

News from Senator

# BOB DOLE



(R - Kansas) , 2213 Dirksen Building, Washington, D.C. 20510

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CONTACT: WALT RIKER  
(202) 224-6521

## DOLE CALLS FOR FEDERAL AND STATE COOPERATION IN UNEMPLOYMENT

### DURING CHICAGO MEETING WITH MIDWEST GOVERNORS

CHICAGO -- Senator Robert Dole (R-Kan.), Chairman of the Senate Finance Committee, today met with governors and officials from several midwestern states to discuss unemployment. The following is the text of Senator's remarks to the state officials:

First, I would like to express my thanks to Governor Jim Thompson for arranging this meeting and bringing together such a distinguished group of midwest governors and state officials. I am here to represent the members of the Senate Finance Committee and to express our interest in working with you in developing initiatives to reduce unemployment, to make the current unemployment insurance system more efficient, and to deal with the increasingly important issue of federal loans to states for the payment of unemployment benefits.

Second, it is my hope that today's meeting will be the beginning of a period of increased cooperation between the states and the U.S. Congress, not only in the area of unemployment but on all domestic issues. We have serious problems to deal with and progress will require a degree of communication and compromise which we may not have previously experienced. You know the issues, you deal with them daily at an immediate level. Congress needs your expertise and your knowledge. I am here to talk and to listen.

The question we must face this year in dealing with unemployment, Medicaid and AFDC issues, and all the other state-federal problems is: how do we balance our desire to be sensitive and responsive to the human needs of Americans with the necessity to reduce federal and state costs? I believe that we responded well to this question of balance during the 97th Congress and I believe that the Nation's governors are to be complimented for the degree of cooperation and innovation they demonstrated. The year ahead will test us all to an even greater extent.

The primary purpose of this meeting is to review the "State of the States" with regard to the unemployment insurance program. There is no way to ignore the serious deficits facing the Unemployment Trust Fund. The solvency of that fund is in jeopardy--much like the social security trust funds. The difference is that for years the Federal Unemployment Trust Fund has had a direct tap to the General Treasury. When the state accounts became depleted, the states turned to the Federal Unemployment Trust Fund. When that fund became depleted, we turned to the General Treasury.

As you well know, Congress finally put the brakes on unlimited free borrowing by enacting the loan reform provisions of the Omnibus Budget Reconciliation Act of 1981. Interest is now charged on loans other than those defined as "cash flow" and a cap is available on the tax increases which would otherwise take place when states become delinquent in repaying their loans. Solvency criteria were developed with the help of the interested states and in cooperation with the Administration.



I realize that the recession is deeper and more persistent than any of us had anticipated back in the summer of 1981. Many of you have only recently taken office in states with high unemployment, depleted trust funds, and over-burdened employers. You are understandably fearful that the increase in taxes which would occur with the failure of your state to qualify for the cap could drive businesses out. Yet, unemployment persists and the human damage goes on.

I am here to discuss this and other issues and urge you to think about ways to tighten your state UI programs to reduce costs while providing essential benefits. Especially commendable is the work of the State of Michigan. The State Legislature and former Governor Bill Milliken deserve the highest of marks for the reform package enacted in the closing days of 1982. It is an example for us all.

In the more general area of unemployment, I am interested in your suggestions, criticisms, or remarks on the Federal Supplemental Compensation (FSC) program--a needed, compassionate, and significant addition to existing unemployment compensation programs. As you know, FSC expires March 31 and we must begin to examine the program's effectiveness and it's efficiency.

Frankly, the FSC program is not the only way to provide additional unemployment relief. We explored a number of other proposals during extended discussions with House Members, representatives of organized labor, and the Labor Department. On balance, all parties concerned felt the program agreed upon would be the most effective and equitable. The program now in place will cost about \$2.8 billion in FY '83 for 6 1/2 months of additional benefits. This is obviously an expensive program. We have to realize there are fiscal restraints on any good program and I believe we may have reached those limits with this substantial supplemental benefit program.

I have scheduled an initial hearing on the FSC program and on general unemployment issues for our full Committee on January 27. We will first hear from the Administration and, at a later date, from other interested parties. Your recommendations are requested.