

Y 4 .W 36: Un 2/10

COMPARISON
of
UNEMPLOYMENT COMPENSATION BILLS,
H.R. 8282 (Administration Bill)
with
H.R. 15119
AS ORDERED REPORTED
to the
HOUSE OF REPRESENTATIVES
by the
COMMITTEE ON WAYS AND MEANS



MAY 18, 1966



Prepared by the staff of the Committee on Ways and Means

NOTE: This comparison is being printed for informational purposes only.

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1966

63-767

Y + W. + 5/10

COMMITTEE ON WAYS AND MEANS

WILBUR D. MILLS, Arkansas, *Chairman*

CECIL R. KING, California
HALE BOGGS, Louisiana
EUGENE J. KEOGH, New York
FRANK M. KARSTEN, Missouri
A. S. HERLONG, Jr., Florida
JOHN C. WATTS, Kentucky
AL ULLMAN, Oregon
JAMES A. BURKE, Massachusetts
CLARK W. THOMPSON, Texas
MARTHA W. GRIFFITHS, Michigan
W. PAT JENNINGS, Virginia
GEORGE M. RHODES, Pennsylvania
DAN ROSTENKOWSKI, Illinois
PHIL M. LANDRUM, Georgia
CHARLES A. VANIK, Ohio
RICHARD H. FULTON, Tennessee

JOHN W. BYRNES, Wisconsin
THOMAS B. CURTIS, Missouri
JAMES B. UTT, California
JACKSON E. BETTS, Ohio
HERMAN T. SCHNEEBELI, Pennsylvania
HAROLD R. COLLIER, Illinois
JOEL T. BROYHILL, Virginia
JAMES F. BATTIN, Montana

LEO H. IRWIN, *Chief Counsel*
JOHN M. MARTIN, Jr., *Assistant Chief Counsel*
WILLIAM H. QUEALY, *Minority Counsel*

Comparison of unemployment compensation bills, H.R. 8282 (administration bill) with H.R. 15119 as ordered reported by committee

Item	H.R. 8282	H.R. 15119
Extended benefits-----	<i>Federal Unemployment Adjustment Benefits Program</i>—Establishes a Federal unemployment adjustment benefits (FUAB) program to provide benefits to unemployed workers with a long work history who exhaust their benefits under a State (or Federal) program. <i>When payable</i>—Benefits would be payable at all times, regardless of the general level of unemployment. <i>Qualification, amount, and duration of benefits</i>—Benefits paid under the FUAB program would be equal in weekly amounts to worker's regular weekly benefits under a State program, including dependents' allowances if any. In order to qualify for FUAB a worker must have had at least 26 weeks of employment in his State base period (usually the 1-year period immediately before he became unemployed) and at least 78 weeks of employment in a Federal qualifying period consisting of the State base period and the 2 years immediately preceding. The worker must also have been unemployed for 26 weeks and exhausted his regular benefits. FUAB payments would be paid for 26 weeks during the worker's Federal benefit period, consisting of the State benefit year and the 2 succeeding years. If a worker had received payments under a State program for more than 26 weeks, the duration of his FUAB benefits would be reduced accordingly and the State would be reimbursed for such payments. <i>Financing</i>—Benefits would be paid entirely from the Federal adjustment account described below. (Sec. 101.)	<i>Federal-State Extended Unemployment Compensation Program</i>—The bill would establish a new permanent Federal-State extended unemployment compensation program which would require the States to enact laws, that would have to take effect beginning with calendar year 1969, to pay extended benefits to workers who exhaust their basic entitlement to unemployment compensation during periods of high unemployment. <i>When payable</i>—Benefits would be payable only during an "extended benefit period," based on either a National or a State "on" indicator. When a national extended benefit period is established, extended benefits are payable in all States. An extended benefit period always stays in effect for at least 13 weeks. A national extended benefit period would be established if (a) the seasonally adjusted rate of insured unemployment for the Nation equalled or exceeded 5 percent for each month in a 3-month period, and (b) the total number of claimants exhausting their rights to regular compensation during those 3 months equaled or exceeded 1 percent of covered employment. It would end whenever either of these conditions was not met. In the absence of a National extended benefit period, an extended benefit period would be established for an individual State if (a) the rate of insured unemployment for a running 13-week period equaled or exceeded 120 percent of the average rate for the corresponding 13-week period of the 2 preceding years, and (b) such rate equaled or exceeded 3 percent. It would end whenever either of these conditions was not met. <i>Qualification, amount, and duration of benefits</i>—Benefits during an extended benefit period (either National or State) would be equal in weekly amount to a worker's regular weekly benefits under the State program, including dependents' allowances if any. To qualify, a worker must exhaust his regular benefits and may be required under State law to have had at least 26 weeks of base period employment, or the equivalent. Extended compensation would be payable for up to 1½ his basic entitlement, but for not more than 13 weeks, and for not more than 39 weeks of combined regular and extended compensation. <i>Financing</i>—The Federal Government would pay 50 percent of the benefits from the extended unemployment compensation account described below. The States would pay the other 50 percent. (Secs. 201-208.)

Comparison of unemployment compensation bills, H.R. 8282 (administration bill) with H.R. 15119 as ordered reported by committee—Continued

Item	H.R. 8282	H.R. 15119
Federal grants for excess benefits costs.	Establishes a program of Federal matching grants to States that have high benefit costs. The Federal Government would pay $\frac{2}{3}$ of the benefit costs of a State that are in excess of 2 percent of the total covered wages in such State. For example, in a State with a 3-percent benefit-cost rate, the Federal share of such cost would be 0.66 percent and that of the State would be reduced to 2.33 percent. A State would have to meet all of the requirements of the Federal Unemployment Tax Act including the benefit requirements contained in another title of the bill (mentioned below) in order to receive Federal grants under this program. Federal grants would be financed from the Federal adjustment account described below. (Sec. 102.)	No provision.
Extension of coverage:		
1. Employers of one or more workers.	Present law limits coverage to persons or firms employing 4 or more workers in 20 weeks during a calendar year. The bill would cover any person or firm employing 1 or more workers at any time in a taxable year. (Sec. 201.) Coverage would be extended to employees of nonprofit organizations, with the following exceptions: (a) Duly ordained ministers and members of religious orders; (b) Clients of sheltered workshops; (c) Part-time service for a religious organization at a pay rate of less than \$15 a week; and (d) Participants in unemployment work-relief or work training programs financed in whole or part by a Federal, State, or local government agency. No change in existing exclusions of students for school they are attending, of student nurses and interns, and of nonprofit services paid less than \$50 a quarter. States could provide special methods for determining contributions to be paid by nonprofit organizations. (Sec. 203.)	Covers employers who employ one or more workers in 20 weeks during a calendar year, or pay wages of \$1,500 or more in any calendar quarter in a calendar year. (Sec. 101.)
2. Employees of nonprofit organizations.		
	States would be required, as condition for tax credit, to extend coverage to employees of certain nonprofit organizations and State hospitals and institutions of higher education. In addition to the exclusions stated in (a), (b), and (d) under H.R. 8282 and the other existing exclusions of students, etc., the following would be excluded: (1) Church employees and employees of church controlled or supported organizations operated primarily for a religious purpose; (2) Employees of schools other than institutions of higher education; (3) Persons employed by an institution of higher education in an instructional, research, or principal administrative capacity; (4) Physicians and similar licensed practitioners in a hospital or hospital-connected research organization, but nurses would be covered; and (5) Nonprofit organizations which did not have at least 4 workers in 20 weeks. Nonprofit organizations must be allowed the option of either reimbursing the State for unemployment compensation attributable to service for them or paying the regular State unemployment insurance contributions. They would not pay the Federal portion of the unemployment tax. A separate effective date would allow the States to put the reimbursable option into effect at any time after Dec. 31, 1966, although the requirement of coverage would not be effective until 1969. (Sec. 104.)	

3. Definition of employee.....

The present definition of "employee" is limited to officers of a corporation and persons who are employees under usual common law rules. The bill would adopt the definition of employee that applies to the OASDI system, which includes additional persons who are not employees under common law rules, such as certain agent-drivers and outside salesmen. (Sec. 204.)

4. Agricultural workers.....

(a) The bill would extend coverage to farm employers using 300 or more man-days of hired farm labor during a calendar quarter.

(b) In addition, the bill would adopt the definition of "agricultural labor" that applies to the OASDI system. Adopting the OASDI definition would extend UI coverage to an estimated 200,000 workers now exempt as agricultural workers. Included in this group are maple sugar workers, those engaged in off-the-farm raising of mushrooms and poultry hatching and workers in processing plants where more than half the commodities handled were not produced by the plant operator. (Sec. 205.)

Other coverage changes.....

No other changes in categories of employment excluded.

Federal benefit requirements.....

The bill establishes requirements concerning eligibility for, amount and duration of benefits, which a State would have to adopt for employers within the State to receive full tax credits. Employers in a State that does not meet these requirements would have their credits reduced from 2.7 percent to a percentage equal to the 4-year benefit-cost rate of the State, if that rate is lower than 2.7 percent. The requirements are:

(a) Eligibility for benefits: No worker could be required to have more than 20 weeks of employment (or its equivalent) in his base period.

(b) Benefit amount: An individual who qualifies for benefits would be entitled to a weekly benefit amount equal to $\frac{1}{2}$ of his average weekly wage, up to the State maximum. The State maximum would be based on statewide average weekly wage. The bill requires that initially the State maximum would have to be set at 50 percent of the statewide average weekly wage, with this percentage figure increasing to 60 percent by July 1, 1969, and ultimately to 66 $\frac{2}{3}$ percent by July 1, 1971.

(c) Duration of benefits: An individual who qualifies for benefits based on 20 weeks or more of employment would be entitled to receive them for a potential duration of at least 26 weeks. (Sec. 209.)

Similar provision, except that full-time insurance salesmen and persons who work on materials in their homes who are not common law employees would not be covered. (Sec. 102.)

(a) No provision covering hired farm labor.

(b) Similar provision, except that employees of certain agricultural cooperative organizations would not be covered. (Sec. 103.)

Students in certain work-study programs would be added to the categories excluded from coverage. (Sec. 105.)
No provision.

COMPARISON OF UNEMPLOYMENT COMPENSATION BILLS

Item	H.R. 8282	H.R. 15119
Additional Federal standards (including disqualification).	The bill provides additional requirements which must be met by the States to obtain approval of their programs by the Secretary of Labor. Failure to obtain such approval would result in the loss of all tax credits to employers in a State and withholding payment of the State's administrative expenses. The most important of these new requirements relates to disqualifying workers from receiving benefits. It would prohibit a State from disqualifying a worker from receiving benefits for a period longer than the week in which the disqualifying act occurred and the succeeding 6 weeks. 3 exceptions to this prohibition are provided; these would allow the denial of benefits in cases of: (1) fraud in connection with claims (for up to 36 weeks); (2) labor disputes (for an unlimited period); and (3) conviction of a crime arising in connection with the individual's work (for up to 52 weeks). The other new standards of the bill would— (a) Require a worker to have intervening work since the beginning of his benefit year to qualify for benefits in his next benefit year (outlawing the "double dip"). (b) Prohibit cancellation or reduction of wage credits or benefit rights because of disqualifying act. (c) Prohibit denial of benefits to a worker attending training with the approval of the State agency. (d) Prohibit denial or reduction of benefits to a worker because he files his claim or resides in another State or in Canada. (Sec. 211.) Under existing law, experience rating is the only method that may be used to reduce employer tax rates below 2.7 percent in States with pooled funds. The bill would allow, but not require, the States to use other methods of reducing such rates. (Sec. 208.) The FUAB and grants for excess benefit-costs programs would be financed by an increase of 0.15 percent in the tax rate of employers subject to the Federal Unemployment Tax Act, plus an equal contribution from Federal general revenues. These funds would go into a new Federal adjustment account to be established in the Federal Unemployment Trust Fund, from which FUAB payments and grants for excess benefit costs would be made. Whenever the balance in the Federal adjustment account reaches a stated level the additional tax rate would be reduced to 0.10 percent. (Secs. 202 and 101.) The taxable wage base of the Federal Unemployment Tax Act (now \$3,000) would be increased to \$5,600 for calendar years 1967 through 1970, and to \$6,600 thereafter. (Sec. 207.)	Contains similar requirements, with the following changes: Disqualification requirement omitted. (a) Same. (b) Prohibit cancellation of wage credits or total reduction of benefit rights except in cases of discharge for misconduct in connection with work, fraud in connection with a claim for compensation, or receipt of disqualifying income (such as pensions). (c) Same. (d) Prohibits denial or reduction of benefits to a worker because he files his claim or resides in another State. (Sec. 121.) No provision, but a related amendment would allow the States to reduce tax rates for new or newly covered employers (to not less than 1 percent) until they have the necessary 3 years of experience to obtain a reduced tax rate under the State experience rating system. (Sec. 122.) Increases net Federal tax rate by 0.2 percent (from 0.4 to 0.6 percent) with respect to wages paid in 1967 and thereafter. 1/2 of the rate increase (0.1 percent) would be put into a new extended unemployment compensation account in the Unemployment Trust Fund to finance the Federal share of the new extended benefits program. Any excess of the other 0.5 percent collections over administrative expenses also would be credited to this account. Whenever that balance in the extended unemployment compensation account reaches a stated level, the additional revenue would be credited to the Federal unemployment account in the Trust Fund. (Secs. 301 and 206.) Increases the taxable wage base to \$3,900 effective with respect to wages paid in calendar years 1969 through 1971, and to \$4,200 beginning in 1972. (Sec. 302.)
Experience rating-----		
Tax rate increase-----		
Wage base increase-----		

Judicial review.....	No provision.....	Under existing law the decisions of the Secretary of Labor as to whether or not a State law conforms to the requirements of the Federal law are final. There is no specific provision in the law allowing a State to appeal these decisions to a court. The bill would furnish the States a procedure for appealing these decisions of the Secretary to a U.S. court of appeals within 60 days after the Governor of a State has been notified of an adverse decision by the Secretary. Findings of fact by the Secretary would be conclusive upon the court "unless contrary to the weight of the evidence." The provision would be effective upon enactment. (Sec. 131.)
Other amendments:		Similar provision, but broadened to apply to additional types of employers such as those of certain Federal instrumentalities. (Sec. 123.)
1. Maritime employers.....		
2. Research and training.....		Similar provisions except that with respect to training of personnel the Secretary is to act directly and through the State employment security agencies. (Sec. 142.)
3. Special Advisory Commission.....		No provision:
4. Change in certification date.....		Same. (Sec. 144.)
5. Use of certain funds for administration.		Extends for another 5 years the time within which the States could expend for administrative purposes (including construction of buildings used in the employment security program), funds returned to them as excess Federal tax collections. (Sec. 143.)



A11600 794882

