

New Jobless Benefits To Cost Company Extra \$70,000 A Year

Editor's Note: The recently-enacted Federal Temporary Extended Unemployment Compensation Law provides additional benefits to unemployed persons who have exhausted their benefits under the existing law. In the following interview, William B. Lucas, Company attorney, gives information that will be useful to those who now are or may later become eligible for the extended benefits.)

Will you tell me, Mr. Lucas, what is the background of this new law?

This law was enacted as a part of the anti-recession program which was outlined in the President's State of the Union message earlier this year for the purpose of temporarily extending unemployment compensation payments to those unemployed workers who have exhausted their benefits under the existing laws. It was signed into law on March 23, 1961.

Just what does the TEUC law provide?

The law provides that after an unemployed worker has exhausted his regular benefits under present State and Federal laws, the Federal Government will pay him additional sums for a period half as long as the duration of his State benefits, but not more than 13 weeks. In North Carolina and Virginia, the full 13 weeks are available to unemployed persons. The amount of these temporarily extended benefits will be the same amount as that paid by the State under its regular program, with the exception that the amounts received under a private pension plan financed by an employer will be deducted from these temporary benefits. Social Security payments will not be deducted.

Is it expected that this arrangement will become permanent?

It was not intended to be permanent at the time it was enacted into law in March of 1961, but it was passed to meet the unemployment problem which existed at the time it was passed.

Who is eligible to get the benefits?

Any unemployed person who has exhausted his regular unemployment compensation benefits since July 1, 1960 will be eligible for this additional unemployment compensation provided he continues to meet the State eligibility requirements such as actively seeking employment, availability for employment, etc.

When do the new benefits become effective?

The new benefits became effective on April 8, 1961 and persons entitled to benefits may file at their local Employment Security office. An eligible person may receive these extended benefits for the 13-week period beginning as of the date which he files his claim for such benefits.

Can you apply retroactively for the extended benefits?

The extended benefits will not be

paid retroactively and cannot begin sooner than the date on which a person files at his local Employment Commission office.

Q. What about persons retired under the Fieldcrest Pension Plan?

A. Former Fieldcrest employees who have retired under the Fieldcrest Pension Plan or Annuity Plan may receive the extended benefits if they meet the normal eligibility requirements of the State law. The amount of their benefits will be reduced by the amount of their Pension and Annuity Plan benefits, however.

Q. How do you register for the extended benefits?

A. A person must go to his local Employment Security Commission office in North Carolina, or Employment Commission office in Virginia, and register for these benefits in the same manner as was done when he registered for his regular unemployment compensation benefits at the time he first became unemployed.

Q. Who decides if a person is eligible?

A. The local State Employment Commission office decides this under its rules for determining if a person is eligible for the regular unemployment benefits. I might point out here that the State Employment Security Commission offices are administering this program for the Federal Government and the Federal Government is paying the State agencies with the money it collects from all employers, such as Fieldcrest.

Company Pays

Every employee at Fieldcrest is covered by unemployment insurance which costs the employee nothing. The entire cost is borne by the Company. Read the feature on this page and, the next time you hear someone say, "I'm due unemployment benefits because I paid for them," you'll know better!

Q. Would you please explain further how this program is financed?

A. As you know, the Company pays an unemployment compensation tax, based on its payroll, to each state where it has employees and also to the Federal Government. The portion that we will pay to the Federal Government for this year will be at the rate of four-tenths of one percent, but in order to pay for these extended benefits, the Federal Government has doubled its rate to eight-tenths of one percent of the Company's payroll up to \$3,000 per employee. The addition of another four-tenths of one percent tax on



WILLIAM B. LUCAS

... Explains Extended Benefits Law ...

Fieldcrest's payroll will cost Fieldcrest an additional \$70,000 per year taxes for the years 1962 and 1963 when you take into account the fact that we have nearly 6,000 employees and the additional tax will be \$12 per year per employee.

Q. As a matter of information, just how much does unemployment insurance for its employees cost Fieldcrest each year?

A. At the new rate, we'll be paying the federal government \$140,000 a year. The unemployment insurance taxes we paid to the separate states last year amounted to over \$330,000. You can see that the total, state and federal, is close to a half-million dollars.

Q. It gets into big money, doesn't it?

A. It does. And don't forget the Company pays the entire cost of unemployment insurance. In addition, the Company pays half of the cost of Social Security and the employee pays half. In 1960, the Company paid approximately \$580,000 as its share of the Social Security taxes. So you're talking about in excess of a million dollars a year which the Company pays in payroll taxes to provide unemployment insurance and Social Security benefits for employees.

Q. Would you have any comment on these costs?

A. I'm glad you called them "costs." These legally-required benefits as well as Fieldcrest's other employee benefits are "extras" which employees receive in addition to their paychecks. To the Company, though, they represent additional costs of doing business and are possible only as the Company's operations are profitable.