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**Driven to Distraction**

# Senate Democrats' Unprecedented Unemployment Insurance Expansion

Democrats are eager to distract attention from their [mismanagement](#) of the United States Senate. And really, who can blame them? They have failed to [pass a budget](#). They have failed to pass a [homeland security bill](#). They have compiled [the worst appropriations record](#) of any Senate in 20 years.

One of their latest diversionary tactics has been their repeated attempts to whisk through the Senate a bill by Senator Wellstone ([S. 3009](#)) to extend and expand unemployment insurance (UI) beyond the expansion passed in March. On October 1, Senator Wellstone asked that the bill be passed by unanimous consent as quickly as [Senate rules](#) allowed him to do so. Yet the bill had been introduced only two legislative days earlier and had never been referred to a committee. Senator Nickles objected, [saying](#):

“I will work with all interested Senators to see if we can pass some form of unemployment compensation extension before we adjourn in the next week or so. We at least need to see the bill. This idea of having a bill introduced on Thursday and not printed in the *Record* yet, and then wanting to pass it on Tuesday, without other people looking at it, I think is premature.”

Further, as Senator Wellstone admitted, there had been no cost estimate furnished by the Congressional Budget Office. Yet two days later, Senator Reid [again](#) asked unanimous consent to pass the bill. Their haste and choice of tactics suggest Senate Democrats are more interested in posturing than actually legislating.

## **The Time Is Not Right**

Any further expansion of unemployment benefits would be unwise for a number of reasons. Congress passed an unprecedented [extension](#) of UI benefits in March 2002 and did so sooner than in other recessions. Moreover, current economic conditions do not make the case for another extension. Compared to prior recessions, today there are more jobs, lower unemployment rates, fewer total

unemployed, fewer long-term unemployed, and fewer workers exhausting regular benefits. An extension would send taxpayer dollars to states that are not struggling, such as South Dakota (unemployment rate: 2.6 percent) and the other 22 states with [unemployment rates](#) below 5 percent. Finally, raising unemployment benefits would retard people's search for work and slow the recovery. *The New York Times* reports, "The expiration of benefits typically helps the economy, forcing people to find work eventually and preventing unemployment stretches from reaching the length they do in Europe, where benefits are more generous, economists say" [9/9/02].

## **An Expanded Entitlement & Dishonest Accounting**

Given the current economic climate, there are still many who would like to pass a simple 13-week extension of the Temporary Extended Unemployment Compensation (TEUC) program enacted in March and set to expire on December 31. Senator Wellstone's bill, however, would go far beyond that.

- The Wellstone bill would extend the TEUC program by six months and allow those receiving benefits as of the expiration date to continue receiving benefits after the expiration date (July 1, 2003) until their TEUC entitlement expires. This is a departure from current law, which cuts off benefits immediately upon sunset of TEUC.
- The Wellstone bill would expand the TEUC entitlement, both increasing the maximum duration of TEUC benefits and entitling all those eligible to that maximum.
  - ▶ Current law provides (1) up to 26 weeks of regular UI benefits, (2) up to 13 weeks of regular TEUC benefits, (3) up to another 13 weeks of extended TEUC benefits in high-unemployment states, and (4) up to 13 additional weeks of extended UI benefits in high-unemployment states, for a possible total of 65 weeks of benefits.
  - ▶ Under the Wellstone bill, eligible workers would receive (1) up to 26 weeks of regular UI benefits, (2) a *guaranteed* 26 weeks of regular TEUC benefits, (3) a *guaranteed* 7 weeks of extended TEUC benefits in high-unemployment states, and (4) up to 13 additional weeks of extended UI benefits in high-unemployment states. This would bring the maximum possible duration to 72 weeks – almost one and a half years of "temporary" unemployment benefits.
    - ▶ Note that the Wellstone bill would entitle all beneficiaries to the maximum duration of TEUC benefits available in their state. The duration of TEUC benefits (like that of regular UI benefits) is currently tied to the workers' earnings while employed.
    - ▶ The Wellstone bill, however, would guarantee beneficiaries the maximum duration. Those with limited work histories who earned as few as 8 weeks of

regular unemployment benefits would be entitled to at least 26 weeks of extended benefits, and in some States a total of 33 weeks or more, bringing their duration of benefits to 41 weeks – more than 9 months. Unemployed workers with greater attachment to the workforce could qualify for at least 52 weeks of total benefits in every State, and in some States a total of 72 weeks. Both examples stretch well beyond “temporary” assistance this program is meant to provide.

- The Wellstone bill also would make it more likely that workers would qualify for the 72-week maximum duration of benefits by defining down what constitutes a “high unemployment state” eligible for TEUC extended benefits.
  - ▶ Current law authorizes TEUC extended benefits in states where the unemployment rate among those eligible for UI benefits (the insured unemployment rate, or IUR) rises above 4 percent. S. 3009 would include in the calculation of an “adjusted” IUR “individuals exhausting their right to regular compensation,” irrespective of whether they have found work. **In other words, S. 3009 would boost eligibility for the maximum benefit duration by counting people who have returned to work among the unemployed.**
  - ▶ The Wellstone bill also would add a new way for states to become eligible for the maximum benefit duration. The new criteria would be based on the total unemployment rate (TUR), rather than the traditionally-used IUR. **It makes little sense to count ineligible workers toward a state’s eligibility for extended unemployment benefits.**

## **Hardly A Simple Extension**

Senator Wellstone claims his bill would extend unemployment benefits the same way Congress did in the early 1990s. While there are some similarities between the Wellstone proposal and extensions in the early 1990s, previous benefit extensions did not guarantee all beneficiaries the maximum benefit duration, nor did they encourage extended benefits by counting those who have returned to work among the unemployed. These methods are not used in either the current temporary extended benefits programs or the permanent law extended benefits program that has been in operation since the 1970s. Moreover, Congress never extended unemployment benefits when the unemployment rate was as low as it is today.

A simple extension of TEUC, that would allow claimants to collect the benefits available under current law irrespective of the December 31 cut-off date, would be one thing. Senator Wellstone’s bill, however, is not a clean three-month extension of the current program. It goes far beyond that. In substance and in the current economic climate, S. 3009 would be an unprecedented expansion of unemployment benefits.

Then again, Senate Democrats' present interest in unemployment insurance is not so much about changing law as changing the subject.

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