**Originally Processed With FOIA(s):**
1998-0004-F[2]

**FOIA Number:**
S

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.**

| | |
|---|---|
| **Record Group/Collection:** | George H.W. Bush Presidential Records |
| **Collection/Office of Origin:** | Chief of Staff, White House Office of |
| **Series:** | Sununu, John, Files |
| **Subseries:** | Issues Files |

| | |
|---|---|
| **OA/ID Number:** | 29174 |
| **Folder ID Number:** | 29174-001 |

**Folder Title:**
Unemployment 1991

| Stack: | Row: | Section: | Shelf: | Position: |
|---|---|---|---|---|
| G | 15 | 25 | 4 | 5 |

THE WHITE HOUSE
WASHINGTON

November 15, 1991

Dear Bob,

Thank you for your great help in moving forward the compromise on the unemployment insurance bill.

I just had a chance to discuss this with the President and he reiterated his strong support for the compromise that has come together. He is also quite concerned that we do everything necessary to enact the bill today to make sure that the benefit checks can be out before Thanksgiving.

In particular, he has very strong concerns that any action in the Senate amending the legislation would subject the bill to further floor debate and action in the House, making it impossible to get the checks out by Thanksgiving and possibly leading to an unraveling of the compromise.

Please let us know how we can help make this happen.

Thanks again.

Sincerely,

John H. Sununu
Chief of Staff

The Honorable Bob Dole
Republican Leader
United States Senate
Washington, D.C. 20510

# Withdrawal/Redaction Sheet
# (George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|---|---|---|---|---|
| 01. Agenda | For Meeting on Unemployment Insurance (2 copies) (2 pp.) | 11/14/91 | ~~P~~5 | |

**Collection:**

**Record Group:** Bush Presidential Records
**Office:** Chief of Staff, White House Office of
**Series:** Sununu, John, Files
**Subseries:** Issues Files
**WHORM Cat.:**
**File Location:** Unemployment 1991

**Open on Expiration of PRA**
**(Document Follows)**
**By** JF **(NLGB) on** 10/28/05

| | | | |
|---|---|---|---|
| **Date Closed:** | 1/5/2005 | **OA/ID Number:** | 29174-001 |
| **FOIA/SYS Case #:** | 1998-0004-F[2] | **Appeal Case #:** | |
| **Re-review Case #:** | 2005-0426-S | **Appeal Disposition:** | |
| **P-2/P-5 Review Case #:** | | **Disposition Date:** | |
| **AR Case #:** | | **MR Case #:** | |
| **AR Disposition:** | | **MR Disposition:** | |
| **AR Disposition Date:** | | **MR Disposition Date:** | |

**RESTRICTION CODES**

**Presidential Records Act - [44 U.S.C. 2204(a)]**

**P-1 National Security Classified Information [(a)(1) of the PRA]**
**P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]**
**P-3 Release would violate a Federal statute [(a)(3) of the PRA]**
**P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]**
**P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]**
**P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]**

**C. Closed in accordance with restrictions contained in donor's deed of gift.**

**PRM. Removed as a personal record misfile.**

**Freedom of Information Act - [5 U.S.C. 552(b)]**

**(b)(1) National security classified information [(b)(1) of the FOIA]**
**(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]**
**(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]**
**(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]**
**(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]**
**(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]**
**(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]**
**(b)(9) Release would disclose geological or geophysical information**

NINA OVIEDO
224-3163

AGENDA -- 11/14/91

(1) Unemployment Insurance

-- A few facts re Mitchell's claim that the President reversed himself:

  - The President first said he would sign a bill in August, when he supported the Dole bill. (There has been no post-Pennsylvania change of position.)

  - The President insisted that:

    (a) A signable bill must be temporary.

    NOTE: The original House bill was permanent; the compromise is temporary.

    (b) A signable bill must not invoke the "emergency" escape from fiscal discipline.

    NOTE: The vetoed bills -- at Mitchell's insistence -- invoked the emergency escape. The compromise does not.

    (c) A signable bill must be paid for -- on a satisfactory basis.

    NOTE: The vetoed bills were not paid for. (Mitchell insisted they should not be.) After the veto of two unpaid-for bills, the Mitchell ploy switched to "pay" with foreign aid, thus breaking the budget agreement in another way. The compromise is fully paid for in each and every year (OMB estimate); is fully consistent with the budget agreement; does not raise taxes (and, as it happens, does include some sensible policy -- such as student loan reform).

  - The Administration also urged that any bill be based principally on reliable measures of unemployment. The two vetoed bills failed this test. The compromise largely passes it.

(2) Energy update -- today's meeting.

(3) Other

NINA OVIEDO
224-3163

AGENDA -- 11/14/91

(1) Unemployment Insurance

-- A few facts re Mitchell's claim that the President reversed himself:

- The President first said he would sign a bill in August, when he supported the Dole bill. (There has been no post-Pennsylvania change of position.)

- The President insisted that:

  (a) A signable bill must be temporary.

  NOTE: The original House bill was permanent; the compromise is temporary.

  (b) A signable bill must not invoke the "emergency" escape from fiscal discipline.

  NOTE: The vetoed bills -- at Mitchell's insistence -- invoked the emergency escape. The compromise does not.

  (c) A signable bill must be paid for -- on a satisfactory basis.

  NOTE: The vetoed bills were not paid for. (Mitchell insisted they should not be.) After the veto of two unpaid-for bills, the Mitchell ploy switched to "pay" with foreign aid, thus breaking the budget agreement in another way. The compromise is fully paid for in each and every year (OMB estimate); is fully consistent with the budget agreement; does not raise taxes (and, as it happens, does include some sensible policy -- such as student loan reform).

- The Administration also urged that any bill be based principally on reliable measures of unemployment. The two vetoed bills failed this test. The compromise largely passes it.

THE WHITE HOUSE

WASHINGTON

November 15, 1991

Dear Bob,

Thank you for your great help in moving forward the compromise on the unemployment insurance bill.

I just had a chance to discuss this with the President and he reiterated his strong support for the compromise that has come together. He is also quite concerned that we do everything necessary to enact the bill today to make sure that the benefit checks can be out before Thanksgiving.

In particular, he has very strong concerns that any action in the Senate amending the legislation would subject the bill to further floor debate and action in the House, making it impossible to get the checks out by Thanksgiving and possibly leading to an unraveling of the compromise.

Please let us know how we can help make this happen.

Thanks again.

Sincerely,

John

John H. Sununu
Chief of Staff

The Honorable Bob Dole
Republican Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

November 15, 1991

Dear Bob,

Thank you for your great help in moving forward the compromise on the unemployment insurance bill.

I just had a chance to discuss this with the President and he reiterated his strong support for the compromise that has come together. He is also quite concerned that we do everything necessary to enact the bill today to make sure that the benefit checks can be out before Thanksgiving.

In particular, he has very strong concerns that any action in the Senate amending the legislation would subject the bill to further floor debate and action in the House, making it impossible to get the checks out by Thanksgiving and possibly leading to an unraveling of the compromise.

Please let us know how we can help make this happen.

Thanks again.

Sincerely,

John

John H. Sununu
Chief of Staff

The Honorable Bob Dole
Republican Leader
United States Senate
Washington, D.C. 20510

WILLIAM H. ZELIFF, JR.
1ST DISTRICT, NEW HAMPSHIRE

512 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2901
(202) 225-5456
(202) 225-4370 (FAX)

DISTRICT OFFICES:

340 COMMERCIAL STREET
MANCHESTER, NH 03101
(603) 669-6330
(603) 669-6446 (FAX)

MCINTYRE FEDERAL BUILDING
80 DANIELS STREET
PORTSMOUTH, NH 03801
(603) 433-1601
(603) 433-1848 (FAX)

TOLL FREE IN NEW HAMPSHIRE
1-800-649-7290

# Congress of the United States
## House of Representatives
## Washington, DC 20515-2901

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEES:
SURFACE TRANSPORTATION
WATER RESOURCES

COMMITTEE ON GOVERNMENT OPERATIONS
SUBCOMMITTEES:
COMMERCE, CONSUMER AND MONETARY AFFAIRS
HUMAN RESOURCES AND INTERGOVERNMENTAL AFFAIRS

COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEES:
PROCUREMENT, TOURISM AND RURAL DEVELOPMENT
ENVIRONMENT AND EMPLOYMENT

CO-CHAIRMAN, REPUBLICAN TASK FORCE ON TAX POLICY AND JOB CREATION

November 14, 1991

Memo from Congressman Bill Zeliff to my "friends" at the White House

As you know, I was one of only two New England Members of Congress to stick with the President on the Unemployment Insurance vetoes. I could have got 13 weeks benefits and retroactive benefits for New Hampshire's unemployed workers, if I had voted with the Democrats.

Now the White House has agreed to a deal that gives New Hampshire, one of the nation's most economically distressed states, only six weeks of extended unemployment insurance benefits. The White House deal also makes New Hampshire one of only five states in the nation where unemployed workers, who have already exhausted their benefits, cannot get any additional benefits.

Over four thousand New Hampshire workers have exhausted their unemployment insurance benefits, as of October 1st, and will not be covered by this White House deal.

Having been in the state every weekend, I can attest to you that the political heat on this extend benefits unemployment insurance is intense. When the word goes out that the White House deal did New Hampshire workers in, there will be heavy political fallout in the Presidential Primary.

CC John Sununu
Andy Card
Fred McClure
Ron Kaufman
Dave Carney
Sen Warren Rudman
Sen Bob Smith

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

Honorable Dan Rostenkowski
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The President has been fully briefed on the unemployment insurance negotiations. He is particularly pleased that, at last, a satisfactory compromise has been reached.

According to our estimates, the compromise is consistent with the Budget Enforcement Act (BEA) in each of the fiscal years 1992 through 1995. This, as you know, has been one of the key criteria the President has insisted upon from the outset. Because the test of consistency with the BEA has now been met on a mutually satisfactory basis, the President strongly urges the prompt enactment of the compromise -- in order that benefit payments may be made at the earliest feasible date. He has instructed the Department of Labor to prepare for implementation on the assumption that the Congress may act immediately -- with a view toward getting checks out before Thanksgiving wherever possible.

Because OMB estimates that the compromise is fully funded in each of the five budget years, no sequester would be triggered by enactment of the compromise. I therefore respectfully request that you omit any directed scorekeeping language (which we would, of course, have to oppose -- and which is now unnecessary).

In making our scoring estimate, I should note that we have accepted a CBO criticism of our earlier estimate of savings derived from the IRS non-tax debt collection provision. CBO correctly pointed out that we had made our error in our baseline calculation. On the advice of OMB's General Counsel, we are correcting our error (as explained in the attached note). I trust you will find this entirely appropriate.

Again, please let me thank you for your consistent interest in trying to conform with the budget agreement -- and in helping, thereby, to make this compromise possible.

With best regards,

Dick Darman

Richard Darman
Director

Attachment

cc: House Minority Leader Robert H. Michel
Ranking Minority Member Bill Archer

The baseline in the President's February budget was constructed based on the belief that the law authorizing the IRS to offset against tax refunds debts owed the U.S. was permanent law. However, the IRS refund offset authority in fact expires, pursuant to law, in January 1994.

The Budget Enforcement Act (BEA) provides that, in constructing the baseline, laws are "assumed to operate in the manner specified in those laws." (Section 257) The baseline calculation violated this BEA provision because the IRS refund offset law was mistakenly assumed to continue when the law provides that it expires. This mistake of law was identified by CBO in their February review of the President's budget.

The BEA also provides that, in scoring legislation during the year, OMB must use the economic and technical assumptions underlying the most recently submitted President's budget. This BEA provision and the BEA baseline provision raise a conflict of law. If OMB uses the technical assumption in the budget concerning the IRS refund offset law, it will continue to violate the BEA baseline provision and perpetuate a mistake of law. If OMB corrects the mistake of law, it will arguably violate the BEA provision requiring use of the assumptions contained in the President's budget.

This conflict should be resolved in a manner most consistent with the principles and purposes of the BEA.

The purpose of the "no change" provision of the BEA is to prevent the use of estimating discretion by OMB to shift the baseline during the year. This concern could be implicated if there is a change under any circumstances or for any reason. However, the concern is directed at changes that reflect a change in judgment -- better analysis, new information or improved estimating techniques. This concern is reduced (arguably, eliminated) when the change reflects not a shift in estimating judgment, but recognition of an error of law that violates a provision of the BEA.

The purposes of the detailed estimating rules of the BEA were to set forth a precise process for enforcing spending limits and to confine OMB estimating discretion. Allowing a violation of those directives to be uncorrectable would undermine the purpose of the BEA to establish a budget enforcement process based on rules. The estimating rules of the BEA would be rendered meaningless if their violation could not be corrected; a rule the violation of which cannot be remedied is not a rule. Not correcting such a violation would also undermine the purposes of the BEA by increasing OMB discretion -- allowing OMB to make erroneous assumptions that violate the BEA but cannot be corrected.

November 13, 1991

# COMPROMISE PROPOSAL

## A. BENEFITS

1. Emergency Benefits effective 11/17/91 through 7/4/92.

2. Reachback period goes back to March 1, 1991. 32 States are eligible if they are a "13 or 20 week State" or are States with at least a 3 percent adjusted insured unemployment rate.

3. Three tiers of benefits are available:

   All States get at least 6 weeks; 13 States (States with an adjusted IUR of at least 4 percent <u>or</u> an adjusted IUR of at least 2.5 percent <u>and</u> an exhaustion rate of at least 29 ~~33~~ percent) get at least 13 weeks and 10 States (States with an adjusted IUR of at least 5 percent or a total unemployment rate of at least 9.0 percent) get 20 weeks.

4. Proposal includes ex-servicemen, school employees, job search and railroad workers provisions.

5. Total cost of benefit package is $5.172 billion.

## B. FINANCING

1. IRS debt collection

2. One-year extension of .2% FUTA tax

3. Revised estimated tax proposal

4. Guaranteed student loan compromise

November 13, 1991

# BUDGET EFFECTS OF COMPROMISE PROPOSAL

(fiscal year in millions)

| Outlays: | 92 | 93 | 94 | 95 | 96 | 5-Year Total |
|---|---|---|---|---|---|---|
| EUC benefits | 4475 | 0 | 0 | 0 | 0 | 4475 |
| Ex-Servicemembers | 105 | 115 | 120 | 120 | 125 | 585 |
| School employees | 20 | 20 | 20 | 20 | 20 | 100 |
| Job Search Assistance | 0 | 2 | 0 | 0 | 0 | 2 |
| Rail UI | 10 | 0 | 0 | 0 | 0 | 10 |
| Gross Outlays: | 4610 | 137 | 140 | 140 | 145 | 5172 |
| IRS debt collection | −1100 | −160 | −160 | −160 | −160 | −1740 |
| GSL Compromise* | −15 | −25 | −25 | −25 | −25 | −115 |
| Net Outlays: | 3495 | −48 | −45 | −45 | −40 | 3317 |
| Revenues: | | | | | | |
| Estimated Tax | 2600 | 0 | 0 | 0 | 0 | 2600 |
| School employees | 0 | 20 | 20 | 20 | 20 | 80 |
| FUTA extension | 0 | 0 | 0 | 0 | 878 | 878 |
| Total Revenues: | 2600 | 20 | 20 | 20 | 898 | 3558 |
| Deficit Effect: | 895 | −68 | −65 | −65 | −938 | −241 |

Note: Assumes a 7.5 month program from November 17, 1991 to July 4, 1992.

* Tentative CBO estimate

# COMPARISON OF VETOED BILL AND COMPROMISE PROPOSAL

| State | Vetoed Bill Weeks | Proposal Weeks | AIUR % | Exhaustion Rate % | 6 Month TUR % |
|---|---|---|---|---|---|
| Alabama | 13 | 6 | 3.1 | 19.5 | 7.4 |
| Alaska | 13 | 20 | 6.5 | 47.4 | 7.7 |
| Arizona | 7* | 13 | 3.0 | 35.7 | 4.9 |
| Arkansas | 13 | 6 | 3.7 | 26.3 | 7.7 |
| California | 13 | 13 | 4.7 | 35.4 | 7.7 |
| Colorado | 7* | 6* | 2.1 | 38.3 | 5.4 |
| Connecticut | 7 | 20 | 5.0 | 37.8 | 6.0 |
| Delaware | 7 | 6* | 2.7 | 16.8 | 6.9 |
| District of Columbia | 13 | 13 | 3.8 | 57.6 | 7.4 |
| Florida | 13 | 13 | 3.3 | 49.3 | 7.5 |
| Georgia | 7 | ~~6~~ 13 | 3.0 | 32.0 | 6.0 |
| Hawaii | 7* | 6* | 1.9 | 22.3 | 2.7 |
| Idaho | 7 | ~~6~~ 13 | 3.5 | 29.3 | 6.6 |
| Illinois | 7 | 13 | 3.4 | 34.8 | 6.7 |
| Indiana | 7 | 6* | 1.9 | 24.9 | 6.3 |
| Iowa | 7* | 6* | 1.8 | 20.3 | 4.9 |
| Kansas | 7* | ~~6*~~ 13 | 2.5 | 29.7 | 4.7 |
| Kentucky | 13 | 6 | 3.0 | 19.2 | 7.3 |
| Louisiana | 13 | 6* | 2.7 | 26.3 | 7.0 |
| Maine | 20 | 20 | 5.0 | 43.6 | 8.2 |
| Maryland | 7 | 13 | 3.7 | 34.6 | 5.9 |
| Massachusetts | 20 | 20 | 5.4 | 42.2 | 9.3 |
| Michigan | 20 | 20 | 4.2 | 29.6 | 9.4 |
| Minnesota | 7* | 6* | 2.2 | 30.4 | 5.3 |
| Mississippi | 20 | 20 | 3.4 | 27.5 | 9.0 |
| Missouri | 7 | ~~6~~ 13 | 3.2 | 29.1 | 6.7 |
| Montana | 13 | ~~6*~~ 13 | 2.5 | 31.8 | 7.0 |
| Nebraska | 7* | 6* | 1.4 | 26.8 | 2.6 |
| Nevada | 7 | ~~6~~ 13 | 3.8 | 31.6 | 6.0 |
| New Hampshire | 13 | 6* | 2.8 | 7.7 | 7.1 |
| New Jersey | 7 | 20 | 5.0 | 48.2 | 6.5 |
| New Mexico | 13 | 13 | 2.9 | 35.5 | 7.6 |
| New York | 13 | 13 | 4.6 | 43.5 | 7.2 |
| North Carolina | 7 | 6* | 2.7 | 17.3 | 6.0 |
| North Dakota | 7* | 6* | 1.6 | 36.2 | 4.2 |
| Ohio | 7 | 6* | 2.8 | 24.1 | 6.5 |
| Oklahoma | 7 | 6* | 2.2 | 31.4 | 6.7 |
| Oregon | 7 | 13 | 4.3 | 27.6 | 6.0 |
| Pennsylvania | 13 | 13 | 4.4 | 28.8 | 7.0 |
| Rhode Island | 20 | 20 | 6.9 | 46.2 | 8.2 |
| South Carolina | 7 | 6 | 3.2 | 23.1 | 6.2 |
| South Dakota | 7* | 6* | 0.7 | 9.1 | 3.6 |
| Tennessee | 7 | 6 | 3.4 | 24.6 | 6.5 |
| Texas | 7 | 13 | 2.5 | 43.7 | 6.5 |
| Utah | 7* | 6* | 1.6 | 26.9 | 4.9 |
| Vermont | 13 | 13 | 4.0 | 22.9 | 7.2 |
| Virginia | 7* | 6* | 1.8 | 22.9 | 5.9 |
| Washington | 7 | 13 | 4.1 | 25.8 | 6.4 |
| West Virginia | 20 | 20 | 4.0 | 25.1 | 9.8 |
| Wisconsin | 7* | 6* | 2.8 | 21.3 | 5.7 |
| Wyoming | 7* | 6* | 1.6 | 25.7 | 5.2 |
| Puerto Rico | 20 | 20 | 8.0 | 53.8 | 16.1 |
| Virgin Islands | 7* | 6* | NA | NA | NA |

<u>Number of States</u>

| | Vetoed Bill Weeks | Proposal Weeks |
|---|---|---|
| Low Tier | 32 | 30 |
| Middle Tier | 14 | 13 |
| High Tier | 7 | 10 |
| Reachback | 39 | 32 |

* Means no reachback

NA Means not available

November 13, 1991

**MARKUP DOCUMENT FOR COMMITTEE AMENDMENT TO H.R. 3575**
**THE FEDERAL SUPPLEMENTAL COMPENSATION ACT OF 1991**

## I. Emergency Unemployment Compensation (EUC) Program

### Present Law

Under present law, unemployed workers are paid up to 26 weeks of regular unemployment benefits financed by State unemployment taxes. The extended benefit (EB) program pays up to 13 weeks of additional benefits to workers who have exhausted their regular benefits. The EB program is a joint Federal-State program, half of which is financed by Federal unemployment taxes on employers and half by State unemployment taxes on employers.

Extended benefits are paid only when a State's insured unemployment rate (IUR - the ratio of unemployed workers claiming unemployment benefits to all workers in covered employment) is at least 5% and exceeds by 20% the average rate of unemployment in the State during the last two years. States with a 6% insured unemployment rate can choose to pay EB without meeting the 20% test. All but 12 State programs have elected this option.

### Explanation of Provision

All States would be eligible to provide Emergency Unemployment Compensation (EUC) benefits to unemployed workers who have exhausted their unemployment benefits under existing programs. These benefits would be available between November 17, 1991 and July 4, 1992.

There would be three levels of weeks of eligibility for EUC benefits. The number of weeks of benefits payable to an unemployed worker in a particular State would be determined by combinations of State adjusted insured unemployment rates (AIURs), exhaustion rates (ERs), and total unemployment rates (TURs). All rates would be rounded to the nearest tenth of a percentage point. For example, 2.95 percent would be rounded to 3.0 percent.

- The AIUR for a State is the insured unemployment rate for a given month plus by the number of workers who have exhausted their regular State benefits in the last three months added to the numerator.

- The ER is the percentage obtained by dividing the average monthly number of workers who have exhausted their regular State benefits during the last 12 months by the average monthly number of individuals filing initial claims for regular State benefits during the last 12 months.

- The TUR is the percentage obtained from the ratio of all unemployed workers to all workers in the labor force in that State during the last six months for which data are published.

States would receive 6, 13, or 20 weeks as follows:

- All States get at least 6 weeks.

- States with AIURs of at least 4 percent <u>or</u> AIURs of at least 2.5 percent <u>and</u> exhaustion rates of at least 33 percent get at least 13 weeks.

- States with AIURs of at least 5 percent or TURs of at least 9 percent get 20 weeks.

Once a State has "triggered on" for a 6, 13, or 20 week period of EUC benefits, the State would remain triggered on for at least 13 weeks, even if it dropped to a lower tier during that period. Alternatively, if a State's moves to a higher tier during that period, workers in that State would qualify for the additional benefits.

Also, once an unemployed worker becomes eligible for 6, 13, or 20 weeks of EUC benefits, the worker would be paid for all weeks to which he was entitled, even if the State dropped to a lower tier or the program expires before the worker had received the full number of weeks of benefits.

Unemployed workers who have exhausted their benefits under the regular unemployment program between March 1 and November 16 would be eligible to receive EUC benefits in States that had AIURs of at least 3 percent. The number of weeks available would be 6 for all States except States on the second and third tiers would be able to pay for 13 or 20 weeks, respectively.

## <u>Effective Date</u>

November 17, 1991.

## WEEKS OF BENEFITS FOR STATES UNDER EUC PROGRAM

### 6 Weeks

Alabama
Arkansas
Colorado*
Delaware*
~~Georgia~~
Hawaii*
~~Idaho~~
Indiana*
Iowa*
~~Kansas*~~
Kentucky
Louisiana*
Minnesota*
~~Missouri~~
~~Montana*~~
Nebraska*
~~Nevada~~
New Hampshire*
North Carolina*
North Dakota*
Ohio*
Oklahoma*
South Carolina
South Dakota*
Tennessee
Utah*
Virginia*
Wisconsin*
Wyoming*
Virgin Islands*

### 13 Weeks

Arizona
California
District of Columbia
Florida
Illinois
Maryland
New Mexico
New York
Oregon
Pennsylvania
Texas
Vermont
Washington

Georgia
Idaho
Kansas
Missouri
Montana
Nevada

### 20 Weeks

Alaska
Connecticut
Maine
Massachusetts
Michigan
Mississippi
New Jersey
Rhode Island
West Virginia
Puerto Rico

* No reachback benefits in this State

Currently, no State gets 13 weeks under the Extended Benefits program.

NOTE: This table uses the most recent 6-month moving average ending in July for the eleven large "direct-use" States and August for all other States to classify them by the number of weeks they would receive.

## II. Job Search Demonstration

### Present Law

Federal law is silent on eligibility conditions for unemployment benefits. However, under State laws, all States require claimants to be able to work and available for work. Also, most States require the claimant to register with a local employment office and to seek work actively or to make a reasonable effort to obtain work.

### Explanation of Provision

The provision would authorize three State demonstration projects to assess the cost-effectiveness of intensive job search services for unemployment compensation claimants. Claimants who have at least 126 weeks of employment at $30 per week with their last employer in the last three years may be required to participate in an intensive job search program after they have received 5 to 10 weeks of regular State benefits. However, no more than five percent of the claimants for unemployment compensation in a State could be selected to participate. Workers with definite recall dates or those hiring out of union halls would not be eligible to participate.

Lack of compliance could lead to disqualification of up to 10 weeks of benefits. However, States may waive the requirement for participation if the individual shows good cause.

Participants would be entitled to a voucher worth the lesser of the average weekly benefit (about $167 nationwide) in their State of residence or the reasonable cost of providing the services. Costs of operating a job search program would be funded out of the Federal Supplemental Compensation Account.

Intensive job search assistance would include all basic employment services such as orientation, testing, a job-search workshop, services would involve periodically contacting the intensive job search assistance program staff, receiving follow-up assistance, and using resource centers and job search materials and equipment, such as telephones, job listings, and work processors for resume writing.

Demonstration projects would last for one year. States would be required to evaluate their programs and to submit interim reports to the Congress, with a final report due no later than five years after the commencement of each project.

### Effective Date

Date of enactment.

## III. Ex-servicemembers' Benefits

### Present Law

Under Federal law ex-servicemembers are eligible for only 13 weeks of unemployment compensation after serving a 4-week waiting period. In addition, reservists must serve 180 continuous days on active duty to receive credit for their service.

### Explanation of Provision

This provision would make a permanent change to provide unemployment benefits for ex-servicemembers' on the same basis as benefits are provided to unemployed civilians. Unemployed veterans of Operation Desert Storm and other ex-servicemembers would have a waiting period of no more than one week and would be eligible for a full 26 weeks of regular benefits (versus a 4-week wait and only 13 weeks of regular benefits under current law). In addition, reserve members who have been called to active duty could receive benefits after serving a continuous period of 90 days, instead of having to meet the current 180 day requirement.

### Effective Date

Weeks of unemployment beginning on or after the date of enactment.

## IV. Nonprofessional School Employees

### Present Law

Federal law prohibits States from providing unemployment compensation between academic years or terms to employees of educational institutions.

### Explanation of Provision

The provision would allow States the option to pay benefits to nonprofessional employees of educational institutions between academic years or terms if they are eligible otherwise.

### Effective Date

In the case of compensation paid for weeks beginning on or after the date of enactment.

## V. Advisory Council

### Present Law

Title IX of the Social Security Act requires the Secretary of Labor to establish a Federal Advisory Council on unemployment compensation. The number of members must not exceed 16, including the chairman. The Council's purpose is to review the Federal-State unemployment compensation system and to make recommendations for change to the Secretary.

The Council is appointed by the Secretary, and members consist of representatives of employers and employees, in equal numbers, and the public. The Council held its last formal meeting on April 22 and 23 of 1981. Its charter expired in 1986.

### Explanation of Provision

This provision would provide for the establishment of an Unemployment Compensation Advisory Council. The Council would be similar in function to the Social Security Advisory Council. It would be appointed every four years to examine the purpose, goals and functioning of the unemployment compensation system, and to make recommendations for improvement. Five of the members would be appointed by the President, 3 by the Speaker of the House in consultation with the Chairman of the Committee on Ways and Means, and 3 by the President pro tempore of the Senate in consultation with the Chairman of the Committee on Finance.

### Effective Date

Date of enactment.

## VI. Report on Allocating Administrative Funds

### Present Law

Federal law authorizes appropriations to assist States in the administration of their unemployment compensation laws. The Secretary of Labor certifies to the Secretary of Treasury for payment to States such amounts as the Secretary determines to be necessary for the proper and efficient administration of unemployment compensation during the fiscal year for which the payment is made. The Secretary of Labor's determination must be based on the population of the State, an estimate of the number of persons covered by the State's unemployment compensation law and the cost of proper and efficient administration of such law, and such other factors as the Secretary of Labor finds relevant. The Secretary of labor may not certify for payment a total amount which exceeds the amount appropriated for the fiscal year.

### Explanation of Provision

The Department of Labor would be required to send a report to the Congress with a proposal for revising the method for distributing administrative grants to States. The report would be required to include an analysis of various factors such as productivity, cost, workload levels, and simplicity.

### Effective Date

Date of enactment.

THE WHITE HOUSE

WASHINGTON

Specter's Fundraiser

October 10, 1991

Herbert Barness
975 Easton Road
Warrington, PA  18976

215-343-2780

National Committeeman and RNC Eagle

## VII. Extension of Railroad Unemployment Benefits

### Present Law

Workers in the railroad industry are eligible for a separate unemployment compensation program that provides the equivalent of the 26 weeks of benefits provided under the regular State unemployment compensation programs. Workers with fewer than 10 years of railroad industry service are eligible for the 26 weeks of benefits only. Workers with at least 10 but less than 15 years of service are eligible for an additional 13 weeks of benefits for a maximum of 39 weeks in a benefit year. Workers with 15 or more years of service are eligible for an additional 26 weeks of benefits for a maximum of 52 weeks in a benefit year.

### Explanation of Provision

The provision would authorize the equivalent of 13 weeks of extended benefits under the Railroad Unemployment Insurance Act (RUIA) for workers with fewer than 10 years of service in the railroad industry. Those who had exhausted regular railroad unemployment compensation after February 28, 1991 and are eligible otherwise would be eligible for reachback benefits.

### Effective Date

November 17, 1991.

## VIII. Financing

### A. Extension of Program for IRS Collection of Nontax Debts Owed to Federal Agencies (sec. 6402(d) of IRC)

#### Present Law

Federal agencies are authorized to notify the IRS that a person owes a past due, legally enforceable debt to the agency. The IRS then is required to reduce the amount of any Federal tax refund due such person by the amount of the debt and pay that amount to the agency. The refund offset program applies with respect to debts of individuals and corporations. This program expires after January 10, 1994.

Before a refund can be offset under this program, the agency owed the debt is required to certify to the IRS that the debtor has been notified about the proposed offset and has been given at least 60 days to present evidence that all or part of the debt is not past due or not legally enforceable. The agency also is required to enter into agreement with the IRS prior to transmitting proposed offsets. If a refund otherwise due an individual is subject to offset both under this provision and because of past-due support under the Aid to Families with Dependent Children (AFDC) program, the offset for AFDC past-due support is implemented first.

#### Explanation of Provision

Permanently extend the tax refund offset program. Other than this permanent extension, the program would be unchanged.

#### Effective Date

October 1, 1991.

### B. One-Year Extension of 0.2 Percent Surtax

Present Law

The Federal unemployment tax of 0.8 percent is paid by employers on the first $7,000 paid annually to each employee. Of the 0.8 percent tax rate, 0.6 percentage point is permanent and 0.2 percentage point is scheduled to expire at the end of 1995.

Explanation of Provision

The 0.2 percent surtax would be extended for one year through 1996.

Effective Date

January 1, 1996.

## C. Modification to Individual Estimated Tax Requirements

### Present Law

Under present law, an individual taxpayer generally is subject to an addition to tax for any underpayment of estimated tax. An individual does not have an underpayment of estimated tax if he or she makes timely estimated tax payments at least equal to: (1) 100% of the tax liability of the prior year (the 100% of last year's liability safe harbor) or (2) 90% of the tax liability of the current year. Income tax withholding from wages is considered to be a payment to estimated taxes.

### Description of Proposal

Taxpayers must make estimated tax payments at least equal to 90 percent of the tax liability of the current year (rather than 100 percent of the tax liability of the prior year) only if:

1. The taxpayer's adjusted gross income (AGI) grows by more than $40,000 over the prior year ($20,000 for married filing separately); and

2. The taxpayer has AGI over $75,000 in the current year ($37,000 for married filing separately).

The following exceptions apply:

1. Any taxpayer who has not made a quarterly estimated tax installment (or who has not received an assessment for addition to tax for failure to pay estimated tax) with respect to any of the three prior years would continue under the 100 percent safe harbor.

2. Gains from involuntary conversion or sale of a principal residence would not be taken into account in determining whether the $40,000 threshold is exceeded and to compute the current year's estimated tax liability.

3. Owners (of 10 percent or less ownership interest other than as a general partner) in a partnership or an S corporation may use the prior year's income from these entities to determine whether the $40,000 threshold is exceeded and to compute the current year's estimated tax liability.

4. All taxpayers can continue to use the 100 percent safe harbor for the first quarter of the year or for any quarter where the taxpayer's annualized AGI is estimated to be within the threshold amounts.

### Effective Date

The proposal would be effective for estimated tax payments applicable to taxable years beginning after December 31, 1991.

- Grandy Amendment - adopted
Sunset these provisions December 31 1996

**GUARANTEED STUDENT LOAN COMPROMISE**

1. Requires a lender making a student loan without security or endorsement to obtain a credit report from at least one national credit bureau organization on a loan applicant who will be at least 21 years old as of July 1 of the award year for which assistance is sought. The lender may charge the applicant the lesser of $25 or the actual cost of the credit report.

   Borrowers with adverse credit histories would be required to have credit-worthy cosigners; borrowers without credit histories would not be considered to have adverse credit histories.

2. Requires the lender to obtain the borrower's driver's license number, if any, at the time of application for the loan.

3. Requires the eligible institution to require the borrower of a loan made under certain parts of the Higher Education Act to submit to the institution during the exit interview his expected permanent address after leaving the institution; the name and address of his expected employer after leaving the institution; and the address of his next of kin. In the case of a loan made under part B, the institution must submit this information to the holder of the loan.

4. Requires the lender to obtain, as part of the note or written agreement on the loan, the borrower's authorization for entry of judgment against the borrower in the even of default.

5. Not withstanding any provision of State law, authorizes the Secretary of Education or State guranty agencies to garnish the disposable pay of an individual to collect the amount owed by the individual if he is not currently making required repayment under the repayment agreement with the Secretary, or in the case of a loan guaranteed under part B, with the guaranty agency holding the loan, provided certain conditions are met:

(1) the amount of the deduction may not exceed 10 percent of disposable pay,

(2) the individual receives written notice at least 30 days before initiation of proceedings,

(3) the individual has an opportunity to inspect and copy records relating to the debt,

(4) the individual has an opportunity to enter into a written agreement to reschedule repayment of the debt,

(5) the individual has an opportunity for a hearing,

(6) the employer is required to pay the Secretary, (Also, the Secretary may sue the employer in Federal or State court if he fails to comply.)

(7) the employer may not fire, refuse to hire, or take disciplinary action against an individual subject to wage garnishment under this provision, and

(8) the garnishee is employed and has worked continuously for at least one year if he had been laid off from his job in the prior year. Wage garnishment would not apply to any work-related benefits authorized under the Social Security Act, Federal Unemployment Tax Act, Federal-State Extended Unemployment Compensation Act, Trade Act, and Emergency Unemployment Compensation Act of 1991.

6. 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 the individual obligated on a loan by the Secretary or a loan made under part B that is held by a guaranty agency, and the name and address of such individual's employer, if the Secretary determines such information is needed to enforce the loan or collect an overpayment.

   Protections of such information are provided under the Privacy Act of 1975.