

News from Senator

BOB DOLE



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FOR IMMEDIATE RELEASE:
MONDAY, AUGUST 1, 1983

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STATEMENT OF SENATOR DOLE
SUBCOMMITTEE ON SOCIAL SECURITY AND INCOME MAINTENANCE PROGRAMS
OVERSIGHT HEARINGS ON THE EXTENDED BENEFITS PROGRAM

MR. CHAIRMAN, I APPRECIATE YOUR SCHEDULING THIS OVERSIGHT HEARING ON THE EXTENDED BENEFITS (EB) PROGRAM, AN IMPORTANT PART OF THE FEDERAL-STATE UNEMPLOYMENT COMPENSATION SYSTEM. CONGRESS MADE SIGNIFICANT CHANGES IN THE EXTENDED BENEFITS PROGRAM AS PART OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981. ALTHOUGH THESE CHANGES HAVE BEEN IN PLACE FOR LESS THAN TWO YEARS, IT IS IMPORTANT TO EXAMINE THEIR IMPACT ON THE PROGRAM AND ITS BENEFICIARIES.

THE 1981 CHANGES WHICH WE WILL LOOK AT THIS AFTERNOON INCLUDE THE ELIMINATION OF THE NATIONAL TRIGGER FOR THE EXTENDED BENEFITS PROGRAM; THE INCREASE IN THE STATE TRIGGER LEVELS FROM 4 PERCENT TO 5 PERCENT AND FROM 5 PERCENT TO 6 PERCENT FOR THE OPTIONAL TRIGGER; AND THE EXCLUSION OF EB CLAIMANTS FROM THE CALCULATION OF THE INSURED UNEMPLOYMENT RATE (IUR). THE CONGRESSIONAL BUDGET OFFICE HAS ESTIMATED THAT THESE CHANGES WILL SAVE A TOTAL OF \$4 BILLION IN FISCAL YEAR 1983.

IT IS APPARENT THAT THESE REFORMS HAVE CAUSED SOME STATES TO TRIGGER OFF EXTENDED BENEFITS WHILE UNEMPLOYMENT PROBLEMS PERSIST. THIS PROBLEM HAS BEEN EASED SOMEWHAT BY THE ENACTMENT, IN THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982, OF THE FEDERAL SUPPLEMENTAL COMPENSATION (FSC) PROGRAM WHICH PROVIDES ADDITIONAL UNEMPLOYMENT BENEFITS FINANCED ENTIRELY BY THE FEDERAL TREASURY. THAT PROGRAM WAS EXTENDED IN THE SURFACE TRANSPORTATION ACT OF 1982 AND IN THE SOCIAL SECURITY AMENDMENTS OF 1983.

THE PROGRAM IS NOW SCHEDULED TO EXPIRE ON SEPTEMBER 30, 1983. HOWEVER, I WILL HOLD HEARINGS IN THE FULL COMMITTEE IN EARLY SEPTEMBER TO CONSIDER THE NEED FOR A FURTHER EXTENSION. BY THE END OF SEPTEMBER, THIS PROGRAM WILL HAVE PROVIDED BENEFITS TO OVER 5 MILLION UNEMPLOYED WORKERS AT A COST OF NEARLY \$6 BILLION. SURELY THIS DEMONSTRATES A REAL COMMITMENT ON THE PART OF CONGRESS, THE ADMINISTRATION, AND THE TAXPAYER TO PROVIDING RELIEF DURING THIS PERIOD OF SERIOUSLY HIGH UNEMPLOYMENT.

A NUMBER OF MY COLLEAGUES BELIEVE, HOWEVER, THAT THE 1981 RECONCILIATION CHANGES WERE UNFAIR AND ILL-ADVISED. SOME ADVOCATE THE ESTABLISHMENT OF PERMANENT SUPPLEMENTAL PROGRAM AND CHANGES WHICH WOULD INCREASE THE AVAILABILITY OF EXTENDED BENEFITS. HOPEFULLY, TODAY'S HEARING WILL ALLOW US TO EXAMINE BOTH THE EFFECTS OF THE 1981 REFORMS AND THE POSSIBLE IMPACT OF CHANGES IN THOSE REFORMS. WE KNOW THAT BUSINESSES ARE ALREADY REELING UNDER MASSIVE PAYROLL TAXES AND WE KNOW THAT STATE UNEMPLOYMENT TRUST FUNDS ARE GOING BANKRUPT IN EVER-INCREASING NUMBERS. ANY CHANGES WHICH ALLOW THE EB PROGRAM TO TRIGGER ON MORE READILY OR WHICH UNNECESSARILY PROLONG THE EB PROGRAM WILL ONLY EXACERBATE THESE PROBLEMS.

FINALLY, I THINK IT IS IMPORTANT THAT THIS SUBCOMMITTEE AND THE CONGRESS IN GENERAL BEGIN TO CONSIDER THE BASIC QUESTIONS UNDERLYING THE UNEMPLOYMENT COMPENSATION SYSTEM: HOW MUCH CAN AND HOW MUCH SHOULD AN UNEMPLOYMENT SYSTEM DO IN OUR SOCIETY? WHEN DOES UNEMPLOYMENT CEASE TO BE A MATTER OF UNEMPLOYMENT INSURANCE AND WHEN DOES IT BECOME A SOCIAL WELFARE ISSUE? AS WE ARE FACED WITH INCREASING LONG-TERM UNEMPLOYMENT AND THE PROBLEMS OF THE SO-CALLED DISLOCATED WORKER, WE CAN NOT IGNORE THESE BASIC QUESTIONS.

I LOOK FORWARD TO THIS AFTERNOON'S TESTIMONY.