

108TH CONGRESS  
1ST SESSION

# S. 270

To provide for additional weeks of temporary extended unemployment compensation, to provide for a program of temporary enhanced unemployment benefits, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 30, 2003

Mr. KENNEDY (for himself, Mr. SMITH, Mr. DASCHLE, Mr. REED, Mr. DURBIN, Mr. SARBANES, Mrs. CLINTON, Ms. CANTWELL, and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide for additional weeks of temporary extended unemployment compensation, to provide for a program of temporary enhanced unemployment benefits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Economic Security Act of 2003”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—ADDITIONAL WEEKS OF TEMPORARY EXTENDED  
UNEMPLOYMENT COMPENSATION

Sec. 101. Entitlement to additional weeks of temporary extended unemployment compensation.

TITLE II—TEMPORARY ENHANCED UNEMPLOYMENT BENEFITS

Sec. 201. Federal-State agreements.

Sec. 202. Payments to States having agreements under this title.

Sec. 203. Financing provisions.

Sec. 204. Definitions.

Sec. 205. Applicability.

Sec. 206. Coordination with the Temporary Extended Unemployment Compensation Act of 2002.

Sec. 207. Treatment of pension rollovers.

1 **TITLE I—ADDITIONAL WEEKS OF**  
2 **TEMPORARY EXTENDED UN-**  
3 **EMPLOYMENT COMPENSA-**  
4 **TION**

5 **SEC. 101. ENTITLEMENT TO ADDITIONAL WEEKS OF TEM-**  
6 **PORARY EXTENDED UNEMPLOYMENT COM-**  
7 **PENSATION.**

8 (a) ENTITLEMENT TO ADDITIONAL WEEKS.—

9 (1) IN GENERAL.—Paragraph (1) of section  
10 203(b) of the Temporary Extended Unemployment  
11 Compensation Act of 2002 (Public Law 107–147;  
12 116 Stat. 28) is amended—

13 (A) in subparagraph (A), by striking “50  
14 percent” and inserting “100 percent”; and

15 (B) in subparagraph (B), by striking “13  
16 times” and inserting “26 times”.

1           (2) REPEAL OF RESTRICTION ON AUGMENTA-  
2           TION DURING TRANSITIONAL PERIOD.—Section  
3           208(b) of the Temporary Extended Unemployment  
4           Compensation Act of 2002 (Public Law 107–147),  
5           as amended by Public Law 108–1, is amended—

6                   (A) in paragraph (1)—

7                           (i) by striking “paragraphs (2) and  
8                           (3)” and inserting “paragraph (2)”; and

9                           (ii) by inserting before the period at  
10                          the end the following: “, including such  
11                          compensation by reason of amounts depos-  
12                          ited in such account after such date pursu-  
13                          ant to the application of subsection (e) of  
14                          such section”;

15                   (B) by striking paragraph (2); and

16                   (C) by redesignating paragraph (3) as  
17                   paragraph (2).

18           (3) EXTENSION OF TRANSITION LIMITATION.—  
19           Section 208(b)(2) of the Temporary Extended Un-  
20           employment Compensation Act of 2002 (Public Law  
21           107–147), as amended by Public Law 108–1 and as  
22           redesignated by paragraph (2), is amended by strik-  
23           ing “August 30, 2003” and inserting “December 31,  
24           2003”.

1           (4) CONFORMING AMENDMENT FOR AUG-  
2           MENTED BENEFITS.—Section 203(c)(1) of the Tem-  
3           porary Extended Unemployment Compensation Act  
4           of 2002 (Public Law 107–147; 116 Stat. 28) is  
5           amended by striking “the amount originally estab-  
6           lished in such account (as determined under sub-  
7           section (b)(1))” and inserting “7 times the individ-  
8           ual’s average weekly benefit amount for the benefit  
9           year”.

10          (b) EFFECTIVE DATE AND APPLICATION.—

11           (1) IN GENERAL.—The amendments made by  
12           subsection (a) shall apply with respect to weeks of  
13           unemployment beginning on or after the date of en-  
14           actment this Act.

15           (2) TEUC–X AMOUNTS DEPOSITED IN AC-  
16           COUNT PRIOR TO DATE OF ENACTMENT DEEMED TO  
17           BE THE ADDITIONAL TEUC AMOUNTS PROVIDED BY  
18           THIS SECTION.—In applying the amendments made  
19           by subsection (a) under the Temporary Extended  
20           Unemployment Compensation Act of 2002 (Public  
21           Law 107–147; 116 Stat. 26), the Secretary of Labor  
22           shall deem any amounts deposited into an individ-  
23           ual’s temporary extended unemployment compensa-  
24           tion account by reason of section 203(c) of such Act  
25           (commonly known as “TEUC–X amounts”) prior to

1 the date of enactment of this Act to be amounts de-  
2 posited in such account by reason of section 203(b)  
3 of such Act, as amended by subsection (a) (com-  
4 monly known as “TEUC amounts”).

5 (3) APPLICATION TO EXHAUSTEES AND CUR-  
6 RENT BENEFICIARIES.—

7 (A) EXHAUSTEES.—In the case of any in-  
8 dividual—

9 (i) to whom any temporary extended  
10 unemployment compensation was payable  
11 for any week beginning before the date of  
12 enactment of this Act; and

13 (ii) who exhausted such individual’s  
14 rights to such compensation (by reason of  
15 the payment of all amounts in such indi-  
16 vidual’s temporary extended unemployment  
17 compensation account) before such date,  
18 such individual’s eligibility for any additional  
19 weeks of temporary extended unemployment  
20 compensation by reason of the amendments  
21 made by subsection (a) shall apply with respect  
22 to weeks of unemployment beginning on or  
23 after the date of enactment of this Act.

24 (B) CURRENT BENEFICIARIES.—In the  
25 case of any individual—

1 (i) to whom any temporary extended  
2 unemployment compensation was payable  
3 for any week beginning before the date of  
4 enactment of this Act; and

5 (ii) as to whom the condition de-  
6 scribed in subparagraph (A)(ii) does not  
7 apply,

8 such individual shall be eligible for temporary  
9 extended unemployment compensation (in ac-  
10 cordance with the provisions of the Temporary  
11 Extended Unemployment Compensation Act of  
12 2002, as amended by subsection (a)) with re-  
13 spect to weeks of unemployment beginning on  
14 or after the date of enactment of this Act.

15 (4) REDETERMINATION OF ELIGIBILITY FOR  
16 AUGMENTED AMOUNTS FOR INDIVIDUALS FOR WHOM  
17 SUCH A DETERMINATION WAS MADE PRIOR TO THE  
18 DATE OF ENACTMENT.—Any determination of  
19 whether the individual's State is in an extended ben-  
20 efit period under section 203(c) of the Temporary  
21 Extended Unemployment Compensation Act of 2002  
22 (Public Law 107–147; 116 Stat. 28) made prior to  
23 the date of enactment of this Act shall be dis-  
24 regarded and the determination under such section  
25 shall be made as follows:

1 (A) INDIVIDUALS WHO EXHAUSTED 13  
 2 TEUC AND 13 TEUX—X WEEKS PRIOR TO THE  
 3 DATE OF ENACTMENT.—In the case of an indi-  
 4 vidual who, prior to the date of enactment of  
 5 this Act, received 26 times the individual’s aver-  
 6 age weekly benefit amount through an account  
 7 established under section 203 of the Temporary  
 8 Extended Unemployment Compensation Act of  
 9 2002 (Public Law 107–147; 116 Stat. 28) (by  
 10 reason of augmentation under subsection (c) of  
 11 such section), the determination shall be made  
 12 as of the date of enactment of this Act.

13 (B) ALL OTHER INDIVIDUALS.—In the  
 14 case of an individual who is not described in  
 15 subparagraph (A), the determination shall be  
 16 made at the time that the individual’s account  
 17 established under such section 203, as amended  
 18 by subsection (a), is exhausted.

19 **TITLE II—TEMPORARY EN-**  
 20 **HANCED UNEMPLOYMENT**  
 21 **BENEFITS**

22 **SEC. 201. FEDERAL-STATE AGREEMENTS.**

23 (a) IN GENERAL.—Any State which desires to do so  
 24 may enter into and participate in an agreement under this  
 25 title with the Secretary of Labor (in this title referred to

1 as the “Secretary”). Any State which is a party to an  
2 agreement under this title may, upon providing 30 days’  
3 written notice to the Secretary, terminate such agreement.

4 (b) PROVISIONS OF AGREEMENT.—

5 (1) IN GENERAL.—Subject to paragraph (3),  
6 any agreement under subsection (a) shall provide  
7 that the State agency of the State, in addition to  
8 any amounts of regular compensation to which an  
9 individual may be entitled under the State law, shall  
10 make payments of temporary enhanced regular un-  
11 employment compensation to an individual in an  
12 amount and to the extent that the individual would  
13 be entitled to regular compensation if the State law  
14 were applied with the modifications described in  
15 paragraph (2).

16 (2) MODIFICATIONS DESCRIBED.—The modi-  
17 fications described in this paragraph are as follows:

18 (A) In the case of an individual who is not  
19 eligible for regular compensation under the  
20 State law because of the use of a definition of  
21 base period that does not count wages earned  
22 in the most recently completed calendar quar-  
23 ter, then eligibility for compensation shall be  
24 determined by applying a base period ending at

1 the close of the most recently completed cal-  
2 endar quarter.

3 (B) In the case of an individual who is not  
4 eligible for regular compensation under the  
5 State law because such individual does not meet  
6 requirements relating to availability for work,  
7 active search for work, or refusal to accept  
8 work, because such individual is seeking, or is  
9 available for, less than full-time work, then  
10 compensation shall not be denied by such State  
11 to an otherwise eligible individual who seeks  
12 less than full-time work or fails to accept full-  
13 time work.

14 (C) The amount of regular compensation  
15 or, as the case may be, compensation under  
16 subparagraph (A) (including dependents' allow-  
17 ances) payable for any week shall be increased  
18 by an additional—

19 (i) 15 percent (rounded to the next  
20 highest dollar); or

21 (ii) if greater, \$25.

22 (3) REDUCTION OF AMOUNTS OF REGULAR  
23 COMPENSATION AVAILABLE FOR INDIVIDUALS WHO  
24 SOUGHT PART-TIME WORK OR FAILED TO ACCEPT  
25 FULL-TIME WORK.—Any agreement under sub-

1 section (a) shall provide that the State agency of the  
 2 State shall reduce the amount of regular compensa-  
 3 tion available to an individual who has received tem-  
 4 porary enhanced regular unemployment compensa-  
 5 tion as a result of the application of the modification  
 6 described in paragraph (2)(B) by the amount of  
 7 such temporary enhanced regular unemployment  
 8 compensation.

9 (c) COORDINATION RULE.—The modifications de-  
 10 scribed in subsection (b)(2) shall also apply in determining  
 11 the amount of benefits payable under any Federal law to  
 12 the extent that those benefits are determined by reference  
 13 to regular compensation payable under the State law of  
 14 the State involved.

15 **SEC. 202. PAYMENTS TO STATES HAVING AGREEMENTS**  
 16 **UNDER THIS TITLE.**

17 (a) GENERAL RULE.—There shall be paid to each  
 18 State which has entered into an agreement under this title  
 19 an amount equal to—

20 (1) 100 percent of any temporary enhanced reg-  
 21 ular unemployment compensation; and

22 (2) 100 percent of any regular compensation  
 23 which is paid to individuals by such State by reason  
 24 of the fact that its State law contains provisions  
 25 comparable to the modifications described in sub-

1 paragraphs (A) and (B) of section 201(b)(2), but  
2 only to the extent that those amounts would, if such  
3 amounts were instead payable by virtue of the State  
4 law's being deemed to be so modified pursuant to  
5 section 201(b)(1), have been reimbursable under  
6 paragraph (1).

7 (b) DETERMINATION OF AMOUNT.—Sums under sub-  
8 section (a) payable to any State by reason of such State  
9 having an agreement under this title shall be payable, ei-  
10 ther in advance or by way of reimbursement (as may be  
11 determined by the Secretary), in such amounts as the Sec-  
12 retary estimates the State will be entitled to receive under  
13 this title for each calendar month, reduced or increased,  
14 as the case may be, by any amount by which the Secretary  
15 finds that the Secretary's estimates for any prior calendar  
16 month were greater or less than the amounts which should  
17 have been paid to the State. Such estimates may be made  
18 on the basis of such statistical, sampling, or other method  
19 as may be agreed upon by the Secretary and the State  
20 agency of the State involved.

21 **SEC. 203. FINANCING PROVISIONS.**

22 (a) IN GENERAL.—Funds in the extended unemploy-  
23 ment compensation account (as established by section  
24 905(a) of the Social Security Act (42 U.S.C. 1105(a))),  
25 and the Federal unemployment account (as established by

1 section 904(g) of such Act (42 U.S.C. 1104(g))), of the  
2 Unemployment Trust Fund (as established by section  
3 904(a) of such Act (42 U.S.C. 1104(a))) shall be used  
4 for the making of payments to States having agreements  
5 entered into under this title.

6 (b) CERTIFICATION.—The Secretary shall from time  
7 to time certify to the Secretary of the Treasury for pay-  
8 ment to each State the sums which are payable to such  
9 State under this title. The Secretary of the Treasury, prior  
10 to audit or settlement by the General Accounting Office,  
11 shall make payments to the State in accordance with such  
12 certification by transfers from the extended unemployment  
13 compensation account (as so established), or, to the extent  
14 that there are insufficient funds in that account, from the  
15 Federal unemployment account, to the account of such  
16 State in the Unemployment Trust Fund (as so estab-  
17 lished).

18 (c) ASSISTANCE TO STATES.—There are appro-  
19 priated out of the employment security administration ac-  
20 count of the Unemployment Trust Fund (as established  
21 by section 901(a) of the Social Security Act (42 U.S.C.  
22 1101(a))) \$500,000,000 to reimburse States for the costs  
23 of the administration of agreements under this title (in-  
24 cluding any improvements in technology in connection  
25 therewith) and to provide reemployment services to unem-

1 ployment compensation claimants in States having agree-  
 2 ments under this title. Each State’s share of the amount  
 3 appropriated by the preceding sentence shall be deter-  
 4 mined by the Secretary according to the factors described  
 5 in section 302(a) of the Social Security Act (42 U.S.C.  
 6 502(a)) and certified by the Secretary to the Secretary  
 7 of the Treasury.

8 (d) APPROPRIATIONS FOR CERTAIN PAYMENTS.—

9 There are appropriated from the general fund of the  
 10 Treasury, without fiscal year limitation, to the extended  
 11 unemployment compensation account (as so established)  
 12 of the Unemployment Trust Fund (as so established) such  
 13 sums as the Secretary estimates to be necessary to make  
 14 the payments under this section in respect of—

15 (1) compensation payable under chapter 85 of  
 16 title 5, United States Code; and

17 (2) compensation payable on the basis of serv-  
 18 ices to which section 3309(a)(1) of the Internal Rev-  
 19 enue Code of 1986 applies.

20 Amounts appropriated pursuant to the preceding sentence  
 21 shall not be required to be repaid.

22 **SEC. 204. DEFINITIONS.**

23 For purposes of this title, the terms “compensation”,  
 24 “base period”, “regular compensation”, “State”, “State  
 25 agency”, “State law”, and “week” have the respective

1 meanings given such terms under section 205 of the Fed-  
2 eral-State Extended Unemployment Compensation Act of  
3 1970.

4 **SEC. 205. APPLICABILITY.**

5 (a) IN GENERAL.—Except as provided in subsection  
6 (b), an agreement entered into under this title shall apply  
7 to weeks of unemployment—

8 (1) beginning after the date on which such  
9 agreement is entered into; and

10 (2) ending before July 1, 2004.

11 (b) PHASE-OUT OF TERUC.—

12 (1) IN GENERAL.—Subject to paragraph (2), in  
13 the case of an individual who has established eligi-  
14 bility for temporary enhanced regular unemployment  
15 compensation, but who has not exhausted all rights  
16 to such compensation, as of the last day of the week  
17 ending before July 1, 2004, such compensation shall  
18 continue to be payable to such individual for any  
19 week beginning after such date for which the indi-  
20 vidual meets the eligibility requirements of this title.

21 (2) LIMITATION.—No compensation shall be  
22 payable by reason of paragraph (1) for any week be-  
23 ginning after December 31, 2004.

1 **SEC. 206. COORDINATION WITH THE TEMPORARY EX-**  
2 **TENDED UNEMPLOYMENT COMPENSATION**  
3 **ACT OF 2002.**

4 (a) IN GENERAL.—The Temporary Extended Unem-  
5 ployment Compensation Act of 2002 (Public Law 107–  
6 147; 116 Stat. 30) is amended—

7 (1) in section 202(b)(1), by inserting “, and  
8 who have exhausted all rights to temporary en-  
9 hanced regular unemployment compensation” before  
10 the semicolon at the end;

11 (2) in section 202(b)(2), by inserting “, tem-  
12 porary enhanced regular unemployment compensa-  
13 tion,” after “regular compensation”;

14 (3) in section 202(c), by inserting “(or, as the  
15 case may be, such individual’s rights to temporary  
16 enhanced regular unemployment compensation)”  
17 after “State law” in the matter preceding paragraph  
18 (1);

19 (4) in section 202(c)(1), by inserting “and no  
20 payments of temporary enhanced regular unemploy-  
21 ment compensation can be made” after “under such  
22 law”;

23 (5) in section 202(d)(1), by inserting “plus the  
24 amount of any temporary enhanced regular unem-  
25 ployment compensation payable to such individual  
26 for such a week,” after “total unemployment”;

1           (6) in section 202(d)(2)(A), by inserting “, or,  
2           as the case may be, temporary enhanced regular un-  
3           employment compensation,” after “State law”;

4           (7) in section 203(b)(1)(A), by inserting “plus  
5           the amount of any temporary enhanced regular un-  
6           employment compensation payable to such individual  
7           for such week,” after “under such law”; and

8           (8) in section 203(b)(2), by inserting “plus the  
9           amount of any temporary enhanced regular unem-  
10          ployment compensation payable to such individual  
11          for such week,” after “total unemployment”.

12          (b) AMOUNT OF TEUC OFFSET BY AMOUNT OF  
13          TERUC.—Section 203(b)(1) of the Temporary Extended  
14          Unemployment Compensation Act of 2002 (Public Law  
15          107–147; 116 Stat. 28) is amended—

16               (1) in subparagraph (B), by striking the period  
17               at the end and inserting a comma; and

18               (2) by adding at the end the following:  
19               “minus the number of weeks in which the individual  
20               was entitled to temporary enhanced regular unem-  
21               ployment compensation as a result of the application  
22               of the modification described in section 201(b)(2)(A)  
23               of the Economic Security Act of 2003 (relating to  
24               the alternative base period) multiplied by the indi-

1       vidual’s average weekly benefit amount for the ben-  
2       efit year.”.

3       (c) TEMPORARY ENHANCED REGULAR UNEMPLOY-  
4       MENT COMPENSATION DEFINED.—Section 207 of the  
5       Temporary Extended Unemployment Compensation Act of  
6       2002 (Public Law 107–147; 116 Stat. 30) is amended to  
7       read as follows:

8       **“SEC. 207. DEFINITIONS.**

9       “In this title:

10           “(1) GENERAL DEFINITIONS.—The terms ‘com-  
11           pensation’, ‘regular compensation’, ‘extended com-  
12           pensation’, ‘additional compensation’, ‘benefit year’,  
13           ‘base period’, ‘State’, ‘State agency’, ‘State law’, and  
14           ‘week’ have the respective meanings given such  
15           terms under section 205 of the Federal-State Ex-  
16           tended Unemployment Compensation Act of 1970  
17           (26 U.S.C. 3304 note).

18           “(2) TEMPORARY ENHANCED REGULAR UNEM-  
19           PLOYMENT COMPENSATION.—The term ‘temporary  
20           enhanced regular unemployment compensation’  
21           means temporary enhanced regular unemployment  
22           benefits payable under title II of the Economic Secu-  
23           rity Act of 2003.”.

1 **SEC. 207. TREATMENT OF PENSION ROLLOVERS.**

2 (a) IN GENERAL.—Paragraph (15) of section  
3 3304(a) of the Internal Revenue Code of 1986 is amended  
4 to read as follows:

5 “(15)(A) the amount of compensation payable  
6 to an individual for any week which begins after  
7 March 31, 1980, and which begins in a period with  
8 respect to which such individual is receiving a gov-  
9 ernmental or other pension, retirement or retired  
10 pay, annuity, or any other similar periodic payment  
11 which is based on the previous work of such indi-  
12 vidual shall be reduced (but not below zero) by an  
13 amount equal to the amount of such pension, retire-  
14 ment or retired pay, annuity, or other payment,  
15 which is reasonably attributable to such week except  
16 that—

17 “(i) the requirements of this paragraph  
18 shall apply to any pension, retirement or retired  
19 pay, annuity, or other similar periodic payment  
20 only if—

21 “(I) such pension, retirement or re-  
22 tired pay, annuity, or similar payment is  
23 under a plan maintained (or contributed  
24 to) by a base period employer or charge-  
25 able employer (as determined under appli-  
26 cable law); and

1           “(II) in the case of such payment not  
2           made under the Social Security Act or the  
3           Railroad Retirement Act of 1974 (or the  
4           corresponding provisions of prior law),  
5           services performed for such employer by  
6           the individual after the beginning of the  
7           base period (or remuneration for such  
8           services) affect eligibility for, or increase  
9           the amount of, such pension, retirement or  
10          retired pay, annuity, or similar payment;  
11          and

12          “(ii) the State law may provide for limita-  
13          tions on the amount of any such a reduction to  
14          take into account contributions made by the in-  
15          dividual for the pension, retirement or retired  
16          pay, annuity, or other similar periodic payment;  
17          and

18          “(B) the amount of compensation shall not be  
19          reduced on account of any pension, retirement or re-  
20          tired pay, annuity, or similar payment which is  
21          rolled over into other funds and which is not includ-  
22          ible in gross income;”.

23          (b) EFFECTIVE DATE.—The amendment made by  
24          subsection (a) shall be effective for weeks of unemploy-  
25          ment beginning at least 1 year after the date of enactment

1 of this Act, except that in the case of a State in which  
2 the legislature does not meet in a regularly scheduled ses-  
3 sion during calendar year 2003, the amendment made by  
4 subsection (a) shall apply to weeks of unemployment be-  
5 ginning at least 2 years after the date of enactment of  
6 this Act.

○