

HARRIS
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1 EXECUTIVE COMMITTEE MEETING
2 WEDNESDAY, FEBRUARY 24, 1993
3 U.S. Senate,
4 Committee on Finance,
5 Washington, DC.

6 The meeting was convened, pursuant to notice,
7 at 12:33 p.m., in Room SD-215, Hon. Daniel Patrick
8 Moynihan (chairman of the committee) presiding.

9 Also present: Senators Baucus, Boren, Bradley,
10 Mitchell, Riegle, Rockefeller, Daschle, Breaux,
11 Conrad, Packwood, Dole, Roth, Danforth, Chafee,
12 Durenberger, Grassley, Hatch, and Wallop.

13 Also present: Lawrence O'Donnell, Jr., Staff
14 Director; Edmund Mihalski, Chief of Staff, Minority.

15 Also present: Russ Eisenbrey, Special
16 Assistant to the Secretary of Labor; Margaret
17 Malone, Professional Staff, Majority; Kathy Leonard,
18 Minority Legislative Assistant.

19 [The press release announcing the meeting
20 follows:]

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1 The Chairman. We now have before us S. 382,
2 the Emergency Unemployment Compensation Amendments
3 of 1993. There is a technical amendment.

4 Ms. Malone, would you give us the details of
5 the amendment which has also been included in the
6 Ways and Means bill?

7 Ms. Malone. Yes, Mr. Chairman.

8 The members should have before them a mark-up
9 document dated February 23rd, entitled Unemployment
10 Compensation, S. 382.

11 On page 1, the first item is the extension of
12 the Emergency Unemployment Compensation program.
13 This program was first enacted in November 1991 and
14 was extended most recently last July.

15 It provides workers who exhaust their regular
16 State benefits with 26 weeks of benefits in States
17 with high unemployment, and 20 weeks of benefits in
18 all other States.

19 This program is scheduled to expire on March
20 6th. And workers who exhaust --

21 The Chairman. We know this. What we would
22 like to know is the technical amendment.

23 Ms. Malone. The technical amendment is in the
24 area of funding. In your document on page 3, Item
25 4, the bill, as it is, authorizes an appropriation

1 of such sums that are necessary to pay emergency
2 benefits. And unlike the bill passed last July, it
3 does include an appropriation.

4 According to the Department of Labor, there are
5 currently sufficient funds that have already been
6 appropriated to pay benefits through the month of
7 April.

8 The chairman's mark-up includes a technical
9 amendment that has been requested by the
10 Administration and which is included in the House
11 bill that will allow these appropriated funds to be
12 used to pay benefits under this program.

13 A supplemental appropriations bill will then
14 have to be enacted in order to ensure that benefits
15 will be paid after these funds run out.

16 The Chairman. Fine.

17 Senator Packwood. Let me ask a quick question.

18 The Chairman. Yes.

19 Senator Packwood. We have \$470 million or
20 thereabouts in the trust fund. This is simply to
21 allow that to be used through April.

22 Ms. Malone. That is right, Senator.

23 The Chairman. Those in favor will say aye.

24 [Chorus of ayes.]

25 The Chairman. Upon an earlier agreement, we

1 decided a rolling quorum would be appropriate.
2 Eighteen Senators have been present this morning.
3 And I would move that we adopt the bill as amended.

4 Senator Packwood. If I might say one thing. I
5 am going to vote it out. I may vote against it on
6 the floor, if it is not paid for.

7 Senator Wallop would like to be recorded.

8 The Chairman. Well, then exactly so. And, of
9 course, all Senators are free to do exactly what
10 they will on the floor.

11 Senator Roth. Mr. Chairman.

12 The Chairman. Senator Roth.

13 Senator Roth. I also want to report it out
14 with the understanding that I am on the --

15 The Chairman. Of course, that understanding is
16 explicit.

17 Have we voted? All in favor, say aye.

18 [Chorus of ayes.]

19 The Chairman. Done.

20 Thank you very much.

21 [Whereupon, at 12:37 p.m., the meeting was
22 concluded.]

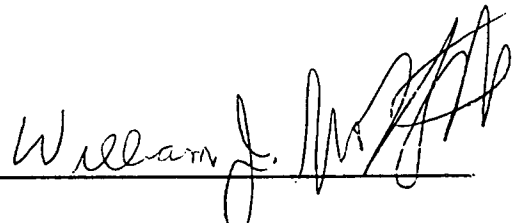
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C E R T I F I C A T E

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2 This is to certify that the foregoing
3 proceedings of an Executive Committee Meeting held
4 before the Committee on Finance on February 24,
5 1993, were transcribed as herein appears and that
6 this is the original transcript thereof.

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11 WILLIAM J. MOFFITT

12 Official Court Reporter

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15 My Commission expires: April 14, 1994

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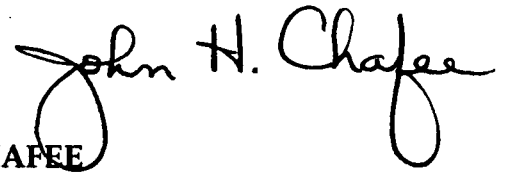
UNITED STATES SENATE
COMMITTEE ON FINANCE

Executive Session

Wednesday, February 24, 1993
[Following the 10:00 AM Hearing]
SD-215 Dirksen Senate Office Building

A G E N D A

To consider S. 382, the Emergency Unemployment
Compensation Amendments of 1993.



**STATEMENT BY SENATOR JOHN H. CHAFEE
IN THE SENATE FINANCE COMMITTEE
MARK-UP OF S. 382, EMERGENCY UNEMPLOYMENT COMPENSATION
AMENDMENTS OF 1993
FEBRUARY 23, 1993**

Thank you Mr. Chairman. As we all know, the recent recession was devastating, particularly for New England and my home state of Rhode Island. Rhode Island's latest total unemployment rate was 7.8 % -- almost a full percentage point higher than the nation's. At one point, Rhode Island's rate was 9.8 %. Although I am relieved to see that it has come down, clearly a serious problem remains.

My office receives letters every day from individuals who are well qualified, who want to work, but who cannot find a job. These people have worked hard, they have families to support, and they deserve our help in their time of need.

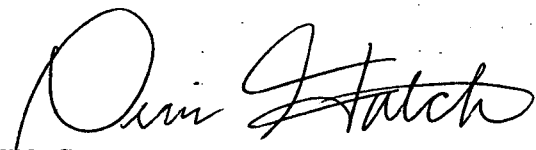
I am pleased that we are here today to take up the case of the thousands in my state and around the country who, through no fault of their own, simply cannot find work. I must say that I would prefer that these benefits

were being paid for, rather than the spending being declared an emergency.

Let me add that we can't go on forever simply extending the emergency unemployment program. We must get on with addressing the heart of this matter -- the need to create jobs. One suggestion I have is repealing the luxury tax on boats. The burden of this tax has not fallen on the rich. It has fallen on American workers who lost their jobs.

I have heard from small, independent boatyards in Rhode Island and other states whose businesses have declined to almost nothing since this tax was first discussed. In total, the boat-building industry has lost about 20,000 jobs as a result of this tax. These were good solid American jobs.

Mr. Chairman, I look forward to working with you on this matter. Thank you.



STATEMENT BY SENATOR ORRIN G HATCH
FINANCE COMMITTEE MARKUP
EXTENSION OF UNEMPLOYMENT BENEFITS
February 24, 1993

Mr. Chairman, as much as I recognize the plight of those of our citizens who are struggling without a job, and would like to see unemployment benefits extended, I am deeply concerned about the emergency declaration contained in the legislation before us today. We are in a stronger economic position than we have been in a long time. Our economy is showing signs of stronger growth and, in fact, the recent unemployment rate of 7.1 percent is the lowest since we have started extending unemployment benefits. Is this an emergency? I think not. By declaring these extended benefits an emergency at this time, we are adding to the deficit. This will only hurt job creation, not help it.

Mr. Chairman, this Committee has met to consider extending unemployment benefits four times in the last two years. I see nothing in this plan to prevent us from having to meet again. This concerns me.

President Clinton has promised dramatic job creation. I personally have a difficult time seeing how a plan to stimulate the economy and solve the deficit through higher taxes and spending is going to help create more jobs. This is true whether we talk about an income tax increase on the so-called wealthy or increasing taxes on energy. In either case, we are removing the means of jobs expansion from the private sector.

A 1991 study found that each one percent increase in the federal tax burden reduces economic growth by 1.8 percent and lowers national employment by 1.14 percent. How is increasing taxes on the private sector or adding to the deficit going to serve the goal of job creation?

Mr. Chairman, I am not here to trash the President's program. But I do think it important to put the unemployment benefits extension issue in the context of his overall plan to stimulate the economy. Some of his proposals are going to work to create jobs, however the incentives and resources they provide are not nearly enough to compensate for the removal of resources by increased taxes or additions to the deficit.

Mr. Chairman, I empathize with the plight of the unemployed. However, I hardly think we can call this an emergency and add to the deficit when the economy is looking stronger and unemployment is going down.

103D CONGRESS
1ST SESSION

S. 382

To extend the emergency unemployment compensation program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 17 (legislative day, JANUARY 5), 1993

Mr. MOYNIHAN (for himself, Mr. RIEGLE, Mr. MITCHELL, Mr. BRADLEY, Mr. ROCKEFELLER, Mr. DASCHLE, and Mr. CONRAD,) (by request) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To extend the emergency unemployment compensation program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Emergency Unemploy-
5 ment Compensation Amendments of 1993".

6 **SEC. 2. EXTENSION OF EMERGENCY UNEMPLOYMENT COM-**
7 **PENSATION PROGRAM.**

8 (a) **GENERAL RULE.**—Sections 102(f)(1) and
9 106(a)(2) of the Emergency Unemployment Compensation

1 Act of 1991 (Public Law 102-164,
2 amended by striking "March 6,
3 "October 2, 1993".

4 (b) MODIFICATION TO FINA
5 graph (2) of section 102(f) of such

6 (1) by striking "March
7 "October 2, 1993", and

8 (2) by striking "June 1
9 "January 15, 1994".

10 (c) CONFORMING AMENDME
11 section 101(e) of such Act is amer
12 6, 1993" each place it appears at
13 1993".

14 (d) EFFECTIVE DATE.—Th
15 this section shall apply to
16 March 6, 1993.

17 **SEC. 3. TREATMENT OF RAILROAD W**

18 (a) EXTENSION OF PROGRAM.—

19 (1) IN GENERAL.—Para
20 section 501(b) of the Er
21 Compensation Act of 1991
22 amended) are each amende
23 1993" and inserting "Octol

1 (2) CONFORMING AMENDMENT.—Section
2 501(a) of such Act is amended by striking “March
3 1993” and inserting “October 1993”.

4 (b) TERMINATION OF BENEFITS.—Section 501(e) of
5 such Act is amended—

6 (1) by striking “March 6, 1993” and inserting
7 “October 2, 1993”, and

8 (2) by striking “June 19, 1993” and inserting
9 “January 15, 1994”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to weeks beginning after
12 March 6, 1993.

13 **SEC. 4. PROFILING OF NEW CLAIMANTS.**

14 (a) GENERAL RULE.—The Secretary of Labor shall
15 establish a program for encouraging the adoption and im-
16 plementation by all States of a system of profiling all new
17 claimants for regular unemployment compensation (in-
18 cluding new claimants under each State unemployment
19 compensation law which is approved under the Federal
20 Unemployment Tax Act (26 U.S.C. 3301–3311) and new
21 claimants under Federal unemployment benefit and allow-
22 ance programs administered by the State under agree-
23 ments with the Secretary of Labor), to determine which
24 claimants may be likely to exhaust regular unemployment
25 compensation and may need reemployment assistance

1 services to make a successful transition to new employ-
2 ment.

3 (b) TECHNICAL ASSISTANCE TO STATES.—The Sec-
4 retary of Labor shall provide technical assistance and ad-
5 vice to the States in the development of model profiling
6 systems and the procedures for such systems. Such tech-
7 nical assistance and advice shall be provided by the utiliza-
8 tion of such resources as the secretary deems appropriate,
9 and the procedures for such profiling systems shall include
10 the effective utilization of automated data processing.

11 (c) FUNDING OF ACTIVITIES.—For purposes of en-
12 couraging the development and establishment of model
13 profiling systems in the States, the Secretary of Labor
14 shall provide to each State, from funds available for this
15 purpose, such funds as may be determined by the Sec-
16 retary to be necessary.

17 (d) REPORT TO CONGRESS.—Within 30 months after
18 the date of the enactment of this Act, the Secretary of
19 Labor shall report to the Congress on the operation and
20 effectiveness of the profiling systems adopted by the
21 States, and the Secretary's recommendation for continu-
22 ation of the systems and any appropriate legislation.

23 (e) STATE.—For purposes of this section, the term
24 "State" has the meaning given such term by section
25 3306(j)(1) of the Internal Revenue Code of 1986.

1 (f) **EFFECTIVE DATE.**—The provisions of this section
2 shall take effect on the date of the enactment of this Act.

3 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS.**

4 There are authorized to be appropriated for
5 nonrepayable advances to the account for “Advances to
6 the Unemployment Trust Fund and Other Funds” in the
7 Department of Labor appropriations Acts (for transfer to
8 the “extended unemployment compensation account” es-
9 tablished by section 905 of the Social Security Act) such
10 sums as may be necessary to carry out the purposes of
11 the amendments made by section 2 this Act.

12 **SEC. 6. EMERGENCY DESIGNATION.**

13 Pursuant to sections 251(b)(2)(D)(i) and 252(e) of
14 the Balanced Budget and Emergency Deficit Control Act
15 of 1985, the Congress hereby designates all direct spend-
16 ing amounts provided by this Act (for all fiscal years) and
17 all appropriations authorized by this Act (for all fiscal
18 years) as emergency requirements within the meaning of
19 part C of the Balanced Budget and Emergency Deficit
20 Control Act of 1985.

○

February 23, 1993

COMMITTEE ON FINANCE MARKUP DOCUMENT

UNEMPLOYMENT COMPENSATION
S. 382

I. Emergency Unemployment Compensation (EUC) Program

Present Law. - The Federal Emergency Unemployment Compensation (EUC) program was first enacted in November 1991 and extended most recently by P.L. 102-318 on July 3, 1992. The EUC program currently provides workers who exhaust their regular State unemployment benefits with 26 weeks of benefits in States with the highest unemployment and 20 weeks of benefits in all other States. States with adjusted insured unemployment rates (the average of the current week and the preceding 12 weeks) of at least 5 percent or total unemployment rates (6 month moving average) of at least 9 percent are eligible to pay the higher number of weeks of benefits.

This schedule of EUC benefits is in effect so long as the seasonally adjusted national unemployment rate remains at 7 percent or higher. (The rate for the month of January 1992 was 7.1 percent.) Should the national unemployment rate fall below 7 percent for two consecutive months, the law provides that the number of weeks of benefits will be reduced to 15 in high unemployment States and 10 in all other States. Similarly, if the national unemployment rate falls below 6.8 percent for two consecutive months, the number of weeks of benefits will be reduced to 13 and 7 weeks.

The eligibility of States to provide 26 and 20 weeks of EUC benefits as of the week ending February 20 was as follows:

<u>26 weeks</u>		<u>20 weeks</u>	
Alaska	Alabama	Kentucky	North Carolina
California	Arizona	Louisiana	North Dakota
Oregon	Arkansas	Maine	Ohio
Rhode Island	Colorado	Maryland	Oklahoma
Washington	Connecticut	Massachusetts	Pennsylvania
West Virginia	Delaware	Michigan	South Carolina
Puerto Rico	Dist. of Columbia	Minnesota	South Dakota
	Florida	Mississippi	Tennessee
	Georgia	Missouri	Texas
	Hawaii	Montana	Utah
	Idaho	Nebraska	Vermont
	Illinois	Nevada	Virginia
	Indiana	New Hampshire	Wisconsin
	Iowa	New Jersey	Wyoming
	Kansas	New Mexico	Virgin Islands
		New York	

The EUC program expires on March 6, 1993. Workers who exhaust their regular State benefits after that date will be ineligible for EUC benefits. Workers who began receiving EUC benefits on or before March 6 will be entitled to the full number of weeks of benefits for which they were found eligible. They are not required to claim benefits in each consecutive week. However, no benefits are payable after June 19, 1993.

During the period between the March 6 expiration date of the EUC program and the termination of all EUC benefit payments on June 19, an extended benefit period may be activated in a State. In such a case, individuals who would meet the eligibility requirements for receiving benefits under both the EUC and the extended benefits program are entitled to receive whichever program's benefits are greater.

Proposed Change. - The current EUC program is extended without change through October 2, 1993. Workers who exhaust their regular State benefits after that date will not be eligible for EUC benefits. Workers who begin receiving EUC benefits before that date will be entitled to the full number of weeks of benefits for which they were found eligible. No EUC benefits will be payable after January 15, 1994.

As under current law, if an extended benefit period is activated in a State between the October 2 expiration date of the EUC program and the January 15 date of termination of all EUC benefits, an eligible worker will be entitled to receive EUC benefits or extended benefits, whichever are greater.

II. Profiling System for State Unemployment Compensation Programs

Present Law. - There is currently no provision in law that specifically authorizes States to establish systems for developing profiles of workers receiving unemployment compensation for the purpose of identifying those workers most likely to benefit from early assistance and/or training needed to obtain employment.

Proposed Change. - The Secretary of Labor is directed to establish a program for encouraging the adoption and implementation by all States of systems of profiling all new claimants for regular unemployment compensation. These profiling systems will be used to determine which claimants might be most likely to exhaust their regular unemployment compensation benefits and might need reemployment assistance services to make a successful transition to new employment.

The Secretary is required to provide technical assistance and advice to the States in developing automated profiling systems. He is required to report to the Congress within 30 months of enactment on the operation and effectiveness of the profiling systems adopted by the States.

III. Additional Unemployment Compensation for Railroad Workers

Present Law. - Workers in the railroad industry are eligible for a separate unemployment compensation program that provides benefits basically equivalent to those provided under regular State unemployment compensation programs. Railroad workers with under 10 years of railroad service are not eligible for extended benefits. The EUC law temporarily provides extended benefits to railroad workers with under 10 years of service and additional weeks of extended benefits to other qualifying railroad workers in order to maintain comparability with the EUC benefits provided to the workers in other industries.

Proposed Change. - Eligible railroad workers will continue to receive the additional benefits provided under the current EUC law throughout the life of the EUC program. This provision has been included at the request of the Committee on Labor and Human Resources.

IV. Funding

The bill authorizes appropriation of such sums as are necessary to pay EUC benefits. Appropriated funds are to be in the form of non-repayable advances from the General Fund to the account for "Advances to the Unemployment Trust Fund and Other Funds" (for transfer to the Extended Unemployment Compensation Account of the Unemployment Trust Fund).

V. Budget Enforcement Act

Present Law. - Sections 251(b)(2)(D)(i) and 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings), as amended by the Budget Enforcement Act of 1990, provide that if the President designates a provision as an emergency requirement, and the Congress also so designates in statute, then any new budget authority, outlays, and receipts resulting from that provision will not be counted for purposes of the Gramm-Rudman-Hollings enforcement procedures.

Proposed Change. - The bill contains an emergency designation provision whereby the Congress designates all direct spending and all appropriations authorized by the proposed legislation as emergency requirements within the meaning of the Balanced Budget and Emergency Deficit Control Act of 1985.

VI. Technical Amendment

The Department of Labor has requested a technical amendment that allows funds already appropriated in the Department of Labor Appropriations Act for fiscal year 1993 to be used to make payments to the States to carry out the EUC program.

VII. Cost Estimates

The Congressional Budget Office (CBO) has provided preliminary estimates of the cost of the bill. CBO estimates that the total cost for the 6-year period FY 1993-98 is \$5.791 billion. EUC benefit costs will total \$5.55 billion: \$3.21 billion in FY 93 and \$2.34 billion in FY 94. Costs of providing additional railroad unemployment benefits are estimated to be less than \$3 million. The costs of administering EUC benefits is estimated to be \$190 million in FY 93-94, while the administrative costs of the profiling initiative are estimated to be \$48 million in FY 93-98.