

Public Law 102-164
102d Congress

An Act

To provide a program of emergency unemployment compensation, and for other purposes.

Nov. 15, 1991
[H.R. 3575]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Emergency
Unemployment
Compensation
Act of 1991.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Emergency Unemployment Compensation Act of 1991".

**TITLE I—EMERGENCY UNEMPLOYMENT
COMPENSATION PROGRAM**

SEC. 101. 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 (hereafter 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.

(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—

(1) to individuals who—

(A) have exhausted all rights to regular compensation under the State law,

(B) have no rights to compensation (including both regular compensation and 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 (and are not paid or entitled to be paid any additional compensation under any State or Federal law), and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of Canada, and

(2) for any week of unemployment which begins in the individual's period of eligibility (as defined in section 106(a)(2)).

(c) **EXHAUSTION OF BENEFITS.**—For purposes of subsection (b)(1)(A), 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.**—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 extended compensation and to the payment thereof shall apply to claims for emergency unemployment compensation and the payment thereof, except where 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 account is established under section 102 shall not exceed the amount established in such account for such individual.

(e) **ELECTION.**—Notwithstanding any other provision of Federal law (and if State law permits), the Governor of a State in a 20-week period or a 13-week period, as defined in section 102, is authorized to and may elect to trigger off an extended compensation period in order to provide payment of emergency unemployment compensation to individuals who have exhausted their rights to regular compensation under State law.

SEC. 102. 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) 100 percent of the total amount of regular compensation (including dependents' allowances) payable to the individual with respect to the benefit year (as determined under the State law) on the basis of which the individual most recently received regular compensation, or

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

(2) **APPLICABLE LIMIT.**—For purposes of this section—

(A) **IN GENERAL.**—Except as otherwise provided in this paragraph—

(i) In the case of weeks beginning during a 20-week period, the applicable limit is 20.

(ii) In the case of weeks beginning during a 13-week period, the applicable limit is 13.

(iii) In the case of weeks not beginning in a 20-week period or 13-week period, the applicable limit is 6.

(B) **APPLICABLE LIMIT NOT REDUCED.**—An individual's applicable limit for any week shall in no event be less than

the highest applicable limit in effect for any prior week for which emergency unemployment compensation was payable to the individual from the account involved.

(C) INCREASE IN APPLICABLE LIMIT.—If the applicable limit in effect for any week is higher than the applicable limit for any prior week, the applicable limit shall be the higher applicable limit, reduced (but not below zero) by the number of prior weeks for which emergency unemployment compensation was paid to the individual from the account involved.

(3) REDUCTION FOR EXTENDED BENEFITS.—The amount in an account under paragraph (1) shall be reduced (but not below zero) by the aggregate amount of extended compensation (if any) received by such individual relating to the same benefit year under the Federal-State Extended Unemployment Compensation Act of 1970.

(4) 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) 20-WEEK PERIOD.—For purposes of this section—

(1) IN GENERAL.—The term "20-week period" means, with respect to any State, the period which—

(A) begins with the third week after the first week for which the requirements of paragraph (2) are satisfied, and

(B) ends with the third week after the first week for which the requirements of paragraph (2) are not satisfied.

(2) REQUIREMENTS.—For purposes of paragraph (1), the requirements of this paragraph are satisfied for any week if—

(A) the adjusted rate of insured unemployment in the State for the period consisting of such week and the immediately preceding 12 weeks is at least 5 percent, or

(B) the average rate of total unemployment in such State for the period consisting of the most recent 6-calendar month period (for which data are published before the close of such week) is at least 9 percent.

(d) 13-WEEK PERIOD.—For purposes of this section—

(1) IN GENERAL.—The term "13-week period" means, with respect to any State, the period which—

(A) begins with the third week after the first week for which the requirements of paragraph (2) are satisfied, and

(B) ends with the third week after the first week for which the requirements of paragraph (2) are not satisfied.

(2) REQUIREMENTS.—For purposes of paragraph (1), the requirements of this paragraph are satisfied for any week—

(A) if the adjusted rate of insured unemployment in the State for the period consisting of such week and the immediately preceding 12 weeks is at least 4 percent, or

(B) if—

(i) the adjusted rate of insured unemployment in the State for the period consisting of such week and the immediately preceding 12 weeks is at least 2.5 percent, and

(ii) the exhaustion rate in the State for the most recent month for which data are available before the close of such week is at least 29 percent.

(e) SPECIAL RULES.—

(1) COORDINATION BETWEEN PERIODS.—A 13-week period shall not be in effect for any week if a 20-week period is in effect for such week.

(2) SPECIAL RULES FOR DETERMINING PERIODS.—

(A) MINIMUM PERIOD.—Except as provided in subparagraph (B), a 20-week period or 13-week period shall last for not less than 13 weeks.

(B) EXCEPTION.—If, but for subparagraph (A), a 20-week period would be in effect for a State, such period shall take effect without regard to subparagraph (A).

(3) NOTIFICATION BY SECRETARY.—When a determination has been made that a 20-week period or 13-week period is beginning or ending with respect to a State, the Secretary shall cause notice of such determination to be published in the Federal Register.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), no emergency unemployment compensation shall be payable to any individual under this Act for any week—

(A) beginning before the later of—

(i) November 17, 1991, or

(ii) the first week following the week in which an agreement under this Act is entered into, or

(B) beginning after July 4, 1992.

(2) TRANSITION.—In the case of an individual who is receiving emergency unemployment compensation for a week which includes July 4, 1992, such compensation shall continue to be payable to such individual in accordance with subsection (b) for any week beginning in a period of consecutive weeks for each of which the individual meets the eligibility requirements of this Act.

(3) REACHBACK PROVISIONS.—

(A) IN GENERAL.—If—

(i) any individual exhausted such individual's rights to regular compensation (or extended compensation) under the State law after February 28, 1991, and before the first week following November 16, 1991 (or, if later, the first week following the week in which the agreement under this Act is entered into), and

(ii)(I) the adjusted rate of insured unemployment (determined on the basis of the information referred to in subsection (g)(2)) in such State for the 13-week period ending on October 19, 1991, is at least 3 percent, or (II) a 20-week period or 13-week period is in effect in such State for the 1st week for which emergency unemployment compensation may be payable in such State under this title,

such individual shall be entitled to emergency unemployment compensation under this Act in the same manner as if such individual's benefit year ended no earlier than the last day of such following week.

(B) LIMITATION OF BENEFITS.—In the case of an individual who has exhausted such individual's rights to both regular and extended compensation, any emergency unemployment compensation payable under subparagraph (A) shall be reduced in accordance with subsection (b)(3).

(g) TRANSITIONAL RULES.—

(1) IN GENERAL.—For purposes of determining whether a 20-week period or 13-week period is in effect with respect to any State for the 1st week for which emergency unemployment compensation may be payable under this title in such State, this Act shall be treated as having been in effect for all weeks ending on or after October 19, 1991.

Effective date.

(2) SPECIAL RULES.—A 20-week period or 13-week period shall begin in any State with the 1st week for which emergency unemployment compensation may be payable in such State under this title if, on the basis of information submitted to the Committee on Ways and Means of the House of Representatives by the Department of Labor on November 7, 1991, the requirements of subsection (c)(2) or (d)(2), as the case may be, are satisfied by such State for the week which ends on October 19, 1991. For purposes of the preceding sentence, the exhaustion rate shall be determined on the basis of (A) the monthly average number of individuals exhausting their rights to regular compensation during the 8-month period ending with September of 1991, and (B) the monthly average number of individuals receiving first payments of regular compensation during the 8-month period ending with March of 1991.

SEC. 103. PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF EMERGENCY UNEMPLOYMENT COMPENSATION.

(a) GENERAL RULE.—There shall be paid to each State which 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. 104. FINANCING PROVISIONS.

(a) IN GENERAL.—Funds in the extended unemployment compensation account (as established by section 905 of the Social Security Act) of the Unemployment Trust Fund 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 General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as established by section 905 of the Social Security Act) to the account of such State in the Unemployment Trust Fund.

(c) **ASSISTANCE TO STATES.**—There are hereby authorized to be appropriated, 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) in meeting the costs of administration of agreements under this Act.

(d) **AUTHORIZATION OF APPROPRIATIONS FOR CERTAIN PAYMENTS.**—There are authorized to be appropriated from the general fund of the Treasury, without fiscal year limitation, to the extended unemployment compensation account (as established by section 905 of the Social Security Act) such sums as may 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. 105. 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 Federal unemploy-

ment 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. 106. DEFINITIONS.

(a) **IN GENERAL.**—For purposes of this Act:

(1) **IN GENERAL.**—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.

(2) **PERIOD OF ELIGIBILITY.**—An individual's period of eligibility consists of any week which begins on or after November 17, 1991, and which (except as provided in section 102(f)(2)) begins before July 4, 1992; except that an individual shall not have any period of eligibility unless his benefit year ends on or after November 16, 1991.

(3) **ADJUSTED RATE OF INSURED UNEMPLOYMENT.**—The adjusted rate of insured unemployment for any period shall be determined in the same manner as the rate of insured unemployment is determined under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970; except that individuals exhausting their rights to regular compensation during the most recent 3 calendar months for which data are available before the close of the period for which such rate is being determined shall be taken into account as if they were individuals filing claims for regular compensation for each week during the period for which such rate is being determined.

(4) **EXHAUSTION RATE.**—The exhaustion rate for any month is the percentage obtained by dividing—

(A) the monthly average number of individuals exhausting their rights to regular compensation under the State law during the 12-month period ending with such month, by

(B) the monthly average number of individuals receiving first payments of regular compensation under the State law during the 12-month period ending with the 6th month of the 12-month period referred to in subparagraph (A).

(5) **RATE OF TOTAL UNEMPLOYMENT.**—The term “rate of total unemployment” means, with respect to any period, the average unadjusted total rate of unemployment (as determined by the Secretary) for a State for such period.

(b) **ROUNDING.**—For purposes of this Act, any rate determined under paragraph (3), (4), or (5) of subsection (a) shall be rounded to the nearest 1/10th of a percent.

TITLE II—DEMONSTRATION PROGRAM TO PROVIDE JOB SEARCH ASSISTANCE

Contracts.

SEC. 201. DEMONSTRATION PROGRAM TO PROVIDE JOB SEARCH ASSISTANCE.

(a) **GENERAL RULE.**—The Secretary of Labor (hereafter in this title referred to as the “Secretary”) shall carry out a demonstration program under this title for purposes of determining the feasibility of implementing job search assistance programs. To carry out such demonstration program, the Secretary shall enter into agreements with 3 States which—

(1) apply to participate in such program, and

(2) demonstrate to the Secretary that they are capable of implementing the provisions of an agreement under this section.

(b) **SELECTION OF STATES.**—

(1) **IN GENERAL.**—In determining whether to enter into an agreement with a State under this section, the Secretary shall take into consideration at least—

(A) the size, geography, and occupational and industrial composition of the State,

(B) the adequacy of State resources to carry out a job search assistance program,

(C) the range and extent of specialized services to be provided by the State to individuals covered by the agreement, and

(D) the design of the evaluation to be applied by the State to the program.

(2) **REPLICATION OF PRIOR DEMONSTRATION PROJECT.**—At least 1 of the States selected by the Secretary under subsection (a) shall be a State which has operated a successful demonstration project with respect to job search assistance under a contract with the Department of Labor. The demonstration program under this title of any such State shall, at a minimum, replicate the project it operated under such contract in the same geographic areas.

(c) **PROVISIONS OF AGREEMENT.**—Any agreement entered into with a State under this section shall—

(1) provide that the State will implement a job search assistance program during the 1-year period specified in such agreement,

(2) provide that such implementation will begin not later than the date 18 months after the date of the enactment of this Act,

(3) contain such provisions as may be necessary to ensure an accurate evaluation of the effectiveness of a job search assistance program, including—

(A) random selection of eligible individuals for participation in the program and for inclusion in a control group, and

(B) collection of data on participants and members of a control group as of the close of the 1-year period and 2-year period after the operations of the program cease,

(4) provide that not more than 5 percent of the claimants for unemployment compensation under the State law shall be selected as participants in the job search assistance program, and

(5) contain such other provisions as the Secretary may require.

SEC. 202. JOB SEARCH ASSISTANCE PROGRAM.

(a) **GENERAL RULE.**—For purposes of this title, a job search assistance program shall provide that—

(1) eligible individuals who are selected to participate in the program shall be required to participate in a qualified intensive job search program after receiving compensation under such State law during any benefit year for at least 6 but not more than 10 weeks,

(2) every individual required to participate in a job search program under paragraph (1) shall be entitled to receive an intensive job search program voucher, and

(3) any individual who is required under paragraph (1) to participate in a qualified intensive job search program and who does not satisfactorily participate in such program shall be disqualified from receiving compensation under such State law for the period (of not more than 10 weeks) specified in the agreement under section 201.

(b) **ELIGIBLE INDIVIDUAL.**—For purposes of this title—

(1) **IN GENERAL.**—The term “eligible individual” means any individual receiving compensation under the State law during any benefit year if, during the 3-year period ending on the last day of the base period for such benefit year, such individual had at least 126 weeks of employment at wages of \$30 or more a week with such individual’s last employer in such base period (or, if data with respect to weeks of employment with such last employer are not available, an equivalent amount of employment computed under regulations prescribed by the Secretary).

(2) **EXCEPTION.**—Such term shall not include any individual if—

(A) such individual has a definite date for recall to his former employment,

(B) such individual seeks employment through a union hall or similar arrangement, or

(C) the State agency—

(i) waives the requirements of subsection (a)(1) for good cause shown by such individual, or

(ii) determines that such participation would not be appropriate for such individual.

(c) **QUALIFIED INTENSIVE JOB SEARCH PROGRAM.**—For purposes of this section, the term “qualified intensive job search program” means any intensive job search assistance program which—

(1) is approved by the State agency,

(2) is provided by an organization qualified to provide job search assistance programs under any other Federal law, and

(3) includes—

(A) all basic employment services, such as orientation, testing, a job-search workshop, and an individual assessment and counseling interview, and

(B) additional services, such as ongoing contact with the program staff, followup assistance, resource centers, and job search materials and equipment.

(d) **INTENSIVE JOB SEARCH VOUCHER.**—For purposes of this section, the term “intensive job search voucher” means any voucher which entitles the organization (including the State employment service) providing the qualified intensive job search assistance program to a payment from the State agency equal to the lesser of—

- (1) the reasonable costs of providing such program, or
- (2) the average weekly benefit amount in the State.

SEC. 203. ADMINISTRATIVE PROVISIONS.

(a) **FINANCING PROVISIONS.**—

(1) **PAYMENTS TO STATES.**—There shall be paid to each State which enters into an agreement under section 201 an amount equal to the lesser of the reasonable costs of operating the job search assistance program pursuant to such agreement or the State’s average weekly benefit amount for each individual selected to participate in the job search assistance program operated by such State pursuant to such agreement. Funds in the extended unemployment compensation account (as established by section 905 of the Social Security Act) shall be used for purposes of making such payments.

(2) **PAYMENTS ON CALENDAR MONTH BASIS.**—There shall be paid to each State either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this subsection for each calendar month, reduced or increased, as the case may be, by any sum 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 method as may be agreed upon by the Secretary and the State agency.

(3) **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 subsection. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as established by section 905 of the Social Security Act) to the account of such State in the Unemployment Trust Fund.

(4) **SPECIAL RULE.**—Notwithstanding any other provision of law, amounts in the account of a State in the Unemployment Trust Fund may be used for purposes of making payments pursuant to intensive job search vouchers provided pursuant to an agreement under this title.

(b) **REPORTS TO CONGRESS.**—

(1) **INTERIM REPORTS.**—The Secretary shall submit 2 interim reports to the Congress on the effectiveness of the demonstration program carried out under this title. The 1st such report shall be submitted before the date 2 years after operations under the demonstration program commenced and the 2d such report shall be submitted before the date 4 years after such commencement.

(2) **FINAL REPORT.**—Not later than the date 5 years after the commencement referred to in paragraph (1), the Secretary shall submit a final report to the Congress on the demonstration program carried out under this title. Such report shall include estimates of program impact, such as—

- (A) changes in duration of unemployment, earnings, and hours worked of participants,
- (B) changes in unemployment compensation outlays,
- (C) changes in unemployment taxes,
- (D) net effect on the Unemployment Trust Fund,
- (E) net effect on Federal unified budget deficit, and
- (F) net social benefits or costs of the program.

(c) **DEFINITIONS.**—For purposes of this title, the terms “compensation”, “benefit year”, “State”, “State agency”, “State law”, “base period”, and “week” have the respective meanings given such terms by section 106.

TITLE III—OTHER PROVISIONS

SEC. 301. PAYMENTS OF UNEMPLOYMENT COMPENSATION TO FORMER MEMBERS OF THE ARMED FORCES.

(a) **REPEAL OF CERTAIN LIMITATIONS.**—Subsection (c) of section 8521 of title 5, United States Code, is hereby repealed.

(b) **REDUCTION IN LENGTH OF REQUIRED ACTIVE DUTY BY RESERVES.**—Paragraph (1) of section 8521(a) of such title 5 is amended by striking “180 days” and inserting “90 days”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to weeks of unemployment beginning on or after the date of the enactment of this Act.

SEC. 302. OPTIONAL BENEFITS FOR CERTAIN SCHOOL EMPLOYEES.

(a) **IN GENERAL.**—

(1) Subclause (I) of section 3304(a)(6)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking “shall be denied” and inserting “may be denied”. 26 USC 3304.

(2) Subparagraph (A) of section 3304(a)(6) of such Code is amended by striking “and” at the end of clauses (iii) and (iv) and by inserting after clause (v) the following new clause:

“(vi) with respect to services described in clause (ii), clauses (iii) and (iv) shall be applied by substituting ‘may be denied’ for ‘shall be denied’, and”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply in the case of compensation paid for weeks beginning on or after the date of the enactment of this Act.

SEC. 303. ADVISORY COUNCIL ON UNEMPLOYMENT COMPENSATION.

Section 908 of the Social Security Act is amended to read as follows: 42 USC 1108.

“ADVISORY COUNCIL ON UNEMPLOYMENT COMPENSATION

“SEC. 908. (a) **ESTABLISHMENT.**—Not later than February 1, 1992, and every 4th year thereafter, the Secretary of Labor shall establish an advisory council to be known as the Advisory Council on Unemployment Compensation (referred to in this section as the ‘Council’).

“(b) **FUNCTION.**—It shall be the function of each Council to evaluate the unemployment compensation program, including the purpose, goals, countercyclical effectiveness, coverage, benefit adequacy, trust fund solvency, funding of State administrative costs, administrative efficiency, and any other aspects of the program and to make recommendations for improvement.

“(c) **MEMBERS.**—

“(1) **IN GENERAL.**—Each Council shall consist of 11 members as follows:

President.

“(A) 5 members appointed by the President, to include representatives of business, labor, State government, and the public.

“(B) 3 members appointed by the President pro tempore of the Senate, in consultation with the Chairman and ranking member of the Committee on Finance of the Senate.

“(C) 3 members appointed by the Speaker of the House of Representatives, in consultation with the Chairman and ranking member of the Committee on Ways and Means of the House of Representatives.

“(2) **QUALIFICATIONS.**—In appointing members under subparagraphs (B) and (C) of paragraph (1), the President pro tempore of the Senate and the Speaker of the House of Representatives shall each appoint—

“(A) 1 representative of the interests of business,

“(B) 1 representative of the interests of labor, and

“(C) 1 representative of the interests of State governments.

“(3) **VACANCIES.**—A vacancy in any Council shall be filled in the manner in which the original appointment was made.

President.

“(4) **CHAIRMAN.**—The President shall appoint the Chairman of the Council from among its members.

“(d) **STAFF AND OTHER ASSISTANCE.**—

“(1) **IN GENERAL.**—Each Council may engage any technical assistance (including actuarial services) required by the Council to carry out its functions under this section.

“(2) **ASSISTANCE FROM SECRETARY OF LABOR.**—The Secretary of Labor shall provide each Council with any staff, office facilities, and other assistance, and any data prepared by the Department of Labor, required by the Council to carry out its functions under this section.

“(e) **COMPENSATION.**—Each member of any Council—

“(1) shall be entitled to receive compensation at the rate of pay for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the actual performance of duties vested in the Council, and

“(2) while engaged in the performance of such duties away from such member's home or regular place of business, shall be allowed travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

“(f) **REPORT.**—

“(1) **IN GENERAL.**—Not later than February 1 of the 2d year following the year in which any Council is required to be established under subsection (a), the Council shall submit to the President and the Congress a report setting forth the findings

and recommendations of the Council as a result of its evaluation of the unemployment compensation program under this section.

“(2) **REPORT OF FIRST COUNCIL.**—The Council shall include in its report required to be submitted by February 1, 1994, the Council’s findings and recommendations with respect to determining eligibility for extended unemployment benefits on the basis of unemployment statistics for regions, States, or subdivisions of States.”

SEC. 304. REPORT ON METHOD OF ALLOCATING ADMINISTRATIVE FUNDS AMONG STATES.

(a) **IN GENERAL.**—The Secretary of Labor shall submit to the Congress, within the 12-month period beginning on the date of the enactment of this Act, a comprehensive report setting forth a proposal for revising the method of allocating grants among the States under section 302 of the Social Security Act.

(b) **SPECIFIC REQUIREMENTS.**—The report required by subsection (a) shall include an analysis of—

(1) the use of unemployment insurance workload levels as the primary factor in allocating grants among the States under section 302 of the Social Security Act,

(2) ways to ensure that each State receive not less than a minimum grant amount for each fiscal year,

(3) the use of nationally available objective data to determine the unemployment compensation administrative costs of each State, with consideration of legitimate cost differences among the States,

(4) ways to simplify the method of allocating such grants among the States,

(5) ways to eliminate the disincentives to productivity and efficiency which exist in the current method of allocating such grants among the States,

(6) ways to promote innovation and cost-effective practices in the method of allocating such grants among the States, and

(7) the effect of the proposal set forth in such report on the grant amounts allocated to each State.

(c) **CONGRESSIONAL REVIEW PERIOD.**—The Secretary of Labor may not revise the method in effect on the date of the enactment of this Act for allocating grants among the States under section 302 of the Social Security Act, until after the expiration of the 12-month period beginning on the date on which the report required by subsection (a) is submitted to the Congress.

TITLE IV—FINANCING PROVISIONS

SEC. 401. PERMANENT EXTENSION OF PROVISIONS RELATING TO COLLECTION OF NONTAX DEBTS OWED TO FEDERAL AGENCIES.

(a) **IN GENERAL.**—Subsection (c) of section 2653 of the Deficit Reduction Act of 1984 is amended by striking “, and on or before January 10, 1994”.

26 USC 6402
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on October 1, 1991.

SEC. 402. EXTENSION OF FUTA SURTAX.

Section 3301 of the Internal Revenue Code of 1986 (relating to rate of unemployment tax) is amended—

26 USC 3301.

- (1) by striking "1995" in paragraph (1) and inserting "1996",
and
(2) by striking "1996" in paragraph (2) and inserting "1997".

SEC. 403. MODIFICATION TO INDIVIDUAL ESTIMATED TAX REQUIREMENTS.

(a) **GENERAL RULE.**—Paragraph (1) of section 6654(d) of the Internal Revenue Code of 1986 (relating to amount of required installments) is amended by adding at the end thereof the following new subparagraphs:

26 USC 6654.

(C) LIMITATION ON USE OF PRECEDING YEAR'S TAX.—

(i) IN GENERAL.—In any case to which this subparagraph applies, clause (ii) of subparagraph (B) shall be applied as if it read as follows:

(ii) the greater of—

(I) 100 percent of the tax shown on the return of the individual for the preceding taxable year, or

(II) 90 percent of the tax shown on the return for the current year, determined by taking into account the adjustments set forth in subparagraph (D).'

(ii) CASES TO WHICH SUBPARAGRAPH APPLIES.—This subparagraph shall apply if—

(I) the modified adjusted gross income for the current year exceeds the amount of the adjusted gross income shown on the return of the individual for the preceding taxable year by more than \$40,000 (\$20,000 in the case of a separate return for the current year by a married individual),

(II) the adjusted gross income shown on the return for the current year exceeds \$75,000 (\$37,500 in the case of a married individual filing a separate return), and

(III) the taxpayer has made a payment of estimated tax (determined without regard to subsection (g) and section 6402(b)) with respect to any of the preceding 3 taxable years (or a penalty has been previously assessed under this section for a failure to pay estimated tax with respect to any of such 3 preceding taxable years).

This subparagraph shall not apply to any taxable year beginning after December 31, 1996.

(iii) MAY USE PRECEDING YEAR'S TAX FOR FIRST INSTALLMENT.—This subparagraph shall not apply for purposes of determining the amount of the 1st required installment for any taxable year. Any reduction in an installment by reason of the preceding sentence shall be recaptured by increasing the amount of the 1st succeeding required installment (with respect to which the requirements of clause (iv) are not met) by the amount of such reduction.

(iv) ANNUALIZATION EXCEPTION.—This subparagraph shall not apply to any required installment if the individual establishes that the requirements of subclauses (I) and (II) of clause (ii) would not have been satisfied if such subclauses were applied on the basis of—

“(I) the annualized amount of the modified adjusted gross income for months in the current year ending before the due date for the installment determined by assuming that all items referred to in clause (i) of subparagraph (D) accrued ratably during the current year, and

“(II) the annualized amount of the adjusted gross income for months in the current year ending before the due date for the installment.

Any reduction in an installment under the preceding sentence shall be recaptured by increasing the amount of the 1st succeeding required installment (with respect to which the requirements of the preceding sentence are not met) by the amount of such reduction.

“(D) MODIFIED ADJUSTED GROSS INCOME FOR CURRENT YEAR.—For purposes of this paragraph, the term ‘modified adjusted gross income’ means the amount of the adjusted gross income shown on the return for the current year determined with the following modifications:

“(i) The qualified pass-thru items shown on the return for the preceding taxable year shall be treated as also shown on the return for the current year (and the actual qualified pass-thru items (if any) for the current year shall be disregarded).

“(ii) The amount of any gain from any involuntary conversion (within the meaning of section 1033) which is shown on the return for the current year shall be disregarded.

“(iii) The amount of any gain from the sale or exchange of a principal residence (within the meaning of section 1034) which is shown on the return for the current year shall be disregarded.

“(E) QUALIFIED PASS-THRU ITEM.—For purposes of this paragraph—

“(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term ‘qualified pass-thru item’ means any item of income, gain, loss, deduction, or credit attributable to an interest in a partnership or S corporation. Such term shall not include any gain or loss from the disposition of an interest in an entity referred to in the preceding sentence.

“(ii) 10-PERCENT OWNERS AND GENERAL PARTNERS EXCLUDED.—The term ‘qualified pass-thru item’ shall not include, with respect to any year, any item attributable to—

“(I) an interest in an S corporation, if at any time during such year the individual was a 10-percent owner in such corporation, or

“(II) an interest in a partnership, if at any time during such year the individual was a 10-percent owner or general partner in such partnership.

“(iii) 10-PERCENT OWNER.—The term ‘10-percent owner’ means—

“(I) in the case of an S corporation, an individual who owns 10 percent or more (by vote or value) of the stock in such corporation, and

“(II) in the case of a partnership, an individual who owns 10 percent or more of the capital interest (or the profits interest) in such partnership.

“(F) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

“(i) CURRENT YEAR.—The term ‘current year’ means the taxable year for which the amount of the installment is being determined.

“(ii) SPECIAL RULE.—If no return is filed for the current year, any reference in subparagraph (C) or (D) to an item shown on the return for the current year shall be treated as a reference to the actual amount of such item for such year.

“(iii) MARITAL STATUS.—Marital status shall be determined under section 7703.”.

(b) TECHNICAL AMENDMENTS.—

26 USC 6654.

(1) Subparagraph (C) of section 6654(i)(1) of such Code is amended to read as follows:

“(C) the amount of such installment shall be equal to the required annual payment determined under subsection (d)(1)(B) by substituting ‘66 $\frac{2}{3}$ percent’ for ‘90 percent’ and without regard to subparagraph (C) of subsection (d)(1), and”.

(2) Subparagraph (A) of section 6654(j)(3) of such Code is amended by inserting before the period at the end thereof the following: “and subsection (d)(1)(C)(iii) shall not apply”.

(3) Paragraph (4) of section 6654(l) of such Code is amended by striking “subsection (d)(2)(B)(i)” and inserting “paragraphs (1)(C)(iv) and (2)(B)(i) of subsection (d)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

TITLE V—RAILROAD UNEMPLOYMENT INSURANCE

SEC. 501. EXTENDED RAILROAD UNEMPLOYMENT INSURANCE BENEFITS DURING PERIODS OF HIGH NATIONAL UNEMPLOYMENT.

(a) IN GENERAL.—For purposes of section 2(h) of the Railroad Unemployment Insurance Act (45 U.S.C. 352(h)(2)), a “period of high unemployment” includes any month during the period November 1991 through July 1992.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), no employee shall have an extended benefit period under the second proviso of section 2(c) of the Railroad Unemployment Insurance Act beginning before November 17, 1991, or after July 4, 1992.

(2) TRANSITION.—If an employee has established an extended benefit period under the second proviso of section 2(c) of the Railroad Unemployment Insurance Act and the last day of such extended benefit period, as established, is after July 4, 1992, such employee shall continue to be entitled to extended unemployment benefits for days of unemployment in registration periods included in such extended benefit period, provided that

such employee meets the eligibility requirements of this section and the Railroad Unemployment Insurance Act.

(3) REACHBACK PROVISIONS.—If an employee has exhausted that employee's rights to normal unemployment benefits under section 2(c) of the Railroad Unemployment Insurance Act after February 28, 1991, but before November 17, 1991, such employee shall, for the purposes of the application of this section, be deemed to have exhausted such rights after November 17, 1991.

(c) LIMITATION ON PAYMENT.—Extended benefits under this section shall be payable for a maximum of 65 days of unemployment, including any extended benefits payable by reason of the application of the reachback provisions.

TITLE VI—GUARANTEED STUDENT LOANS

SEC. 601. CREDIT CHECKS; COSIGNERS.

(a) FISL PROGRAM.—Section 427(a)(2)(A) of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), hereafter in this title referred as “the Act”, is amended to read as follows:

“(A) is made without security and without endorsement, except that prior to making a loan insurable by the Secretary under this part a lender shall—

“(i) obtain a credit report, from at least one national credit bureau organization, with respect to a loan applicant who will be at least 21 years of age as of July 1 of the award year for which assistance is being sought, for which the lender may charge the applicant an amount not to exceed the lesser of \$25 or the actual cost of obtaining the credit report; and

“(ii) require an applicant of the age specified in clause (i) who, in the judgment of the lender in accordance with the regulations of the Secretary, has an adverse credit history, to obtain a credit worthy cosigner in order to obtain the loan, provided that, for purposes of this clause, an insufficient or nonexistent credit history may not be considered to be an adverse credit history.”

(b) GSL PROGRAM.—Section 428(b)(1) of the Act is amended— 20 USC 1078.

(1) in subparagraph (U), by striking “and” at the end thereof;

(2) in subparagraph (V), by striking the period at the end thereof and inserting a semicolon and “and”; and

(3) by adding at the end thereof the following new subparagraph:

“(W) provides that prior to making a loan made, insured, or guaranteed under this part (other than a loan made in accordance with section 428C), a lender shall—

“(i) obtain a credit report, from at least one national credit bureau organization, with respect to a loan applicant who will be at least 21 years of age as of July 1 of the award year for which assistance is being sought, for which the lender may charge the applicant an amount not to exceed the lesser of \$25 or the actual cost of obtaining the credit report; and

“(ii) require an applicant of the age specified in clause (i) who, in the judgment of the lender in accordance with the regulations of the Secretary, has an

adverse credit history, to obtain a credit worthy cosigner in order to obtain the loan, provided that, for purposes of this clause, an insufficient or nonexistent credit history may not be considered to be an adverse credit history.”.

SEC. 602. BORROWER INFORMATION.

20 USC 1077.

(a) **FISL PROGRAM.**—Section 427 of the Act is amended by adding at the end thereof the following new subsection:

“(d) **BORROWER INFORMATION.**—The lender shall obtain the borrower’s driver’s license number, if any, at the time of application for the loan.”.

20 USC 1078.

(b) **GSL PROGRAM.**—Section 428 of the Act is amended—

(1) in subsection (a)(2)(A)—

(A) in clause (i)(I), by striking out “and” at the end thereof;

(B) in clause (ii), by striking out the period at the end thereof and inserting in lieu thereof a semicolon and “and”; and

(C) by adding at the end thereof the following new clause:

“(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student’s driver’s number, if any.”.

SEC. 603. ADDITIONAL BORROWER INFORMATION.

20 USC 1092.

Section 485(b) of the Act is amended—

(1) by striking the subsection heading and inserting “EXIT COUNSELING FOR BORROWERS; BORROWER INFORMATION.—”; and

(2) by adding at the end thereof the following: “Each eligible institution shall require that the borrower of a loan made under part B, part D, or part E submit to the institution, during the exit interview required by this subsection, the borrower’s expected permanent address after leaving the institution, regardless of the reason for leaving; the name and address of the borrower’s expected employer after leaving the institution; and the address of the borrower’s next of kin. In the case of a loan made under part B, the institution shall then submit this information to the holder of the loan.”.

SEC. 604. CONFESSION OF JUDGMENT.

Section 428(b)(1) of the Act is further amended—

(1) in subparagraph (V), by striking “and” at the end thereof;

(2) in subparagraph (W), by striking the period at the end thereof and inserting a semicolon and “and”; and

(3) by adding at the end thereof the following new subparagraph:

“(X) provides that the lender shall obtain, as part of the note or written agreement evidencing the loan, the borrower’s authorization for entry of judgment against the borrower in the event of default.”.

SEC. 605. WAGE GARNISHMENT.

(a) **AMENDMENT.**—Part G of title IV of the Act is amended by inserting immediately following section 488 the following new section:

"WAGE GARNISHMENT REQUIREMENT

"SEC. 488A. (a) GARNISHMENT REQUIREMENTS.—Notwithstanding any provision of State law, a guaranty agency, or the Secretary in the case of loans made, insured or guaranteed under this title that are held by the Secretary, may garnish the disposable pay of an individual to collect the amount owed by the individual, if he or she is not currently making required repayment under a repayment agreement with the Secretary, or, in the case of a loan guaranteed under part B on which the guaranty agency received reimbursement from the Secretary under section 428(c), with the guaranty agency holding the loan, as appropriate, provided that—

"(1) the amount deducted for any pay period may not exceed 10 percent of disposable pay, except that a greater percentage may be deducted with the written consent of the individual involved;

"(2) the individual shall be provided written notice, sent by mail to the individual's last known address, a minimum of 30 days prior to the initiation of proceedings, from the guaranty agency or the Secretary, as appropriate, informing such individual of the nature and amount of the loan obligation to be collected, the intention of the guaranty agency or the Secretary, as appropriate, to initiate proceedings to collect the debt through deductions from pay, and an explanation of the rights of the individual under this section;

"(3) the individual shall be provided an opportunity to inspect and copy records relating to the debt;

"(4) the individual shall be provided an opportunity to enter into a written agreement with the guaranty agency or the Secretary, under terms agreeable to the Secretary, or the head of the guaranty agency or his designee, as appropriate, to establish a schedule for the repayment of the debt;

"(5) the individual shall be provided an opportunity for a hearing in accordance with subsection (b) on the determination of the Secretary or the guaranty agency, as appropriate, concerning the existence or the amount of the debt, and, in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to paragraph (4), concerning the terms of the repayment schedule;

"(6) the employer shall pay to the Secretary or the guaranty agency as directed in the withholding order issued in this action, and shall be liable for, and the Secretary or the guaranty agency, as appropriate, may sue the employer in a State or Federal court of competent jurisdiction to recover, any amount that such employer fails to withhold from wages due an employee following receipt of such employer of notice of the withholding order, plus attorneys' fees, costs, and, in the court's discretion, punitive damages, but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph;

"(7) if an individual has been reemployed within 12 months after having been involuntarily separated from employment, no amount may be deducted from the disposable pay of such individual until such individual has been reemployed continuously for at least 12 months; and

"(8) an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual

subject to wage withholding in accordance with this section by reason of the fact that the individual's wages have been subject to garnishment under this section, and such individual may sue in a State or Federal court of competent jurisdiction any employer who takes such action. The court shall award attorneys' fees to a prevailing employee and, in its discretion, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonably necessary.

“(b) HEARING REQUIREMENTS.—A hearing described in subsection (a)(5) shall be provided prior to issuance of a garnishment order if the individual, on or before the 15th day following the mailing of the notice described in subsection (a)(2), and in accordance with such procedures as the Secretary or the head of the guaranty agency, as appropriate, may prescribe, files a petition requesting such a hearing. If the individual does not file a petition requesting a hearing prior to such date, the Secretary or the guaranty agency, as appropriate, shall provide the individual a hearing under subsection (a)(5) upon request, but such hearing need not be provided prior to issuance of a garnishment order. A hearing under subsection (a)(5) may not be conducted by an individual under the supervision or control of the head of the guaranty agency, except that nothing in this sentence shall be construed to prohibit the appointment of an administrative law judge. The hearing official shall issue a final decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing.

“(c) NOTICE REQUIREMENTS.—The notice to the employer of the withholding order shall contain only such information as may be necessary for the employer to comply with the withholding order.

“(d) DEFINITION.—For the purpose of this section, the term ‘disposable pay’ means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by law to be withheld.”

(b) ABOLITION OF ADDITIONAL COST PAYMENTS.—

(1) Section 428E of the Act is repealed.

(2) Section 428(c)(6) of the Act is amended by striking subparagraph (D).

SEC. 606. DATA MATCHING.

Part G of title IV of the Act is further amended by inserting immediately following section 489 the following new section:

“DATA MATCHING

“SEC. 489A. (a)(1) The Secretary is authorized to obtain information from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States concerning the most recent address of an individual obligated on a loan held by the Secretary or a loan made in accordance with part B of this title held by a guaranty agency, or an individual owing a refund of an overpayment of a grant awarded under this title, and the name and address of such individual's employer, if the Secretary determines that such information is needed to enforce the loan or collect the overpayment.

“(2) The Secretary is authorized to provide the information described in paragraph (1) to a guaranty agency holding a loan made under part B of this title on which such individual is obligated.

“(b)(1) Notwithstanding any other provision of law, whenever the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized under this section, such individual or his designee shall promptly cause a search to be made of the records of the agency to determine whether the information requested is contained in those records.

“(2)(A) If such information is found, the individual shall, in conformance with the provisions of the Privacy Act of 1974, as amended, immediately transmit such information to the Secretary, except that if disclosure of this information would contravene national policy or security interests of the United States, or the confidentiality of census data, the individual shall immediately so notify the Secretary and shall not transmit the information.

“(B) If no such information is found, the individual shall immediately so notify the Secretary.

“(3)(A) The reasonable costs incurred by any such agency of the United States in providing any such information to the Secretary shall be reimbursed by the Secretary, and retained by the agency.

“(B) Whenever such information is furnished to a guaranty agency, that agency shall be charged a fee to be used to reimburse the Secretary for the expense of providing such information.”

Approved November 15, 1991.

LEGISLATIVE HISTORY—H.R. 3575 (S.J. Res. 232) (S. 1945):

HOUSE REPORTS: No. 102-273 (Comm. on Ways and Means).
CONGRESSIONAL RECORD, Vol. 137 (1991):

Nov. 14, considered and passed House.

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