Notes and Brief Reports

Extension of Emergency Unemployment Compensation Act*

As the result of Public Law 92–329, signed by President Nixon on June 30, 1972, the Emergency Unemployment Compensation Act of 1971 was extended for 6 months. Under the original legislation, enacted December 29, 1971, the Secretary of Labor was authorized to enter into agreements with any State having at least a 6.5-percent unemployment rate over a 13-week period. The agreements would insure payment of up to 13 additional weeks of emergency unemployment compensation to persons who had exhausted all rights to both regular and extended unemployment insurance benefits under the Federal-State program.[1] Nineteen States have participated in the program since the week of January 30, 1972, when payments were first made.

The original law provided that an emergency period, once triggered, would remain in effect for at least 26 weeks but that no benefits would be payable for any week of unemployment ending after June 30, 1972, unless the individual had already qualified for at least 1 compensable week's benefit before July 1. In the latter case, an individual could continue to collect benefits after June 30 (provided the emergency period in his State continued in effect), but no payments would be made for any week ending after September 30, 1972.

The new legislation extends each of these termination dates by 6 months, so that new beneficiaries will be eligible for benefits until December 31, 1972. The final cut-off date is March 31, 1973.

With respect to benefit amounts, the emergency program provides compensation (including dependents' allowances) at the same weekly rate paid by the regular State program. The total amount of emergency benefits payable is limited to one-half of a worker's total regular compensation but is not to exceed 13 times his weekly benefit. The 6.5-percent unemployment rate that triggers the emergency program on and off is calculated by taking into account both the rate of insured unemployment for a 13-week period (not seasonally adjusted) and the rate of exhaustion of regular benefits. The latter rate is arrived at by dividing one-fourth of all exhaustions for the most recent 12-month period by the average monthly covered employment in a State. The new legislation does not change these provisions.

Public Law 92–329 does, however, provide a different method of financing the benefits paid under the extension of the program. The original provision called for repayable advances from the general revenues of the Treasury to the extended unemployment compensation account in the unemployment trust fund. These advances were to be recovered in the future by withholding from participating States the distribution, authorized by the Reed Act, of excess Federal unemployment tax collections, if any.

The new law, in contrast, provides that benefits paid under the program for weeks ending after June 30, 1972, will be financed from the extended unemployment compensation account by a temporary 0.08-percent increase in the Federal unemployment tax rate (from 3.2 percent to 3.28 percent of taxable wages—the first $4,200 of a worker's covered wages in a year). Since the tax offset allowed to employers in the States remains at 2.7 percent, the new law in effect raises the net Federal rate from 0.5 percent to 0.58 percent, 13/58 of which will be transferred to the extended unemployment compensation account. (The previous law provided for a transfer of one-tenth of net receipts to that account.) The increase is effective for calendar year 1973 only but applies to employers in all States, regardless of whether the State is eligible to participate in the emergency unemployment compensation program.

* Prepared in the Interprogram Studies Branch, Division of Economic and Long-Range Studies.

[1] A permanent program of extended benefits had been authorized under the Employment Security Amendments of 1970, which put an overall limitation of 39 weeks on regular and extended benefits.

Veterans' Compensation Program Amended*

Public Law 92–328 (signed June 30, 1972) provides for an average increase of 10 percent in

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compensation payments to 2.2 million veterans with service-connected disabilities, effective August 1, 1972. For those who are 100-percent disabled, a flat increase of $45 a month (from $450 to $495) is provided. For those less than totally disabled (10–90 percent) the increases range from $3 to $25 a month. The additional payments for the more seriously disabled veterans (such as those with multiple amputations) have also been increased, from $56 to $78 a month. Proportionate increases are provided for dependents of a veteran whose disability is rated at 50 percent or higher. The last increase in veterans' compensation payments was effective July 1, 1970.

Effective July 1, 1973, differences between wartime and peacetime compensation rates will be eliminated. For almost 40 years the rates have been different, and since 1948 peacetime veterans have been receiving 80 percent of the amount that wartime veterans receive.

The law authorizes, for the first time, a clothing allowance of $150 per year for service-connected disability of veterans who must wear or use a prosthetic or orthopedic appliance, including the use of a wheelchair. These devices cause unusual wear and tear on wearing apparel.

Another change in the law abolishes the withholding of compensation of unmarried veterans while they are in a hospital or domiciliary. Previous law provided that a veteran's compensation or retirement pay would be reduced after the first 6 months of treatment or care to the greater of $30 a month or 50 percent of the benefit, with the amount of the reduction to be paid in a lump sum upon release of the veteran from the institution.

The law extends to the widows of Spanish-American War veterans the same option available to widows of veterans of other wars to elect to receive their pension under the "new" pension system adopted in 1959 or to remain under the "old" system. Under that legislation, most veterans and survivors of veterans on the rolls before July 1, 1960, could continue to receive the flat-rate monthly pensions under the old system or they could receive pensions under a new system, which relates the amount of pensions inversely to income. Spanish-American War widows can, thus, choose the pension system that will be to their advantage.

Social Security Abroad

Philippine Medical Care Act*

After many years of public pressure for a national health insurance plan to complement the already existing sick pay provisions for employees, the Philippine Government enacted the Philippine Medical Care Act of 1969 (Republic Act No. 6111). The legislation provides for a comprehensive and coordinated (Government and private) medical care program to be introduced gradually, preserving the insured's freedom of choice of physician and hospital. Identical care is foreseen under both parts of the program. Program I covers private and public wage earners and salaried employees who are presently insured under the social security system (SSS) and the government service insurance system (GSIS). Program II will eventually cover everyone else. Thus the 1969 legislation aims at providing universal medical care coverage.

Implementation for both programs had to wait until the appointment of a Medical Care Commission by the President, which was done in August 1971. Program I was put into effect on January 1, 1972, and Program II is expected to become fully operational by 1974. The collection of contributions from employed persons and their employers started on January 1, 1972, and the first payments to the providers began April 1.

COVERAGE AND QUALIFYING CONDITIONS

At the present time, all persons who were compulsorily covered by the Philippine social security system and the government service insurance system are automatically insured under the Medical Care Act.[1] Covered are wage earners in the private and public sector with the exception of (1) agricultural workers and share or leasehold tenants who are not paid a regular daily wage or base pay and who work less than 6

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[1] For the preexisting cash sickness benefits, see *Social Security Programs Throughout the World, 1971* (Research Report No. 31), Office of Research and Statistics, pages 178–179.