

# Brodhead stands by jobless bill

Thursday, April 5, 1979

1019A

U.S. Rep. William M. Brodhead, D-Detroit, defended his bill to aid Michigan and 18 other states whose unemployment insurance funds have amassed staggering debts due to record high unemployment in the 1974-76 recession. Brodhead testified before the National Commission on Unemployment Compensation, which held a session at the Southfield Sheraton Hotel.

Brodhead said the problem arises from several years of high unemployment, especially 1974-76. During that time, Michigan and other states exhausted their unemployment insurance funds and borrowed heavily from the federal unemployment trust fund.

Currently, Michigan is in debt to the federal fund for \$524 million. Under present law, the states would be required to repay the federal fund by levying additional payroll taxes on employers, said Brodhead, whose 17th district includes Redford, Southfield and Farmington.

MICHIGAN is caught in a lethal bind, he said. "Many reputable economists are predicting a recession late in 1979 or early in 1980. If that occurs, Michigan will have to repay its old debt at the same time it must deal with huge numbers of newly unemployed. Without fundamental changes in the financing of unemployment compensation, the required funds can come only from an increased tax on employment itself," he said.

In the midst of a recession such a tax would lead to further loss of jobs and a longer recession with the consequent need for even greater funds for the jobless. Thus, the current method of financing creates a vicious cycle of unemployment from which there is no escape."

Brodhead won approval of an amendment to postpone imposition of the new tax until January of 1981. However, the debt remains to be repaid.

THE NEW BILL, the Unemployment Cost Equalization Act, establishes a formula which will provide federal funds to assist in paying unemployment compensation benefits in states with high rates of unemployment.

The bill uses a so-called "cost equalization" formula. For a state to be eligible for a cost equalization payment for a given calendar year, its unemployment rate that year must have been at least 6 percent. Also, its benefit payments must have exceeded total payments in a designated base year.

In addition, the Brodhead bill contains a retroactive provision starting with 1974. This provision assists states such as Michigan which have been particularly beset by unemployment to repay their debts to the federal trust fund. Thus, Michigan's entire \$624 million debt would be cancelled and there would be no need to impose the payroll tax.

## Ford gives LIT \$125,000

Lawrence Institute of Technology in Southfield is getting \$125,000 in two years because Ford Motor Co. is worried about the dwindling supply of manufacturing engineers.

The University of Michigan-Dearborn will receive \$275,000 over five years under the same program.

LIT will use the funds to create a manufacturing engineering option in the mechanical engineering department of the School of Engineering. Ford gave a first-year check of \$75,000 to LIT engineering dean Stephen R. Davis.

"The nationwide availability of such engineers has declined 14 percent over the past five years, and recent studies indicate there will be a long-term growth in the number of jobs for manufacturing engineers," said James K. Bakken, vice president of operations support staffs for Ford.

The new programs are expected to begin in September at both schools, according to a Ford Motor Co. Fund announcement. Funds will be used for curriculum development, acquisition of materials and initial funding of a program director. Each school plans to establish an industry advisory committee to aid in establishing their new programs.

The fund is a nonprofit corporation operated for charitable, educational and scientific purposes. It is supported by Ford Motor Co. It is not related to the Ford Foundation.

## Oakland group in A-protest

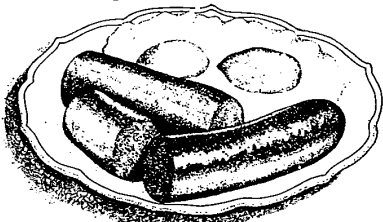
An Oakland County group will join a demonstration against nuclear power April 21 at the site of the Midland nuclear energy plant of Consumers Power Co.

The Oakland branch of the Huron Alliance will hold a preparation meeting at 7:30 p.m. Monday, April 12 in the Avon Township Public Library, 210 W. University, Rochester, according to spokesperson Jill Seaman.

The two-mile "March on Midland" will begin at noon four blocks north of downtown Midland and will end at the plant site. The demonstration will include speeches by leaders of anti-nuclear groups, and a list of demands will be handed to company officials.

More than 1,000 persons are expected to march, Ms. Seaman said, and a march permit has been obtained from the city council.

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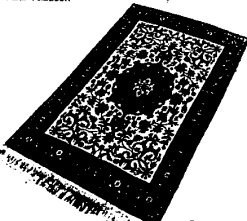
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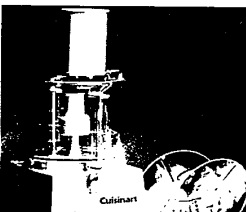


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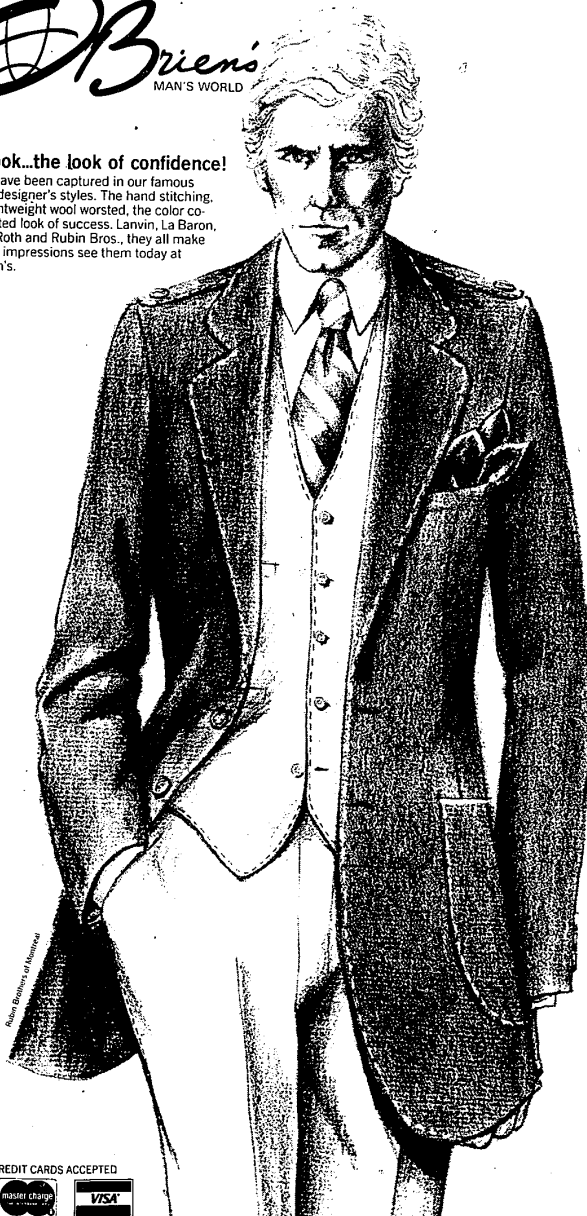
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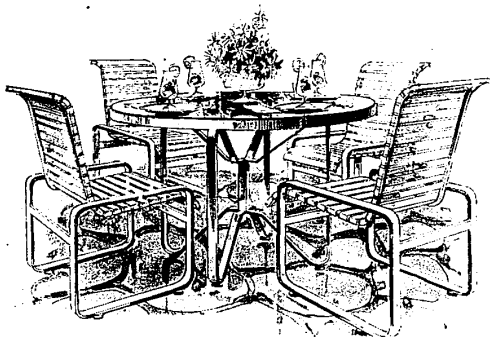


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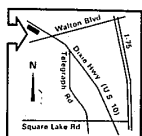
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