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FROM:

Collection

Fuller, Craig: Files

Series

Series IV: Subipat File

File Folder Title/Casefile #/NSC #

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Box Number

OA 8991 (KFOA 30)

Description of Material:

① [Economic Program Working Group Meeting 02/12/1981
(Michael Deaver Set)] ~~(1)~~ (2) (D-C3)

② [Economic Program Working Group Meeting 02/13/1981
(Michael Deaver Set)] (1)-(3)

These are duplicates of Fuller material & clearly
marked for Deaver

TO:

Collection:

Deaver, Michael: Files

Series:

Series IV: Subject File

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COLLECTIONS

SUBJECT: Unemployment Insurance Extended Benefits

	(in millions of dollars)					
Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	19,913	24,972	24,222	23,614	23,500	21,888
Outlays	4,315	3,568	1,351	934	596	480
Policy reduction						
Budget Authority	---	-1,900	-500	-300	-100	---
Outlays	-568	-2,162	-875	-488	-228	-338
Reagan Budget						
Budget Authority	19,913	23,072	23,722	23,314	23,400	21,888
Outlays	3,747	1,406	476	446	368	142

Note: Total UI Budget Authority is shown. Budget Authority for extended benefits is not separately identifiable. Estimates are based on Carter Budget economic assumptions. 1981 savings assume a July 1, 1981, effective date. State trigger rates require State law changes for which a two-year lead time is provided in the estimates.

Change proposed: Extended benefits increase a claimant's potential unemployment benefits by 50% during high unemployment periods. The maximum number of weeks of benefits is 39 (26 regular + 13 extended). The changes will target payment of extended benefits on claimants in high unemployment States during peak unemployment periods. To this end, legislation will be proposed to:

- Eliminate the national trigger which currently requires that extended benefits be paid in all States, regardless of their individual unemployment levels, once the national insured unemployment rate reaches a specified level.
- Exclude extended benefit claimants in calculating the trigger rate which determines when extended benefits will be paid to remove anomalies in the program and increase its equity among the States.
- Increase the minimum level of insured unemployment that must be reached in a State before extended benefits may be paid from the current 4% to 5%.

In addition, the tightened work test which last year's Reconciliation Act requires States to apply to extended benefit claimants after March 31, 1981, will be strictly enforced. These changes will concentrate the payment of extended benefits on claimants in high unemployment States who have the least opportunity to return to work because of economic conditions. Workers in States where unemployment is lower, and jobs are thus more readily available, would not have access to extended benefits.

SUBJECT: Trade Adjustment Assistance (TAA)

	(in millions of dollars)					
Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	2,700	1,500	1,000	500	500	500
Outlays	2,743	1,500	1,000	500	500	500
Policy reduction						
Budget Authority	--	-1,150	-760	-380	-380	-380
Outlays	--	-1,150	-760	-380	-380	-380
Reagan Budget						
Budget Authority	2,700	350	240	120	120	120
Outlays	2,743	350	240	120	120	120

Note: Reduction assumes October 1, 1981, effective date. TAA payments are difficult to estimate; estimates change rapidly and widely. Those shown are based on Carter budget estimates and assume no major new industries will be certified. The authorization for worker TAA expires September 30, 1982. Estimates for FY 83 and beyond assume a simple extension of present law.

Change proposed:

Effective October 1, 1981, for all claimants, pay Trade Adjustment Assistance (TAA) benefits only to workers who have used up all their weeks of unemployment insurance (UI) benefits, instead of paying TAA on top of UI as at present. Set the TAA weekly benefit amount at the same level as the worker's UI weekly benefit. Pay no more than 52 weeks of UI and TAA in total. The change is based on studies which found that most TAA benefits were being paid to workers who returned to their old jobs after a temporary spell of unemployment. The workers most in need of adjustment - those who were not hired back and failed to find other jobs - made up a smaller share of claimants. The change would concentrate TAA spending on the group that needs it most - the long-term unemployed. The 52 weeks of benefits would be provided to give TAA claimants who are permanently separated from their jobs sufficient time to get training, relocate, or find adequate new jobs.

SUBJECT: Unemployment Insurance Regular Benefits

Expected Savings:	(in millions of dollars)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	--	--	--	--	--	--
Outlays	16,477	16,717	16,782	16,754	16,687	16,661
Policy reduction						
Budget Authority	--	--	--	--	--	--
Outlays	--	--	-750	-720	-680	-660
Reagan Budget						
Budget Authority	--	--	--	--	--	--
Outlays	--	--	16,032	16,034	16,007	16,001

Note: All estimates are based on Carter budget economic assumptions. There is no analytical basis for a savings estimate. The estimate assumes a 10% savings in benefits paid to claimants after 13 weeks. The work test requires State law changes for which a two-year lead time is shown.

Change proposed:

Amend Federal law to provide that beginning with calendar year 1983 no State Unemployment Insurance (UI) law will be approved (approval is required before employers may credit their State UI tax payments against their Federal UI tax liability) unless the State law provides a stringent work test for UI claimants after 13 weeks of benefits. (Most States pay regular benefits for up to 26 weeks.) This work test would deny UI beyond 13 weeks to claimants whose prospects for obtaining work in their own occupation within a reasonably short period are not good, and who refuse a written job offer that pays the greater of the claimant's weekly UI benefit or the minimum wage. The change will maintain UI for the first 13 weeks to provide income support for those on seasonal or other temporary layoffs. Those whose prospects for returning to their previous line of work are still not good after three months of unemployment would be expected to adjust to the changed economic conditions by accepting a job which may not pay as much as their previous job, but which does pay at least their UI weekly benefit amount. Thus the transition from jobs which are not opening up again to jobs in sectors where workers are in demand will be speeded up.

SUBJECT: Federal Employees Compensation Program

(in millions of dollars)

Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	311	353	349	415	490	568
Outlays	311	353	349	415	490	568
Policy reduction						
Budget Authority	--	-42	-42	-42	-42	-42
Outlays	--	-42	-42	-42	-42	-42
Reagan Budget						
Budget Authority	311	313	309	375	450	528
Outlays	311	313	309	375	450	528

Change proposed:

Submit amendments to the Federal Employees Compensation Act to (1) remove incentives to file questionable claims and disincentives for injured workers to return to work when they are medically able; (2) remove inequities in compensation, which now permit higher paid workers to receive more in compensation than they received in take home pay when working; and (3) encourage both employees and employers to participate fully in the restoration of injured workers to gainful employment as soon as medically possible. The change is proposed because the number of claims submitted for workers compensation benefits under FECA have been growing at an alarming rate, from an annual rate of 18 thousand in FY 1970 to over 30 thousand in FY 1980. Also as the result of provisions added in 1974 providing 45 days continuation of full pay (COP) while claims are being examined, the number of employees requesting COP has grown from 32 thousand in 1974 to over 100 thousand in 1980. Expenditures for this program reflect its growing use, obligations for FECA went from \$151 million in 1970 to \$785 million in FY 1980.

SUBJECT: Unemployment Compensation for Ex-Servicemembers

(in millions of dollars)

Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	333	351	341	356	370	390
Outlays	333	351	341	356	370	390
Policy reduction						
Budget Authority	-37	-92	-102	-107	-111	-117
Outlays	-37	-92	-102	-107	-111	-117
Reagan Budget						
Budget Authority	296	259	239	249	259	273
Outlays	296	259	239	249	259	273

Note: Estimates are based on Carter Budget economic assumptions.

Change proposed:

Amend Federal law to deny Unemployment Compensation for Ex-Servicemen (UCX) to those who voluntarily leave the military after July 1, 1981. Currently UCX is payable to armed forces members discharged under other than dishonorable conditions, if they have served at least one year.

The change reflects the fact that military service is now entirely voluntary. Virtually every State currently provides for either temporary disqualification from benefits or a reduction in benefit amounts to those civilian employees who quit their jobs voluntarily. Federal law prohibits States from treating ex-servicemembers in the same manner. The change would treat all ex-servicemembers the same nationwide; those who quit the military voluntarily could not draw UCX benefits.

SUBJECT: Black Lung Benefits

(in millions of dollars)

Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>DOL Trust Fund</u>						
Current Base						
Budget Authority	918	766	707	741	808	808
Revenue	<u>275</u>	<u>292</u>	<u>321</u>	<u>341</u>	<u>364</u>	<u>364</u>
Advances to cover deficit	643	474	386	400	444	444
Policy reduction	-279	-388	-386	-407	-439	-439
Reagan Budget	364	86	0	(7) <u>1/</u>	5	5

1/ Indicates a trust fund surplus.

HHS Program

Current Base, BA/0	1092	1106	1143	1182	1210	1210
Policy reduction, BA/0	--	- 50	-100	-150	-200	-200
Reagan Budget, BA/0	1092	1056	1043	1033	1010	1010

Changes proposed:

DOL Trust Fund

Submit legislation to tighten up program's eligibility requirements and increase tax on coal production. The GAO has found that the current law has required the approval of many claims (88% of its sample) when there was insufficient medical evidence that the miner was suffering from black lung. The trust fund is collecting insufficient revenues to cover claims being paid. As of the end of FY 1980, \$808 million had been advanced to the trust fund from the general fund of the Treasury. Under current law, this total would more than quadruple by the end of 1986. The objective of the proposals would be to eliminate questionable claims and reduce trust fund outlays to a level where the coal industry could finance benefits with a reasonable coal tax increase without drawing on the Treasury.

HHS Program

Submit legislation so that beneficiaries paid both black lung and social security benefits based on a disabled or deceased coal miner's earnings would receive only a social security cost-of-living increase. Under this proposed change, all black lung recipients would receive one cost-of-living increase each year: the approximately 75% with dual social security and black lung payments would receive a social security increase, and those depending only on black lung would receive a black lung cost-of-living increase.

SUBJECT: Comprehensive Employment and Training Act (CETA) - Public Service Employment (PSE)

Expected Savings:	(in millions of dollars)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	2,894	3,955	4,236	4,578	4,946	5,341
Outlays	3,088	3,771	4,078	4,408	4,762	5,143
Policy reduction						
Budget Authority	-99	-4,628	-4,236	-4,578	-4,946	-5,341
Outlays	-804	-3,348	-4,078	-4,408	-4,762	-5,143
Reagan Budget						
Budget Authority	2,796	<u>1/</u> -672	<u>1/</u> --	--	--	--
Outlays	2,284	423	--	--	--	--

1/ Includes \$672 million excess Title II-D funds deferred into 1982 and used to reduce BA needs of continuing CETA programs.

Change proposed:

The savings above reflect total elimination of CETA subsidies for jobs in the public sector by the end of FY 1981 compared to the 300 thousand filled jobs in the PSE program on January 31, 1981, and the 340 thousand jobs appropriated for the end of FY 1981. Many local communities use the program to subsidize local services rather than as a transitional employment tool to help the disadvantaged find permanent jobs. Fewer than 30 percent of PSE enrollees find unsubsidized employment after their PSE job. A rescission of some funds, a deferral of others to reduce 1982 BA for the continuing CETA programs, and a 1982 budget amendment will be proposed to Congress. The proposed change will not affect CETA training programs, which will be reviewed in their entirety before the 1983 budget. The revised level includes sufficient funds to pay unemployment compensation to laid-off PSE workers in 1981 and 1982.

SUBJECT: Young Adult Conservation Corps (YACC)

	(in millions of dollars)					
Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	200	250	256	262	269	275
Outlays	238	249	255	262	268	274
Policy reduction						
Budget Authority	--	-250	-256	-262	-269	-275
Outlays	-53	-179	-248	-262	-268	-274
Reagan Budget						
Budget Authority	200 ^{1/}	--	--	--	--	--
Outlays	185	70	7	--	--	--

1/ \$58 million of this would be deferred to finance remainder of phase down in 1982.

Change proposed:

The YACC program of conservation work on public lands for youth ages 16 to 23 would be phased out by the end of 1982. The phase-out would be accomplished by not enrolling any new participants; in general current participants would not be laid off. The program is being terminated because it is both costly per year of service (in 1981, about \$12,000) and poorly targeted on those in need (only one-third of YACC participants are disadvantaged, compared to more than 80% in all other CETA youth programs).