

Legislative Bulletin.....July 22, 2010

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H.R. 4213—Unemployment Compensation Extension Act of 2010

Key Conservative Concerns

Take-Away Points

--Increases Deficit by \$34 Billion: The new mandatory spending caused by this legislation is not offset. Conservatives have offered many proposals to reduce federal spending that would more than offset the cost of this bill (see p. 2).

--Economically Harmful: Many economists argue that extending unemployment benefits creates incentives to delay returning to work, which harms economic growth.

For more details on these concerns, see below.

**H.R. 4213 – Unemployment Compensation Extension Act
(Rangel, D-NY)**

Order of Business: The legislation is scheduled to be considered under a closed rule on Thursday, July 22, 2010. The rule waives all points of order against the consideration of the bill, and provides for 1 hour of general debate equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means.

Summary: H.R. 4213 extends the temporary program of 100% federal financing of extended unemployment insurance benefits (beyond the 26 weeks that is provided by the regular unemployment insurance program) from the current June 2, 2010 expiration date to November 30, 2010. This program provides up to 99 total weeks of unemployment benefits. The benefits would apply retroactively to June 2, 2010.

The legislation requires a state to not reduce its regular unemployment compensation benefits in order to be eligible for the funds under the emergency unemployment compensation program.

The legislation designates the \$34 billion of non-offset mandatory spending as “emergency” spending.

Possible Conservative Concerns: Some conservatives may be concerned that the legislation increases the deficit by \$34 billion. Many conservatives have offered various spending reduction options that would offset the cost of this new spending many times over. To name just one example, enacting medical liability reform would save \$54 billion over ten years. For many other examples, none of which are included in this bill:

- See [here](#) for RSC Sunset Caucus savings options.
- See [here](#) for the “YouCut” proposals put forward by House Republicans.
- See [here](#) for various budget savings options included in the RSC Balanced Budget Plan.

In addition, some conservatives have expressed concern that the “temporary” program grants up to 99 total weeks of unemployment. 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 2009:

"[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."

Committee Action: H.R. 4213 was introduced on December 7, 2009, and went on to pass the House on December 9, 2009. However, this version of the legislation contained various tax provisions (extending some existing tax cuts, increasing other taxes, etc.), and did not include an unemployment benefits extension. The version of the legislation that the House is voting on today passed the Senate last night by a vote of [59-39](#).

Administration Position: No Statement of Administration Policy (SAP) is available. However, the Administration has repeatedly expressed support for an extension of an un-offset extension of unemployment benefits.

Cost to Taxpayers: The legislation increases mandatory spending by approximately \$34 billion over ten years.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, the legislation increases mandatory spending by approximately \$34 billion over ten 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 citing compliance with the House earmark rule is unavailable for H.R. 4213.

Constitutional Authority: A committee report citing constitutional authority is unavailable for H.R. 4213.

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