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SENATE

} REPORT  
No. 1837

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## UNEMPLOYMENT INSURANCE FOR EX-SERVICEMEN

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JULY 15, 1958.—Ordered to be printed

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

### REPORT

[To accompany H. R. 11630]

The Committee on Finance, to whom was referred the bill (H. R. 11630) to amend title XV of the Social Security Act to extend the unemployment insurance system to ex-servicemen, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### I. PURPOSE

The purpose of H. R. 11630 is to amend title XV of the Social Security Act so as to provide a permanent unemployment compensation program for ex-servicemen similar to the program which now exists under title XV for civilian employees of the Federal Government. At present, military service is excluded from the definition of Federal service in title XV. Your committee's bill provides that service in the Armed Forces is to be treated as Federal service under stated conditions for the purpose of unemployment benefits under title XV. As is done with respect to civilian employees of the Federal Government, benefits will be paid in accordance with State unemployment insurance law provisions, and will be financed by Federal appropriations.

#### II. NEED FOR THIS LEGISLATION

Title IV of the Veterans' Readjustment Assistance Act of 1952 provided a special and temporary program of unemployment compensation for Korean veterans. Those benefits, however, are available only to individuals who entered military service before February

1, 1955. Benefits cease for everyone under this program at the end of January 1960.

Your committee has been advised that in fiscal years 1958 and 1959, a total of 850,000 individuals who entered the service on and after February 1, 1955, will be separated from military service and that during the next 3 years an average of approximately 600,000 such individuals will be separated yearly. These ex-servicemen are not covered by present unemployment insurance legislation. The cash wages of \$19 to \$25 a week, received by servicemen in the lowest 3 grades—44 percent of those separated in 1958—and the cash wages of most other enlisted men do not provide sufficient income to accumulate savings to carry them over periods of unemployment following separation.

Unemployment insurance is generally recognized as one of the important bulwarks of the economy, since it provides purchasing power for the individual during periods of unemployment. Your committee was informed by the Department of Labor that about 81 percent of the wage and salaried jobs in the country are currently covered by Federal or State unemployment insurance laws. In 1954, title XV was added to the Social Security Act providing a permanent unemployment compensation program for 2.4 million Federal civilian workers. Under this title, benefits are paid these workers as if their Federal employment had been subject to a State employment security law. However, unlike Federal civilian workers and most workers in private industry, individuals who have entered the Armed Forces since January 31, 1955, have no unemployment compensation to tide them over periods of unemployment following their separation from military service. Your committee believes it appropriate to provide this group of Federal employees with unemployment compensation protection in the same manner as is provided for all other Federal employees.

Under your committee's bill, wages earned in the Armed Forces are to be treated as though they had been earned in employment subject to State unemployment insurance laws as is now done with wages earned by Federal civilian employees. Such a provision does not constitute a special reward for military service, but merely accords the individual a protection he most likely would have had if he had not entered military service. Since most civilian jobs are covered by unemployment insurance, individuals who leave such jobs to go into the Armed Forces normally lose any rights to unemployment insurance which they had acquired in civilian employment. As long as their military employment is excluded from unemployment insurance, they do not acquire any new rights. Employment in the Armed Forces thus puts the ex-servicemen at a disadvantage in acquiring unemployment insurance protection, compared with individuals who remain in civilian employment. Moreover, under compulsory military service servicemen have no choice but to serve in the armed services. When periods of military service end, ex-servicemen frequently have periods of unemployment while adjusting to civilian life and civilian jobs. This adjustment will be eased by providing unemployment insurance comparable to the benefits available to other unemployed workers covered by State and Federal unemployment insurance laws.

The disadvantage that ex-servicemen experience by having military employment excluded from the scope of the unemployment compensation program does not end when they get their first postservice civilian jobs. The period of time which must elapse between the first covered employment and the date on which they can first qualify for unemployment benefits varies from State to State. Generally, individuals cannot qualify for benefits until 7 to 9 months after their first work covered by unemployment insurance. An even longer period is ordinarily needed to acquire rights to full benefits. As a result, ex-servicemen are disadvantaged under unemployment insurance laws until they have been in civilian employment for a year or more. During their first year of civilian life, ex-servicemen are particularly susceptible to unemployment because of lack of seniority.

Many ex-servicemen will have had little or no preservice employment experience. At a time when skilled workers with extensive and recent employment are experiencing periods of unemployment, it is difficult for anyone entering the labor market to obtain work, especially those without civilian experience. Unemployment compensation based on their service in the Armed Forces will provide ex-servicemen with some income during their readjustment period.

This bill represents the recommendations of the administration for a permanent program of unemployment compensation for ex-servicemen along the lines of the protection now provided for Federal civilian employees. Your committee is advised that such a program has the endorsement of a number of Government and private groups with an interest in this field—the President's Commission on Veterans' Pensions, the Federal Advisory Council on Employment Security, the Interstate Conference of Employment Security Agencies, and the major veterans' organizations.

Your committee believes that protection under title XV is the most satisfactory way of meeting the postservice unemployment compensation needs of ex-servicemen. As mentioned above, these benefits are not intended to constitute a special reward for peacetime military service. No individual is guaranteed that, as a result of his service, he will receive unemployment benefits. Rather, he is assured that his military service pay will be treated as though it had been covered under the law of the State in which he claims benefits for unemployment. To draw benefits, the ex-serviceman must meet the qualifying wage and employment requirements of that State law, on the basis either of his employment in the Armed Forces alone, or of that employment combined with any covered civilian employment during the applicable base period. Such a provision provides automatically for an easy transition to the civilian unemployment insurance program. It thus facilitates the individual's total adjustment to civilian life.

The unemployment compensation provided by this bill assures the ex-servicemen of protection comparable to that available to civilian workers in his area. His benefits will vary, depending on the State in which he files his claim. Similar State-to-State variations now exist for Federal civilian workers, and employees of large private enterprises which operate in more than one State.

By providing that military service wages shall be treated as are civilian wages for the purposes of unemployment compensation, your committee is following the precedent established in another area of

social insurance when military service was made "employment" for purposes of old-age, survivors, and disability insurance.

Your committee believes that unemployment benefits based on military wages under the provisions of State laws is an improvement, particularly for a permanent program, over the flat benefit rate used in the temporary program for Korean veterans provided by title IV of the Veterans' Readjustment Assistance Act of 1952. Selection of the proper flat weekly benefit amount is very difficult in view of the wide variations and frequent changes in State benefit formulas. For example, the \$26 provided by the Korean veterans' program compared favorably with State maximums when it was adopted in 1952, but now is far below the average rate. Furthermore, since unemployment insurance is a wage loss program, it is appropriate and equitable to base the benefits of an ex-serviceman on his pay, as is done for all other covered workers including Federal civilian employees.

### III. ESTIMATED COST OF THE BILL

The annual cost of the program provided by this bill will depend upon the level of unemployment each year as well as upon the number of persons separated from military service annually.

The Department of Labor estimates the cost of compensation paid under the provisions of this bill in fiscal year 1959 will be \$73.2 million more than it is estimated will be paid under title IV of the Veterans' Readjustment Assistance Act of 1952. The cost in fiscal year 1959 is predicated upon Department of Defense estimates of the release of 710,000 servicemen in 1959. It is estimated that in fiscal year 1959 the average ex-serviceman who files a claim will continue his claim for a duration of 15.4 weeks. The average weekly benefit is estimated to be \$30.

In 1960, the cost of this bill is estimated by the Department of Labor to be \$69.2 million in excess of costs under title IV of the Veterans' Readjustment Assistance Act of 1952. It is estimated that 640,000 servicemen will be released in 1960. The average claimant is expected to claim 11 weeks of benefits at an average weekly rate of \$31.

In fiscal years 1961 and 1962, the cost of this bill will be \$65.6 million and \$67.4 million, respectively. In each of these years approximately 640,000 servicemen will be separated from the Armed Forces.

It is the sense of your committee that the cost of the benefits paid under this bill, although they will be appropriated to the Department of Labor, should be classified in the President's budget as a military expense.

### IV. GENERAL EXPLANATION OF THE BILL

Your committee's bill provides protection under title XV of the Social Security Act for servicemen whose latest separation from active duty occurs more than 60 days after enactment of the bill, and for those with earlier separations who entered the Armed Forces after January 31, 1955. Individuals who entered service after January 31, 1955, have no rights to benefits under the temporary program of unemployment benefits for Korean veterans. The service covered by the bill must have lasted for at least 90 consecutive days, unless ended earlier by reason of an actual service-incurred injury or dis-

ability. Also, the individual must have been discharged or released under conditions other than dishonorable and must not have been given a bad conduct discharge. The bill makes it clear that active service includes active duty for training purposes.

Title XV of the Social Security Act establishes unemployment compensation for Federal civilian employees. The program for ex-servicemen will thus be administered in substantially the same manner as the unemployment compensation system for Federal civilian employees. The latter program is administered by States under agreements with the Federal Government. A claim by an ex-serviceman will be processed under the law of the State in which he first files his claim after his most recent release from active service. The amount of wages upon which an ex-serviceman's benefits will be computed will be determined, on the basis of his rank at separation, from the applicable schedule issued by the Secretary of Labor specifying the remuneration for each pay grade. The schedule of gross wages for military service is to be prescribed by the Secretary of Labor, after consultation with the Secretary of Defense. Such schedule of remuneration will reflect representative amounts for appropriate elements of military pay whether in cash or in kind. For example under a tentative schedule of such wages under consideration by the Departments concerned, a private first class (pay grade E-3) would receive the maximum weekly benefit amount in 20 States with maximums ranging from \$25 to \$35. In the other 31 States, his weekly benefit amount would range from \$27 to \$37, and would be within \$3 of the maximum in 12 States. An ex-serviceman separated at grade E-5, an Army sergeant for example, would receive the maximum weekly benefit amount in all but 6 States. Anyone at grade E-3, or above, who had a full year of military service in his base period or an equivalent combination of military service and civilian covered employment would be entitled to maximum duration of benefits in all States.

The bill prevents duplication of benefits by prohibiting payments for the period covered by mustering-out pay and by an education, training or subsistence allowance. Terminal leave payments will be treated the same as for Federal civilian employees; that is, benefits will not be paid with respect to a period for which terminal leave is paid.

Ex-servicemen whose periods of service include service covered by title IV of the Veterans' Readjustment Assistance Act of 1952 (periods of service entered into prior to February 1, 1955) but whose discharge is subsequent to the effective date of this bill would be eligible for unemployment compensation under the provisions of this bill, instead of under title IV. The bill provides, however, that if the service covered by the bill is not sufficient to bring an individual under a State unemployment compensation law or increase his benefits under such law, his entitlement to compensation under title IV will not be affected.

The benefits under this bill will be paid under the benefit provisions of the various State laws.

This bill provides that it will become effective with respect to weeks of unemployment ending after 60 days after enactment.

Your committee is unanimous in recommending enactment of this legislation.

## DEPARTMENTAL REPORTS

In expressing its approval of this measure the Bureau of the Budget stated:

On June 30, 1958, the House of Representatives passed H. R. 11630 the administration's bill, which is identical to S. 3764. This bill would provide a permanent unemployment compensation program for ex-servicemen on the same basis as benefits are now provided former Federal civilian employees. In effect, an ex-serviceman's tour of duty in the Armed Forces would be treated in the same manner as if he had been employed by a private employer in his State or by the Federal Government in a civilian capacity. Establishment of a permanent program on this basis will provide a more adequate benefit on a more equitable basis than a flat benefit for a specified duration unrelated to the ex-serviceman's length of service or earnings while in the Armed Forces.

I am authorized to advise you that the enactment of S. 3764 or H. R. 11630 would be in accord with the program of the President.

The following reports from the Veterans' Administration and the Department of Labor reiterate the administration's approval of enactment of legislation to extend unemployment compensation coverage to ex-servicemen along the lines of the protection now afforded Federal civilian employees, as proposed in S. 3764, which is identical to H. R. 11630.

JULY 11, 1958.

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,  
United States Senate, Washington, D. C.*

DEAR SENATOR BYRD: The following report on S. 3616, 85th Congress, is submitted at your request. This will serve also as a report on S. 3733, 85th Congress, which is a bill with a similar purpose. Comments about S. 3616 are equally applicable to S. 3733 except as otherwise indicated in this report.

The general purpose of the bills is to amend title XV of the Social Security Act to provide a permanent program of unemployment insurance protection for exservicemen similar to that now provided for Federal civilian employees.

Unemployment compensation for veterans has heretofore been limited to persons who served during the Korean conflict period (on or after June 27, 1950, and before February 1, 1955). Such benefit is provided under title IV of the Veterans' Readjustment Assistance Act of 1952 and is administered by the Department of Labor. However, a similar benefit (readjustment allowances) for veterans of World War II, authorized under the Servicemen's Readjustment Act of 1944, was administered by the Veterans' Administration.

S. 3616 would afford unemployment compensation to persons separated or released from active service in the Army, Navy, Air Force, Marine Corps, and Coast Guard after December 31, 1957, under conditions other than dishonorable, after continuous active service of 90 days or more, or by reason of an actual service-incurred injury or

disability. S. 3733 would afford such benefit to persons who are separated from such service after December 31, 1958. Active service would include active duty for training purposes of 90 consecutive days or more.

The bill (S. 3616) would also amend title IV of the Veterans' Readjustment Assistance Act so as to extend the coverage of that temporary unemployment compensation program to veterans who entered active service after January 31, 1955, and were separated therefrom before January 1, 1958 (January 1, 1959, under S. 3733).

Consistent with a similar provision in the Veterans' Readjustment Assistance Act of 1952 (sec. 408 (a) (2)), the bill provides that no payment of unemployment compensation shall be made to an individual for any period with respect to which he receives an education and training allowance under title II of the Veterans' Readjustment Assistance Act, or a subsistence allowance under other laws providing vocational rehabilitation and education and training for World War II veterans. It also provides that unemployment compensation would not be payable while an individual is receiving an allowance under the War Orphans' Educational Assistance Act of 1956 (Public Law 634, 84th Cong.).

The bill provides that the Administrator of Veterans' Affairs, as requested by the concerned State agency or the Secretary of Labor, shall determine whether the veteran was separated or released from active service under the conditions specified for unemployment compensation purposes and shall inform the requesting agency of his determination. A similar procedure has been established under the more general provisions of the Veterans' Readjustment Assistance Act whereby the Veterans' Administration cooperates with the agencies administering unemployment compensation to determine such questions. Enactment of the proposed legislation would not otherwise directly affect the Veterans' Administration.

The need for insurance against unemployment following release from active military service would seem to be no less in the case of an ex-serviceman who entered active service after January 31, 1955, than for one who served before that date. Accordingly, the Veterans' Administration favors the establishment of a permanent unemployment compensation program for veterans.

The administration has recommended the enactment of legislation to extend unemployment compensation coverage to peacetime veterans along the lines of the protection now afforded Federal civilian employees. We understand that the administration proposal is embodied in the bill S. 3764 now before your committee and that the Department of Labor, which administers such program, has advised the committee that it favors the enactment of the bill rather than S. 3616 or S. 3733. We also believe that the enactment of S. 3764 would be desirable since it would provide a permanent program for compensating veterans that would give them benefits equal to those now provided for former employees of private employers and former civilian employees of the Federal Government.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to the committee.

Sincerely yours,

SUMNER G. WHITTIER, *Administrator.*

DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, May 20, 1958.

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,  
United States Senate, Washington, D. C.*

DEAR SENATOR BYRD: This is in further response to your request for our comments on S. 3616, a bill to amend title XV of the Social Security Act to provide for payments of unemployment compensation thereunder to veterans discharged after 1957, to the same extent as such payments are made to civilian employees of the United States; S. 3733, a bill to amend title XV of the Social Security Act to provide for payments of unemployment compensation thereunder to veterans discharged after 1958 to the same extent as such payments are made to civilian employees of the United States; S. 3710, a bill to extend, until such time as compulsory military service under the laws of the United States is terminated, the provisions of title IV of the Veterans' Readjustment Assistance Act of 1952 to veterans who entered active service in the Armed Forces after January 31, 1955; and S. 3764, a bill to amend title XV of the Social Security Act to extend the unemployment insurance system to ex-servicemen, and for other purposes.

We favor enactment of legislation to provide a permanent system of unemployment compensation for ex-servicemen. S. 3764 is part of the legislative program of this Department and the Bureau of the Budget advises that its enactment would be in accord with the program of the President.

An individual who leaves active duty in the Armed Forces, whether in peacetime or during a war, is as much in need of financial assistance to tide him over the period necessary to find a job as is the individual whose civilian job is terminated. At the present time only individuals who entered the Armed Forces before February 1, 1955, are covered under the temporary veterans' unemployment compensation program provided by title IV of the Veterans' Readjustment Assistance Act of 1952. The President's Commission on Veterans' Pensions, as well as the Federal Advisory Council on Employment Security and the Interstate Conference of Employment Security Agencies, have recommended a permanent unemployment insurance program for ex-servicemen along the lines of the protection now provided for Federal civilian employees under title XV of the Social Security Act. In addition, the four major veterans' organizations have all passed resolutions at their 1956 and 1957 national conventions endorsing a permanent program for ex-servicemen.

S. 3764 would extend the unemployment insurance provisions of the Social Security Act covering Federal civilian employment to service in the Armed Forces which begins after January 31, 1955, or which terminates after the effective date of the legislation. As is the case in the program for Federal civilian workers, the proposed program for ex-servicemen would be administered by the States under agreements with the Federal Government.



S. 3733 and S. 3616, while similar in many respects to S. 3764, differ principally from it in their effect upon the special temporary veterans' unemployment compensation program provided by the Veterans' Readjustment Assistance Act of 1952. S. 3733 and S. 3616 would extend coverage of the temporary unemployment insurance program provided under title IV of that act to ex-servicemen released or discharged after January 31, 1955, but prior to certain later dates (January 1, 1958 in S. 3616 and January 1, 1959 in S. 3733).

We believe that the method of bringing ex-servicemen entering the Armed Forces after January 31, 1955, under the unemployment compensation program provided under S. 3764 is preferable to that proposed by S. 3616 and S. 3733. The special veterans' unemployment compensation program terminates for all veterans at the end of January 1960. The \$26 weekly benefit provided under it is now low in comparison to benefit amounts in most States both as to maximum and average weekly payments. We believe that more equitable treatment would be afforded peacetime ex-servicemen by bringing them all within the permanent program on the same basis presently being used for Federal civilian workers. Payments would be made in the same manner as they would have been had their service been covered by State laws.

We would be even less in favor of the method proposed under the fourth bill, S. 3710, for providing a permanent unemployment compensation system for ex-servicemen. That bill would extend title IV of the Veterans' Readjustment Assistance Act under certain limitations to individuals entering the Armed Forces as long as compulsory military service is in effect. Title IV presently provides unemployment compensation of 26 times a weekly rate of \$26 for veterans with service between June 27, 1950, and February 1, 1955. These benefits, totaling \$676, are payable to veterans with 90 days continuous service or those separated earlier because of a service-incurred injury or disability. A flat weekly rate for a permanent program, as proposed by S. 3710, would be even less acceptable than it would be for the temporary extension of coverage proposed under S. 3616 and S. 3733.

In certain additional respects the program provided by S. 3710 is less favorable to ex-servicemen than the program recommended by the administration. The 16 weeks' duration provided by S. 3710 is less than the duration which would be payable to an ex-serviceman under all but 1 State law on the basis of 1 year's wages in the Armed Forces. Furthermore, the 2 years of service required under S. 3710 to qualify for benefits is stricter than the qualifying requirements for civilian workers under any State law. Under the administration proposal, the duration of the ex-serviceman's benefits and his qualifying requirements are determined in the same manner as though his service were covered by the law of the State in which he files his claim.

The program proposed in S. 3710 would be more expensive and present more administrative difficulties than a system which uses

basically the same procedures as are used for State claims. Also, by treating the ex-serviceman differently from unemployed civilian workers, it would make his transition into the civilian labor force that much more complex.

We recommend enactment of legislation providing a permanent program of unemployment compensation for ex-servicemen as provided in S. 3764, rather than the other three bills covered in this report.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

JAMES P. MITCHELL,  
*Secretary of Labor.*

## V. SECTION-BY-SECTION ANALYSIS

The first section of the bill provides a short title "Ex-Servicemen's Unemployment Compensation Act of 1958."

### SECTION 2

Section 2 amends section 1501 (a) of title XV of the Social Security Act by providing that the exceptions to Federal service under section 1501 (a) do not apply to service covered by section 1511, added by section 3 of the bill.

### SECTION 3

Section 3 adds to the end of title XV a new section, 1511, prescribing the terms and conditions for the payment of unemployment compensation to ex-servicemen.

Section 1511 (a) provides that the program becomes effective with respect to individuals with "Federal service" as defined in subsection (b) for weeks of unemployment ending after the 60th day after the date of the enactment of the bill. It provides further that the provisions of title XV, except where inconsistent with the provisions of the new section 1511, shall apply to the program established by this bill.

Section 1511 (b) defined "Federal service" for purposes of determining whether an individual's service is covered by the bill. An individual has "Federal service" if he has had active service (including active duty for training purposes) in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, and such service was continuous for 90 days or more, or was terminated earlier by reason of an actual service-incurred injury or disability. Such service is "Federal service," however, only if the individual was discharged or released under conditions other than dishonorable and if he was not given a bad conduct discharge or, if an officer, he did not resign for the good of the service. Resignations for the good of the service are comparable to bad conduct discharges which are applicable only to enlisted men and warrant officers.

-- In addition, service in the Armed Forces is not "Federal service" unless a period of such service began after January 31, 1955, or terminated later than the 60th day after the date of the enactment of the bill. Under this provision, individuals who have a period of "Federal service" which terminates after such 60th day will be covered by the bill regardless of the date on which they entered service. Individuals whose active service began after January 31, 1955, are covered by this bill even though their service terminated on or before 60 days after its enactment. Such individual's entitlement to benefits by reason of this bill will depend on whether the period of active service in the Armed Forces is in the base period of the State in which his claim is filed.

Section 1511 (c) defines "Federal wages" for an ex-serviceman as remuneration for the periods of service covered by section 1511 (b). These wages are computed on the basis of the ex-serviceman's grade at the time of separation or release from his latest period of such service. Schedules specifying the remuneration for each pay grade of serviceman will be issued from time to time by the Secretary of Labor, after consultation with the Secretary of Defense.

The remuneration will include cash wages and a cash value for appropriate elements of remuneration paid in a medium other than cash. When an individual files his first claim for compensation for a benefit year, the schedule of remuneration effective at the time of filing will be used to compute his "Federal wages."

Section 1511 (d) (1) requires any Federal department or agency designated by the Secretary to make available to the appropriate State agency or to the Secretary such information (including findings) as the Secretary may find practicable and necessary for determining whether an individual is entitled to benefits under the bill. Generally, the information (including findings) necessary for such determination will be obtained from the individual's separation document issued by the Armed Forces. When necessary to obtain additional information or findings, it is contemplated that normally such information will be obtained through the Veterans' Administration. Section 1511 (d) (1) authorizes the Secretary to prescribe by regulation the manner and form in which findings of the appropriate Federal agency will be made available.

Section 1511 (d) (2) provides, that, subject to correction of errors and omissions as prescribed by the Secretary of Labor by regulation, any finding by a Federal department or agency shall be final and conclusive for the purposes of appeals and review under sections 1502 (c) and 1503 (c) of title XV. The findings made final and conclusive are those with respect to whether an individual has performed Federal service as defined in section 1511 (b), his periods of such Federal service, and his pay grade at the time of separation or release from the latest period of such service. Also made final and conclusive are the schedules of remuneration issued by the Secretary under section 1511 (c).

Section 1511 (e) assigns all Federal service and wages covered by section 1511, not previously assigned, to the State, or Puerto Rico or the Virgin Islands, as the case may be, in which the claimant first files his claims for unemployment compensation after his most recent discharge or release from such Federal service.

This method of assignment differs from that used for Federal civilian employees, whose service and wages are assigned to the State of their last official station. For Federal civilians, the place of last official station is generally the State in which he lives and works. For the ex-serviceman, on the other hand, his last duty station has no relation to his normal civilian residence. In the great majority of cases, the assignment of an ex-serviceman's Federal service and wages to the State in which he files will result in their assignment to the State in which he lives and in which he is most likely to earn wages in civilian employment. In this way, the number of interstate claims will be kept to a minimum. An assignment made in accordance with this section constitutes an assignment under section 1504 for all the purposes of title XV.

Section 1511 (f) specifies that terminal leave payments under section 4 (c) of the Armed Forces Leave Act of 1946 to individuals who have terminated their Federal service, as defined under section 1511 (b) shall be treated as accumulated annual leave of Federal civilian employees is treated under section 1505 of title XV. Thus benefits under this bill will not be paid for periods with respect to which terminal leave is paid.

Section 1511 (g) specifies that an individual who is eligible to receive a mustering out payment under title V of the Veterans' Readjustment Assistance Act of 1952 shall not be eligible to receive compensation under this bill with respect to weeks of unemployment completed within 30 days after his discharge if he receives mustering out pay of \$100; within 60 days after his discharge if he receives \$200; and within 90 days after his discharge if he receives \$300.

Section 1511 (h) provides that no compensation under this bill is to be paid to an individual for any period for which he receives an education or training allowance under subsection (a), (b), (c) or (d) of section 232 of the Veterans' Readjustment Act of 1952, a subsistence allowance under part VII or part VIII of Veterans' Regulation No. 1 (a) as amended, or an educational assistance allowance under the War Orphans' Educational Assistance Act of 1956.

Section 1511 (i) provides that any individual whose Federal service as defined in this bill makes him eligible for unemployment compensation under this bill, or increases the weekly benefit amount computed according to State law (which includes the unemployment compensation for Federal civilian employee program) is not thereafter entitled to unemployment compensation under title IV of the Veterans' Readjustment Assistance Act of 1952. In those few cases in which an

individual with rights under title IV is separated from active service more than 60 days after enactment of this bill, but does not qualify for benefits under this bill, this title IV rights will not be terminated.

## SECTION 4

Section 4 amends section 1507 (a) of the Social Security Act by specifying that it is not to apply with respect to Federal services and Federal wages covered by section 1511.

Section 1507 (a) relates to the securing of information and the finality of findings for Federal civilian employees. Substitute provisions relating to the program provided by this bill are contained in section 1511 (d).

## CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italic; existing law in which no change is proposed is shown in roman):

## TITLE XV OF THE SOCIAL SECURITY ACT

TITLE XV—UNEMPLOYMENT COMPENSATION FOR  
FEDERAL EMPLOYEES

## DEFINITIONS

SECTION 1501. When used in this title—

(a) The term "Federal service" means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term [shall] does not include service (*other than service to which section 1511 applies*) performed—

- (1) by an elective officer in the executive or legislative branch of the Government of the United States;
- (2) as a member of the Armed Forces of the United States;
- (3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);
- (4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code of 1939:

(5) outside the United States by an individual who is not a citizen of the United States;

(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(7) by any individual as an employee receiving nominal compensation of \$12 or less per annum;

(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(12) as a member of a State, county, or community committee under the Production and Market Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

(13) by an officer or a member of the crew on or in connection with an American vessel (A) owned by or bareboat chartered to the United States and (B) whose business is conducted by a general agent of the Secretary of Commerce, if contributions on account of such service are required to be made to an unemployment fund under a State unemployment compensation law pursuant to section 1606 (g) of the Internal Revenue Code of 1939 or section 3305 (g) of the Internal Revenue Code of 1954.

For the purpose of paragraph (5) of this subsection, the term "United States" when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(b) The term "Federal wages" means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

(c) The term "Federal employee" means an individual who has performed Federal service.

(d) The term "compensation" means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

(e) The term "benefit year" means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

(f) The term "Secretary" means the Secretary of Labor.

## COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 has been included as employment and wages under such law.

(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section 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 such manner and to such extent.

(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

## COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and

Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

#### STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing of his first claim for compensation for the benefit year, except that—

(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

#### TREATMENT OF ACCRUED ANNUAL LEAVE

SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of accumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concern-



ing allocation over the period, such payment shall constitute Federal wages.

## PAYMENTS TO STATES

SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

## INFORMATION

SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

- (1) whether the employee has performed Federal service,
- (2) the periods of such service,
- (3) the amount of remuneration for such service, and
- (4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c). *This subsection shall not apply with respect to Federal service and Federal wages covered by section 1511.*

(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

## PENALTIES

SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

(B) as a result of such action has received any amount as compensation under this title to which he was not entitled, such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such

further review as may be appropriate under sections 1502 (c) and 1503 (c).

(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

#### REGULATIONS

SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

#### APPROPRIATIONS

SEC. 1510. (a) There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title.

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code of 1939 are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955,".

(c) Effective with respect to services performed after December 31, 1954, section 3305 (e) and section 3306 (l) of the Internal Revenue Code of 1954 are hereby repealed.

#### EX-SERVICEMEN'S UNEMPLOYMENT COMPENSATION PROGRAM

SEC. 1511. (a) *The provisions of this title, except where inconsistent with the provisions of this section, apply, with respect to weeks of unemployment ending after the sixtieth day after the date of the enactment of this section, to individuals who have had Federal service as defined in subsection (b).*

(b) *For the purposes of this section, the term "Federal service" means active service (including active duty for training purposes) in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States if—*

*(1) such service was continuous for ninety days or more, or was terminated earlier by reason of an actual service-incurred injury or disability; and*

*(2) with respect to such service, the individual (A) has been discharged or released under conditions other than dishonorable, and (B) was not given a bad conduct discharge, or, if an officer, did not resign for the good of the service.*

*No individual shall be treated as having Federal service within the meaning of the preceding sentence unless he has a period of such service which either begins after January 31, 1955, or terminates after the sixtieth day after the date of the enactment of this section.*

(c) *For the purposes of this section, the term "Federal wages" means remuneration for the periods of service covered by subsection (b), computed on the basis of remuneration for the individual's pay grade at the time of his discharge or release from the latest period of such service as specified in the schedule applicable at the time of filing of his first claim*

for compensation for the benefit year. The Secretary shall issue, from time to time, after consultation with the Secretary of Defense, schedules specifying the remuneration for each pay grade of servicemen covered by this section, which shall reflect representative amounts for appropriate elements of such remuneration (whether in cash or in kind).

(d) (1) Any Federal department or agency shall, when designated by the Secretary, make available to the appropriate State agency or to the Secretary, as the case may be, such information (including findings in the form and manner prescribed by the Secretary by regulation) as the Secretary may find practicable and necessary for the determination of an individual's entitlement to compensation by reason of this section.

(2) Subject to correction of errors and omissions as prescribed by the Secretary by regulation, the following shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c):

(A) Any finding by a Federal department or agency, made in accordance with paragraph (1), with respect to (i) whether an individual has met any condition specified in subsection (b), (ii) the individual's periods of Federal service as defined in subsection (b), and (iii) the individual's pay grade at the time of his discharge or release from the latest period of such Federal service.

(B) The schedules of remuneration issued by the Secretary under subsection (c).

(e) Notwithstanding the provisions of section 1504, all Federal service and Federal wages covered by this section, not previously assigned, shall be assigned to the State, or Puerto Rico or the Virgin Islands, as the case may be, in which the claimant first files his claim for unemployment compensation after his most recent discharge or release from such Federal service. This assignment shall constitute an assignment under section 1504 for all purposes of this title.

(f) Payments made under section 4 (c) of the Armed Forces Leave Act of 1946 (37 U. S. C. 33 (c)) at the termination of Federal service covered by this section shall be treated for determining periods of Federal service as payments of annual leave to which section 1505 applies.

(g) An individual who is eligible to receive a mustering-out payment under title V of the Veterans' Readjustment Assistance Act of 1952 (38 U. S. C. 1011 et seq.) shall not be eligible to receive compensation under this title with respect to weeks of unemployment completed within thirty days after his discharge or release if he receives \$100 in such mustering-out payments; within sixty days after his discharge or release if he receives \$200 in such mustering-out payment; or within ninety days after his discharge or release if he receives \$300 in such mustering-out payment.

(h) No payment shall be made by reason of this section to an individual for any period with respect to which he receives an education and training allowance under subsection (a), (b), (c), or (d) of section 232 of the Veterans' Readjustment Assistance Act of 1952 (38 U. S. C. 942), a subsistence allowance under part VII or part VIII of Veterans Regulation Numbered 1 (a), as amended, or an educational assistance allowance under the War Orphans' Educational Assistance Act of 1956 (38 U. S. C. 1031 et seq.).

(i) Any individual—

(1) who meets the wage and employment requirements for compensation under the law of the State to which his Federal service and Federal wages as defined in this section have been assigned (or, in the case of Puerto Rico or the Virgin Islands, the law of the District of

*Columbia) but would not meet such requirements except by the use of such Federal service and Federal wages, or*

*(2) whose weekly benefit amount computed according to the law of such State (or the law of the District of Columbia, as the case may be) is increased by the use of such Federal service and Federal wages, shall not thereafter be entitled to unemployment compensation under the provisions of title IV of the Veterans' Readjustment Assistance Act of 1952 (38 U. S. C. 991 et seq.).*

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