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HOUSE OF REPRESENTATIVES

REPORT
110–607

EMERGENCY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 2008

APRIL 24, 2008.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RANGEL, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 5749]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5749) to provide for a program of emergency unemployment compensation, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Emergency Extended Unemployment Compensation Act of 2008".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Federal-State agreements.
Sec. 3. Emergency unemployment compensation account.
Sec. 4. Payments to States having agreements for the payment of emergency unemployment compensation.
Sec. 5. Financing provisions.
Sec. 6. Fraud and overpayments.
Sec. 7. Definitions.
Sec. 8. Applicability.

SEC. 2. FEDERAL-STATE AGREEMENTS.

(a) IN GENERAL.—Any State which desires to do so may enter into and participate in an agreement under this Act with the Secretary of Labor (in this Act referred to as the "Secretary"). Any State which is a party to an agreement under this Act may, upon providing 30 days' written notice to the Secretary, terminate such agreement.

69–006

(b) PROVISIONS OF AGREEMENT.—Any agreement under subsection (a) shall provide that the State agency of the State will make payments of emergency unemployment compensation to individuals who—

(1) have exhausted all rights to regular compensation under the State law or under Federal law with respect to a benefit year (excluding any benefit year that ended before May 1, 2007);

(2) have no rights to regular compensation or 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 (except as provided under subsection (e)); and

(3) are not receiving compensation with respect to such week under the unemployment compensation law of Canada.

(c) EXHAUSTION OF BENEFITS.—For purposes of subsection (b)(1), an individual shall be deemed to have exhausted such individual's rights to regular compensation under a State law when—

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

(2) such individual's rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(d) WEEKLY BENEFIT AMOUNT, ETC.—For purposes of any agreement under this Act—

(1) the amount of emergency unemployment 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 such individual during such individual's benefit year under the State law for a week of total unemployment;

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

(3) the maximum amount of emergency unemployment compensation payable to any individual for whom an emergency unemployment compensation account is established under section 3 shall not exceed the amount established in such account for such individual.

(e) ELECTION BY STATES.—Notwithstanding any other provision of Federal law (and if State law permits), the Governor of a State that is in an extended benefit period may provide for the payment of emergency unemployment compensation prior to extended compensation to individuals who otherwise meet the requirements of this section.

SEC. 3. EMERGENCY UNEMPLOYMENT COMPENSATION ACCOUNT.

(a) IN GENERAL.—Any agreement under this Act shall provide that the State will establish, for each eligible individual who files an application for emergency unemployment compensation, an emergency unemployment compensation account with respect to such individual's benefit year.

(b) AMOUNT IN ACCOUNT.—

(1) IN GENERAL.—The amount established in an account under subsection (a) shall be equal to the lesser of—

(A) 50 percent of the total amount of regular compensation (including dependents' allowances) payable to the individual during the individual's benefit year under such law, or

(B) 13 times the individual's average weekly benefit amount for the benefit year.

(2) WEEKLY BENEFIT AMOUNT.—For purposes of this subsection, an individual's weekly benefit amount for any week is the amount of regular compensation (including dependents' allowances) under the State law payable to such individual for such week for total unemployment.

(c) SPECIAL RULE.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, if, at the time that the individual's account is exhausted or at any time thereafter, such individual's State is in an extended benefit period (as determined under paragraph (2)), then, such account shall be augmented by an amount equal to the amount originally established in such account (as determined under subsection (b)(1)).

(2) EXTENDED BENEFIT PERIOD.—For purposes of paragraph (1), a State shall be considered to be in an extended benefit period, as of any given time, if—

(A) such a period is then in effect for such State under the Federal-State Extended Unemployment Compensation Act of 1970;

(B) such a period would then be in effect for such State under such Act if section 203(d) of such Act—

(i) were applied by substituting "4" for "5" each place it appears; and

(ii) did not include the requirement under paragraph (1)(A); or

(C) such a period would then be in effect for such State under such Act if—

(i) section 203(f) of such Act were applied to such State (regardless of whether the State by law had provided for such application); and

(ii) such section 203(f)—

(I) were applied by substituting "6.0" for "6.5" in paragraph (1)(A)(i); and

(II) did not include the requirement under paragraph (1)(A)(ii).

SEC. 4. PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF EMERGENCY UNEMPLOYMENT COMPENSATION.

(a) GENERAL RULE.—There shall be paid to each State that has entered into an agreement under this Act an amount equal to 100 percent of the emergency unemployment compensation paid to individuals by the State pursuant to such agreement.

(b) TREATMENT OF REIMBURSABLE COMPENSATION.—No payment shall be made to any State under this section in respect of any compensation to the extent the State is entitled to reimbursement in respect of such compensation under the provisions of any Federal law other than this Act or chapter 85 of title 5, United States Code. A State shall not be entitled to any reimbursement under such chapter 85 in respect of any compensation to the extent the State is entitled to reimbursement under this Act in respect of such compensation.

(c) DETERMINATION OF AMOUNT.—Sums payable to any State by reason of such State 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 the Secretary's 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 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.

SEC. 5. FINANCING PROVISIONS.

(a) IN GENERAL.—Funds in the extended unemployment compensation account (as established by section 905(a) of the Social Security Act (42 U.S.C. 1105(a)) of the Unemployment Trust Fund (as established by section 904(a) of such Act (42 U.S.C. 1104(a)) shall be used for the making of payments to States having agreements entered into under this Act.

(b) CERTIFICATION.—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 Government Accountability Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as so established) to the account of such State in the Unemployment Trust Fund (as so established).

(c) ASSISTANCE TO STATES.—There are appropriated out of the employment security administration account (as established by section 901(a) of the Social Security Act (42 U.S.C. 1101(a)) of the Unemployment Trust Fund, without fiscal year limitation, such funds as may be necessary for purposes of assisting States (as provided in title III of the Social Security Act (42 U.S.C. 501 et seq.)) in meeting the costs of administration of agreements under this Act.

(d) APPROPRIATIONS FOR CERTAIN PAYMENTS.—There are appropriated from the general fund of the Treasury, without fiscal year limitation, to the extended unemployment compensation account (as so established) of the Unemployment Trust Fund (as so established) such sums as the Secretary estimates to be necessary to make the payments under this section in respect of—

(1) compensation payable under chapter 85 of title 5, United States Code; and

(2) compensation payable on the basis of services to which section 3309(a)(1) of the Internal Revenue Code of 1986 applies.

Amounts appropriated pursuant to the preceding sentence shall not be required to be repaid.

SEC. 6. FRAUD AND OVERPAYMENTS.

(a) IN GENERAL.—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 emergency unemployment compensation under this Act to which he was not entitled, such individual—

(1) shall be ineligible for further emergency unemployment compensation under this Act 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.

(b) REPAYMENT.—In the case of individuals who have received amounts of emergency unemployment compensation under this Act to which they were not entitled, the State shall require such individuals to repay the amounts of such emergency unemployment compensation to the State agency, except that the State agency may waive such repayment if it determines that—

(1) the payment of such emergency unemployment compensation was without fault on the part of any such individual; and

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

(c) RECOVERY BY STATE AGENCY.—

(1) IN GENERAL.—The State agency may recover the amount to be repaid, or any part thereof, by deductions from any emergency unemployment compensation payable to such individual under this Act or from any unemployment compensation payable to such individual under any State or 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 3-year period after the date such individuals received the payment of the emergency unemployment compensation to which they were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(2) OPPORTUNITY FOR HEARING.—No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) REVIEW.—Any determination by a State agency 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 that manner and to that extent.

SEC. 7. DEFINITIONS.

In this Act, the terms "compensation", "regular compensation", "extended compensation", "additional compensation", "benefit year", "base period", "State", "State agency", "State law", and "week" have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 8. APPLICABILITY.

(a) IN GENERAL.—Except as provided in subsection (b), an agreement entered into under this Act shall apply to weeks of unemployment—

(1) beginning after the date on which such agreement is entered into; and

(2) ending on or before February 1, 2009.

(b) TRANSITION FOR AMOUNT REMAINING IN ACCOUNT.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), in the case of an individual who has amounts remaining in an account established under section 3 as of the last day of the last week (as determined in accordance with the applicable State law) ending on or before February 1, 2009, emergency unemployment compensation shall continue to be payable to such individual from such amounts for any week beginning after such last day for which the individual meets the eligibility requirements of this Act.

(2) LIMIT ON AUGMENTATION.—If the account of an individual is exhausted after the last day of such last week (as so determined), then section 3(c) shall not apply and such account shall not be augmented under such section, regardless of whether such individual's State is in an extended benefit period (as determined under paragraph (2) of such section).

(3) LIMIT ON COMPENSATION.—No compensation shall be payable by reason of paragraph (1) for any week beginning after April 30, 2009.

I. SUMMARY AND BACKGROUND

PURPOSE AND SUMMARY

The bill, H.R. 5749, as amended, would establish a temporary program providing extended unemployment benefits in every State to individuals exhausting their regular unemployment compensation. States would enter into agreements with the Federal government to provide these benefits. The weekly benefit amount provided by the program would equal the amount received under regular unemployment compensation. The terms and conditions for regular unemployment compensation also would apply to these extended benefits. An individual's benefit year for regular compensation must have ended on or after May 1, 2007 for the individual to be eligible for extended benefits under the program.

The duration of these extended benefits would equal the lesser of 13 weeks or half the duration of regular unemployment compensation. In States with high unemployment, defined in the bill as at least 6% total unemployment or 4% insured unemployment, an additional 13 weeks of extended benefits would be provided for a total of 26 weeks. The benefit and administrative costs of the program would be fully financed by the Federal unemployment accounts. The program would terminate on February 1, 2009. However, any individual receiving benefits through the program before that date would be eligible for their entire 13-week benefit.

BACKGROUND AND NEED FOR LEGISLATION

Over the first three months of 2008, the U.S. economy lost a total of 232,000 jobs. With the labor market in such a steep decline, more workers face the possibility of layoffs and current unemployment compensation recipients face greater difficulty in becoming reemployed. The total number of unemployed workers has already grown by 1.1 million over the last twelve months.

This rise in joblessness is particularly troubling since the number of long-term unemployed workers is already very high. At the onset of the 2001 recession, 696,000 workers were unemployed for more than six months, representing about 11% of all unemployed workers. Similarly, at the start of the 1990 recession, the long-term unemployed comprised 9.8% of all jobless workers. In March of 2008, there were nearly 1.3 million workers who were unemployed for more than six months (representing nearly 17% of all unemployed workers). Not only is the number of long-term unemployed nearly twice as high compared to the beginning of the last recession, but it is also higher than indicated at the time Congress finally extended unemployment benefits in 2002.

Furthermore, the percentage of workers exhausting regular unemployment compensation (36%) is higher today than at the beginning of any of the past five recessions. Given this high exhaustion rate, the Congressional Budget Office assumes that roughly 3.5 million Americans will run out of unemployment benefits before finding work this year.

When economic conditions have deteriorated in the past five decades, Congress has routinely provided extended unemployment benefits to dislocated workers. Such federally-funded extensions have occurred in 1958, 1961, 1972, 1975, 1982, 1991, and 2002. Sometimes these extensions have been delayed until long after the

beginning of an economic downturn—a mistake this legislation attempts to avoid.

Unemployment benefits are extended during economic downturns in recognition of the fact that workers are losing their jobs and having difficulty becoming reemployed due to a depressed labor market. Providing assistance to such workers not only helps them and their families avoid severe deprivation, but it also reduces the severity and duration of an economic downturn by sustaining consumer demand. For example, it has been estimated by Moody's Economy.com that every dollar of extended unemployment benefits generates $1.64 of economic growth. The Congressional Budget Office also recently concluded that extending unemployment benefits provides one of the most cost-effective and fastest-acting forms of economic stimulus because jobless workers have little choice but to spend the money quickly.

While there are varying degrees of unemployment among the States, local areas of high unemployment exist throughout much of the nation. There are over 100 metropolitan areas located all over the country with unemployment rates of 6% or higher, according to the Bureau of Labor Statistics. Similarly, there are many counties with significant unemployment, even in States with relatively low unemployment rates.

These facts strongly argue for quickly extending unemployment benefits for long-term unemployed workers on a nationwide basis.

LEGISLATIVE HISTORY

The Emergency Extended Unemployment Compensation Act, H.R. 5749, was referred to the Committee on Ways and Means on April 9, 2008. On April 10, 2008, the Ways and Means Subcommittee on Income Security and Family Support held a hearing on extending unemployment compensation, which included a discussion of H.R. 5749. The Committee on Ways and Means marked up H.R. 5749 on April 16, 2008, and ordered the bill, as amended, favorably reported by a roll call vote, with a quorum present.

II. EXPLANATION OF THE BILL

SEC. 2. FEDERAL-STATE AGREEMENTS

PRESENT LAW

The Unemployment Insurance (UI) program (also known as unemployment compensation) is funded by both Federal and State payroll taxes and pays benefits to covered workers who become involuntarily unemployed for economic reasons and meet State-established eligibility rules. Federal administration of UI is under the purview of the U.S. Department of Labor (DOL). Federal law sets broad rules that the 53 State programs must follow (Puerto Rico, the US Virgin Islands, and the District of Columbia are included). The Federal tax pays for both Federal and State administrative costs, the Federal share of the extended benefit (EB) program (50%), loans to insolvent State UI accounts, and State employment services. The State tax pays for the regular UI benefit and the State share of the EB program (50%).

EXPLANATION OF THE PROVISION

The bill would create a new temporary extension of Unemployment Insurance that would entitle certain unemployed individuals to unemployment benefits (Emergency Unemployment Compensation) that are not available under current law. Individuals who had exhausted their benefits with respect to a benefit year (excluding any benefit year that ended before May 1, 2007) may be eligible for these additional benefits. The amount of the benefit would be the equivalent of the individual's weekly regular UI benefit (including dependents' allowances).

The terms and conditions of the State law for receipt of regular UI benefits also would apply to these benefits.

Governors of the States would be able to provide for the payment of the emergency UI benefit before the EB benefit. Such an election would not require a State to "trigger off" an EB period. Thus, once the regular UI benefit was exhausted a State could opt for the individual to receive the emergency UI benefit (100% Federal funding) before receiving the EB benefit (50% Federal funding and 50% State funding).

REASONS FOR CHANGE

The current EB program rarely triggers on in States with high and/or rising unemployment given the program's requirements. Congress has therefore routinely established temporary Federal extended benefits programs in response to economic weakness and growing unemployment.

EFFECTIVE DATE

The provision is effective upon enactment.

SEC. 3. EMERGENCY UNEMPLOYMENT INSURANCE ACCOUNT

PRESENT LAW

The EB program, established by P.L. 91–373 (26 U.S.C. 3304, note), may extend UI benefits at the State level if certain economic situations exist within the State. Although the EB program is not currently active in any State, it—like the UI program—is permanently authorized. The EB program is triggered when a State's insured unemployment rate (IUR) or total unemployment rate (TUR) reaches certain levels. All States must pay up to 13 weeks of EB if the IUR for the previous 13 weeks is at least 5% and is 120% of the average of the rates for the same 13–week period in each of the 2 previous years. There are two other optional thresholds that States may choose. (They may choose one, both, or none.) Under these options, the State would provide the following:

- Option 1: an additional 13 weeks of benefits if the State's IUR is at least 6%, regardless of previous years' averages.
- Option 2: an additional 13 weeks of benefits if the State's TUR is at least 6.5% and is at least 110% of the State's average TUR for the same 13 weeks in either of the previous two years; or, in a "high unemployment period," an additional 20 weeks of benefits if the TUR is at least 8% and is at least 110% of the State's average TUR for the same 13 weeks in either of the previous two years.

Beyond the regular UI benefit eligibility requirements, eligibility for EB benefits requires that individuals must have 20 weeks of full-time insured employment or its equivalent.

EXPLANATION OF THE PROVISION

The provision would establish an account for individuals who were eligible for this emergency extended UI benefit. The number of weeks an individual would be eligible for these emergency extended UI benefits would be the lesser of 50% of the total regular UI eligibility or 13 weeks.

Under a special rule, if the State is in an EB period (which has a special definition for purposes of this temporary extension) at the time the UI benefits exhausted, then the amount of emergency extended UI benefits is augmented by an additional amount that is equivalent to an additional 13 weeks (or 50% of the total regular UI eligibility, if less). Thus, in those "high unemployment" States where the EB program was triggered, temporary benefits of up to 26 weeks would be possible (13 additional weeks plus another 13 extra weeks for the special EB period).

The bill would temporarily change the definition of an EB period for the purposes of this provision by expanding the definition of an EB period to include States with a TUR that was at least 6.0% and States with an IUR that was at least 4.0% (regardless of the IUR and TUR in the same 13-week period in the previous two years and regardless of whether or not State law includes the TUR trigger option in the EB program).

REASONS FOR CHANGE

The Committee believes current economic and employment circumstances warrant establishing a temporary, federally-funded extended unemployment benefits program. Like all such recent programs, the legislation provides a basic level of assistance in all States with additional help provided in States with higher unemployment. In an effort to avoid penalizing workers in States currently suffering with high unemployment, the Committee did not require that States have rising unemployment, in addition to high unemployment, in order to be deemed a high unemployment State and therefore eligible to offer a second 13 weeks of emergency extended UI benefits. Additionally, the Committee believes that all workers considered sufficiently attached to the workforce to be eligible for regular UI benefits should be eligible for emergency extended UI benefits, especially since up to six months of a worker's wage record might not be considered when eligibility for regular UI benefits is determined.

EFFECTIVE DATE

The provision is effective upon enactment.

SEC. 4. PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF EMERGENCY UNEMPLOYMENT INSURANCE

PRESENT LAW

The Federal unemployment tax on employers, among other uses, pays the Federal share (50%) of the extended benefit (EB) program

and 100% of Federal and State administrative costs. State unemployment taxes on employers pay for 100% of the regular UI benefit and 50% of the EB benefit.

EXPLANATION OF THE PROVISION

100% of the temporary extended UI benefit would be federally funded.

REASONS FOR CHANGE

The legislation follows past temporary programs in providing 100% Federal funding for the extended unemployment benefits.

EFFECTIVE DATE

The provision is effective upon enactment.

SEC. 5. FINANCING PROVISIONS

PRESENT LAW

UI benefits are financed through employer taxes. The Federal taxes on employers are under the authority of the Federal Unemployment Tax Act (FUTA), and the State taxes are under the authority given by the State Unemployment Tax Acts (SUTA). These taxes are deposited in the appropriate accounts within the U.S. Treasury's Unemployment Trust Fund (UTF).

Among its 59 accounts, the Federal UTF in the U.S. Treasury includes: the Employment Security Administration Account (ESAA), the Extended Unemployment Compensation Account (EUCA), the Federal Unemployment Account (FUA), 53 State accounts, the Federal Employees Compensation Account, and two accounts related to the Railroad Retirement Board. Federal unemployment taxes are placed in the ESAA, the EUCA, and the FUA. Each State's unemployment taxes are placed in the appropriate State's account.

EXPLANATION OF THE PROVISION

The provision would allow funds in the Federal EUCA within the UTF to be used for the payment of emergency UI benefits. In addition, it would appropriate such sums as necessary for administrative costs (i.e., without fiscal year limitation) from the Federal ESAA.

The provision would appropriate funds for the emergency UI benefits paid to employees of non-profits and governmental entities from the general fund of the Treasury payable into the Federal EUCA. Those amounts would not be required to be repaid.

REASONS FOR CHANGE

Dedicated payroll taxes fund the Federal unemployment trust funds, which now hold reserves of roughly $35 billion. The legislation uses these funds to help long-term unemployed workers.

EFFECTIVE DATE

The provision is effective upon enactment.

SEC. 6. FRAUD AND OVERPAYMENTS

PRESENT LAW

All State laws provide for recovering UI benefits paid to workers who later are found not to be entitled to them. In addition to direct repayment, States use several tools to recoup these funds. States may, at the discretion of the State agency, recover overpayments by deducting from future benefits payable (benefit offset). They also may offset overpayments with State tax refunds due to the worker. They also can compel repayment by pursuing civil action in State court. Finally, some States may assess interest on outstanding overpayment balances. Some States provide that if the overpayment is not the fault of the individual, the individual is not liable to repay the amount overpaid.

EXPLANATION OF THE PROVISION

If an individual lies or cooperates in a lie in order to receive an emergency UI benefit to which he or she was not entitled, the individual would be ineligible for further emergency UI benefits and would be subject to prosecution under section 1001 of title 18 of the United States Code (Chapter 47—Fraud and False Statements).

The provision would mandate States to require individuals who have received emergency UI benefits to which they were not entitled to repay the benefits. The State would be able to waive the repayment if it determines the payment was made without fault on the part of the individual and such repayment would be contrary to equity and good conscience.

The provision would allow States to recover erroneous payments through deductions from any emergency UI benefits payable to such individual or from any State or Federal unemployment benefit with respect to any week of unemployment, during the 3–year period after the date such individual received the erroneous emergency UI benefit payment. No single deduction would be allowed to exceed 50% of the weekly benefit amount from which such deduction is made. In addition to regular UI and EB benefits, the Trade Readjustment Allowance and the Federal Disaster Unemployment Assistance benefit (among other similar benefits) also would qualify to have such a deduction.

No repayment shall be required until a determination has been made and an opportunity for a fair hearing has been given to the individual and the determination has become final.

REASONS FOR CHANGE

The legislation ensures anti-fraud provisions apply to benefits provided under the bill.

EFFECTIVE DATE

The provision is effective upon enactment.

SEC. 7. DEFINITIONS

PRESENT LAW

Section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) provides definitions for the EB program. Included among the definitions are the following:

- The term "compensation" means cash benefits payable to individuals with respect to their unemployment.
- The term "regular compensation" means compensation payable to an individual under any State unemployment compensation law (including compensation payable pursuant to 5 U.S.C. chapter 85—that is, Federal employee and ex-servicemember unemployment benefits), other than extended compensation and additional compensation.
- The term "extended compensation" means compensation (including additional compensation and compensation payable pursuant to 5 U.S.C. chapter 85) payable for weeks of unemployment beginning in an extended benefit period to an individual under those provisions of the State law which satisfy the requirements of this title with respect to the payment of extended compensation.
- The term "additional compensation" means compensation payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors.
- The term "benefit year" means the benefit year as defined in the applicable State law.
- The term "base period" means the base period as determined under applicable State law for the benefit year.
- The term "Secretary" means the Secretary of Labor of the United States.
- The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.
- The term "State agency" means the agency of the State which administers its State law.
- The term "State law" means the UI law of the State, approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1986.
- The term "week" means a week as defined in the applicable State law.

EXPLANATION OF THE PROVISION

The proposal would keep all but one of these definitions. The proposal does not include the definition of the term "Secretary."

REASONS FOR CHANGE

This legislation uses the more specific term "Secretary of Labor" in place of the term "Secretary."

EFFECTIVE DATE

The provision is effective upon enactment.

SEC. 8. APPLICABILITY

PRESENT LAW

Not applicable.

EXPLANATION OF PROVISION

The program would terminate in the week ending on or before February 1, 2009. Those unemployed individuals who had qualified for the emergency UI benefit or had qualified for the additional "EB" (high unemployment) provision would continue to receive payments for the number of weeks they were deemed eligible. However, if the unemployed individual has not exhausted the first emergency extension of UI benefits by February 1, 2009, regardless of State economic conditions, the individual would not be eligible for an additional "EB" (high unemployment) extension of the emergency UI benefit. If an individual exhausts his or her regular UI benefits after February 1, 2009, the individual would not be eligible for any emergency UI benefit. No such benefits shall be payable for any week beginning after April 30, 2009.

REASONS FOR CHANGE

The Committee believes that the termination date of the program created by this legislation signals to workers that the Federal government will assist them as the economy slows, while allowing the next Congress to consider the appropriate response to the economic conditions existing at that time.

EFFECTIVE DATE

The provision is effective upon enactment.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 5749, the "Emergency Extended Unemployment Compensation Act of 2008"

MOTION TO REPORT RECOMMENDATIONS

H.R. 5749, the "Emergency Extended Unemployment Compensation Act of 2008", as amended, was ordered favorably reported by a roll call vote 24 yeas and 13 nays (with a quorum being present). The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. RANGEL.....	X			Mr. MCCRERY.....		X	
Mr. STARK.....	X			Mr. HERGER.....		X	
Mr. LEVIN.....	X			Mr. CAMP.....	X		
Mr. MCDERMOTT...	X			Mr. RAMSTAD.....		X	
Mr. LEWIS (GA)...	X			Mr. JOHNSON.....		X	
Mr. NEAL.....	X			Mr. ENGLISH.....	X		
Mr. MCNULTY.....	X			Mr. WELLER.....		X	
Mr. TANNER.....		X		Mr. HULSHOF.....		X	
Mr. BECERRA.....	X			Mr. LEWIS (KY)...		X	
Mr. DOGGETT.....	X			Mr. BRADY.....		X	
Mr. POMEROY.....	X			Mr. REYNOLDS....			
Ms. TUBBS JONES...	X			Mr. RYAN.....		X	
Mr. THOMPSON.....	X			Mr. CANTOR.....		X	
Mr. LARSON.....	X			Mr. LINDER.....			
Mr. EMANUEL.....	X			Mr. NUNES.....		X	
Mr. BLUMENAUER.	X			Mr. TIBERI.....		X	
Mr. KIND.....	X			Mr. PORTER.....	X		
Mr. PASCRELL	X						
Ms. BERKLEY	X						
Mr. CROWLEY	X						
Mr. VAN HOLLEN	X						
Mr. MEEK							
Ms. SCHWARTZ							
Mr. DAVIS	X						

VOTES ON AMENDMENTS

A roll call vote was conducted on the following amendments to the Chairman's Amendment in the Nature of a Substitute.

An amendment by Mr. Weller which would target extended unemployment benefits to certain high unemployment States was defeated by a vote of 13 yeas and 24 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. RANGEL.....		X		Mr. MCCRERY.....	X		
Mr. STARK.....		X		Mr. HERGER.....	X		
Mr. LEVIN.....		X		Mr. CAMP.....	X		
Mr. MCDERMOTT...		X		Mr. RAMSTAD.....	X		
Mr. LEWIS (GA)...		X		Mr. JOHNSON.....	X		
Mr. NEAL.....		X		Mr. ENGLISH.....		X	
Mr. MCNULTY.....		X		Mr. WELLER.....	X		
Mr. TANNER.....		X		Mr. HULSHOF.....	X		
Mr. BECERRA.....		X		Mr. LEWIS (KY)...	X		
Mr. DOGGETT.....		X		Mr. BRADY.....	X		
Mr. POMEROY.....		X		Mr. REYNOLDS....			
Ms. TUBBS JONES...		X		Mr. RYAN.....	X		
Mr. THOMPSON.....		X		Mr. CANTOR.....	X		
Mr. LARSON.....		X		Mr. LINDER.....			
Mr. EMANUEL.....		X		Mr. NUNES.....	X		
Mr. BLUMENAUER.		X		Mr. TIBERI.....	X		
Mr. KIND.....		X		Mr. PORTER.....		X	
Mr. PASCRELL		X					
Ms. BERKLEY		X					
Mr. CROWLEY		X					
Mr. VAN HOLLEN		X					
Mr. MEEK							
Ms. SCHWARTZ							
Mr. DAVIS		X					

VOTES ON AMENDMENTS

A roll call vote was conducted on the following amendments to the Chairman's Amendment in the Nature of a Substitute.

An amendment by Mr. McCrery which would add a provision requiring 20 weeks of work for extended benefit eligibility was defeated by a vote of 16 yeas and 21 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. RANGEL.....		X		Mr. MCCRERY.....	X		
Mr. STARK.....		X		Mr. HERGER.....	X		
Mr. LEVIN.....		X		Mr. CAMP.....	X		
Mr. MCDERMOTT...		X		Mr. RAMSTAD.....	X		
Mr. LEWIS (GA)...		X		Mr. JOHNSON.....	X		
Mr. NEAL.....		X		Mr. ENGLISH.....	X		
Mr. MCNULTY.....		X		Mr. WELLER.....	X		
Mr. TANNER.....	X			Mr. HULSHOF.....	X		
Mr. BECERRA.....		X		Mr. LEWIS (KY)...	X		
Mr. DOGGETT.....		X		Mr. BRADY.....	X		
Mr. POMEROY.....		X		Mr. REYNOLDS....			
Ms. TUBBS JONES...		X		Mr. RYAN.....	X		
Mr. THOMPSON.....		X		Mr. CANTOR.....	X		
Mr. LARSON.....		X		Mr. LINDER.....			
Mr. EMANUEL.....		X		Mr. NUNES.....	X		
Mr. BLUMENAUER.		X		Mr. TIBERI.....	X		
Mr. KIND.....		X		Mr. PORTER.....	X		
Mr. PASCRELL		X					
Ms. BERKLEY		X					
Mr. CROWLEY		X					
Mr. VAN HOLLEN		X					
Mr. MEEK							
Ms. SCHWARTZ							
Mr. DAVIS		X					

VOTES ON AMENDMENTS

A roll call vote was conducted on the following amendments to the Chairman's Amendment in the Nature of a Substitute.

An amendment by Mr. Weller which would add a provision creating new unemployment insurance "waiver" authority for States to operate wage insurance demonstration programs was defeated by a vote of 15 yeas and 22 nays. The vote was as follows:

Representatives	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. RANGEL.....		X		Mr. MCCRERY.....	X		
Mr. STARK.....		X		Mr. HERGER.....	X		
Mr. LEVIN.....		X		Mr. CAMP.....	X		
Mr. MCDERMOTT...		X		Mr. RAMSTAD.....	X		
Mr. LEWIS (GA)...		X		Mr. JOHNSON.....	X		
Mr. NEAL.....		X		Mr. ENGLISH.....	X		
Mr. MCNULTY.....		X		Mr. WELLER.....	X		
Mr. TANNER.....		X		Mr. HULSHOF.....	X		
Mr. BECERRA.....		X		Mr. LEWIS (KY)...	X		
Mr. DOGGETT.....		X		Mr. BRADY.....	X		
Mr. POMEROY.....		X		Mr. REYNOLDS....			
Ms. TUBBS JONES...		X		Mr. RYAN.....	X		
Mr. THOMPSON.....		X		Mr. CANTOR.....	X		
Mr. LARSON.....		X		Mr. LINDER.....			
Mr. EMANUEL.....		X		Mr. NUNES.....	X		
Mr. BLUMENAUER.		X		Mr. TIBERI.....	X		
Mr. KIND.....		X		Mr. PORTER.....	X		
Mr. PASCRELL		X					
Ms. BERKLEY		X					
Mr. CROWLEY		X					
Mr. VAN HOLLEN		X					
Mr. MEEK							
Ms. SCHWARTZ							
Mr. DAVIS		X					

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the following Statement is made concerning the effects on the budget of this bill, H.R. 5749: The bill is estimated to have the following effects of Federal budget receipts for fiscal years 2008–2018:

Preliminary Estimate of Amendment in the Nature of a Substitute to H.R. 5749
"Emergency Extended Unemployment Compensation Act of 2008"
based on draft langugage f:\V10\041408\041408.267.xml, dated April 14, 2008 (5:36 p.m.)

4/16/2008
Preliminary and Subject to Change

Estimate assumes enactment June 1, 2008.
The proposal would provide 13 weeks of benefits in all states, plus an additional 13 weeks in states with high unemployment (4% insured unemployment rate or 6 percent TUR) through January, 2009, with a 'soft' cutoff February 1, 2009. Beginning after the cutoff date, no new beneficiaries would be added to the program, and beneficiaries could not transition on to the second 13 week period, but could receive their remaining weeks of benefits, through April, 2009.

(by fiscal year, in billions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-2013	2008-2018
change in outlays	6.2	6.7	0.0	0.0	0.0	0.0	0.0	-0.2	-0.3	-0.3	-0.4	12.8	11.7
change in revenues	0.0	*	0.1	0.2	0.2	0.1	0.3	0.4	0.5	0.7	0.8	0.6	3.2
net budgetary effect[a]	**6.2**	**6.6**	**-0.1**	**-0.2**	**-0.2**	**-0.1**	**-0.3**	**-0.6**	**-0.7**	**-1.0**	**-1.2**	**12.2**	**8.5**

NOTES: Components may not sum to totals because of rounding. "*" = less than $50 million.

This estimate includes administrative costs and the interactive effect that the program would have on regular benefits, extended benefits, and trade adjustment assistance.

Emergency benefits would be paid out of the EUCA account in the UI TF. Those payments would reduce the amount available for transfer to the states in later years under the Reed Act, resulting in reduced outlays and increased revenues relative to March baseline assumptions.

a. A positive number reflects an increase in the deficit. A negative number reflects a decrease in the deficit.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY OR TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves new budget authority and changes in revenues or tax expenditures. (See amounts in the Congressional Budget Office estimate provided below and in the table above.)

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following report prepared by the CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 17, 2008.

Hon. CHARLES B. RANGEL,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5749, the Emergency Extended Unemployment Compensation Act of 2008.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Christina Hawley Anthony.

Sincerely,

ROBERT A. SUNSHINE
(For Peter R. Orszag, Director).

Enclosure.

H.R. 5749—Emergency Extended Unemployment Compensation Act of 2008

Summary: H.R. 5749 would make individuals who exhaust their regular benefits eligible for unemployment compensation for an additional period of time. The Congressional Budget Office estimates that enacting the bill would:

- Increase direct spending by $6.2 billion in 2008 and $11.7 billion over the 2008–2018 period; and
- Increase revenues by a net amount of $3.2 billion over the 2008–2018 period.

In total, these changes would increase budget deficits (or reduce future surpluses) by $6.2 billion in 2008 and by a net of $8.5 billion over the 2008–2018 period.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 5749 is shown in the following table. The spending effects of this legislation fall within budget function 600 (income security).

	By fiscal year, in billions of dollars—												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008–2013	2008–2018
Changes in Direct Spending (Outlays) [1]	6.2	6.7	0	0	0	0	0	−0.2	−0.3	−0.3	−0.4	12.8	11.7
Changes in Revenues	0	*	0.1	0.2	0.2	0.1	0.3	0.4	0.5	0.7	0.8	0.6	3.2
Net Change in Deficits or Surpluses [2]	6.2	6.6	−0.1	−0.2	−0.2	−0.1	−0.3	−0.6	−0.7	−1.0	−1.2	12.2	8.5

[1] For direct spending changes, budget authority equals outlays.
[2] Positive numbers indicate an increase in deficits or decrease in surpluses.
Note: * = gain of less than $50 million; components may not add to totals because of rounding.

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted by June 1, 2008, and that spending will follow historical patterns for similar activities.

Direct spending

Most states' regular unemployment compensation programs provide up to 26 weeks of benefits to qualified individuals. The bill would authorize a program for emergency extended unemployment compensation (EEUC), which would provide federal funding for additional benefits—up to 13 weeks in all states—to beneficiaries who exhaust their regular benefits. (Certain individuals who exhausted their regular benefits prior to the bill's enactment also would be eligible for EEUC). An additional 13 weeks of benefits would be provided in states that meet certain thresholds or triggers with respect to unemployment. States would be eligible to provide the additional 13 weeks of benefits if unemployment levels reach an insured unemployment rate of 4 percent or higher, or a total unemployment rate of 6 percent or higher. (CBO estimates that around one quarter of beneficiaries would be in states that would qualify to provide that additional 13 weeks.) Benefits would be available from the date of enactment through April 30, 2009, but no new beneficiaries could be added to the program after February 1, 2009.

Based on the number of people who previously exhausted regular benefits, as well as those anticipated to exhaust benefits in the coming months, CBO estimates that over the 2008–2009 period:

- About 3.2 million people would collect EEUC and that benefits paid over that time period would total $11.7 billion;
- Administrative costs related to the EEUC program would total $0.6 billion; and
- Outlays for regular unemployment benefits would increase by $0.9 billion because the availability of the EEUC benefits would affect some recipients' employment decisions. (Most of those costs would be offset by increases in state revenues over fiscal years 2009 through 2013, as discussed below under "Revenues.")

Those costs would be slightly offset by reduced payments from other federal programs that provide extended unemployment benefits—the extended benefits program and trade adjustment assistance for workers. CBO estimates those offsets would amount to $0.3 billion in 2008 and 2009.

Under the financing provisions of the bill, funds in the Extended Unemployment Compensation Account would be transferred to the state accounts for the benefit and administrative expenses incurred

for the EEUC program. Because the state unemployment funds are included in the federal budget, those transfers would have no immediate budgetary effect. However, they would interact with provisions of the federal unemployment law known as the "Reed Act." Under those provisions, when funds in the federal accounts of the unemployment trust fund exceed certain statutory limits, excess revenues from the federal unemployment tax are transferred to the state accounts. In CBO's current baseline, we project that the federal government will transfer $8.6 billion to the states over the 2013–2018 period. CBO's baseline includes outlays from the Reed Act transfers totaling $1.1 billion from 2014 to 2018. Under the bill, outlays for EEUC would reduce the federal trust fund balances to levels that would preclude such Reed Act transfers. Thus, relative to CBO's baseline projections, outlays under the bill would be $1.1 billion lower.

CBO estimates that the net effect of unemployment-related provisions on direct spending would total $12.8 billion over the 2008–2013 period and $11.7 billion over the 2008–2018 period.

Revenues

The availability of EEUC benefits may discourage recipients from searching for work and accepting less-desirable jobs as quickly as they would in the absence of this act. Thus, some recipients may remain unemployed for slightly longer than they would have otherwise, and direct spending for regular benefits would increase during 2008 and 2009. CBO expects that some states would respond to the lower balances in their unemployment trust funds by increasing their unemployment taxes, resulting in an increase of $0.6 billion in revenues over the 2009–2013 period.

The interaction between EEUC and Reed Act transfers also would affect revenues. Under the baseline, CBO estimates that, as a result of the estimated $8.6 billion in Reed Act transfers, states would reduce unemployment taxes by about $2.5 billion over the 2014–2018 period, with additional revenue losses occurring after 2018. CBO estimates that transfers to the states under the EEUC program would reduce the federal trust fund balances to levels that would preclude such Reed Act transfers, resulting in revenues that would be $2.5 billion higher than our baseline projections of revenues over the five-year period beginning in 2014.

Intergovernmental and private-sector impact: H.R. 5749 contains no intergovernmental or private-sector mandates as defined in UMRA. CBO estimates that the changes to the unemployment compensation system would result in decreased federal transfers to states and also would lead to increased unemployment taxes in some states. These effects, however, would result from states' participation in the federal unemployment insurance program, which is voluntary, and would not result from intergovernmental mandates as defined in UMRA.

Previous CBO estimate: On February 6, 2008, CBO transmitted an estimate of the budgetary effects of the Economic Stimulus Act of 2008, as ordered reported by the Senate Committee on Finance on January 30, 2008. That bill contained provisions for the extension of unemployment compensation that are similar to provisions in H.R. 5749. Differences between the estimated costs reflect small

economic and technical adjustments to CBO's baseline and differences in the legislation.

Estimate prepared by: Federal spending: Christina Hawley Anthony; Federal revenues: Barbara Edwards; Impact on state, local, and tribal governments: Lisa Ramirez-Branum; Impact on the private sector: Ralph Smith.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee concluded that it was appropriate and timely to enact the sections included in the bill, as reported.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation: The Secretary of Labor shall use the authority under the Emergency Extended Unemployment Compensation Act of 2008, as amended, to provide extended unemployment compensation to workers exhausting regular unemployment benefits in the midst of a weak labor market. States shall enter into agreements with the Secretary to provide these federally-funded extended benefits to eligible workers.

CONSTITUTIONAL AUTHORITY STATEMENT

With respect to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article 1 of the Constitution, Section 8 ('The Congress shall have power to . . . provide for the general Welfare of the United States.')

INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Act of 1995 (Pub. L. No. 104–4).

The Committee has determined that the revenue provisions of the bill do not impose a Federal mandate on the private sector.

The Committee has determined that the revenue provisions of the bill do not impose a Federal intergovernmental mandate on State, local, or tribal governments.

APPLICABILITY OF HOUSE RULE XXI 5(1)(B)

Clause 5 of rule XXI of the Rules of the House of Representatives provides, in part, that "A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present." The Committee has carefully reviewed the

section of the bill, and states that the bill does not involve any Federal income tax rate increases within the meaning of the Rule.

PRE-EMPTING CLARIFICATION

This information is provided in accordance with section 423 of the Congressional Budget Act of 1974. The Committee has determined that the bill, as reported, does not pre-empt State or local law.

LIMITED TAX BENEFITS

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Ways and Means Committee has determined that the bill as reported contains no congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of that Rule.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

Pursuant to compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, the Ways and Means Committee has determined that the bill does not propose to repeal or amend a statute or part thereof.

VII. DISSENTING VIEWS

When the Committee met on April 16 regarding extending unemployment benefits, there were proposals on both sides of the aisle to consider. These options were crafted through hard work and good intentions and were designed to help people who are hurting after being laid off from their jobs. Unfortunately, the Committee's final product was so flawed that Members on both sides of the aisle were unable to support it. By immediately providing extended unemployment benefits in all States, even those with exceptionally low unemployment rates, the bill reported today would add to the Federal deficit, would unnecessarily raise State payroll taxes, and would allow those with minimal attachment to the workforce to collect up to six months of Federal unemployment benefits.

Today's unemployment rate is a relatively low 5.1 percent. The U.S. has never created a temporary extended benefits program at such a low unemployment rate. In fact, when the last such temporary extended unemployment benefits program was created in March 2002, the unemployment rate was 5.7 percent—the lowest unemployment rate when such a program was created in U.S. history. For perspective, during the Clinton Administration (1993–2000), the average unemployment rate for the Nation was 5.2 percent—higher than today's level.

This is not to say that there are not States with struggling economies and unemployment rates well above average that might benefit from Federal assistance for long term unemployed workers. Any effort to extend unemployment benefits should be targeted to such States with high unemployment rates where jobs are hardest to find. That is what the Republican Substitute sought to do—building on longstanding Federal policy reflected in the Extended Benefits program created in 1970. Unfortunately, in their zeal to pay benefits in all States regardless of State labor market conditions, the Majority rejected this targeted, commonsense approach.

There are two main problems with the bill that was reported from the Committee. First, extended unemployment benefits would be paid in all States, regardless of the availability of jobs there. As was detailed during the markup, in February 2008 a full 19 States had unemployment rates of 4 percent or less. Even more States—27 in all—have unemployment rates within 1 percentage point of their all-time low. In Washington State, for example, the February 2008 unemployment rate was 4.5 percent—a slight tick above Washington's all-time low of 4.4 percent, set just last year. It simply doesn't make sense to extend benefits in States where jobless rates are near all time lows. If extended benefits are merited today in States where State unemployment rates are exceptionally low, and the National rate is lower than it has been in recent decades, when and where do supporters of this approach think that extended unemployment benefits should not be available? This is a

precedent Republicans cannot support. Instead, we think targeting extended unemployment benefits in those States with high unemployment rates is in order, especially if such a program is to begin at today's relatively low 5.1 percent unemployment rate.

The second problem with the bill reported is the fact that it would not be paid for, despite promises to the contrary.

When the Income Security Subcommittee had a hearing on this legislation on April 10, Rep. Stark suggested the legislation didn't need to be paid for since there was money in the Federal unemployment insurance trust funds that could be used for this purpose. There are reserves in those trust funds, and both Republican and Democrat Congresses have used those reserves to pay for temporary extended benefits programs before.

But it is simply not true that choosing to spend those reserves will not add to the deficit. It will increase the deficit, by the amount of the additional spending in the Committee reported bill—about $12 billion for a program that would operate for just one year. The Congressional Budget Office (CBO) score of H.R. 5749 confirms as much: The CBO report says the bill would cost $12.2 billion over 5 years, and notes these "numbers indicate an increase in deficits." But these figures likely understate the true costs of this legislation since, once started, such temporary programs are regularly extended. Indeed, the typical such "temporary" program started in recent decades went on to operate for a total of about 30 months. If the program proposed in H.R. 5749 follows the same path, the total cost would balloon to $30 billion or more.

Democrats have made much of the new "paygo rule" supposedly guiding the budget policy of this Congress. For example, Speaker Pelosi on January 4, 2007 pledged that "this 110th Congress will commit itself to a higher standard: pay-as-you-go, no new deficit spending. Our new America will provide unlimited opportunity for future generations, not burden them with mountains of debt." This rule has been used by the Majority to insist on raising taxes to "pay for" even the extension of expiring tax relief. One would certainly expect such a rule would require an offset for the new mandatory spending proposed in this bill. But despite the significant new Federal spending, and their supposed commitment to pay as you go budgeting, the Majority did not include an offset with this bill. Why? Because, despite their lofty rhetoric, it appears that this bill will exploit a loophole in the paygo rules the Majority crafted, which exempt new mandatory spending from paygo requirements if the legislation is included in an appropriations measure, as this bill apparently will be.

In her January 29, 2008 floor statement on the bipartisan economic stimulus package Congress passed, Speaker Pelosi said: "I think it's a good day for us here and let's hope for the Senate to take their lead from us and be disciplined, focused, fiscally responsible, and act in a timely, temporary, and targeted way on behalf of meeting the needs of the American people." The reported bill is not fiscally responsible, and it is not targeted.

It is noteworthy that, even after being alerted to the opposition of one of their own Members to passing an unpaid for bill, the Majority rejected Republican efforts to limit the increase in the deficit associated with this effort. The Republican Substitute offered by

Rep. Weller of Illinois would have cost half as much as the Chairman's Amendment, yet was rejected by the Majority. Similarly, the amendment offered by Rep. McCrery, requiring a minimum work requirement for individuals to qualify for Federal extended benefits, would have better targeted benefits. But despite knowing of the opposition of Republicans and even of one of their Members to adding to the deficit, the Majority rejected such efforts.

Rep. Weller's Substitute amendment to provide extended benefits in States that have high or fast rising unemployment rates is consistent with the Speaker's stated challenge for any stimulus legislation to be targeted where needs are greatest. His substitute would make available up to 13 weeks of 100 percent Federally funded extended unemployment benefits in States that have an unemployment rate above the National average, or have experienced a 20 percent rise in unemployment rates in the past year, or are a "high unemployment State" as defined under the Majority bill (which includes having at least a 4 percent insured unemployment rate or at least a 6 percent total unemployment rate). Combined with regular unemployment benefits available in all States, under the Weller Substitute a total of 39 weeks of benefits would be available during the coming year to assist unemployed workers where jobs are hardest to find. On Main Street U.S.A., that helps people who need the help most.

As Rep. Weller noted, his targeted substitute would be more generous than a proposal recently touted by the AFL–CIO, often considered the voice of workers. Under that proposal, extended benefits would be paid only when the Nation's unemployment rate exceeded 5.5 percent, which given today's 5.1 percent unemployment rate would mean "not now." The Weller Substitute would start paying benefits in 18 States with high or fast rising unemployment rates right away. This commonsense substitute did not pass, and other attempts to improve the underlying bill also were rejected.

Rep. McCrery offered an amendment to reinstate a requirement that individuals claiming Federal extended benefits must have worked for 20 weeks (or earned the equivalent in wages) prior to being laid off. This provision reflects a longstanding requirement of the permanent Federal-State Extended Benefit (EB) program created in 1970; it was also included in the 2002 Temporary Extended Unemployment Compensation program that passed the House by a 417–3 vote—and which was supported by every current Committee Democrat who was in the House then. The "20 weeks of work" requirement was created to ensure a proper balance between weeks of work performed and unemployment benefits paid, especially when special extended benefits are added; it should have been included in the Committee reported bill. Without such a minimum work requirement, workers who perform only seasonal work, for example, might qualify for six months of extended unemployment benefits—which benefits might be paid for far more weeks than they actually worked to earn those benefits.

Rep. Weller also proposed to improve the Majority bill by adding a provision granting States new waiver authority to test wage insurance and other pro-work efforts as part of their unemployment benefits program. This amendment had no cost, would increase State flexibility, and was designed to spur efforts to help laid off

workers find new jobs. Yet it too was rejected. It is telling that the Majority summarily rejected this provision, despite its being the only legislation considered at markup that would have attempted to assist unemployed workers in finding new jobs, as opposed to simply extending the length of time such workers might qualify for benefit checks. It is hard to escape the irony of that.

It is important to consider the bigger picture, too. The House in 2007 passed legislation drafted by the Majority that would encourage States to offer up to 26 weeks of regular unemployment benefits to people seeking only part-time jobs, to those who quit their jobs for various reasons, and to those who just joined the workforce. Under the bill reported today, the Nation would not only pay 26 weeks of regular State unemployment benefits to such workers, but up to another 26 weeks of Federal extended benefits, too—potentially doubling the extent of unemployment benefits for any single worker to a full year (or even longer in some States with their own extended benefit and other special programs). Throughout the hearing and markup process, several Democrats argued such benefits were merited even in low-unemployment States, given the presence there of communities with relatively higher unemployment rates. But if needed now in even low-unemployment States and while the Nation's unemployment rate is a relatively low 5.1 percent, when in the future does the Majority think Federal extended benefits will not be merited in all States?

It's hard not to perceive a pattern here of the Majority attempting to increasingly make unemployment benefits more like welfare benefits than traditional unemployment insurance—with more and longer benefits paid to people with less and less attachment to the workforce. That's not only contrary to the longstanding purpose of the Nation's unemployment benefits program, but such expanding benefits will require expanding taxes, too—resulting in slower job creation and requiring ever higher payroll taxes, which will further squeeze workers' wages. How will that help either current workers, or unemployed workers in search of new jobs?

Ways and Means Republicans want to help unemployed workers, especially those in States suffering weak job prospects as evidenced by high unemployment rates. That is why Republicans supported a targeted approach to extending unemployment benefits. This would have provided real help where it is needed most. At the same time, Republicans want to ensure that current actions in the name of compassion for workers do not contribute to greater burdens for our children and grandchildren in the form of ever mounting debt. The Speaker's past rhetoric has described how stimulus legislation should be targeted and fiscally responsible. Yet despite such pledges, the Majority legislation is both untargeted and fiscally irresponsible. That is why Republicans could not support the Committee bill.

We hope that, as the legislation reported out of the Committee moves forward, additional action will be taken to make it both targeted and fiscally responsible—assisting those in need without adding to the burdens already facing current and future generations of workers.

JIM MCCRERY.
WALLY HERGER.

JERRY WELLER.
KENNY HULSHOF.
RON LEWIS.
KEVIN BRADY.
ERIC CANTOR.
SAM JOHNSON.
PAUL RYAN.
DEVIN NUNES.
JOHN LINDER.
JIM RAMSTAD.
PAT TIBERI.

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