



Legislative Bulletin.....October 3, 2008

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H.R. 6867—The Unemployment Compensation Extension Act of 2008

Summary of the Bill Under Consideration Today:

Total Number of New Government Programs: 0

Total Cost of Discretionary Authorizations: \$0

Effect on Revenue: \$0

Total Change in Mandatory Spending: An increase of \$6 billion over five years.

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

Number of Bills Without Committee Reports: 1

Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 1

**H.R. 6867— The Unemployment Compensation Extension Act
(McDermott, D-WA)**

Order of Business: H.R. 6867 is scheduled to be considered on Friday, October 3, 2008, under a motion to suspend the rules and pass the bill.

Summary: Title IV of the FY 2008 supplemental ([H.R. 2642](#)) created a temporary program to extend unemployment benefits for 13 weeks beyond the 26 weeks provided under current law for individuals (in all states) who exhausted their regular unemployment compensation benefit.

H.R. 6867 increases this extension from 13 weeks to 20 weeks (a *total* benefit of 46 weeks) for all states, and from 13 weeks to 33 weeks (a *total* benefit of 59 weeks) for states with unemployment rates in excess of 6.0%.

- **Extension of unemployment benefits in all states:** H.R. 6867 extends unemployment benefits for individuals who have exhausted their regular benefits for an additional seven weeks. H.R. 6867 increases the unemployment benefits extension provided by the supplemental from 13 weeks to 20 weeks (a *total* benefit of 46 weeks). The amount of the weekly benefit provided by H.R. 6867 would equal the benefit under the regular unemployment compensation program.
- **Additional extension in states with unemployment in excess of 6.0%:** In addition to the seven week extension for all states, H.R. 6867 provides an additional extension of thirteen weeks for states that have an unemployment rate of 6% or higher (a *total* benefit of 59 weeks).

Background: The unemployment compensation program provides up to 26 weeks of benefits. On occasion, with the intent of addressing periods of higher unemployment, Congress has created a temporary program to extend benefits beyond the normal period. Congress has enacted legislation to this effect in 1958, 1961, 1972, 1975, 1982, 1991, 2002, and most recently in June of this year through Title IV of [H.R. 2642](#) (the FY 2008 war supplemental). This legislation created a temporary program to extend unemployment benefits for 13 weeks beyond the 26 weeks provided under current law for individuals (in all states) who have exhausted their regular unemployment compensation benefit. The text of H.R. 6867 was included in H.R. 7110, the Job Creation and Unemployment Relief Act, which was approved by the House on September 26, 2008 by a vote of [264 to 158](#).

Possible Conservative Concerns: Some conservatives may have concerns with this legislation, including:

- **Increases deficit by \$6 billion:** H.R. 6867 would increase entitlement spending by \$6 billion over five years. The legislation includes no offset for this new spending, and thus violates PAYGO. In addition, the real cost of this legislation will likely exceed this amount, since Congress may continue to extend the program. For example, the last temporary program was extended for a total of 30 months.
- **Extension of unemployment benefits creates disincentive to find work:** Many economists argue that extending unemployment benefits creates incentives to delay returning to work, which has a negative effect on the economy. As Martin Feldstein states in testimony before the Senate Finance Committee in January of this year:

"[w]hile raising unemployment benefits or extending the duration of benefits beyond 26 weeks would help some individuals ... it would also create undesirable incentives for individuals to delay returning to work. That would lower earnings and total spending."

Administration Position: No Statement of Administration Policy (SAP) for H.R. 6867 is available at press time. However, the [SAP](#) for H.R. 7110 which contained the text of H.R. 6867, stated:

“In addition to the 26 weeks of regular State unemployment benefits available to unemployed workers, the President and Congress recently approved an additional 13 weeks of unemployment benefits in July of this year, totaling more than nine months of available benefits for each covered worker. Unemployment benefits should be temporary in nature to encourage a return to work as quickly as possible. In addition, the further expansion of unemployment benefits proposed in the bill fails to target Federal resources to States experiencing high unemployment rates.”

Committee Action: The bill was introduced on September 10, 2008, and referred to the House Committee on Ways and Means, which took no further action.

Cost to Taxpayer: Although no CBO score is available for H.R. 6867, the CBO score for this provision in H.R. 7110 estimated a cost of \$6 billion over five years.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, it expands entitlement spending by \$6 billion over five years.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: A committee report designating compliance with clause 9 of rule XXI is unavailable, and no statement was filed in the Congressional Record. However, since this bill is being considered under suspension of the rules, an earmarks statement is not technically required.

Constitutional Authority: A committee report citing constitutional authority is unavailable. House Rule XIII, Section 3(d)(1), requires that all committee reports contain a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution. [*emphasis added*]

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