

Bob Dole



NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

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CONTACT: WALT RIKER
(202) 224-5358

UNEMPLOYMENT INSURANCE

DOLE ANNOUNCES FISCALLY RESPONSIBLE ALTERNATIVE TO BUDGET BUSTING DEMOCRAT PLAN

LAST NIGHT THE DISTINGUISHED CHAIRMAN OF THE FINANCE COMMITTEE INTRODUCED THE SAME BILL THE SENATE PASSED RIGHT BEFORE THE AUGUST RECESS -- A BILL THAT IS AS SERIOUSLY FLAWED TODAY AS IT WAS IN AUGUST.

AS WE HEAD INTO ANOTHER DEBATE ON THE ISSUE OF EXTENDED BENEFITS FOR UNEMPLOYED WORKERS, I INTEND, ALONG WITH SENATORS DOMENICI, ROTH AND OTHERS, TO OFFER AN ALTERNATIVE WHICH I BELIEVE IS A FISCALLY RESPONSIBLE AND EFFECTIVE RESPONSE TO THE UNEMPLOYMENT PROBLEMS WE ARE ADDRESSING.

EXTENDED BENEFITS

THE LEGISLATION WE INTEND TO OFFER WILL PROVIDE A TWO TIER PROGRAM OF FEDERALLY-FUNDED BENEFITS THAT PROVIDES 6 WEEKS OF BENEFITS TO ALL STATES AND AN ADDITIONAL 4 WEEKS IN STATES WHERE THE INSURED UNEMPLOYMENT RATE -- OR IUR -- ADJUSTED TO INCLUDE EXHAUSTEES, IS EQUAL TO 5% OR MORE.

THIS PROGRAM WOULD BE IN EFFECT FOR 9 MONTHS -- BEGINNING IN OCTOBER OF THIS YEAR AND ENDING IN JUNE 1992. SIMILAR TO THE BENTSEN PROPOSAL, IT WOULD PROVIDE FOR A REACHBACK TO COVER UI CLAIMANTS WHO HAVE EXHAUSTED BENEFITS SINCE APRIL 1991. IT WOULD ALSO PROVIDE CHANGES TO UNEMPLOYMENT COMPENSATION FOR EX-SERVICE PERSONNEL TO ENSURE PARITY OF TREATMENT FOR CIVILIAN AND MILITARY PERSONNEL.

FISCAL RESPONSIBILITY

A KEY COMPONENT OF THE DOLE/DOMENICI/ROTH PROPOSAL IS THAT IT PAYS FOR ITSELF. I WANT TO REPEAT THIS POINT MR. PRESIDENT SO THAT THE MESSAGE IS OUT LOUD AND CLEAR.

WHERE THE BENTSEN UNEMPLOYMENT BILL IS A BUDGET BUSTER PLAN AND SIMPLE, THE DOLE/DOMENICI/ROTH PROPOSAL IS A FISCALLY RESPONSIBLE PACKAGE THAT PAYS FOR ITSELF.

IN SHORT, WHERE THE BENTSEN PROPOSAL WILL INCREASE THE DEFICIT BY REQUIRING THE UNITED STATES GOVERNMENT TO SELL ABOUT \$5.8 BILLION IN GOVERNMENT BONDS TO PAY FOR THE BENEFITS PROVIDED, THE DOLE/DOMENICI/ROTH PROPOSAL DOES NOT INCREASE THE DEFICIT ONE RED CENT -- AND IN FACT PROVIDES EXCESS FUNDS OF ABOUT \$1.5 BILLION THAT WILL GO TOWARDS DEFICIT REDUCTION.

WHILE IT'S NOT EASY TO FIND FUNDING THESE DAYS, THE LEGISLATION WE INTEND TO OFFER RAISES \$4 BILLION THROUGH A SPECTRUM AUCTION AND CERTAIN LOAN REFORM PROVISIONS.

LET ME JUST ADD THAT THE SPECTRUM AUCTION DOES NOT AFFECT CURRENT AIR WAVE USERS AND IS RATHER AN AUCTIONING PROCESS OF FREQUENCIES OWNED BY THE GOVERNMENT AND WHICH IT DOES NOT NEED OR USE.

IN ADDITION, THE LOAN REFORM PROVISIONS RELATE PRIMARILY TO PERMANENTLY EXTENDING THE IRS TAX REFUND OFFSET PROGRAM WHICH ALLOWS THE IRS TO REDUCE THE MOUNT OF ANY FEDERAL REFUND DUE TO A TAXPAYER BY THE AMOUNT OF DEBT OWED -- AND PAY THAT AMOUNT TO THE FEDERAL AGENCY OWED. THAT'S THE LAW TODAY AND THIS BILL WOULD PERMANENTLY PROVIDE FOR ITS EXTENSION.

ADDITIONAL ADVANTAGES OF PROPOSAL

BESIDES BEING A FISCALLY RESPONSIBLE PROPOSAL, THE DOLE/DOMENICI/ROTH PROPOSAL MINIMIZES ADMINISTRATIVE COSTS AND THE OPPORTUNITY FOR ERRONEOUS PAYMENTS THAT MORE COMPLEX PROGRAMS -- SUCH AS THE FOUR-TIER APPROACH IN THE BENTSEN BILL -- ENCOURAGE.

THE DOLE/DOMENICI/ROTH PROPOSAL USES A MORE ACCURATE TRIGGER FOR BENEFITS -- THE IUR ADJUSTED TO INCLUDE EXHAUSTEES -- THAN THE BENTSEN PROPOSAL WHICH USES THE TOTAL UNEMPLOYMENT RATE -- A TRIGGER THAT HAS NEVER BEEN USED IN AN EXTENDED BENEFITS PROGRAM. AND FINALLY THE LEVEL OF BENEFITS PROVIDED IN OUR PACKAGE IS MORE CONSISTENT WITH OUR UNEMPLOYMENT LEVELS AND DOES NOT CREATE A DISINCENTIVE TO RE-EMPLOYMENT.

UNEMPLOYED COULD ALREADY HAVE EXTENDED BENEFITS

I URGE MY COLLEAGUES ON BOTH SIDES OF THE AISLE TO CAREFULLY REVIEW AND SUPPORT OUR PROPOSAL. IT IS SUBSTANTIALLY SIMILAR TO A PROPOSAL THAT THE ADMINISTRATION HAD INDICATED BACK IN AUGUST THAT IT COULD SUPPORT. IF MY COLLEAGUES ON THE OTHER SIDE OF THE AISLE HAD LISTENED TO ME THEN, EXTENDED BENEFITS COULD HAVE BEEN AVAILABLE TO AMERICA'S UNEMPLOYED WORKERS 18 DAYS AGO.

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