

92 Y4
Apr 6/1
Un 2

1011

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

GOVERNMENT

Storage

DOCUMENTS

MAR 29 1971

THE LIBRARY
KANSAS STATE UNIVERSITY

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

FIRST SESSION

SUBCOMMITTEE ON DEPARTMENTS OF LABOR AND HEALTH,
EDUCATION, AND WELFARE APPROPRIATIONS

DANIEL J. FLOOD, Pennsylvania, *Chairman*

WILLIAM H. NATCHER, Kentucky
NEAL SMITH, Iowa
W. R. HULL, Jr., Missouri
BOB CASEY, Texas
EDWARD J. PATTEN, New Jersey

ROBERT H. MICHEL, Illinois
GARNER E. SHRIVER, Kansas
CHARLOTTE T. REID, Illinois
SILVIO O. CONTE, Massachusetts

ROBERT M. MOYER and HENRY A. NEIL, Jr., *Staff Assistants*

Printed for the use of the Committee on Appropriations

Supplemental Funds for 1971

KSU LIBRARIES



✓
AL1900 466791



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1971

COMMITTEE ON APPROPRIATIONS

GEORGE H. MAHON, Texas, *Chairman*

JAMIE L. WHITTEN, Mississippi
GEORGE W. ANDREWS, Alabama
JOHN J. ROONEY, New York
ROBERT L. F. SIKES, Florida
OTTO E. PASSMAN, Louisiana
JOE L. EVINS, Tennessee
EDWARD P. BOLAND, Massachusetts
WILLIAM H. NATCHER, Kentucky
DANIEL J. FLOOD, Pennsylvania
TOM STEED, Oklahoma
GEORGE E. SHIPLEY, Illinois
JOHN M. SLACK, West Virginia
JOHN J. FLYNT, Jr., Georgia
NEAL SMITH, Iowa
ROBERT N. GIAIMO, Connecticut
JULIA BUTLER HANSEN, Washington
JOSEPH P. ADDABBO, New York
JOHN J. McFALL, California
W. R. HULL, Jr., Missouri
EDWARD J. PATTEN, New Jersey
CLARENCE D. LONG, Maryland
SIDNEY R. YATES, Illinois
BOB CASEY, Texas
DAVID PRYOR, Arkansas
FRANK E. EVANS, Colorado
DAVID R. OBEY, Wisconsin
EDWARD R. ROYBAL, California
WILLIAM D. HATHAWAY, Maine
NICK GALIFIANAKIS, North Carolina
LOUIS STOKES, Ohio
J. EDWARD ROUSH, Indiana
K. GUNN MCKAY, Utah

FRANK T. BOW, Ohio
CHARLES R. JONAS, North Carolina
ELFORD A. CEDERBERG, Michigan
JOHN J. RHODES, Arizona
WILLIAM E. MINSHALL, Ohio
ROBERT H. MICHEL, Illinois
SILVIO O. CONTE, Massachusetts
GLENN R. DAVIS, Wisconsin
HOWARD W. ROBISON, New York
GARNER E. SHRIVER, Kansas
JOSEPH M. McDADE, Pennsylvania
MARK ANDREWS, North Dakota
LOUIS C. WYMAN, New Hampshire
BURT L. TALCOTT, California
CHARLOTTE T. REID, Illinois
DONALD W. RIEGLE, Jr., Michigan
WENDELL WYATT, Oregon
JACK EDWARDS, Alabama
DEL CLAWSON, California
WILLIAM J. SCHERLE, Iowa
ROBERT C. McEWEN, New York
JOHN T. MYERS, Indiana

PAUL M. WILSON, *Clerk and Staff Director*

STAFF ASSISTANTS

WILLIAM GERALD BOLING
SAMUEL W. CROSBY
GEORGE E. EVANS
ROBERT B. FOSTER
JOHN M. GARRITY
AUBREY A. GUNNELS
JAY B. HOWE
THOMAS J. KINGFIELD
KEITH F. MAINLAND
MILTON B. MEREDITH

GARY C. MICHALAK
DEMPSEY B. MIZELLE
ENID MORRISON
ROBERT M. MOYER
PETER J. MURPHY, Jr.
HENRY A. NEIL, Jr.
BYRON S. NIELSON
ROBERT C. NICHOLAS III
JOHN G. PLASHAL

SAMUEL R. PRESTON
DONALD E. RICHBOURG
EARL C. SILSBY
G. HOMER SKARIN
CHARLES W. SNODGRASS
HUNTER L. SPILLAN
GEORGE A. URIAN
EUGENE B. WILHELM

ADMINISTRATIVE SUPPORT

GERARD J. CHOUINARD
PAUL V. FARMER
DANIEL V. GUN SHOWS

GEMMA M. HICKEY
LAWRENCE C. MILLER
FRANCIS W. SADY

DALE M. SHULAW
AUSTIN G. SMITH
RANDOLPH THOMAS

TUESDAY, MARCH 9, 1971.

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

WITNESSES

PAUL J. FASSER, JR., DEPUTY ASSISTANT SECRETARY FOR MAN-
POWER AND MANPOWER ADMINISTRATOR
ROBERT C. GOODWIN, ASSOCIATE MANPOWER ADMINISTRATOR
FOR UNEMPLOYMENT INSURANCE SERVICE
WILLIAM C. CURTIS, DEPUTY ASSOCIATE MANPOWER ADMINIS-
TRATOR FOR UNEMPLOYMENT INSURANCE SERVICE
MINOR R. MILLER, DEPUTY DIRECTOR, OFFICE OF STATE OPERA-
TIONS, UNEMPLOYMENT INSURANCE SERVICE
JAMES P. ROBERTS, JR., ACTING CHIEF, DIVISION OF BUDGET PLAN-
NING AND DEVELOPMENT, OFFICE OF FINANCIAL AND MANAGE-
MENT SYSTEMS
CONRAD M. JONES, DIRECTOR, OFFICE OF BUDGET POLICY AND
REVIEW, OFFICE OF THE SECRETARY

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-
SERVICEMEN AND TRADE ADJUSTMENT ACTIVITIES, FISCAL YEAR
1971

Mr. FLOOD. Now we have the Department of Labor. The presenta-
tion will be made by Mr. Paul J. Fasser, Jr., Deputy Assistant
Secretary for Manpower and Manpower Administrator. We do not
have a biographical sketch of you.

Mr. FASSER. You should have, Mr. Chairman.

Mr. FLOOD. Please see that the record has one.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF PAUL J. FASSER, JR.

Paul J. Fasser, Jr., was appointed Deputy Assistant Secretary of Labor for
Manpower and Manpower Administrator in October of 1970.

He joined the U.S. Department of Labor after 19 years with the United Steel-
workers of America.

Mr. Fasser started with the Steelworkers Union in April of 1951 as a research
associate in the research department, moved to the arbitration department in
1963 as a contract and arbitration technician, and became assistant director of
the contract administration department in 1967.

Among his major responsibilities with the Steelworkers were those of admin-
istrator and manager of the major operating section of the contract administration
department; membership on numerous standing union-basic steel industry com-
mittees such as testing, apprenticeship, contract language review and benefits.
In addition, he functioned as the international representative on several innova-
tive programs which include the Kaiser long-range sharing plan, the Alan Wood
joint economic expansion plan and the basic steel earnings protection plan. He
was the technical coordinator of the can and aluminum industry negotiating
conferences and acted as union consultant to the USW-U.S. Steel Board of
Arbitration.

He was educated in the public schools of Farrell, Pa. While working summers at the Steelworkers Headquarters offices in Pittsburgh, he attended Grove City College, the University of Pittsburgh where he studied business administration, and the N. Y. State School of Industrial and Labor Relations of Cornell University where he received his bachelor of science degree in industrial and labor relations in 1951.

A World War II veteran, he served in Europe with the 45th Infantry Division. Born June 15, 1926 in Gary, Ind., Mr. Fasser is married to the former Mae A. Carino of Pittsburgh. The couple has three children and make their home in McLean, Va.

Mr. FLOOD. I see you have a statement here. How do you intend to proceed?

Mr. FASSER. Mr. Chairman, I have a very brief statement, and with your permission I would like to read it.

Mr. FLOOD. Very well.

GENERAL STATEMENT ON THE NEED FOR A SUPPLEMENTAL

Mr. FASSER. Mr. Chairman and members of the committee, this is a request (contained in House Doc. 92-60) for a \$50,675,000 increase in the 1971 appropriation for Unemployment Compensation for Federal Employees and Ex-servicemen and Trade Adjustment Activities. It consists of an additional \$8,400,000 for payments to former Federal employees and \$42,275,000 for payments to ex-servicemen. The current adjusted appropriation for fiscal year 1971 is \$266,400,000 including \$11,900,000 for trade adjustment assistance. This supplemental will bring the total to \$317,075,000, of which \$305,175,000 will be available for former Federal employees and ex-servicemen.

Developments in the past several months indicate that the estimates for payments of benefits to unemployed Federal workers and ex-servicemen are experiencing a substantial increase over earlier estimates. The benefit payments for the first 7 months of fiscal year 1971 are at a level almost 2½ times the payments for the similar period in fiscal year 1970 (\$82,860,000 vs. \$202,662,000). We estimate that on the basis of expenditures to date funds currently available were exhausted on March 5, 1971. Since it is not possible to borrow from fiscal year 1972 funds prior to April 1, 1971, this means that without additional funds the payment of benefits will have to be suspended for almost the full month of March 1971.

We agree that we seriously underestimated the benefit costs for this program initially. It may be worth mentioning, however, that those estimates were made several months ago. For the base appropriation, they were made in June 1969. The current economic conditions were not apparent to us at the time we made the initial estimates of payments under this program. Traditionally the highest UCFE-UCX workload and resultant benefit payment costs occur during the second half of a fiscal year. On the basis of the currently experienced workloads and the historical pattern over the past 10 years, we strongly believe that this condition, likewise, will occur during the fiscal year 1971.

I will be glad to answer any questions you may have.

I have my colleagues with me, Mr. Chairman, who are well known to you and who are able and willing to answer questions also.

DIFFICULTIES IN ESTIMATING FUNDING NEEDS

Mr. FLOOD. As you indicate, the problems of this bureau are not unknown to us over a period of years. We know a good deal about the difficulties, the uncertainties, and the problems you have in making estimates—usually underestimates.

Your original request in the 1971 budget was for \$199,500,000 for unemployment benefits for Federal employees and ex-servicemen. Then you sent up a supplemental request for \$55 million, late in the last session of Congress.

Mr. FASSER. That is correct.

Mr. FLOOD. Congress approved both requests in full. Now you are back with an additional appropriation request of \$50,675,000. In other words, you now tell us it is going to take an increase of over 50 percent more than the original budget request. Were your estimates really that bad, or was there some hanky-panky involved to make that 1971 budget look a little better? We have been here quite a while, you know.

Mr. FASSER. Well, Mr. Chairman, I am not aware of any hanky-panky to make the budget look any different than it should have looked.

Mr. FLOOD. That has been done.

Mr. FASSER. I am not aware of that, Mr. Chairman. In this instance, when we came with our first supplemental, we indicated we might be back for an additional amount. There are many things, of course, that bear on the need for more money, and one of the items that is very important to be considered here is the uncertainty of the number of claimants and the amount of the benefits. For example, we have had the enactment of the new unemployment insurance law, and we have extended benefits. Many of these things we could not predict and could not estimate. For this reason we are back, because we have run out of money for the ex-servicemen and the Federal employees.

THE ORIGINAL 1971 REQUEST

Mr. FLOOD. What was your original estimate, and how much did the Secretary approve? That is compared to the \$199,500,000 that was in the President's budget in 1971?

Mr. FASSER. I am going to defer that question to Mr. Goodwin, with your permission, Mr. Chairman.

Mr. FLOOD. If there is an answer, he will have it.

Mr. FASSER. Yes, sir.

Mr. GOODWIN. The original request was the one that you mentioned earlier, \$199,500,000.

Mr. FLOOD. That was in the budget for 1971?

Mr. GOODWIN. That was the original base request.

Mr. FLOOD. That was your original estimate and the amount the Secretary approved?

Mr. GOODWIN. That entire amount was approved by the Secretary, and subsequently was approved by the Office of Management and Budget. That was made, as Mr. Fasser indicated, back in June of 1969. At that time we were not anticipating anything like the increase in unemployment. Unemployment had not really started to show up to any degree at all.

Mr. FLOOD. Didn't you surmise that? A great many people did.

Mr. GOODWIN. I doubt that, that far back, Mr. Chairman. I think very few people were anticipating much of an increase in unemployment as early as June of 1969. We began to get it a good deal later.

DELAY IN THE SUPPLEMENTAL REQUEST

Mr. FLOOD. Here is something that strikes me as being almost—I will say almost, because I am in a very kindly mood today—almost irresponsible. The request for this supplemental was sent to Congress on March 4, and Congress was told this was urgent, because you were going to run out of money on March 5. Do you think this is a responsible way to handle such an important matter, to wait until just 24 hours before you will have to stop making these payments to the unemployed veterans?

Suppose you were sitting where we are sitting, what would you think? This document is dated March the 4th, you are out of money on March the 5th. Well now—

Mr. FASSER. I don't know that it is necessarily irresponsible, Mr. Chairman. It is certainly inefficient.

Mr. FLOOD. I said it was almost irresponsible because I felt kindly today.

Mr. FASSER. It is certainly an inefficient way to operate. Hopefully in the future we can avoid such a situation.

Mr. FLOOD. Did something happen on the way to the forum, or what was the matter?

Mr. FASSER. I suppose it is just an imperfection.

Mr. FLOOD. Didn't this strike you somewhat the same way? What did you think when that letter was sent to Congress? What did you think we would think? I am referring to the letter dated March 4 telling us you will be out of money on March the 5th.

Mr. FASSER. I thought that you would be just as concerned as we are about the fact that the money ran out.

Mr. FLOOD. There is no question about that. That is not the question I asked.

Mr. FASSER. And that we would need to do something about it.

Mr. FLOOD. I am talking about the fantastic operation down there that would send something like that up to Congress.

Mr. FASSER. I hope you appreciate the situation that we are in, in terms of paying the benefits.

Mr. FLOOD. I appreciate the situation, but I couldn't possibly explain it.

Mr. FASSER. Hopefully we can obviate things of that nature in the future.

SUPPLEMENTAL REQUEST TO OMB IN JANUARY

Mr. FLOOD. My spies tell me, however, that there is a catch in the thing. My spies tell me as a matter of fact you knew about this situation in December, and you advised the OMB back in December or at least January. Is that right?

Mr. FASSER. We did tell them that we were going to be in trouble with the money, that we needed to do something about it, and we needed to get up here for a supplemental.

Mr. FLOOD. Just when did you formally advise OMB of the situation? You must have advised them formally after these conversations. You knew about this back in December. When did you formally advise them?

Mr. FASSER. That would have happened in January, Mr. Chairman.

Mr. FLOOD. Then you advised them in January, formally advised them.

Mr. FASSER. That we would run out of money; yes.

Mr. FLOOD. You made a request?

Mr. GOODWIN. We made a request.

Mr. FLOOD. Did you all take a long trip then?

Mr. FASSER. No, sir. We made our request to them in January, and as you say, something slipped on the way to the forum, obviously.

Mr. FLOOD. Why was the request for funds delayed until only 24 hours before you were going to run out of funds? Who would be responsible for that? Somebody had to be responsible for this.

Mr. FASSER. I suppose that the immediate responsibility would be difficult to attach to any particular individual or any particular agency.

Mr. FLOOD. Did you inquire, after you realized we were not asked for a supplemental appropriation until 24 hours before you ran out of money, did you ask anybody to ask anybody what in the world happened?

Mr. FASSER. Yes; we did try to do something about the short notice, in terms of your committee, Mr. Chairman.

Mr. FLOOD. It is almost an affront to the Congress.

ADEQUACY OF THE SUPPLEMENTAL REQUEST

Is the request for \$50,675,000 that we have before us now your estimate, or has the Secretary or the budget people cut back your estimate?

Mr. FASSER. That is what we feel it will take us to get into the last quarter of this fiscal year, Mr. Chairman.

Mr. FLOOD. Is that your estimate?

Mr. FASSER. It is our estimate.

Mr. FLOOD. Did the Secretary or OMB cut back on your estimate?

Mr. FASSER. This will take us through the month of March.

Mr. FLOOD. I know. Did anybody cut your request?

Mr. FASSER. We had asked for additional funds for this particular supplemental from OMB, and it was reduced somewhat in terms of what we thought we would need. That is where we are now at this point.

Mr. FLOOD. On pages 7 and 9 of your justifications you estimate that payments during the last quarter of the fiscal year will be considerably less than any of the preceding three quarters. Are these really your best estimates for the fourth quarter, or are the figures forced, in order to stay within the amount of the requested supplemental? This seems to me to be a rather tricky business.

Mr. FASSER. I don't want to give the impression that we are involved in any tricky business. The money that we are asking for, Mr. Chairman, as you know, will carry us through March. We are running currently at the rate of approximately \$2,200,000 a day, for these benefits.

Mr. FLOOD. You have shown here the total for the first quarter, for ex-servicemen, \$56,208,950. Then the total for the second quarter is \$64,233,781. The total for the third quarter, \$63,332,214. Then the fourth quarter; take a look at that figure. Believe it or not, \$37 million; \$37 million for the fourth quarter.

Mr. JONES. Mr. Chairman, may I say something here.

Mr. FLOOD. Somebody had better.

SUPPLEMENTING 1971 FUNDS WITH 1972 APPROPRIATIONS

Mr. JONES. That \$37 million is what would be paid out of the funds that we are requesting, but as Mr. Fasser has indicated, we will have to borrow in the fourth quarter from next year's appropriation, in order to supplement these amounts.

Mr. FLOOD. How much will you borrow?

Mr. FASSER. Mr. Chairman, it is likely that we will have to mortgage \$75 million of fiscal 1972 money. That is an outside figure.

Mr. FLOOD. You weren't running the Penn Central Railroad, too, were you? From what you have said, that is even worse than I thought.

Mr. FASSER. That looks bad. Perhaps the fact that our original estimates were made back in June of 1969, and economic changes have occurred since that time that have placed a heavy drain on these particular benefits, explains the situation we are in today.

CURRENT FINANCIAL SITUATION

Mr. FLOOD. Have you actually run out of money? Have the unemployment payments actually stopped as of now?

Mr. FASSER. No, sir; they have not stopped. They are in danger of stopping. There are some funds that we can use temporarily. We must repay those, and we intend to do that out of the supplemental. That will take us into the end of March, and we will be into April 1, where we can mortgage part of the 1972 funds.

Mr. FLOOD. Do you have Peter and Paul working for you down there?

Mr. FASSER. We don't have them working down there. My name is Paul.

Mr. FLOOD. You had better look around for Peter. Mr. Michel?

Mr. MICHEL. Thank you, Mr. Chairman.

STATISTICAL BASIS OF THE BENEFITS ESTIMATES

I suppose I should say I am not surprised at this request, although I sure have to express some concern, as the chairman did, over these statistics. I am going back here to May of 1970 and read from our hearings when I made the point that:

We are just about through May. I do not think this unemployment picture is going to improve in June. Then we are halfway through the year at a rate of about 4.8 percent. In the last half, we would have to have 3.2 percent to have it average out at 4 percent, and I don't think this is going to happen.

I'm still quoting myself.

This is particularly in view of the statement in which you say on page 3 of your justifications at that time in support of last year's budget, quote, "there will be an increasing number of mass layoffs in Defense-related industries later on this year. You are predicating your budget here on unemployment averaging out at 4 percent over the year."

That was about a year ago. Then again we come up to the supplemental request, and I made the point that I was a little disturbed, and I'll quote it:

When I see here on page 2, and I think some place else, where I read similar language indicating that, quote, it may be necessary for us to submit a second supplemental to the committee, end quote.

You know, all of this money that we keep pouring into the statistical business of gathering information and one thing and another, we are really wide of the mark here it seems again, and it distresses me.

Mr. FASSER. That is exactly right. There are a number of ways in which we can try to estimate the benefit load.

Mr. MICHEL. Why don't we just throw out all of these requests for statistics. If they are that far off, I don't see any reason to even have them. We ought to try it for 1 year, we really ought to, because it is ridiculous.

Mr. GOODWIN. Can I say a word on this?

Mr. MICHEL. You may.

Mr. GOODWIN. This budget does tie very closely to the economic conditions and the amount of unemployment, and the estimates of what the unemployment is going to be have been low, very substantially low. That has been the controlling factor in terms of what the OMB has been willing to accept and approve, and so we have been behind on all of it. The estimates on total unemployment have been less than they actually turned out to be, and our budget has been tied to those estimates. Unless we can get some recognition of this factor, and get a little more realistic in terms of those estimates we are going to continue to have this trouble.

We have suggested at different times that this type of budget, which is tied to economic ups and downs, and also is a program on which there is no control in terms of the payments—the payments have to be made and there isn't administrative control over the level of them—that it would be desirable to have an open-end appropriation. So far we haven't been able to get anyone to listen to that, but I still think with the nature of the program it makes sense.

SIZE OF THE LABOR FORCE

Mr. MICHEL. How many people do we have in the labor force, 82 or 83 million? What do the latest statistics show?

Mr. FASSER. In the labor force, 83 million.

Mr. GOODWIN. That is the total in the labor force.

Mr. MICHEL. Refine that for the record if you will.

(The information follows:)

COMPARISON OF SIZE OF LABOR FORCE: 1ST 6 MONTHS OF FISCAL 1970 WITH 1ST 6 MONTHS OF FISCAL 1971

[In thousands]

	Fiscal year 1970	Fiscal year 1971		Fiscal year 1970	Fiscal year 1971
July.....	82,798	84,801	October.....	81,510	83,175
August.....	82,515	84,114	November.....	81,426	83,348
September.....	80,984	82,548	December.....	81,416	83,152

Mr. MICHEL. Covered under unemployment compensation there are about 59 million.

Mr. GOODWIN. No, it is more like 56 now, but it will go over 60 million with the expanded coverage of the law that Congress passed last year.

Mr. MICHEL. Will you then for the sake of the record bring me up to date on that?

Mr. GOODWIN. Yes, sir.

(The information follows:)

Monthly information on covered employment is not available for fiscal year 1971 but it is estimated that it will be over 56 million in fiscal 1971 as compared to 54 million in June 1970. It will go over 60 million after January 1, 1972, with the increased coverage under the new legislation passed last August.

Mr. MICHEL. Of that 60 million-odd, the military makes up—or is the military in addition?

Mr. GOODWIN. The military is in addition to that. Sixty million in the civilian labor force.

Mr. MICHEL. How many in the military?

Mr. GOODWIN. About 3 million.

Mr. MICHEL. Maybe I am thinking in terms of Federal employees and military. Over a year ago it was something in the neighborhood of about 7.

Mr. GOODWIN. It would be at least 6 million.

Mr. MICHEL. And as I recall, the unemployment rate among the uncovered employees was twice that in covered employment.

Mr. GOODWIN. No, it isn't quite that much. The ratio has been in the neighborhood of 6 to 4. That spread is wider now than it has been in many, many years. I don't know whether it has ever been that wide or not. It appears to be largely because of an increase in the number of young people in the labor force. You see, they have not had work and are not covered.

LENGTH OF UNEMPLOYMENT COMPENSATION FOR VETERANS AND FEDERAL EMPLOYEES

Mr. MICHEL. Would you place in the record the average length of time that returning veterans are on unemployment compensation?

Mr. GOODWIN. Yes. It is about eleven and a half weeks.

Mr. MICHEL. Eleven and a half weeks now?

Mr. GOODWIN. Yes.

Mr. MICHEL. And Federal employees?

Mr. GOODWIN. It is higher. It is currently almost nineteen weeks.

Mr. SMITH. How does the veterans situation compare with last year?

Mr. MICHEL. That is what I was going to ask.

Mr. GOODWIN. It is up about 2 and a half weeks.

Mr. MICHEL. From what it was a year ago for veterans.

Mr. GOODWIN. Yes, on an average it is up about 2 and a half weeks.

Mr. FASSER. The regular average duration for the first 6 months of 1971 was 12.9 weeks. That is regular unemployment insurance. For ex-servicemen for that same period, the first 6 months of fiscal 1971 it averaged 11.6 weeks and for Federal employees it averaged 17.1 weeks. Of course you can explain some of that by the very age of the Federal employees, and the Defense Department cutbacks. You are working with two different employable groups, in terms of the young ex-servicemen coming back in the prime of their working life.

NUMBER OF UNEMPLOYED VETERANS AND FEDERAL EMPLOYEES

Mr. MICHEL. Would you, for the sake of the record, using that same time period, the first half of fiscal year 1971, which is from July 1 through December 31, 1970, give the number of unemployed Federal workers, and the number of unemployed veterans.

Mr. FASSER. Yes. I have only weeks compensated with me, Mr. Congressman. That might give you an idea. It really won't give you a good enough idea. It is better to have the raw population figures.

Mr. GOODWIN. The current figures on that for the ex-servicemen are about 130,000.

Mr. MICHEL. Who are currently receiving benefits or were during that period?

Mr. GOODWIN. Currently receiving benefits.

Mr. MICHEL. And unemployed Federal workers?

Mr. GOODWIN. Federal workers are about 37,000.

Mr. MICHEL. Is that currently?

Mr. GOODWIN. Currently.

Mr. MICHEL. As of what, March 1?

Mr. GOODWIN. That is a February figure.

Mr. MICHEL. The latest we have. Let me put it this way then: What would that figure show at the beginning of the fiscal year, July 1, for the same group of people? That would give me some idea of what has happened. What I want to know is how much of the growth there has been in unemployment from last July 1 to today in these two groups we are concerned with in the supplemental.

Mr. GOODWIN. We can give you that. We can also give you the exhaustion rate, which would have a bearing on it too.

(The information follows:)

COMPARISON OF UNEMPLOYMENT AMONG EX-SERVICEMEN AND FORMER FEDERAL EMPLOYEES

	UCFE	UCX
July 1970.....	30,000	80,000
February 1971.....	37,000	130,000

RATE OF EXHAUSTIONS UCFE-UCX

	UCFE	UCX
July 1970.....	3,168	4,505
February 1971.....	15,000	15,200

¹ Estimated.

Mr. FLOOD. Thank you very much.

Mr. MICHEL. Could I ask one final question: What are the variables between States in unemployment compensation for veterans? It varies by States, does it not?

Mr. GOODWIN. Yes; it is based upon the State benefit rate.

Mr. MICHEL. Would it also vary for Federal workers?

Mr. GOODWIN. Yes.

Mr. MICHEL. Why don't you put in those two tables showing those variables between States for both veterans and Federal workers.

(The information follows:)

AVERAGE WEEKLY BENEFIT AMOUNT
DECEMBER - FISCAL YEAR 1971

State	UCFE	UCX
TOTAL	\$51.17 ^{1/}	\$52.15 ^{1/}
Alabama	42.88	46.25
Alaska	50.48	53.69
Arizona	46.04	47.72
Arkansas	41.01	46.63
California	56.35	54.39
Colorado	56.34	59.84
Connecticut	64.19 ^{1/}	56.05 ^{1/}
Delaware	55.28	56.17
District of Columbia	59.67	56.02
Florida	37.19	39.06
Georgia	46.42	47.64
Guam	-	-
Hawaii	70.89	64.33
Idaho	50.45	52.47
Illinois	43.38	46.04
Indiana	39.10	40.13
Iowa	51.69	56.34
Kansas	50.29	52.64
Kentucky	47.49	52.38
Louisiana	46.45 ^{1/}	49.46 ^{1/}
Maine	41.79	52.71
Maryland	53.55	57.33
Massachusetts	47.00	49.00
Michigan	50.71	51.53
Minnesota	48.00	52.48
Mississippi	36.35	39.10
Missouri	47.26	52.29
Montana	40.38	40.53
Nebraska	40.75	46.68
Nevada	48.08	47.93
New Hampshire	53.26	55.86
New Jersey	62.95	64.17
New Mexico	48.91	50.99
New York	53.13	55.92
North Carolina	41.68	50.51
North Dakota	44.58	50.29
Ohio	45.82	47.07
Oklahoma	42.26	44.16
Oregon	42.44	50.67
Pennsylvania	50.83	54.30
Puerto Rico	39.69	43.12
Rhode Island	64.49	60.19
South Carolina	46.11	49.92
South Dakota	40.02	43.49
Tennessee	47.32	47.21
Texas	41.85	43.74
Utah	45.32	49.63
Vermont	54.04	52.71
Virginia	48.03	50.86
Virgin Islands	68.00	56.85
Washington	58.97	57.25
West Virginia	30.17	44.49
Wisconsin	56.82	54.32
Wyoming	49.41	52.09

^{1/} Estimated

Justification of the Budget Estimates

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND
EX-SERVICEMEN AND TRADE ADJUSTMENT ACTIVITIES

For an additional amount for "Unemployment Compensation for
Federal Employees and Ex-servicemen and Trade Adjustment Activities,"
\$50,675,000.

DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
500 - 101.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND
EX-SERVICEMEN AND TRADE ADJUSTMENT ACTIVITIES
Program and Financing (in thousands of dollars)

Identification code	19 71	19 71	19 71
	<u>Presently available</u>	<u>Revised estimate</u>	<u>Proposed supplemental</u>
<u>Program by activities:</u>			
1. Payments to Federal employees....	76,000	84,400	8,400
2. Payments to ex-servicemen.....	178,500	220,775	42,275
3. Trade adjustment assistance.....	11,900	11,900	---
Total obligations.....	266,400	317,075	50,675
<u>Financing:</u>			
<u>Budget authority</u>	266,400	317,075	50,675
<u>Budget authority:</u>			
Appropriation.....	266,750	317,425	50,675
Transferred to other accounts.....	- 350	- 350	---
Appropriation (adjusted).....	266,400	317,075	50,675
<u>Relation of obligations to outlays:</u>			
Obligations incurred, net.....	266,400	317,075	50,675
Obligated balance, start of year....	1,657	1,657	---
Receivables in excess of obligations, end of year.....	668	668	---
Outlays.....	268,725	319,400	50,675
NOTE (dollars in thousands)			
Transfers to other accounts for salaries and expenses, 1971:			
Manpower Administration.....	107		
Bureau of Labor Statistics.....	67		
Bureau of International Affairs.....	150		
Office of the Solicitor.....	26		

GENERAL STATEMENT

Developments in the past several months have indicated that payments of benefits to unemployed ex-Federal workers and ex-servicemen are increasing considerably due to the greater number of claims filed and longer durations per spell of unemployment. Benefit payments for the first seven months of fiscal year 1971 are at a level about two and one-half times the payments for the similar period in fiscal year 1970. Based on the amount currently available, funds would be exhausted on or about March 5, several weeks prior to the date on which funds from the subsequent year would become available.

SUMMARY OF CHANGES

	Pos.	Amount
1971 Presently available.....	24	\$ 266,750,000
Transfers to:		
Manpower Administration, salaries and expenses.....	-10	- 107,400
Bureau of International Labor Affairs.....	- 8	- 149,800
Bureau of Labor Statistics.....	- 4	- 67,200
Office of Solicitor.....	- 2	- 25,600
1971 Revised estimate.....	---	<u>317,075,000</u>
1971 Proposed supplemental.....	---	50,675,000
<u>Mandatory Items:</u>		
<u>Increases:</u>		
To provide for an increase in the number of weeks compensated for unemployment compensation for Federal employees.....	---	+ 8,400,000
To provide for an increase in the number of weeks compensated for unemployment compensation for ex-servicemen.....	---	<u>+ 42,275,000</u>
Total Change.....	---	<u><u>+ 50,675,000</u></u>

Activity 1. PAYMENTS TO FEDERAL
EMPLOYEES

(1971, Presently Available, \$76,000,000;
1971, Revised Estimate, \$84,400,000)

This program provides for payment of unemployment compensation to unemployed former Federal employees under Title 5, Chapter 85 of the United States code. The program started under Public Law 767 of the 84th Congress on January 1, 1955. The claims of unemployed former Federal employees are processed and paid by State unemployment insurance agencies on the same basis as claims of other unemployed workers whose employment is covered under the State unemployment compensation law.

Changes for 1971

Mandatory changes amount to..... + \$ 8,400,000

	Presently Available	Revised Estimate	Change
Increase in number of weeks compensated:	1,442,000	1,600,000	+158,000

The number of weeks compensated is now expected to exceed previous estimates because of continuing separations of civilian workers particularly from the Department of Defense and a lack of employment opportunities in the private sector.

Benefits paid to Federal employees in the first seven months of fiscal year 1971 amounted to \$53,876,000 or 94 percent above the same period for 1970. The continued increase in the average weekly number of claims and benefit expenditures for Federal employees points to a need of \$84,400,000 for fiscal year 1971. This revised request exceeds by \$8,400,000 the amount available in our present request.

The funds will be needed for obligation and expenditure on March 5, 1971.

Benefits Paid to Federal Employees

<u>Month</u>	<u>FY 1970 Actual</u>	<u>FY 1971 Current Estimate</u>	<u>FY 1971 Estimate</u>
July	\$3,595,872	\$6,577,900	\$6,577,990 ^{1/}
August	3,654,239	6,671,171	6,671,171 ^{1/}
September	<u>3,266,877</u>	<u>6,450,929</u>	<u>7,296,288</u> ^{1/}
Total 1st Qtr.	10,516,988	19,700,000	20,545,449
October	3,503,052	6,200,000	7,324,645 ^{1/}
November	3,420,952	5,700,000	7,593,701 ^{1/}
December	<u>4,972,137</u>	<u>5,400,000</u>	<u>9,547,318</u> ^{1/}
Total 2nd Qtr.	11,896,141	17,300,000	24,465,664
January	5,405,157	6,800,000	8,864,837 ^{2/}
February	5,455,664	6,900,000	7,684,050
March	<u>6,563,445</u>	<u>7,300,000</u>	<u>6,500,000</u>
Total 3rd Qtr.	17,424,266	21,000,000	23,048,887
April	6,100,796	6,500,000	5,900,000
May	5,597,427	6,000,000	5,400,000
June	<u>5,570,163</u>	<u>5,500,000</u>	<u>5,040,000</u>
Total 4th Qtr.	17,268,386	18,000,000	16,340,000
Total Year	<u>57,105,781</u>	<u>76,000,000</u>	<u>84,400,000</u>

^{1/} Actual expenditures

^{2/} Preliminary actual

Activity 2. PAYMENTS TO EX-SERVICEMEN (1971, Presently Available, \$178,500,000;
1971, Revised Estimate, \$220,775,000)

This program provides for unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for former civilian employees of the Federal government under Title 5, Chapter 85 of the United States code. The program began under Public Law 848 of the 85th Congress, approved August 28, 1958. A claim for benefits by an eligible ex-serviceman is processed and paid under the unemployment insurance law of the State in which he first files his claim after his most recent release from active service.

Changes for 1971

Mandatory changes amount to..... +42,275,000

	<u>Presently Available</u>	<u>Revised Estimate</u>	<u>Change</u>
Increase in number of weeks compensated:	3,270,000	4,050,000	+780,000

The number of weeks compensated is expected to exceed the previous estimates because ex-servicemen are experiencing greater difficulties than previously anticipated in finding civilian employment.

Benefits paid to ex-servicemen during the first seven months of fiscal year 1971 were \$148,787,000 or 170 percent above the same period for 1970. Higher unemployment levels and a steadily increasing trend in new claims filed by ex-servicemen as well as in the number of weeks claimed indicate a total fiscal year 1971 need of \$220,775,000 for benefits to ex-servicemen. This represents an increase of \$42,275,000 above the present estimate.

The funds will be needed for obligation and expenditure on March 5, 1971.

Benefits Paid to Ex-Servicemen

<u>Month</u>	<u>FY 1970 Actual</u>	<u>FY 1971 Current Estimate</u>	<u>FY 1971 Estimate</u>
July	\$7,092,906	\$18,461,868	\$18,461,868 1/
August	7,040,364	18,963,926	18,963,926 1/
September	6,594,590	19,074,206	18,783,111 1/
Total 1st Qtr.	20,727,860	56,500,000	56,208,905 1/
October	6,241,301	17,000,000	17,677,572 1/
November	6,292,748	15,000,000	19,204,646 1/
December	9,791,334	13,000,000	27,351,563 1/
Total 2nd Qtr.	22,325,383	45,000,000	64,233,781
January	11,988,569	13,500,000	28,343,859 2/
February	12,034,673	13,500,000	19,988,455
March	14,529,697	14,000,000	15,000,000
Total 3rd Qtr.	38,552,939	41,000,000	63,332,314
April	14,565,300	13,000,000	14,000,000
May	14,016,991	12,000,000	12,000,000
June	15,631,817	11,000,000	11,000,000
Total 4th Qtr.	44,214,108	36,000,000	37,000,000
Total Year	125,820,290	178,500,000	220,775,000

1/ Actual expenditures

2/ Preliminary actual