



H.R. 5749 – Emergency Extended Unemployment Compensation Act

EXECUTIVE SUMMARY

H.R. 5749 is expected to be considered on the floor under a closed rule that waives PAYGO on June 12, 2008. This legislation was introduced by Representatives Jim McDermott (D-WA) and Phil English (R-PA) and was reported from the Committee on Ways and Means by a vote of 23 to 13 on April 16, 2008. The House considered H.R. 5749 on June 11, 2008, under suspension of the rules. However, the bill did not garner the 2/3 vote required to pass a bill under suspension, failing by a vote of 279-144.

The Federal-State Unemployment Compensation program provides up to 26 weeks of benefits to eligible workers who lose their jobs through no fault of their own. In addition, the regular Extended Unemployment Benefit program is triggered when a state's unemployment rate reaches a specific level. It allows for up to an additional 13 weeks of unemployment benefits for individuals in states during a period of high unemployment.

H.R. 5749 creates a new program that provides states with 100 percent federal funding to extend unemployment insurance (UI) benefit payments to individuals who have exhausted their regular unemployment program benefits and have been unable to find a new job. Up to 13 weeks of extended benefits will be available in all states, with up to an additional 13 weeks of extended benefits available in high unemployment states.

In the Statement of Administration Policy, the Administration issued a veto threat for H.R. 5749 citing several concerns with the bill including that it provides extended unemployment benefits to all states regardless of their unemployment level, and it does not require individuals to work for 20-weeks prior to being laid off to receive the extended benefits.

FLOOR SITUATION

H.R. 5749 is being considered on the floor under a closed rule that waives PAYGO. The rule:

- Provides one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.
- Waives all points of order against consideration of the bill except those arising under clause 9 (earmarks) of rule XXI.
- Provides that, in lieu of the amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill, the amendment in the nature of a substitute printed in the Rules Committee report shall be considered as adopted and the bill, as amended, shall be considered as read.
- Waives all points of order against the bill, as amended. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure).
- Provides on motion to recommit with or without instructions.



This legislation was introduced by Representatives Jim McDermott (D-WA) and Phil English (R-PA) on April 9, 2008. The bill was reported from the House Committee on Ways and Means by a vote of 23 to 13 on April 16, 2008.

H.R. 5749 is expected to be amended before being considered on the House floor on June 12, 2008.

BACKGROUND

The Federal-State Unemployment Compensation program provides up to 26 weeks of benefits to eligible workers who lose their jobs through no fault of their own. In addition, the regular Extended Unemployment Benefit program is triggered when a state's unemployment rate reaches a specific level. It allows for up to an additional 13 weeks of unemployment benefits for individuals in states during a period of high unemployment.

In addition, Congress can enact legislation that further extends unemployment compensation. Congress last provided such an extension in March 2002, following the 2001 recession and the terrorist attacks of September 11, 2001. The Temporary Extended Unemployment Compensation Act provided 100 percent federally funded unemployment compensation for up to an additional 13 weeks and required individuals claiming these benefits to have worked for at least 20 weeks prior to being laid off. In high unemployment states, up to another 13 weeks of extended benefits was provided, so that a total of up to 52 weeks of regular and extended unemployment benefits were available to laid off workers in high unemployment states. The provision was included in the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147), which passed the House by a vote of 417 to 3 on March 7, 2002.

**Note: H.R. 5749 does not include the 20 weeks of work requirement. During the Committee mark-up, Ranking Republican Jim McCrery (R-LA) offered an amendment that would have required at least 20 weeks of work prior to layoff for an individual to qualify for the extended benefits. His amendment failed along mainly partisan lines by a vote of 16 to 21. According to Committee Republicans, "Without such a minimum work requirement, workers who perform only seasonal work, for example, might qualify for six months of extended unemployment benefits – which benefits might be paid for far more weeks than they actually worked to earn those benefits."*

On June 6, 2008, the Bureau of Labor Statistics released the jobs figures that showed that the national unemployment rate rose to 5.5 percent during May 2008. The Supplemental Appropriations Act, 2008 (H.R. 2642) included unemployment benefit extension provisions similar to H.R. 5749 and was approved by the House by a vote of 256 to 166 on May 15, 2008. The Senate passed H.R. 2642 with the extension of unemployment benefits in place by a vote of 75 to 22 on May 22, 2008.

SUMMARY

H.R. 5749 creates a new program that provides states with 100 percent federal funding to extend unemployment insurance (UI) benefit payments to individuals who have exhausted their regular unemployment program benefits and have been unable to find a new job. Up to 13 weeks of extended benefits will be available in all states, with up to an additional 13 weeks of extended benefits available in high unemployment states. As introduced, the legislation would make these benefits available from the date the bill is enacted through April 30, 2009; however, the version of this legislation that will be considered on the House floor on June 11 is expected to extend that date through June 30, 2009.

**Note: During the Committee mark-up, Representative Jerry Weller (R-IL) offered an amendment that was defeated along mainly partisan lines by a vote 13 to 24 that would have targeted extended unemployment benefits to states with high levels of unemployment. According to the*



Dissenting Views of the Committee Report, "in February 2008 a full 19 States had unemployment rates of 4 percent or less. Even more States – 27 in all – have unemployment rates within 1 percentage point of their all-time low...It simply doesn't make sense to extend benefits in States where jobless rates are near all time lows."

There is no offset for the cost included in this legislation, however, H.R. 5749 specifies that funds in the Extended Unemployment Compensation Account of the Unemployment Trust Fund to States shall be used for making payments to States to support the payment of these extended benefits.

COST

A cost estimate for the version of H.R. 5749 to be considered on the floor is not yet available, however Committee Republicans expect the new version of this legislation to be more expensive than the bill as introduced due to the addition of at least two extra months to the program's operation.

**Note: According to the Congressional Budget Cost Estimate for H.R. 5749 as reported, "the Congressional Budget Office estimates that enacting the bill would increase direct spending by \$6.2 billion in 2008 and \$11.7 billion over the 2008-2018 period; and increase revenues by a net amount of \$3.2 billion over the 2008-2018 period. In total, these changes would increase budget deficits (or reduce future surpluses) by \$6.2 billion in 2008 and by a net of \$8.5 billion over the 2008-2018 period." ([CBO Cost Estimate](#))*

ADDITIONAL VIEWS

According to the Statement of Administration Policy for H.R. 5749, "If H.R. 5749 were presented to the President, his senior advisors would recommend that he veto the bill. This legislation raises several concerns. First, although the unemployment rate has recently risen, it remains below the levels historically relied on to justify a federally financed extension of unemployment benefits...Second, this bill would allow the payment of up to 13 extra weeks of benefits in every State, even though some of those States have unemployment rates as low as 2.6 percent...Third, this bill does not contain an important provision found in previous Federal extensions and the permanent Federal-State extended benefits law that assures the benefit extension is paid only to individuals who have demonstrated a serious attachment to the labor force... Fourth, for purposes of determining whether a State is considered a "high unemployment" State in which an extra 13 weeks of benefits is payable (for a total of 26 weeks of additional benefits), this proposal would use a total unemployment rate of 6 percent as the trigger for State eligibility. This is, historically, a relatively low number for justifying a full year or more of unemployment benefits." ([SAP for H.R. 5749](#))

Dissenting Views from the Committee Report: "By immediately providing extended unemployment benefits in all States, even those with exceptionally low unemployment rates, the bill reported today would add to the Federal deficit, would unnecessarily raise state payroll taxes, and would allow those with minimal attachment to the workforce to collect up to six months of Federal unemployment benefits."

STAFF CONTACT

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