

## EMERGENCY COMPENSATION AND SPECIAL UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975

JUNE 18 (legislative day, JUNE 6), 1975.—Ordered to be printed

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

### REPORT

[To accompany H.R. 6900]

The Committee on Finance, to which was referred the bill (H.R. 6900), to provide an additional thirteen weeks of benefits under the emergency unemployment compensation program and the special unemployment assistance program, to extend the special unemployment assistance program for one year, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

#### I. Summary of the Committee Bill

##### *Duration of Emergency Benefit Payments*

In December 1974, Congress enacted the Emergency Unemployment Compensation Act of 1974 which provided that, through December 1976, extended unemployment benefits (generally the 27th to 39th week of unemployment benefits) would be payable whenever the insured unemployment rate was at least 4.0 percent (either nationally or in specific States). This act also provided that workers who exhausted these extended benefits could then receive emergency unemployment benefits for up to 13 weeks (i.e., the 40th to 52nd weeks of unemployment benefits). In March 1975, a further 13

weeks of emergency benefits (the 53rd to 65th weeks of unemployment benefits) were authorized under a temporary provision expiring June 30, 1975. H.R. 6900, as passed by the House, would extend this provision authorizing 65 weeks of benefits up to June 30, 1976; up to 52 weeks of benefits could subsequently be paid until December 31, 1976 under existing law.

Under the Committee bill, the insured unemployment rate in individual States would determine whether more than 39 weeks of benefits could be paid. When the insured unemployment rate in a State is more than 5 percent, but less than 6 percent, workers in that State could be paid up to 52 weeks of benefits; when the rate is 6 percent or more, up to 65 weeks of benefits could be paid.

The new rules would go into effect July 1, 1975 and continue until the program terminated; under the Committee bill the program would continue until March 31, 1977.

#### *Conditions of Eligibility for Emergency Benefits*

Under the Committee bill, in order to be eligible to receive unemployment benefits for more than 39 weeks, an individual would have to apply for and, if available, participate in a training program approved by the Secretary of Labor.

If an individual has applied for but is not participating in a training program, he could not continue to be eligible for benefits after 39 weeks if he refuses a job offer. However, he may not be required to take a job:

- (1) which is vacant solely because of a labor dispute;
- (2) if as a condition of being employed the worker would have to join a company union or would have to refrain from joining any bona fide labor organization;
- (3) in which the wages or conditions of work are substantially less favorable than those which prevail in the locality for similar work;
- (4) which poses an unreasonable threat to the individual's health or safety, taking into account his physical condition; or
- (5) which involves traveling an unreasonable distance to work.

States would be required to refer applicants for emergency benefits to any jobs which are suitable for them under these special criteria to the extent that such jobs are available.

#### *Funding of Emergency Unemployment Benefits*

The Emergency Unemployment Compensation Act of 1974 provides 26 weeks of additional unemployment benefits to workers who have exhausted their regular and extended benefits. Regular benefits (the first 26 weeks) are paid from State unemployment tax funds and extended benefits (the 27th to 39th weeks) are paid 50 percent from State funds and 50 percent from Federal trust funds (derived from the Federal unemployment payroll tax on employers). In theory, the new

benefits (from the 40th to 65th weeks) under the emergency benefits program are also paid from the Federal accounts in the trust fund. In practice, however, these accounts are insufficient to meet the benefit requirements, and the law provides for interest-free advances to be made from general revenues to the Unemployment Trust Fund to cover the cost of the program. These advances are to be repaid at some time in the future when it is determined that the Federal extended benefit account in the trust fund has a sufficient surplus to permit such repayment. Thus, under existing law, the amounts expended for the payment of emergency benefits must ultimately be paid from employer payroll taxes.

Under the Committee bill, emergency benefits paid beginning July 1, 1975 would be a general revenue expense and would not be repaid ultimately from employer payroll taxes.

#### *Study of Emergency Benefits Program*

The Committee added to the bill a requirement that the Secretary of Labor conduct a study of the emergency benefits program, including information on the benefits paid under the program, the economic and demographic characteristics of the workers receiving benefits under the program, and such other matters as might be useful in evaluating its effectiveness and determining what alternatives to such a program might be appropriate in any future periods of high unemployment. Under the Committee bill, the Secretary would have to submit the report on this study by January 1, 1977.

#### *Repayment of State Loans*

Existing Federal law provides that States may obtain advances from the Federal accounts in the unemployment trust fund when their own State accounts have insufficient funds to meet benefit obligations. These advances constitute interest-free loans which must be repaid after two years. If the loans are not repaid within the prescribed two-year period, the Federal unemployment tax rate on employers in the affected State is, in effect, automatically increased each year until the loan has been "recaptured" through these increased taxes.

The Committee added a provision to the bill permitting the suspension of the higher tax rate for three years (1975, 1976, and 1977), but only in States where the Secretary of Labor determines that the State has studied and taken appropriate action with respect to the structure of its unemployment compensation program, including its financing, so as to substantially accomplish the purpose of restoring the fiscal soundness of the State's unemployment account and to permit the repayment within a reasonable time of the amount advanced to the State from the Federal account.

TABLE 1.—MAJOR CHARACTERISTICS OF EXISTING UNEMPLOYMENT COMPENSATION PROGRAMS

Program	Benefit duration <sup>1</sup>	Funding <sup>2</sup>	When in effect
Regular State programs.. . . .	1st to 26th week of unemployment.	100 percent from State unemployment accounts.	No special requirements.
Federal-State extended benefits.	27th to 39th week of unemployment.	50 percent from State/50 percent from Federal unemployment accounts.	High level of insured unemployment—nationally or in specific State.
Emergency unemployment benefits.	(a) 40th to 52d week of unemployment.	(a) 100 percent from Federal unemployment accounts.	(a) Temporary program: expires Dec. 31, 1976; effective only when extended program in effect.
	(b) 53d to 65th week of unemployment.	(b) 100 percent from Federal unemployment accounts.	(b) Same as (a) but effective only through June 30, 1975.

<sup>1</sup> Based on maximum duration of benefits (26 weeks in most States for regular program). Persons with less substantial work history may qualify for shorter durations.

<sup>2</sup> Repayable loans from general revenues are available to cover shortages in these accounts.

### *Special Unemployment Assistance*

Title II of the bill would extend through December 31, 1976, the time in which Special Unemployment Assistance payments (payable to unemployed people who do not qualify for unemployment compensation) may be paid. It would also provide that through June 30, 1976, 39 rather than 26 weeks of benefits may be paid under that program. The Committee made no change in this title .

### *Loan to the Virgin Islands*

Title III of the bill would authorize appropriations to permit the Secretary of Labor to loan up to \$5 million to the Virgin Islands to enable that jurisdiction to continue meeting its unemployment benefit obligations. The House bill provides that any loan made under this authority to the Virgin Islands will be subject to repayment without interest no later than January 1, 1978. The House bill, however, does not provide for the payment of interest if the loan remains outstanding after this deadline.

The Committee amendment would require that interest be charged on any portion of such a loan which remains on the books after January 1, 1978. The rate of interest would be set at the same rate (9% as of July 1975) which the Internal Revenue Service assesses against employers who fail to make timely deposits of taxes withheld. In addition, if the Virgin Islands is ever made a part of the regular Federal-State unemployment insurance system, the loan will at that point be treated as though the Virgin Islands had been in the system at the present time. In other words, if the time for repayment has elapsed and any part of the loan remains outstanding, the increased Federal unemployment tax rates provided for in the law for the purpose of recapturing overdue loans would immediately go into effect in the Virgin Islands.

## **II. Emergency Unemployment Compensation**

### **(Part A of Title I of the Bill)**

State unemployment compensation programs generally provide up to 26 weeks of benefits in a year to unemployed workers who are covered under these programs. A few State programs provide for a somewhat longer maximum benefit duration, and most State programs limit the duration of benefits to less than 26 weeks in the case of certain workers who do not have a history of recent steady employment.

Provisions have been made for extending the duration of benefits in times of high unemployment, beyond what is provided under the regular provisions of State programs, to take account of the fact that, during such times, it is more difficult for unemployed workers to find new jobs. These programs were temporary until 1970, when a program to provide such extended benefits was made a permanent part of Federal law through the enactment of the Federal-State Extended Unemployment Compensation Act (Public Law 91-373).

Until this year, the mechanisms in permanent law for triggering extended unemployment benefits have not operated to make these extended benefits available in many States which have experienced continuing high unemployment. As a result, Congress has found it necessary six times since the extended benefit program was enacted to

pass temporary legislation permitting extended benefits to be paid even though the triggering requirements of permanent law were not met.

The major features of the unemployment compensation programs which are now in effect are summarized in table 1.

### DURATION OF EMERGENCY BENEFIT PAYMENTS

(Sections 101 and 102 of the Committee Bill)

When Congress enacted the Emergency Unemployment Compensation Act of 1974 (Public Law 93-572) it provided that, through December 1976, extended unemployment benefits (generally the 27th to 39th week of unemployment benefits) would be payable at the option of the State whenever the insured unemployment rate was at least 4.0 percent (either nationally or in specific States). This Act also provided that workers who exhausted these extended benefits could then receive emergency unemployment benefits for up to 13 weeks (i.e., the 40th to 52nd weeks of unemployment benefits). In March 1975, Public Law 94-12 authorized a further 13 weeks of emergency benefits (the 53rd to 65th weeks of unemployment benefits) under a temporary provision expiring June 30, 1975.

H.R. 6900 as passed by the House would extend the provision for up to 65 weeks of benefits through June 30, 1976. The Committee agrees that in times of high unemployment it is desirable to provide additional weeks of unemployment benefits in recognition of the fact that in such times it is reasonable to expect that many workers will need additional time to find new jobs. However, the Committee feels that the availability of these additional weeks of unemployment ought to be targeted to those States and periods when unemployment levels are high. Thus the Committee believes it appropriate that a different duration of benefits be available in a State with an insured unemployment rate of 3 percent than in a State with a rate of 5 percent or of 6 percent.

As a substitute for the House-passed provision, therefore, the Committee adopted an amendment under which the insured unemployment rate in individual States would determine whether more than 39 weeks of benefits could be paid. When the insured unemployment rate in a State is more than 5 percent, but less than 6 percent, workers in the State could be paid up to 52 weeks of benefits; when the rate is 6 percent or more, up to 65 weeks of benefits could be paid.

According to the most recent figures available, 38 States and Puerto Rico had an insured unemployment rate of 6 percent or higher during the prior 13 weeks; 5 States had a rate of between 5 and 6 percent; and 7 States and the District of Columbia had a rate below 5 percent. The most recent insured unemployment rates for the States are shown in Table 2.

The new provisions would go into effect July 1, 1975 and continue until the program is terminated; under the Committee bill, the program would continue until March 31, 1977.

The provisions of present law for determining the insured unemployment rate would be based, as under present law, on the average rate for a 13-week period. Effective July 1, 1975 emergency benefits would be payable in a State (without regard to the unemployment rate in the Nation) provided that the State insured unemployment rate is at least 5 percent. If emergency benefits are not payable in a State on or after July 1, 1975, they may become payable whenever the insured unemployment rate for a 13-week period averages at least 5 percent. In such case, the emergency benefit program would be in effect until the insured unemployment rate falls below 5 percent or for 26 weeks, whichever is longer. For an individual worker, however, not more than 13 weeks of emergency benefits (i.e. the 40th through 52nd week of unemployment benefits) could be paid unless the insured unemployment rate is 6 percent or more. When the rate is 6 percent or more, up to 26 weeks of emergency benefits (i.e. the 40th through the 65th week of unemployment benefits) could be paid. If after the State insured unemployment reaches 6 percent it falls below that rate, only 13 weeks of emergency benefits could be paid to an individual. However, an exception would be made for an individual who had qualified for emergency benefits but who had not been paid for the entire 26-week period. Under the exception, such an individual could be paid for either 13 additional weeks or until he had been paid for the entire 26-week period, whichever is shorter. Thus, for example, in those States which now have insured unemployment rates below 5 percent, the present emergency benefit period will be terminated as of the July 1, 1975 effective date of the bill. Unemployed workers in those States who are now drawing emergency or extended benefits, however, will continue to qualify for emergency benefits through the end of September unless their individual entitlement is exhausted before then.

TABLE 2.—STATE INSURED UNEMPLOYMENT RATES<sup>1</sup> AS OF  
MAY 31, 1975

	Public Law 91-373 extended benefit indicators <sup>2</sup>	
	13-week IUR	Percent of prior 2 yrs
Alabama.....	8.51	379
Alaska.....	10.22	97
Arizona.....	8.68	337
Arkansas.....	10.77	376
California.....	8.57	182
Colorado.....	4.48	330
Connecticut.....	9.08	261
Delaware <sup>3</sup> .....	8.14	298
District of Columbia.....	4.15	201
Florida.....	6.85	444
Georgia.....	7.22	496
Hawaii <sup>4</sup> .....	5.16	123
Idaho.....	6.98	186
Illinois <sup>4</sup> .....	6.72	290
Indiana.....	8.01	386
Iowa.....	4.93	305
Kansas.....	4.49	227
Kentucky.....	8.04	295
Louisiana.....	5.01	152
Maine.....	11.49	212
Maryland.....	7.07	282
Massachusetts.....	10.23	179
Michigan <sup>5</sup> .....	14.05	243
Minnesota.....	6.60	186
Mississippi.....	7.51	449
Missouri.....	7.80	274
Montana.....	8.50	196
Nebraska.....	5.08	278
Nevada.....	9.35	198
New Hampshire.....	8.08	367
New Jersey <sup>4</sup> .....	11.23	174
New Mexico.....	7.28	190
New York.....	8.65	198
North Carolina.....	9.76	694
North Dakota.....	4.90	126

See footnotes at end of table.



TABLE 2.—STATE INSURED UNEMPLOYMENT RATES<sup>1</sup> AS OF  
MAY 31, 1975—Continued

	Public Law 91-373 extended benefit indicators <sup>2</sup>	
	13-week IUR	Percent of prior 2 yrs
Ohio.....	6.86	343
Oklahoma.....	5.36	219
Oregon.....	9.31	195
Pennsylvania.....	8.84	235
Puerto Rico.....	18.20	180
Rhode Island.....	13.02	236
South Carolina.....	10.81	673
South Dakota.....	4.11	206
Tennessee.....	8.31	384
Texas.....	3.13	287
Utah.....	6.21	197
Vermont <sup>4</sup> .....	10.40	187
Virginia.....	5.36	564
Washington.....	10.68	140
West Virginia.....	7.04	213
Wisconsin.....	7.63	277
Wyoming.....	3.08	194

<sup>1</sup> Average of last 13 weeks; national average (seasonally adjusted) March 7.30 percent; April 7.83 percent; May 8.07 percent.

<sup>2</sup> All States currently paying extended benefits under Public Law 91-373. National 4.5 percent trigger began for unemployment for week beginning Feb. 23, 1975.

<sup>3</sup> Trigger indicator as of May 17, 1975.

<sup>4</sup> Trigger indicator as of May 24, 1975.

<sup>5</sup> Trigger indicator as of May 3, 1975.

Source: U.S. Department of Labor.

## ACCEPTANCE OF AVAILABLE TRAINING OR EMPLOYMENT AS A CONDITION OF ELIGIBILITY FOR EMERGENCY BENEFITS

(Section 103 of the Committee Bill)

Under permanent law, unemployment insurance benefits are ordinarily payable for a maximum of 26 weeks with provision for an additional 13 weeks of benefits in times of high unemployment. The purpose of providing longer benefit duration during periods of high unemployment is that in such periods it may reasonably be assumed that it will take somewhat more time for a worker to find a new job. In view of the high levels of unemployment in most States, the Committee bill provides for up to 65 weeks of unemployment benefits.

One of the purposes of the unemployment insurance program is to make it possible for workers who are displaced from jobs to spend a reasonable amount of time searching for new work which is consistent with their experience and abilities. It is generally considered desirable, both from the point of view of the individual worker and from the point of view of society, to have such a system which permits the matching of employment opportunities to the skills and aptitudes of those seeking jobs.

It is thus entirely consistent with the purposes and objectives of the unemployment insurance system that workers not be required, as soon as they become unemployed, to accept the first available job without regard to whether it is consistent with their background. Similarly, it is reasonable to expect that it will take some time for a worker to find a job which is consistent with his background and that he should make an effort to find such a job before consideration is given to training him for a new type of work.

After an unemployed worker has received benefits for 39 weeks, however, the Committee believes that he should be willing to undergo training to gain new job skills or to accept the offer of a job even when it does not make use of his previous training or work experience, or if the salary level is lower than that of his most recent job. The Committee recognizes that it is a common practice for State employment agencies to require claimants for unemployment benefits who have not found reemployment after a certain period to broaden their areas of job search in several respects. The Committee feels that for those who are unemployed as long as 39 weeks it is particularly important to emphasize the need to consider all alternatives which may make reemployment feasible.

*Training.*—In the Trade Act of 1974, the Congress conditioned the last 26 weeks of possible trade adjustment assistance benefits upon participation in a training program. Under the Committee amendment to H.R. 6900, in order to be eligible to receive unemployment benefits for more than 39 weeks, an individual would be required to make a good faith application to participate in any approved training program which might be available to him. While the Committee recognizes that the availability of training suitable for all types of unemployed workers may be somewhat limited, it expects that in the administration of this provision, State employment agencies will require workers to indicate their willingness to accept training when and if it becomes available and will make particular efforts

to place workers claiming emergency unemployment benefits in appropriate training programs. If a worker is offered the opportunity to participate in a training program, he would, under the Committee amendment, have to accept that offer and continue to participate in the training program as a condition of initial and continuing eligibility for emergency benefits. However, an individual would not be required to participate in a training program if his participation would make it necessary for him to travel an unreasonable distance from his home.

*Acceptance of available employment.*—Emergency benefits, like regular unemployment insurance benefits, are intended to be paid to individuals who are involuntarily out of work during the period when they are looking for another job. Consequently, the rules which apply under the regular State programs also apply under the emergency benefit program, and benefits are denied to individuals who are not available for work or who refuse to accept appropriate employment opportunities. Existing Federal law provides three limitations on the type of jobs which States can require individuals to accept as a condition of receiving unemployment benefits. The statute specifies that States cannot require workers to take a job:

- (1) which is vacant solely because of a labor dispute;
- (2) if as a condition of being employed the worker would have to join a company union or would have to refrain from joining any bona fide labor organization; or
- (3) in which the wages or conditions of work are substantially less favorable than those which prevail in the locality for similar work.

In practice, however, many States have added additional criteria under which individuals may refuse jobs without losing their eligibility to receive unemployment benefits. The usual criteria involve the degree of risk to the claimant's health, safety, and morals; his physical fitness; his prior training, experience, and earnings; the length of his unemployment and his prospects for securing regular work in his customary occupation; and the distance of the work from his residence. These criteria are designed to protect workers against mandatory requirements that they accept work that might be injurious to them and also to assure that workers will have a reasonable opportunity to obtain work which is commensurate with their experience and abilities.

For the reasons described earlier, the Committee agrees that there are valid purposes to be served in an unemployment insurance program by including criteria such as these under which workers may refuse certain types of jobs during at least the earlier stages of their unemployment. The Committee feels, however, that after 39 weeks of unemployment a person should be required to conclude that work tailored to his particular abilities and experience is simply no longer available in that community. The Committee believes that in these circumstances an individual who wishes to remain in that community and continue drawing unemployment benefits should be required to take any reasonable job opportunity that is available (unless he is participating in a training program).

The Committee, therefore, added a requirement as a condition of eligibility for emergency unemployment benefits that an individual not refuse any job offer which does not conflict with the three basic

Federal limitations described above, which does not pose any unreasonable threat to the individual's health or safety, taking into account his physical condition, and which does not involve his traveling an unreasonable distance to work. However, any other State criteria such as the amount of his previous earnings or type of work experience which permit an individual to refuse an available job would not be applicable.

The Committee does not intend to establish a new set of federally imposed job suitability criteria. In evaluating the appropriateness of an employment opportunity under this provision, each State would continue to apply the criteria it uses at present to determine whether a job poses an undue threat to the individual's health or safety or is inappropriate in view of his physical condition. The States would also continue to apply the three federally mandated conditions in the same way as they do for regular unemployment benefits.

States would be expected to base their determination of reasonable distance to a job on the labor market conditions in the area and the range of typical commuting distances for the types of jobs involved.

In summary, if an individual is not participating in a training program, he could not continue to be eligible for benefits after 39 weeks if he refuses a job offer. However, he may not be required to take a job:

- (1) which is vacant solely because of a labor dispute;
- (2) if as a condition of being employed the worker would have to join a company union or would have to refrain from joining any bona fide labor organization;
- (3) in which the wages or conditions of work are substantially less favorable than those which prevail in the locality for similar work;
- (4) which poses an unreasonable threat to the individual's health or safety, taking into account his physical condition; or
- (5) which involves traveling an unreasonable distance to work.

States would be required to refer applicants for emergency benefits to any jobs which are suitable for them under these special criteria to the extent that such jobs are available.

## FUNDING OF EMERGENCY UNEMPLOYMENT BENEFITS

### (Section 104 of the Committee Bill)

The Emergency Unemployment Compensation Act of 1974 provides 26 weeks of additional unemployment benefits to workers who have exhausted their regular and extended benefits. Regular benefits (the first 26 weeks) are paid from State unemployment tax funds and extended benefits (the 27th to 39th weeks) are paid 50 percent from State funds and 50 percent from Federal trust funds (derived from the Federal unemployment payroll tax on employers). In theory, the new benefits (from the 40th to 65th weeks) under the emergency benefits program are also paid from the Federal accounts in the trust fund. In practice, however, these accounts are insufficient to meet the benefit requirements, and the law provides for interest-free advances to be made from general revenues to the Unemployment Trust Fund to cover the cost of the program. These advances are to be repaid at some time in the future when it is determined that the Federal extended

benefit account in the trust fund has a sufficient surplus to permit such repayment.

The Committee amendment eliminates the requirement that the cost of emergency benefits ultimately be repaid to general revenues from the Federal unemployment tax. While benefits paid during the first 39 weeks of unemployment may properly be considered as related to the conditions in a particular firm or industry and thus appropriately be funded through the employer payroll tax, the Committee believes that emergency benefits paid from the 40th to 65th weeks of unemployment are more properly viewed as a response to the overall national economic situation. For this reason, the Committee believes that it is appropriate for the funding of such benefits to be borne by the general revenues of the Treasury. The Committee notes that the Federal Advisory Council on Unemployment Insurance voted unanimously to recommend general revenue financing of emergency unemployment benefits. Under the Committee bill, emergency benefits paid beginning July 1, 1975 would be a general revenue expense and would not be repaid ultimately from employer payroll taxes.

#### STUDY OF EMERGENCY BENEFITS PROGRAM

##### (Section 105 of the Committee Bill)

Under current permanent law, unemployment benefits are payable usually for a maximum of 26 weeks with provision for an additional 13 weeks of benefits in times of relatively high unemployment. Because of the severe economic situation the country is now experiencing, the emergency benefits program, which is extended by this bill, provides still further weeks of unemployment benefits up to a maximum of 65 weeks.

The Committee believes that information concerning the characteristics of those who are unemployed for longer periods of time should be available to the Congress for reference in the development of appropriate legislation. Such information is not presently available. For this reason, the Committee amendment includes a requirement that the Secretary of Labor conduct a study of the emergency benefits program, including information on the benefits paid under the program, the economic and demographic characteristics of the workers receiving benefits under the program, and such other matters as might be useful in evaluating its effectiveness and determining what alternatives to such a program might be appropriate in any future periods of high unemployment. Under the Committee amendment, the Secretary would have to submit the report on this study to the Congress by the end of December 1976, that is, 90 days prior to the expiration of the emergency benefits program.

### III. Federal Loans to State Unemployment Accounts: Additional Time for Repayment

#### (Part B of Title I of the Committee Bill)

Federal law provides that States may obtain advances from the Federal unemployment account in the trust fund when their own State accounts have insufficient funds to meet benefit obligations. These

advances constitute interest-free loans which must be repaid after two years. If the loans are not repaid within the prescribed two-year period, the Federal unemployment tax rate on employers in the affected State, is, in effect, automatically increased each year until the loan has been recaptured through these increased taxes.

There are now 8 States which have outstanding loans of this type (totaling over \$600 million) and a number of other States are expected to need advances later this year. One State (Connecticut) already is in the situation of having the Federal unemployment tax rate paid by employers in that State increased because it has had an outstanding loan for more than two years. Recent loan activity is summarized in table 3.

TABLE 3.—ADVANCES TO STATES FROM THE FEDERAL UNEMPLOYMENT ACCOUNT

[In millions]

State	1972	1973	1974	Through May 15, 1975	Total
Connecticut . . . . .	\$31.8	\$21.7	\$8.5	\$106.0	<sup>1</sup> \$168.0
Washington . . . . .	34.7	6.0	3.4	42.4	86.5
Vermont . . . . .			5.3	14.2	19.5
New Jersey . . . . .				235.1	235.1
Rhode Island . . . . .				34.3	34.3
Michigan . . . . .				30.0	30.0
Massachusetts . . . . .				25.0	25.0
Puerto Rico . . . . .				10.0	10.0
Total . . . . .	66.5	27.7	17.2	497.0	608.4

<sup>1</sup> Not reduced for any additional Federal taxes collected in 1975 on 1974 wages because of reduction of the 2.7 percent credit due to the loans outstanding as of Nov. 10, 1974.

The Committee amendment would suspend for three years (1975, 1976, 1977) the provision under which the Federal unemployment tax is automatically increased to recapture any loan to a State which remains unpaid after two years. However, the suspension would apply only in States where the Secretary of Labor makes a finding that the State has examined and taken any appropriate action with respect to the structure of its unemployment compensation program, including its financing, which, in the light of existing and anticipated economic conditions, can be expected to result in an actuarially sound program capable of repaying within a reasonable time the amount advanced from the Federal account.

It is not the Committee's intent to prescribe what specific steps a State should take to restore fiscal soundness to its unemployment program, nor to describe the exact period in which this must occur. Rather, the Secretary of Labor is required to evaluate individually the efficacy of each State's actions in accomplishing the purposes of the Committee bill.

In general, the Committee anticipates that the Secretary would make a favorable determination only where, based on all the facts and circumstances, the actions taken by a particular State represent a bona fide affirmative effort to deal in a meaningful way with the financial soundness of that State's program. The Committee recognizes that the situation in a given State may preclude a short-term solution. Nevertheless, the Committee expects that, to secure the Secretary's approval, the actions taken by a State must be reasonably calculated to achieve over time the goal of financial soundness. Under the Committee bill, the broadest latitude has been given to the States in selecting the specific techniques to be utilized.

#### IV. Special Unemployment Assistance

(Title II of the Bill)

Title II of the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93-567) established the Special Unemployment Assistance program (SUA), effective through December 1975. This legislation provides a temporary program for unemployed workers who are not eligible for unemployment benefits under any other State or Federal law.

The levels of unemployment required for payment of SUA benefits are based on the total unemployment rate, either at the national level or at the area level. The total unemployment rate is established on the basis of estimates made by the Bureau of Labor Statistics based on the monthly national household survey.

The Act requires the Secretary of Labor to designate as areas for purposes of this program, areas served by an entity which is eligible to be a prime sponsor under Section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93-203). There are over 400 such areas throughout the country.

SUA is payable when the total unemployment rate for the most recent three consecutive calendar months for which data are available is 6 percent (seasonally adjusted) at the national level or 6.5 percent (not seasonally adjusted) at the area level. SUA is no longer payable if, for the most recent three consecutive calendar months for which data are available, both requirements are not satisfied.

SUA is payable to an individual who lacks eligibility for compensation under any State or Federal unemployment compensation law, provided such individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law and is not subject to disqualification under such law. The base year for qualifying an individual for SUA, notwithstanding the State law, is the 52-week period preceding the individual's first claim for assistance. Employment and wages not covered by the State law are treated as though they were covered. A special unemployment assistance period must be in effect (that is, the unemployment rate must be at the required level) in the area in which the individual was last employed for at least 5 work days prior to filing his first claim. Maximum duration of benefits under SUA is 26 weeks.

The law currently provides a maximum of 26 weeks of benefits payable through December 31, 1975. The House bill would extend

the SUA program through December 31, 1976 and increase the maximum duration of benefits from 26 to 39 weeks, payable through June 30, 1976. As of July 1, 1976, the maximum reverts to 26 weeks payable through December 31, 1976.

In addition to extending benefits, the House bill would make other changes in the Special Unemployment Assistance program.

Payments of SUA benefits to teachers, researchers, and principal administrators employed by schools are prohibited during the period between academic years or terms if they have contracts with any school for both such years or terms.

Clarification of what constitutes employment and wages for the purposes of SUA is provided. The effect of the amendment is to clarify the definitions of employee and employment and thereby restrict payment to individuals who worked within the scope of the traditional employer-employee relationship.

Authority and procedures pertaining to the treatment of fraud and erroneous payments under SUA are established. Section 205(b) of the Emergency Jobs and Unemployment Assistance Act of 1974 provides that an individual will be ineligible for assistance and subject to criminal prosecution if he knowingly provides false information when his employment record is not available.

The benefit year provisions contained in State Unemployment Compensation laws are applied to SUA. A House amendment would allow an individual to establish successive benefit years only if he meets the State's wage, employment and other requirements in the base period between benefit years.

In addition, the House bill would reduce the amount of SUA entitlement by the total amount of Regular State Benefits, Extended Benefits and Emergency Benefits paid to an individual in a single year.

The House bill also requires that an individual have some non-covered work to qualify for SUA. Section 206 of existing law now prevents an individual, in qualifying for SUA benefits, from relying on employment and wages on the basis of which he is currently or was previously entitled to unemployment benefits. It does not, however, prevent him from using covered employment and wages to qualify for SUA benefits that may later qualify him for unemployment benefits.

The Committee bill makes no change in Title II of the House-passed bill.

## V. Loan to the Virgin Islands

(Title III of the Bill)

Title III of H.R. 6900 authorizes an appropriation to enable the Secretary of Labor to loan up to \$5 million to the Virgin Islands to permit that jurisdiction to continue meeting its unemployment benefit obligations. The Virgin Islands unemployment fund is expected soon to become depleted. Unlike Puerto Rico, the Virgin Islands is not included in the regular unemployment insurance system and, therefore, cannot automatically borrow from the Federal accounts in the trust fund in the way that other States and Puerto Rico can.

The House bill provides that any loan made under this authority to the Virgin Islands will be subject to repayment without interest



no later than January 1, 1978. The House bill, however, provides no mechanism for assuring that such repayment will, in fact, be made, nor does it provide for the payment of interest if the loan remains outstanding after this deadline.

The Committee amendment would require that interest be charged on any portion of such a loan outstanding after January 1, 1978. The rate of interest would be set at the same rate (9% as of July 1975) which the Internal Revenue Service assesses against employers who fail to make timely deposits of taxes withheld. In addition, if the Virgin Islands is ever made a part of the regular Federal-State unemployment insurance system, the loan will at that point be treated as though the Virgin Islands had been in the system at the present time. In other words, if the time for repayment has elapsed and any part of the loan remains outstanding, the increased Federal unemployment tax rates provided for in the law for the purpose of recapturing overdue loans would immediately go into effect in the Virgin Islands.

## VI. Cost of Carrying Out the Bill

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out the bill.

*Title I.*—According to the estimates furnished to the Committee by the Department of Labor, Title I of the bill would result in additional benefit payments of \$0.1 billion in fiscal year 1976, would reduce costs by \$0.2 billion in the July–September 1976 transition quarter, and would have no net impact (to the nearest tenth of a billion dollars) in fiscal year 1977. (The program terminates March 31, 1977, and is therefore in effect for only one-half of fiscal year 1977.) Table 4 on page 18 provides additional information with respect to the costs of unemployment programs and the changes resulting from the bill.

*Title II.*—The Committee made no change in this title of the bill. The Department of Labor estimates that the additional benefits payable under this title would cost \$580 million in fiscal year 1976, \$140 million in July, August, September 1976 transition quarter, and \$140 million in fiscal year 1977.

*Title III.*—Title III of the bill authorizes a loan to the Virgin Islands of up to \$5 million. The Department of Labor estimates that the loan requirements under this provision will not exceed \$3 million. This provision is operative only during fiscal year 1976.

TABLE 4.—COST ESTIMATES FOR UNEMPLOYMENT INSURANCE PROGRAMS UNDER CURRENT LAW, HOUSE BILL, AND SENATE FINANCE COMMITTEE BILL

[In billions of dollars]

	Increase (+) or Reduction (—) In Costs Compared With Current Law							
	Current law			H.R. 6900 as passed by House <sup>1</sup>	H.R. 6900 as reported by Finance Committee			
	Fiscal year 1976	Transitional quarter <sup>2</sup>	1st quarter, fiscal year 1977 <sup>3</sup>	Fiscal year 1976	Fiscal year 1976	Transitional quarter <sup>2</sup>	1st quarter, fiscal year 1977 <sup>3</sup>	2d quarter, fiscal year 1977 <sup>4</sup>
Regular program.....	11.5	2.1	3.2	.....	.....	.....	.....	.....
Extended benefits.....	1.6	0.4	0.4	.....	.....	.....	.....	.....
Emergency benefits.....	0.7	0.3	0.3	+0.5	+0.1	-0.2	-0.2	+0.2

<sup>1</sup> Provides additional benefits only until June 30, 1976.

<sup>2</sup> July through September 1976.

<sup>3</sup> October through December 1976.

<sup>4</sup> January through March 1977.

Note: Economic assumptions are June 1, 1975, Administration assumptions. Total unemployment rates: Fiscal year 1976, 8.5 percent; Transitional quarter, 7.8 percent; 1st quarter fiscal year 1977, 7.6 percent.

Source: U.S. Department of Labor.

## VII. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote by the committee to report the bill. The bill was ordered reported by voice vote.

## VIII. Changes in Existing Law Made by the Bill, as Reported

In compliance with subsection (4) of Rule XXIX 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 italics, existing law in which no change is proposed is shown in roman):

### Emergency Unemployment Compensation Act of 1974

(Public Law 93-572)

#### Short Title

**Section 101.** This Act may be cited as the "Emergency Unemployment Compensation Act of 1974".

#### Federal-State Agreements

**Sec. 102.** (a) Any State, the State unemployment compensation law of which is approved by the Secretary of Labor (hereinafter in this Act referred to as the "Secretary") under section 3304 of the Internal Revenue Code of 1954 which desires to do so, may enter into and participate in an agreement with the Secretary under this Act, if such State law contains (as of the date such agreement is entered into) a requirement that extended compensation be payable thereunder as provided by the Federal-State Extended Unemployment Compensation Act of 1970. Any State which is a party to an agreement under this Act may, upon providing thirty days' written notice to the Secretary, terminate such agreement.

(b) Any such agreement shall provide that the State agency of the State will make payments of emergency compensation—

(1) to individuals who—

(A) (i) have exhausted all rights to regular compensation under the State law;

(ii) have exhausted all rights to extended compensation, or are not entitled thereto, because of the ending of their eligibility period for extended compensation, in such State;

(B) have no rights to compensation (including both regular compensation and extended compensation) with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law; and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of the Virgin Islands or Canada,

[(2) for any week of unemployment which begins in—

(A) an emergency benefit period (as defined in subsection (c)(3)); and

(B) the individual's period of eligibility (as defined in section 105(b)).]

(2) for any week of unemployment which—

(A) begins in—

(i) an emergency benefit period (as defined in subsection (c)(3)), and

(ii) the individual's period of eligibility (as defined in section 105(2)); or

(B) begins in an individual's additional eligibility period (as defined in section 105(4)).

(c)(1) For purposes of subsection (b)(1)(A), an individual shall be deemed to have exhausted his rights to regular compensation under a State law when—

(A) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to him based on employment or wages during his base period; or

(B) his rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(2) For purposes of subsection (b)(1)(B), an individual shall be deemed to have exhausted his rights to extended compensation under a State law when no payments of extended compensation under a State law can be made under such law because such individual has received all the extended compensation available to him from his extended compensation account (as established under State law in accordance with section 202(b)(1) of the Federal-State Extended Unemployment Compensation Act of 1970).

(3)(A)(i) For purposes of subsection (b)(2)(A), in the case of any State, an emergency benefit period—

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

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

(ii) In the case of any State, no emergency benefit period shall last for a period of less than 26 consecutive weeks, and no emergency benefit period which began prior to July 1, 1975, shall end prior to such date.

(iii) When a determination has been made that an emergency benefit period is beginning or ending with respect to any State, the Secretary shall cause notice of such determination to be published in the Federal Register.

(B)(i) For purposes of subparagraph (A), there is a State "emergency on" indicator for a week if (I) there is a State or National "on" indicator for such week (as determined under subsections (d) and (e) of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970), and (II) *the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks equaled or exceeded 5 per centum.*

(ii) For purposes of subparagraph (A), there is a State "emergency off" indicator for a week if [there is both a State and a National "off" indicator for such week (as determined under subsections (d) and (e) of the Federal-State Extended Unemployment Compensation Act of 1970)] *the rate of insured unemployment in such State for the period consisting of such week and the immediately preceding twelve weeks is less than 5 per centum.*

(d) For purposes of any agreement under this Act—

(1) the amount of the emergency compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowances) payable to him during his benefit year under the State law; and

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall (except where inconsistent with the provisions of this Act or regulations of the Secretary promulgated to carry out this Act) apply to claims for emergency compensation and the payment thereof.

(e)(1) Any agreement under this Act with a State shall provide that the State will establish, for each eligible individual who files an application for emergency compensation, an emergency compensation account.

(2) [Except as provided in] *Subject to the provisions of paragraph (3), the amount established in such account for any individual shall be equal to the lesser of—*

(A) [50] 100 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation, or

(B) [thirteen] *twenty-six* times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(3) [Effective only with respect to benefits for weeks of unemployment ending before July 1, 1975, the amount established in such account for any individual shall be equal to the lesser of—] *Notwithstanding paragraph (2), the total amount of emergency compensation payable to any individual for weeks of unemployment which begin in a 5-per centum period (as defined in section 105(5)) shall not exceed the lesser of—*

(A) [100] 50 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with

respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation, or

(B) ~~twenty-six~~ *thirteen* times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(f)(1) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week beginning before whichever of the following is the latest:

(A) the first week which begins after December 31, 1974,

(B) the week following the week in which such agreement is entered into, or

(C) the first week which begins after the date of the enactment of this Act.

(2) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week ending after [—

[(A) December 31, 1976, or

[(B) in the case of an individual who (for a week ending before January 1, 1977) had a week with respect to which emergency compensation was payable under such agreement] *March 31, 1977.*

(g)(1) *Notwithstanding the preceding provisions of this section, emergency compensation shall not be payable to an individual for any week—*

(A) *with respect to which he is neither a participant in a training program approved by the Secretary nor an applicant to participate in such a program, or*

(B) *after the first week (in the individual's period of eligibility) during which such individual failed or refused, without good cause, to apply for available employment within his capabilities or to accept any bona fide offer of employment.*

(2) *For purposes of paragraph (1)(B), failure or refusal of an individual to accept employment shall be considered to be with good cause only if—*

(A) *the position offered is vacant due directly to a strike, lockout, or other labor dispute,*

(B) *the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality,*

(C) *as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization,*

(D) *the work site of such position is located at an unreasonably great distance from such individual's residence,*

(E) *such position involves an unacceptably high risk to the health, safety, or morals of the individual, or*

(F) *at the time such individual fails or refuses to accept such position, he is a participant in a training program approved by the Secretary or approved by the State agency.*

(h) *Any agreement under subsection (a) shall provide that, in the administration of this Act, States shall make provision for referring applicants for benefits under this Act to any available employment opportunities within their capabilities which are not positions of the type specified in paragraph (2) of subsection (g).*

## Payments to States Having Agreements for the Payment of Emergency Compensation

**Sec. 103.** (a) There shall be paid to each State which has entered into an agreement under this Act an amount equal to 100 per centum of the emergency compensation paid to individuals by the State pursuant to such agreement.

(b) No payment shall be made to any State under this section in respect of compensation for which the State is entitled to reimbursement under the provisions of any Federal law other than this Act.

(c) Sums payable to any State by reason of such State's having an agreement under this Act shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which would have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

### Financing Provisions

**Sec. 104** (a)(1) Funds in the extended unemployment compensation account (as established by section 905 of the Social Security Act) of the Unemployment Trust Fund shall be used for the making of payments to States having agreements entered into under this Act.

(2) 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 Act. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as established by section 905 of the Social Security Act) to the account of such State in the Unemployment Trust Fund.

(b) There are hereby authorized to be appropriated, without fiscal year limitation, to the extended unemployment compensation account, [as repayable advances (without interest),] such sums as may be necessary to carry out the purposes of this Act. Amounts appropriated [as repayable advances] and paid to the States under section 103 shall, *to the extent that such amounts are paid with respect to emergency compensation paid to individuals prior to July 1, 1975*, be repaid, without interest, as provided in section 905(d) of the Social Security Act.

### Definitions

**Sec. 105.** For purposes of this Act—

(1) the terms "compensation", "regular compensation", "extended compensation", "base period", "benefit year", "State", "State agency", "State law", and "week" shall have the meanings assigned to them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970;

(2) the term "period of eligibility" means, in the case of any individual, the weeks in his benefit year which begin in an extended benefit period or an emergency benefit period, and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period or in such emergency benefit period; **[and]**

(3) the term "extended benefit period" shall have the meaning assigned to such term under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970**[.];**

(4) *the term "additional eligibility period" means the thirteen-week period following the week in which an emergency benefit period ends in a State, as determined under section 102(c)(3); but no individual shall have an additional eligibility period unless there was payable to him in such State, for the week in which such emergency benefit period ended, either emergency compensation under this Act or extended compensation under the Federal-State Extended Unemployment Compensation Act of 1970;*

(5) *the term "5-per centum period" means a period in a State which begins with the third week after the first week in which the rate of insured unemployment in the State for the period consisting of such first week and the immediately preceding twelve weeks is less than 6 per centum and which ends with the second week after the first week in which the rate of insured unemployment in the State for the period consisting of such first week and the immediately preceding twelve weeks equals or exceeds 6 per centum; except that no 5-per centum period shall begin in any State prior to the fourteenth week after the last week in a preceding 5-per centum period in such State;*

(6) *the term "rate of insured unemployment" means the percentage arrived at by dividing 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 the State agency to the Secretary) by the average monthly covered employment for the specified period;*

(7) *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; and*

(8) *determinations with respect to the rate of insured unemployment in a State shall be made by the State agency in accordance with regulations prescribed by the Secretary.*

For purposes of any State law which refers to an extension under Federal law of the duration of benefits under the Federal-State Extended Unemployment Compensation Act of 1970, this Act shall be treated as amendatory of such Act.

### **Extension of Waiver of 120-Percent Requirement for Purposes of Extended Compensation Program**

**Sec. 106.** The last sentence of section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970, as amended, is amended by striking out "April 30, 1975" and inserting in lieu thereof **["December 31, 1976"]** "March 31, 1977".



### Temporary Reduction in National Trigger

**Sec. 107.** Section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before December 31, 1976, and beginning after December 31, 1974 (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 national 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if the phrase '4.5 per centum', contained in paragraphs (1) and (2), read '4 per centum'."

### PROVISION FOR FINANCING TEMPORARY REDUCTION IN NATIONAL TRIGGER

**Sec. 108.** Section 204(a) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new paragraph:

"(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."

### INTERNAL REVENUE CODE OF 1954

\* \* \* \* \*

#### CHAPTER 23—FEDERAL UNEMPLOYMENT TAX ACT

\* \* \* \* \*

#### Section 3302. Credits Against Tax.

(a) \* \* \*

\* \* \* \* \*

(c) Limit on Total Credits.—

(1) \* \* \*

\* \* \* \* \*

(3) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act on or after the date of the enactment of the Employment Security Act of 1960, then the total credits (after applying subsections (a) and (b) and paragraphs (1) and (2) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

(A)(i) in the case of a taxable year beginning with the second consecutive January 1 as of the beginning of which there is a balance of such advances, by 10 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

(ii) in the case of any succeeding taxable year beginning with a consecutive January 1 as of the beginning of which there is a balance of such advances, by an additional 10 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State;

(B) in the case of a taxable year beginning with the third or fourth consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

(i) 2.7 percent, exceeds

(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year; and

(C) in the case of a taxable year beginning with the fifth or any succeeding consecutive January 1 as of the beginning of which there is a balance of such advances, by the amount determined by multiplying the wages paid by such taxpayer during such taxable year which are attributable to such State by the percentage (if any) by which—

(i) the 5-year benefit cost rate applicable to such State for such taxable year or (if higher) 2.7 percent, exceeds

(ii) the average employer contribution rate for such State for the calendar year preceding such taxable year.

*The provisions of the preceding sentence shall not be applicable with respect to the taxable year beginning January 1, 1975, or any succeeding taxable year which begins before January 1, 1978; and, for purposes of such sentence, January 1, 1978, shall be deemed to be the first January 1 occurring after January 1, 1974, and consecutive taxable years in the period commencing January 1, 1978, shall be determined as if the taxable year which begins on January 1, 1978, were the taxable year immediately succeeding the taxable year which began on January 1, 1974.*

\* \* \* \* \*

## EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE ACT OF 1974

\* \* \* \* \*

### TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

\* \* \* \* \*

#### ELIGIBLE INDIVIDUALS

SEC. 203. (a) An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(1) the individual is not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et

seq.) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada and is not eligible for assistance or an allowance payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974, the Disaster Relief Act of 1974, the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded (A) to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages, or (B) *if such employment and wages constitute his sole qualifying employment and wages*; and

(2) the individual is totally or partially unemployed, and is able to work, available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(3) the individual has filed a claim for assistance or waiting period credit under this title; and

(4) in the area in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided*, That if the individual, except for the imposition of a disqualification in accordance with [subsection (b)] *paragraph (2)*, was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than twenty-six weeks after the end of such period; and

(5) the State in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

(b) *An individual who performs services in an instructional, research, or principal administrative capacity for an educational institution or agency shall not be eligible to receive a payment of assistance or a waiting period credit with respect to any week commencing during the period between two successive academic years (or, when the contract provides instead for a similar period between two regular but not successive terms, during such similar period) if—*

*(1) such individual performed services in any such capacity for any educational institution or agency in the first of such academic years or terms; and*

*(2) such individual has a contract to perform services in any such capacity for any educational institution or agency for the later of such academic years or terms*

\* \* \* \* \*

#### WEEKLY BENEFIT AMOUNT

SEC. 205. (a) The amount of assistance under this title to which an eligible individual shall be entitled for a week of unemployment shall be the weekly benefit amount for a week of unemployment that would be payable to the individual as regular compensation as computed under the provisions of the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of subsection (a) of section 203; and for the purpose of this proviso employment and wages which are not covered by the applicable State unemployment compensation law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

(b) Notwithstanding any provisions of State law, claims for assistance under this title may be determined, where an employment record is not available, on the basis of an affidavit submitted by an applicant. **[If an applicant knowingly provides false information in such affidavit, he shall be ineligible for any assistance under this title and shall, in addition, be subject to prosecution under section 1001 of title 18, United States Code.]**

(c) *If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of assistance under this title to which he was not entitled, such individual—*

*(1) shall be ineligible for further assistance under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and*

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(d) Any individual who has received an amount of assistance under this title to which he was not entitled shall repay the amount of such assistance to the State agency except that the State agency may waive such repayment if it determines that—

(1) the payment of such assistance was without fault on the part of the individual, and

(2) such repayment would be contrary to equity and good conscience.

Instead of requiring repayment under this subsection, the State agency may recover the amount to be repaid by deductions from any assistance payable under this title or from any unemployment compensation payable to the individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the three-year period after the date the individual received the payment of the assistance to which he was not entitled.

(e) Any determination by a State agency under subsection (c) or (d) shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

#### MAXIMUM BENEFIT AMOUNT

SEC. 206. (a) **[The]** Except as provided by subsection (b), the maximum amount of assistance under this title which an eligible individual shall be entitled to receive **[shall be the maximum amount of regular compensation that would be payable to such individual]** during any special unemployment assistance benefit year shall be 150 per centum of the maximum amount that would have been payable to such individual during such benefit year as computed under the provisions of the applicable State unemployment compensation law, but not exceeding **[twenty-six]** 39 times the weekly benefit **[amount]** payable to the individual for a week of total unemployment as determined under subsection (a) of section 205: *Provided*, That for the purposes of this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of section 203(a); and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages. *Effective with respect to assistance for weeks of unemployment ending after June 30, 1976, the preceding sentence shall be applied by substituting "the maximum amount of regular compensation" for "15 per centum of the maximum amount of regular compensation" and by substituting "26" for "39".*

(b) *In the case of any individual who files a claim for assistance under this title during a benefit year which such individual has established under any State unemployment compensation law, the maximum amount of assistance under this title which such individual shall be entitled to receive during the special unemployment assistance benefit year established pursuant to such claim (as determined under subsection (a) without regard to this subsection) shall be reduced by the amount of any unemployment compensation received during the benefit year established under the State unemployment compensation law.*

\* \* \* \* \*

#### TERMINATION DATE

SEC. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment ending after March 31, [1976] 1977; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made after December 31, [1975.] 1976.

\* \* \* \* \*

#### DEFINITIONS

SEC. 210. (a) As used in the title, the term—

- (1) "Secretary" means the Secretary of Labor;
- (2) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;
- (3) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five work days prior to filing a claim for assistance or waiting period credit under this title; [and]
- (4) "week" means a calendar week [.] ;
- (5) "State agency" means the agency of the State which administers the program established by this title; and
- (6) "special unemployment assistance benefit year" means the benefit year as defined in the applicable State unemployment compensation law.

(b) Assistance under this title shall not be considered to be regular compensation for purposes of qualifying for benefits under the Federal-State Extended Unemployment Compensation Act of 1970, and claims filed under this title shall not be treated as claims for weeks of unemployment for purposes of determining the rate of insured unemployment under section 203(f)(1) of such Act.

(c) *Employment and wages which are not covered by the State law may be treated, under sections 203(1), 205(a), and 206(a), as though they were covered only if the employment—*

- (1) *is performed by an employee (as defined in section 3121(d) of the Internal Revenue Code of 1954), and*
- (2) *constitutes employment as determined under section 3306(c) of such Code without regard to paragraphs (1) through (9), (10)(B)(ii), (14), (15), and (17) of such section.*

*For purposes of paragraph (2), section 3306(c) of such Code shall be applied as if the term "United States" includes the Virgin Islands.*

\* \* \* \* \*