Y4
W36
Un2/19

GOVERNMENT
Storage

94th Congress
1st Session

COMMITTEE PRINT

DOCUMENTS
JAN 21 1976
THE LIBRARY
KANSAS STATE UNIVERSITY

SUBCOMMITTEE ON UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

INFORMATION TO ACCOMPANY
H.R. 10210
(The Unemployment Compensation Amendments of 1975)

Unemployment Compensation Program Costs and Tax Revenues Under H.R. 10210 and Current Law

---

OCTOBER 31, 1975

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE
60-441 WASHINGTON : 1975 WMCP: 94-86

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

COMMITTEE ON WAYS AND MEANS

AL ULLMAN, Oregon, *Chairman*

WILBUR D. MILLS, Arkansas
JAMES A. BURKE, Massachusetts
DAN ROSTENKOWSKI, Illinois
PHIL M. LANDRUM, Georgia
CHARLES A. VANIK, Ohio
OMAR BURLESON, Texas
JAMES C. CORMAN, California
WILLIAM J. GREEN, Pennsylvania
SAM M. GIBBONS, Florida
JOE D. WAGGONNER, JR., Louisiana
JOSEPH E. KARTH, Minnesota
OTIS G. PIKE, New York
RICHARD F. VANDER VEEN, Michigan
J. J. PICKLE, Texas
HENRY HELSTOSKI, New Jersey
CHARLES B. RANGEL, New York
WILLIAM R. COTTER, Connecticut
FORTNEY H. (PETE) STARK, California
JAMES R. JONES, Oklahoma
ANDY JACOBS, JR., Indiana
ABNER J. MIKVA, Illinois
MARTHA KEYS, Kansas
JOSEPH L. FISHER, Virginia
HAROLD FORD, Tennessee

HERMAN T. SCHNEEBELI, Pennsylvania
BARBER B. CONABLE, JR., New York
JOHN J. DUNCAN, Tennessee
DONALD D. CLANCY, Ohio
BILL ARCHER, Texas
GUY VANDER JAGT, Michigan
WILLIAM A. STEIGER, Wisconsin
PHILIP M. CRANE, Illinois
BILL FRENZEL, Minnesota
JAMES G. MARTIN, North Carolina
L. A. (SKIP) BAFALIS, Florida
WILLIAM M. KETCHUM, California

JOHN M. MARTIN, JR., *Chief Counsel*
J. P. BAKER, *Assistant Chief Counsel*
JOHN K. MEAGHER, *Minority Counsel*

SUBCOMMITTEE ON UNEMPLOYMENT COMPENSATION

JAMES C. CORMAN, California, *Chairman*

OMAR BURLESON, Texas
JAMES A. BURKE, Massachusetts
ANDY JACOBS, JR., Indiana
MARTHA KEYS, Kansas
JOSEPH L. FISHER, Virginia
J. J. PICKLE, Texas

WILLIAM A. STEIGER, Wisconsin
BILL FRENZEL, Minnesota
WILLIAM M. KETCHUM, California

UNEMPLOYMENT COMPENSATION PROGRAM COSTS AND TAX REVENUES UNDER H.R. 10210 AND CURRENT LAW

Summary of table 1.—The Department of Labor estimates that the coverage and benefit provisions of H.R. 10210 will increase total unemployment compensation program costs by $1,411 million in fiscal year 1978, and the financing provisions will raise an additional $6,250 million in fiscal year 1978.

TABLE 1.—ESTIMATED ADDITIONAL COST AND ADDITIONAL REVENUE UNDER H.R. 10210 RELATIVE TO CURRENT LAW FOR FISCAL YEAR 1978

[In millions of dollars]

	Additional cost	Additional revenue
I. Coverage	800	
Coverage of: [1]	(150)	
Agricultural workers	(50)	
Domestics	(950)	
State and local	—100	
State and local, administrative costs	100	
State and local, "sharable benefits"	50	
Nonprofit, "sharable benefits"	0	
Virgin Islands	350	
Coverage (SUA) transition	200	
II. Benefit structure: Extended benefits trigger modification [2]		
III. Financing:		
Tax base of $8,000 and Federal rate of 0.7 percent		6,250
Federal (3,150—1 601)		(1,549)
State (14,749—10,048) [3]		(4,701)
CETA public service employees' benefit payments	11	
Total	1,411	6,250

[1] Components of coverage sum to $1,150, consisting of both "coverage" and "coverage (SUA) transition."
[2] $200,000,000 consists of additional extended benefit cost of new coverage.
[3] Revenues assume 2.7 percent average U.S. tax rate and includes reimbursements.

Source: U.S. Department of Labor, Manpower Administration, Unemployment Insurance Service—Oct. 10, 1975.

Summary of table 2.—The Department of Labor estimates that under H.R. 10210 a positive balance in the Federal Unemployment Compensation Trust Funds will be reached in 1981.

TABLE 2.—ESTIMATED FEDERAL COSTS, REVENUES, AND TRUST FUND BALANCES UNDER H.R. 10210, FISCAL YEARS 1975–84

[FUTA estimated costs, revenues, and balances under $8,000 wage base, effective Jan. 1, 1977, and 0.7 percent rate effective Jan. 1, 1976—in millions of dollars]

	Cost	Revenue	Cumulative balance
Fiscal year:			
1975	2,780	1,371	—1,409
1976	3,151	1,636	—2,924
Transitional quarter	664	517	—3,071
1977	3,277	2,641	—3,707
1978	2,712	3,150	—3,269
1979	2,629	3,373	—2,525
1980	2,255	3,596	—1,184
1981	2,292	3,821	+345
1982	2,489	4,073	+1,929
1983	2,698	4,350	+3,581
1984	2,919	4,644	+5,306

Source: U.S. Department of Labor, Manpower Administration, Unemployment Insurance Service—Oct. 2, 1975.

Summary of table 3.—The Department of Labor estimates that under H.R. 10210 a positive "average balance" in the States' Unemployment Compensation Trust Funds will be reached in 1981.

TABLE 3.—ESTIMATED STATE COSTS, REVENUES, AND TRUST FUND BALANCES UNDER H.R. 10210, FISCAL YEARS 1976–84

State estimated costs, revenues and balances under $8,000 (calendar year 1977) wage base and average tax rates of 2, 2.4, and 2.7 percent for calendar years 1975–77 and after—in millions of dollars]

	Cost	Revenue	Cumulative balance
Fiscal year:			
1975			0
1976	15,150	7,632	−7,518
Transitional quarter	3,600	2,073	−9,045
1977	13,950	12,731	−10,264
1978	13,850	14,749	−9,365
1979	12,650	15,310	−6,705
1980	12,150	16,172	−2,683
1981	13,150	17,138	+1,305
1982	14,300	18,311	+5,316
1983	15,650	19,580	+9,246
1984	17,100	20,911	+13,057

Source: U.S. Department of Labor, Manpower Administration, Unemployment Insurance Service—Oct. 2, 1975.

Summary of table 4.—The Department of Labor estimates that under current law there will be a deficit in the Federal unemployment compensation trust funds of $6,161 million in fiscal year 1978, increasing to $9,550 million in fiscal year 1984.

TABLE 4.—ESTIMATED FEDERAL COSTS, REVENUES, AND TRUST FUND BALANCES UNDER CURRENT LAW, FISCAL YEARS 1975–84

FUTA estimated costs, revenues and balances under current law ($4,200 wage base) and average tax rates of 2 percent for calendar year 1975, 2.4 percent for calendar year 1976, and 2.7 percent for calendar year 1977 and after—In millions of dollars]

	Cost	Revenue	Cumulative balance
Fiscal year:			
1975	2,780	1,371	−1,409
1976	3,151	1,430	−3,130
Transitional quarter	664	369	−3,425
1977	3,277	1,523	−5,179
1978	2,583	1,601	−6,161
1979	2,498	1,681	−6,978
1980	2,172	1,762	−7,388
1981	2,206	1,844	−7,750
1982	2,400	1,927	−8,223
1983	2,606	2,010	−8,819
1984	2,824	2,093	−9,550

Source: U.S. Department of Labor, Manpower Administration, Unemployment Insurance Service—Oct. 22, 1975.

Summary of table 5.—The Department of Labor estimates that under current law there will be an "average deficit" in the States' Unemployment Compensation Trust Funds of $16,526 million in fiscal year 1978, increasing to $24,136 million in fiscal year 1984.

TABLE 5.—ESTIMATED STATE COSTS, REVENUES, AND TRUST FUND BALANCES UNDER CURRENT LAW, FISCAL YEARS 1976–84

State estimated costs, revenues and balances under current law ($4,200 wage base) and average tax rates of 2 percent for calendar year 1975, 2.4 percent for calendar year 1976, and 2.7 percent for calendar year 1977 and after—in millions of dollars]

	Cost	Revenue	Cumulative balance
Fiscal year:			
1975			0
1976	15,150	7,632	−7,518
Transitional quarter	3,600	2,073	−9,045
1977	13,950	9,371	−13,624
1978	12,950	10,048	−16,526
1979	11,450	10,377	−17,599
1980	11,000	10,641	−17,958
1981	11,900	11,358	−18,500
1982	12,950	12,107	−19,343
1983	14,200	12,756	−20,787
1984	16,750	13,401	−24,136

Source: U.S. Department of Labor, Manpower Administration, Unemployment Insurance Service—Oct. 22, 1975.

Summary of table 6.—Preliminary figures show that regular State unemployment compensation benefit payments in calendar year 1974 totaled $5,975 million, State unemployment compensation taxes collected amounted to $5,228 million, and that the average unemployment compensation tax rate on employers was 2 percent.

TABLE 6.—BASIC UI FINANCIAL DATA UNDER REGULAR STATE UI PROGRAM, FOR CALENDAR YEARS 1947–74

[Dollar amounts in billions]

	Benefit payments	Taxes collected	Average employer tax rate as a percent of total wages	Average employer tax rate as a percent of taxable wages	Insured unemployment rate, regular program only
Calendar year:					
1947	$775,142	$1,095,522	1.19	1.41	3.1
1948	789,931	999,635	1.01	1.24	3.0
1949	1,735,991	986,906	1.07	1.31	6.2
1950	1,373,113	1,191,435	1.18	1.50	4.6
1951	840,411	1,492,506	1.20	1.58	2.8
1952	998,238	1,367,676	1.08	1.45	2.9
1953	962,219	1,347,632	.93	1.30	2.7
1954	2,026,868	1,136,151	.79	1.12	5.3
1955	1,350,264	1,208,788	.81	1.18	3.4
1956	1,380,728	1,463 261	.88	1.32	3.1
1957	1,733,876	1,544,339	.85	1.31	3.7
1958	3,512,732	1,471,004	.84	1.32	6.6
1959	2,279,018	1,955,664	1.06	1.71	4.2
1960	2,726,655	2,288,499	1.15	1.88	4.7
1961	3,422,696	2,449,674	1.24	2.06	5.7
1962	2,675,446	2,952,066	1.39	2.36	4.3
1963	2,774,666	3,019,135	1.34	2.31	4.3
1964	2,522,095	3,047,505	1.26	2.21	3.7
1965	2,166,066	3,053,468	1.18	2.12	2.9
1966	1,771,296	3,030,338	1.05	1.91	2.2
1967	2,092,340	2,678,119	.86	1.61	2.5
1968	2,029,953	2,551,672	.76	1.47	2.2
1969	2,125,845	2,545,040	.69	1.38	2.1
1970	3,847,872	2,507,614	.64	1.34	3.5
1971	4,957,026	2,636,607	.64	1.41	4.1
1972	4,471,034	3,899,090	.88	1.70	3.3
1973	4,007,562	4,999,750	.99	1.99	2.7
1974	[1] 5,974,922	[1] 5,228,200	[1] .90	[1] 2.00	[1] 3.5

[1] Preliminary.

Source: "Handbook of Unemployment Insurance Financial Data 1938–70:" U.S. Department of Labor, Manpower Administration, Unemployment Insurance Service—Sept. 9, 1975.

Summary of table 7.—The current Federal unemployment compensation wage base of $4,200 equalled 51.7 percent of total wages when it became effective in 1972. Because of the increase in wages since then, it has decreased to 49.6 percent. The $8,000 taxable wage base contained in H.R. 10210 will equal 61.5 percent of total wages in 1977 and 52.9 percent in 1984.

TABLE 7.—PERCENT OF TAXABLE TO TOTAL WAGES IN UNEMPLOYMENT COMPENSATION, 1938–84

	Federal wage base	Actual percent of taxable to total wages	Projected percent taxable to total wages			
			$4,200	$6,000	$8,000	$10,000
Year:						
1938	(1)	98.0				
1939	(1)	97.7				
1940	$3,000	92.8				
1941	3,000	91.8				
1942	3,000	90.7				
1943	3,000	89.3				
1944	3,000	87.7				
1945	3,000	87.8				
1946	3,000	86.8				
1947	3,000	84.3				
1948	3,000	81.7				
1949	3,000	81.3				
1950	3,000	79.1				
1951	3,000	76.0				
1952	3,000	74.1				
1953	3,000	71.6				
1954	3,000	70.4				
1955	3,000	68.3				
1956	3,000	66.8				
1957	3,000	65.0				
1958	3,000	63.6				
1959	3,000	61.7				
1960	3,000	61.1				
1961	3,000	60.0				
1962	3,000	59.0				
1963	3,000	58.1				
1964	3,000	57.0				
1965	3,000	55.8				
1966	3,000	55.3				
1967	3,000	53.3				
1968	3,000	51.7				
1969	3,000	49.7				
1970	3,000	47.7				
1971	3,000	45.2				
1972	4,200	51.7				
1973	4,200	49.7				
1974	4,200	49.6				
1975	4,200	----------	48.1			
1976	4,200	----------	46.6			
1977	4,200	----------	45.1	55.2	61.5	71.0
1978	4,200	----------	43.6	53.7	60.3	70.7
1979	4,200	----------	42.1	52.2	59.2	70.3
1980	4,200	----------	40.6	50.7	57.7	69.9
1981	4,200	----------	39.1	49.2	56.2	69.5
1982	4,200	----------	37.6	47.7	55.1	69.1
1983	4,200	----------	36.1	46.2	54.0	68.7
1984	4,200	----------	34.6	44.7	52.9	68.3

(1) Total.

Source: U.S. Department of Labor, Manpower Administration—Oct. 3, 1975.


A11600 795537