jersey.....	149.0	637.0	2.8	694.9	694.9
New Mexico.....	55.0	19.7	33.5		
New York.....	358.7	1,086.9	4.0	335.8	335.8
North Carolina.....	402.7	101.5	47.6		
North Dakota.....	16.5	21.7	9.1		
Ohio.....	457.8	349.4	15.7		
Oklahoma.....	118.0	33.6	42.1		
Oregon.....	193.8	96.6	24.1		
Pennsylvania.....	188.4	799.8	2.8	1,187.2	1,222.3
Puerto Rico.....	24.7	97.7	3.0	88.7	88.7
Rhode Island.....	13.5	82.5	2.0	102.1	103.0
South Carolina.....	130.5	66.5	23.5		
South Dakota.....	13.4	9.7	16.6		
Tennessee.....	243.2	103.4	28.2		

TABLE 6.—STATE UNEMPLOYMENT COMPENSATION
ACCOUNTS—Continued

[Millions]

State	Balance in trust fund Dec. 31, 1978	Benefit outlays CY 1978	CY 1978 balance in months of CY 1979 outlays	Out- standing loans as of Dec. 31, 1978	Out- standing loans as of July 31, 1979
Texas.....	\$343.4	\$146.9	28.1		
Utah.....	48.6	34.0	17.2		
Vermont.....	15.9	20.0	9.5	\$46.4	\$46.4
Virginia.....	96.0	94.6	12.2		
Virgin Islands.....	.5	3.8	1.6	10.9	10.9
Washington.....	103.9	157.0	7.9		
West Virginia.....	57.0	75.4	9.1		
Wisconsin.....	365.3	178.0	24.6		
Wyoming.....	58.9	7.4	95.5		

Source: Department of Labor.

III. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 6(b) of Rule XXVII of the Standing rules of the Senate the following evaluation is made of the regulatory impact which would be incurred in carrying out of the bill.

The bill primarily represents a modification of several elements of existing benefit programs and does not deal with matters of an essentially regulatory nature. Any regulatory impact of this legislation should therefore be quite small and entirely incidental to the operations of these existing programs.

The first section of the bill simply extends funding authority for a program already provided for in law and regulations (although otherwise expired as of October 1, 1979). No new regulatory impact should exist other than such paperwork as may be involved in applying for the newly available funds in accordance with established procedures.

The sections in title II of the bill modify a number of aspects of the unemployment compensation programs. Basic data concerning the scope and numbers affected by these programs are shown in table 3 above. Sections 201 and 203, dealing with extended benefit trigger levels, should reduce the Federal regulatory impact on the States inasmuch as they increase State flexibility by removing an existing-law mandatory provision and increase the scope of flexibility under an existing-law optional provision. Ultimately the economic impact of these provisions is likely to be a reduction in the unemployment tax burden on employers reflecting a similar reduction in benefits to individuals. The level of this impact is indicated in the budgetary impact section of this report.

Section 202 and section 204 are intended to affect State benefit rules concerning payment of benefits for the first week of unemployment and reduction of benefits for retirees. These rules may require some regulatory activity by the Department of Labor to explain and monitor the carrying out of these provisions. No significant amount of paperwork is anticipated.

Section 205 simply changes a qualifying service requirement from one period of time to another (90 days to one year).

Section 206 relates essentially to the method of accounting within Federal agencies for an existing expenditure item and except for the impact within those agencies should have no regulatory effects.

The committee believes that none of the provisions of this bill should have any substantial paperwork impact and that none of them can be expected to affect the personal privacy of individuals.

IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee to report the bill.

The bill was ordered reported by a voice vote.

V. BUDGETARY IMPACT OF THE BILL

In compliance with paragraph 6(a) of Rule XXVII of the Standing Rules of the Senate and sections 308 and 403 of the Congressional Budget Act, the following statements are made relative to the costs and budgetary impact of the bill.

The committee estimates the fiscal year 1980 impact of the legislation on Federal expenditures to be as shown in the table below:

[In millions of dollars]

Provision:	<i>Fiscal year 1980 increase (+) or decrease (-) in expenditures</i>
Services for SSI disabled children.....	+30
Elimination of national trigger.....	-300
Reduced funding for States without a waiting week.....	-20
Optional higher State trigger.....	-10
Modification of pension offset.....	+50
Lengthen qualifying period for ex-servicemen's benefits.....	-90
Incentives for Federal agencies to monitor unemployment claims....	-11
Total.....	-351

In making the above estimates, the committee consulted with the Department of Labor and the Congressional Budget Office although no formal estimate has been made by the Department. (The estimate of the Congressional Budget Office has been received and is printed below.) The Committee accepts the CBO estimates of budgetary impact for years after fiscal 1980.

The committee's estimates for fiscal 1980 are generally consistent with those of CBO except in the case of the provision relating to benefits for ex-servicemen. The committee estimate is based on information received from the Department of Labor which apparently utilized a different type of data for projecting the likely savings of the provision. The committee views the differences in its estimates and those of CBO for the impact of the waiting week provision and the provision relating to incentives for Federal agencies to monitor claims as minor. Any estimate of the impact of these provisions requires assumptions as to the likely impact of the provision on action to be taken by the States in the one case and by Federal agencies in the other. The committee's estimates are slightly more optimistic that such action will

be taken quickly. The committee recognizes that 1980 agency appropriations have already been made but expects that enactment of the provision will increase agency awareness and concern over the need to assure the validity of unemployment claims sufficiently to provide some savings even in the current budget year.

The Finance Committee budget allocation report pursuant to the second concurrent budget resolution for 1980 was submitted to the Senate on November 29, 1979 (S. Rept. No. 96-432). That report indicates that the committee proposes to meet the budgetary requirements of that resolution by recommending legislation in the income security function of the budget which would provide for a net reduction in spending of \$0.1 billion in fiscal 1980 compared with existing law. Legislation previously reported by the committee involves a net increase of approximately \$56 million (H.R. 3236, H.R. 3434, and H.R. 1543). As indicated in the table above, the committee estimates that this bill will reduce Federal costs for 1980 by \$351 million. In addition, the \$30 million item in this bill for SSI disabled children is also included in earlier legislation (H.R. 3434). Adjusting for that item, the net budgetary impact of income security legislation reported by the committee would be a savings of \$325 million under the committee's estimate or \$239 million under the CBO estimate. In either case, the savings are more than adequate to meet the second budget resolution requirements in the manner outlined in Senate Report 96-432.

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., December 10, 1979.

HON. RUSSELL B. LONG,
*Chairman,
Committee on Finance,
U.S. Senate,
Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 4612, a bill to extend for three years a service program for blind and disabled children under title XVI of the Social Security Act.

Should the committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ROBERT D. REISCHAUER
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

DECEMBER 10, 1979.

1. Bill number: H.R. 4612.
2. Bill title: None.
3. Bill status: As ordered reported by the Senate Finance Committee on December 6, 1979.
4. Bill purpose: The bill extends for three years a service program for blind and disabled children under title XVI of the Social Security Act. The program had been operating in fiscal year 1979, but expired on September 30, 1979.

The Senate Finance Committee added six amendments to the House passed version of H.R. 4612 which would alter various aspects of unemployment insurance.

1. The national trigger for the extended benefit program would be removed.

2. States would be provided with additional flexibility in setting state triggers for the extended benefit program.

3. Ex-servicemen would be made ineligible for unemployment insurance benefits unless they had served for at least one year.

4. States that did not have a one week waiting period for unemployment insurance benefits would be ineligible for federal matching for the first week of extended benefit payments.

5. Federal agencies would be required to reimburse out of their own appropriations unemployment benefits paid to former employees.

6. States would be required, beginning April 1, 1980, to reduce unemployment insurance payments dollar for dollar for pensions received from the base period employer. States would not be required to apply the reduction to any part of the pension which reflects an employee contribution.

5. Cost estimate: This bill would increase future federal liabilities in the Supplemental Security Income program (SSI) and would require appropriation action to provide the necessary budget authority. The figures shown as "Required Budget Authority" are an estimate of the budget authority needed to cover the estimated SSI outlays that would result from the enactment of H.R. 4612.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Supplemental security income:					
Required budget authority.	30	30	30	0	0
Estimated outlays.....	30	30	30	0	0
Unemployment insurance:					
Required budget authority..	-25	-45	-50	-55	-59
Estimated outlays.....	-295	-65	-77	-83	-89
Total:					
Required budget authority..	5	-15	-20	-55	-59
Estimated outlays.....	-265	-35	-47	-83	-89

The costs of this bill fall in function 600.

6. Basis for estimate: *Extension of a service program for blind and disabled children under the SSI program.*—The estimate is based on the fiscal year 1979 funding level.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Required budget authority.....	30	30	30	.....	.....
Estimated outlays.....	30	30	30	.....	.....

Elimination of the national trigger for the extended benefit program.—Under current CBO economic assumptions, the unemployment rate for one quarter in fiscal year 1980 is expected to exceed 7.3 percent. It is anticipated that the national trigger would be “on” during this quarter and that benefit payments under current law would increase by \$300 million as a result of the national trigger. This provision of H.R. 4612 would, therefore, save \$300 million in 1980. Since we do not anticipate the national trigger being “on” between 1981 and 1984, there are no outyear costs or savings of this provision.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Estimated outlays.....	-300	0	0	0	0

Increasing State flexibility in setting State triggers for extended benefits.—Under current law, States are required to participate in the extended benefit program (1) when the national trigger is “on” because the national insured unemployment rate is 4.5 percent or higher or (2) when the State insured unemployment rate is both at least 4 percent and 20 percent above the comparable State insured unemployment rate for the last two years. States which are not required to participate under the above criterion may participate if the insured unemployment rate is at least 5 percent. This bill would permit States to select a higher unemployment rate to initiate the extended benefit program. The cost estimate assumes that 25 percent of the States that currently use the 5 percent rule will adopt a 6 percent trigger point.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Estimated outlays.....	-10	-90	-90	-90	-90

Limit unemployment to ex-servicemen with at least one year of service.—Under current law, unemployment insurance benefits are payable to ex-servicemen who have served at least 90 days. This bill would extend the minimum period of service to one year. The cost estimate is based on Department of Defense data on the length of service of enlistees from 1975 to 1977.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Required budget authority.....	-25	-35	-38	-41	-44
Estimated outlays.....	-25	-35	-38	-41	-44

Encourage States not to provide benefits for the first week of unemployment.—Currently, 12 States do not require unemployed individuals to wait one week before receiving unemployment insurance benefits. Another 9 States require a one week waiting period, but pay for that week retroactively after a certain period of unemployment. This provision would eliminate Federal matching for the first week of extended benefits in States with no waiting period. The estimate assumes that 10 percent of the States that either have no waiting period or pay retroactively, institute a one week waiting period or eliminate retroactive payments as a result of this provision.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Estimated outlays.....	-10	-20	-22	-23	-25

Provide incentives for Federal agencies to contest improper benefit claims.—Under current law, unemployed former Federal employees receive unemployment insurance payments financed from a general appropriation. This provision would require each agency to reimburse claims for former employees out of the agency appropriation. Since appropriations for 1980 have already been made, this estimate assumes no cost or savings impact in 1980. The provision is expected to save 5 percent of total benefit payments to former Federal employees in the outyears.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Required budget authority.....	0	-10	-12	-14	-15
Estimated outlays.....	0	-10	-12	-14	-15

Provide for a reduction in unemployment insurance benefits when individual is receiving a pension based on recent employment.—Under current law, a dollar for dollar unemployment insurance offset will be required starting April 1, 1980 for any pension income received. This provision would reduce the severity of this offset. Offsets would only be required when the pension was received from the base period employer. Also, States would not be required to offset any pension income based on an employee's contribution. Based on runs on the March 1978 Current Population Survey, it is estimated that this will increase unemployment insurance outlays by approximately \$50 million in fiscal year 1980.

(By fiscal years, in millions of dollars)

	1980	1981	1982	1983	1984
Estimated outlays.....	50	90	85	85	85

7. Estimate comparison: None.

8. Previous CBO estimate: On September 20, 1979, CBO estimated the costs of H.R. 4612 as ordered reported by the House Ways and Means Committee. At this time, the bill contained only the extension of the service program for blind and disabled SSI children. The estimated costs for that provision are identical to those shown here.

9. Estimate prepared by: Charles Seagrave and Gabrielle d'Amato.

10. Estimate approved by:

C. G. NUCKOLS,
(For James L. Blum,
Assistant Director for Budget Analysis).

VI. CHANGES IN EXISTING LAW

In compliance with paragraph 7 of Rule XXVII 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 *italic*, existing law in which no change is proposed is shown in roman):

SELECTED PROVISIONS OF THE INTERNAL REVENUE CODE OF 1954, 26 U.S.C. 1—

* * * * *

Subtitle C—Employment Taxes

* * * * *

Chapter 23—Federal Unemployment Tax Act

* * * * *

SEC. 3304. APPROVAL OF STATE LAWS.

(a) **REQUIREMENTS.**—The Secretary of Labor shall approve any State law submitted to him, within 30 days of such submission, which he finds provides that—

* * * * *

(15) the amount of compensation payable to an individual for any week which begins after March 31, 1980, and which begins in a period with respect to which such individual is receiving a governmental or other pension, retirement or retired pay, annuity, or any other similar periodic payment which is based on the previous work of such individual shall be reduced (but not below zero) by an amount equal to the amount of such pension, retirement or retired pay, annuity, or other payment, which is reasonably attributable to such week [;] *except that—*

(A) the requirements of this paragraph shall only apply in the case of a pension, retirement or retired pay, annuity, or other similar periodic payment under a plan maintained (or contracted to) by a base period or chargeable employer (as determined under the State law), and

(B) the State law may provide for limitations on the amount of any such a reduction to take into account contributions made by the individual for the pension, retirement or retired pay, annuity, or other similar periodic payment;

* * * * *

SOCIAL SECURITY ACT

TITLE IX—MISCELLANEOUS PROVISIONS RELATING TO EMPLOYMENT SECURITY

FEDERAL EMPLOYEES COMPENSATION ACCOUNT

SEC. 909. There is hereby established in the Unemployment Trust Fund a Federal Employees Compensation Account which shall be used for the purposes specified in section 8509 of title 5, United States Code.

* * * * *

TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

* * * * *

REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

SEC. 1615. (a) In the case of any blind or disabled individual who—
 (1) has not attained age 65, and
 (2) is receiving benefits (or with respect to whom benefits are paid) under this title,

the Secretary shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, or, in the case of any such individual who has not attained age 16, to the appropriate State agency administering the State plan under subsection (b) of this section, and (except in such cases as he

may determine) for a review not less often than quarterly of such individual's blindness or disability and his need for and utilization of the services made available to him under such plan.

(b)(1) The Secretary shall by regulation prescribe criteria for approval of State plans for—

(A) assuring appropriate counseling for disabled children referred pursuant to subsection (a) and their families,

(B) establishment of individual service plans for such disabled children, and prompt referral to appropriate medical, educational, and social services,

(C) monitoring to assure adherence to such service plans, and

(D) provision for such disabled children who are 6 years of age and under, or who have never attended public school and require preparation to take advantage of public educational services, of medical, social, developmental, and rehabilitative services, in cases where such services reasonably promise to enhance the child's ability to benefit from subsequent education or training, or otherwise to enhance his opportunities for self-sufficiency or self-support as an adult.

(2) Such criteria shall include—

(A) administration—

(i) by the agency administering the State plan for crippled children's services under title V of this Act, or

(ii) by another agency which administers programs providing services to disabled children and which the Governor of the State concerned has determined is capable of administering the State plan described in the first sentence of this subsection in a more efficient and effective manner than the agency described in clause (i) (with the reasons for such determination being set forth in the State plan described in the first sentence of this subsection);

(B) coordination with other agencies serving disabled children; and

(C) establishment of an identifiable unit within such agency which shall be responsible for carrying out the plan.

(c) Every individual age 16 or over with respect to whom the Secretary is required to make provision for referral under subsection (a) shall accept such services as are made available to him under the State plan for vocational and rehabilitation services approved under the Vocational Rehabilitation Act; and no such individual shall be an eligible individual or eligible spouse for purposes of this title if he refuses without good cause to accept services for which he is referred under subsection (a).

(d) The Secretary is authorized to pay to the State agency administering or supervising the administration of a State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act the costs incurred under such plan in the provision of rehabilitation services to individuals referred for such services pursuant to subsection (a).

[(c)](e)(1) The Secretary shall, subject to the limitations imposed by paragraphs (2) and (3), pay to the State agency administering a State plan of a State under subsection (b) of this section, the costs incurred each fiscal year which begins after September 30, 1976, and

ends prior to October 1, [1979], 1982 in carrying out the State plan approved pursuant to such subsection (b).

(2)(A) Of the funds paid by the Secretary with respect to costs, incurred in any State, to which paragraph (1) applies, not more than 10 per centum thereof shall be paid with respect to costs incurred with respect to activities described in subsection (b)(1)(A), (B), and (C).

(B) Whenever there are provided pursuant to this section to any child services of a type which is appropriate for children who are not blind or disabled, there shall be disregarded for purposes of computing any payment with respect thereto under this subsection, so much of the costs of such services as would have been incurred if the child involved had not been blind or disabled.

(C) The total amount payable under this subsection for any fiscal year with respect to services provided in any State, shall be reduced by the amount by which the sum of the public funds expended (as determined by the Secretary) from non-Federal sources for services of the type involved for such fiscal year is less than the sum of such funds expended from such sources for services of such type for the fiscal year ending June 30, 1976.

(3) No payment under this subsection with respect to costs incurred in providing services in any State for any fiscal year shall exceed an amount which bears the same ratio to \$30,000,000 as the under age 7 population of such State (and for purposes of this section the District of Columbia shall be regarded as a State) bears to the under age 7 population of the fifty States and the District of Columbia. The Secretary shall promulgate the limitation applicable to each State for each fiscal year under this paragraph on the basis of the most recent satisfactory data available from the Department of Commerce not later than 90 nor earlier than 270 days before the beginning of such year.

* * * * *

FEDERAL-STATE EXTENDED UNEMPLOYMENT COMPENSATION ACT, AS
AMENDED

Excerpt From Public Law 91-373, August 10, 1970

* * * * *

TITLE II—FEDERAL-STATE EXTENDED UNEMPLOY-
MENT COMPENSATION PROGRAM

* * * * *

EXTENDED BENEFIT PERIOD

Beginning and Ending

SEC. 203. (a) For purposes of this title, in the case of any State, an extended benefit period—

[(1) shall begin with the third week after whichever of the following weeks first occurs:

[(A) a week for which there is a national "on" indicator, or
[(B) a week for which there is a State "on" indicator; and

[(2) shall end with the third week after the first week for which there is both a national "off" indicator and a State "off" indicator.]

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

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

SPECIAL RULES

(b)(1) In the case of any State—

(A) no extended benefit period shall last for a period of less than thirteen consecutive weeks, and

(B) no extended benefit period may begin by reason of a State "on" indicator before the fourteenth week after the close of a prior extended benefit period with respect to such State.

(2) When a determination has been made that an extended benefit period is beginning or ending with respect to a State [(or all the States)], the Secretary shall cause notice of such determination to be published in the Federal Register.

ELIGIBILITY PERIOD

(c) For purposes of this title, an individual's eligibility period under the State law shall consist of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period.

[NATIONAL "ON" AND "OFF" INDICATORS

[(d) For purposes of this section—

[(1) There is a national "on" indicator for a week, if for the period consisting of such week and the immediately preceding twelve weeks, the rate of insured unemployment (seasonally adjusted) for all States equaled or exceeded 4.5 per centum (determined by reference to the average monthly covered employment for the first four of the most recent six calendar quarters ending before the close of such period).

[(2) There is a national "off" indicator for a week, if for the period consisting of such week and the immediately preceding twelve weeks, the rate of insured unemployment (seasonally adjusted) for all States was less than 4.5 per centum (determined by reference to the average monthly covered employment for the first four of the most recent six calendar quarters ending before the close of such period).]

STATE "ON" AND "OFF" INDICATORS

(e) For purposes of this section—

(1) There is a State "on" indicator for a week if the rate of insured unemployment under the State law for the period consisting of such week and the immediately preceding twelve weeks—

(A) equaled or exceeded 120 per centum of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years, and

(B) equaled or exceeded 4 per centum.

(2) There is a State "off" indicator for a week if, for the period consisting of such week and the immediately preceding twelve weeks, either subparagraph (A) or subparagraph (B) of paragraph (1) is not satisfied.

Effective with respect to compensation for weeks of unemployment beginning after March 30, 1977 (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 State "on" or "off" indicator beginning or ending any extended benefit period shall be made under this subsection as if (i) paragraph (1) did not contain subparagraph (A) thereof, and [(ii) the figure "4" contained in subparagraph (B) thereof were "5"; except] (ii) *the figure "4" contained in subparagraph (B) thereof were "5" (or such number, or percentage of a number which exceeds 5, as is specified by the State law); except* that, notwithstanding any such provision of State law, any week for which there would otherwise be a State "on" indicator shall continue to be such a week and shall not be determined to be a week for which there is a State "off" indicator. For purposes of this subsection, 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.

RATE OF INSURED UNEMPLOYMENT; COVERED EMPLOYMENT

(f)(1) For purposes of [subsections (d) and (e)] *subsection (e)*, the term "rate of insured unemployment" means the percentage arrived at by dividing—

(A) 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 [all State agencies (or, in the case of subsection (e), by the State agency)] *the State agency* to the Secretary, by

(B) the average monthly covered employment for the specified period.

[(2) Determinations under subsection (d) shall be made by the Secretary in accordance with regulations prescribed by him.]

[(3)](2) Determinations under subsection (e) shall be made by the State agency in accordance with regulations prescribed by the Secretary.

PAYMENTS TO STATES

Amount Payable

Sec. 204. (a)(1) There shall be paid to each State an amount equal to one-half of the sum of—

(A) the sharable extended compensation, and

(B) the sharable regular compensation,
paid to individuals under the State law.

(2) No payment shall be made to any State under this subsection in respect to compensation (A) for which the State is entitled to reim-

bursement under the provisions of any Federal law other than this Act, or (B) *paid for the first week of compensable unemployment in an individual's eligibility period, if the State law of such State provides for payment (at any time or under any circumstances) of regular compensation to an individual for his first week of otherwise compensable unemployment.*

[(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.]

[(4)](3) The amount which, but for this paragraph, would be payable under this subsection to any State in respect of any compensation paid to an individual whose base period wages include wages for services to which section 3306(c)(7) of the Internal Revenue Code of 1954 applies shall be reduced by an amount which bears the same ratio to the amount which, but for this paragraph, would be payable under this subsection to such State in respect of such compensation as the amount of the base period wages attributable to such services bears to the total amount of the base period wages.

SHARABLE EXTENDED COMPENSATION

(b) For purposes of subsection (a)(1)(A), extended compensation paid to an individual for weeks of unemployment in such individual's eligibility period is sharable extended compensation to the extent that the aggregate extended compensation paid to such individual with respect to any benefit year does not exceed the smallest of the amounts referred to in subparagraphs (A), (B), and (C) of section 202(b)(1).

SHARABLE REGULAR COMPENSATION

(c) For purposes of subsection (a)(1)(B), regular compensation paid to an individual for a week if unemployment is sharable regular compensation—

(1) if such week is in such individual's eligibility period (determined under section 203(c)), and

(2) to the extent that the sum of such compensation, plus the regular compensation paid (or deemed paid) to him with respect to prior weeks of unemployment in the benefit year, exceeds twenty-six times (and does not exceed thirty-nine times) the average weekly benefit amount (including allowances for dependents) for weeks of total unemployment payable to such individual under the State law in such benefit year.

PAYMENT ON CALENDAR MONTH BASIS

(d) There shall be paid to each State either in advance or by way of reimbursement, as may be determined by the Secretary, such sum

as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

CERTIFICATION

(e) 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 section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, by transfers from the extended unemployment compensation account to the account of such State in the Unemployment Trust Fund.

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EXCERPTS FROM

**TITLE 5 U.S.C.—GOVERNMENT ORGANIZATION
AND EMPLOYEES**

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CHAPTER 85.—UNEMPLOYMENT COMPENSATION

SUBCHAPTER I—EMPLOYEES GENERALLY

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§ 8509. FEDERAL EMPLOYEES COMPENSATION ACCOUNT.

(a) *The Federal Employees Compensation Account (as established by section 909 of the Social Security Act, and hereafter in this section referred to as the 'Account') in the Unemployment Trust Fund (as established by section 904 of such Act) shall consist of—*

- (1) *funds appropriated to or transferred thereto, and*
- (2) *amounts deposited therein pursuant to subsection (c).*

(b) *Moneys in the Account shall be available only for the purpose of making payments to States pursuant to agreements entered into under this chapter and making payments of compensation under this chapter in States which do not have in effect such an agreement.*

(c)(1) *Each employing agency shall deposit into the Account amounts equal to the expenditures incurred under this chapter on account of Federal service performed by employees and former employees of that agency.*

(2) *Deposits required by paragraph (1) shall be made during each calendar quarter and the amount of the deposit to be made by any employing agency during any quarter shall be based on a determination by the Secretary of Labor as to the amounts of payments, made prior to such quarter from the Account based on Federal service performed by employees of such agency after December 31, 1979, with respect to which deposit*

has not previously been made. The amount to be deposited by any employing agency during any calendar quarter shall be adjusted to take account of any overpayment or underpayment of deposit during any previous quarter for which adjustment has not already been made.

(d) The Secretary of Labor shall certify to the Secretary of the Treasury the amount of the deposit which each employing agency is required to make to the Account during any calendar quarter, and the Secretary of the Treasury shall notify the Secretary of Labor as to the date and amount of any deposit made to such Account by any such agency.

(e) Prior to the beginning of each fiscal year (commencing with the fiscal year which begins October 1, 1980) the Secretary of Labor shall estimate—

(1) the amount of expenditures which will be made from the Account during such year, and

(2) the amount of funds which will be available during such year for the making of such expenditures,

and if, on the basis of such estimate, he determines that the amount described in clause (2) is in excess of the amount necessary—

(3) to meet the expenditures described in paragraph (1), and

(4) to provide a reasonable contingency fund so as to assure that there will, during all times in such year, be sufficient sums available in the Account to meet the expenditures described in paragraph (1),

he shall certify the amount of such excess to the Secretary of the Treasury and the Secretary of the Treasury shall transfer, from the Account to the general fund of the Treasury, an amount equal to such excess.

(f) The Secretary of Labor is authorized to establish such rules and regulations as may be necessary or appropriate to carry out the provisions of this section.

(g) Any funds appropriated after the establishment of the Account, for the making of payments for which expenditures are authorized to be made from moneys in the account, shall be made to the account; and there are hereby authorized to be appropriated to the Account, from time to time, such sums as may be necessary to assure that there will, at all times, be sufficient sums available in the Account to meet the expenditures authorized to be made from moneys therein.

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SUBCHAPTER II—EX—SERVICEMEN

§ 8521. DEFINITIONS; APPLICATION.

(a) For the purpose of this subchapter—

(1) "Federal service" means active service, including active duty for training purposes, in the armed forces which either began after January 31, 1955, or terminated after October 27, 1958, if—

(A) that service was continuous for [90 days] one year or more, or was terminated earlier because of an actual service-incurred injury or disability; and

(B) with respect to that service, the individual—

(i) was discharged or released under conditions other than dishonorable; and

(ii) was not given a bad conduct discharge, or, if an officer, did not resign for the good of the service;

(2) "Federal wages" means all pay and allowances, in cash and in kind, of Federal service, computed on the basis of the pay and allowances for the pay grade of the individual at the time of his latest discharge or release from Federal service as specified in the schedule applicable at the time he files his first claim for compensation for the benefit year. The Secretary of Labor shall issue, from time to time, after consultation with the Secretary of Defense, schedules specifying the pay and allowances for each pay grade of servicemen covered by this subchapter, which reflect representative amounts for appropriate elements of the pay and allowances whether in cash or in kind; and

(3) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

(b) The provisions of subchapter I of this chapter, subject to the modifications made by this subchapter, apply to individuals who have had Federal service as defined by subsection (a) of this section.

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