

Jobless Aid Measure Likely To Die In Senate

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WASHINGTON (AP) -- Republicans in the Senate appear likely to kill legislation to provide continued unemployment checks to millions of people and provide states with billions of dollars to avert layoffs.

It would be a bitter defeat for President Barack Obama and Capitol Hill Democrats, who have been trying to advance the measure for months as an insurance policy against a double-dip recession.

Despite another round of cuts to the measure aimed at pacifying GOP deficit concerns, the measure seems doomed to die by a filibuster in a vote expected as early as Thursday.

Majority Leader Harry Reid, D-Nev., said he would pull the measure from the floor if Democrats lose the vote. Democrats hope that political pressure from voters and business groups might eventually revive the measure.

The latest version of the measure contains a variety of provisions sought by lawmakers in both parties, blending jobless aid averaging about \$300 a week with the renewal of dozens of tax cuts sought by business groups and a host of other legislation. It is considerably smaller than a version that passed with GOP help just three months ago.

"It adds new taxes and over \$30 billion to an already staggering \$13 trillion dollar national debt," said Minority Leader Mitch McConnell, R-Ky.

The catchall measure also includes \$16 billion for state governments to avert layoffs, farm disaster aid, \$1 billion for a youth summer jobs initiative and an extension of a bond program that subsidizes interest costs for state and local infrastructure projects. It would levy a new tax on investment fund managers but extend tax breaks such as lucrative credits that help businesses finance research and develop new products, and a sales tax deduction that mainly helps people in states without income taxes.

The death of the measure would mean that more than 200,000 people a week would lose their jobless benefits because they would be unable to reapply for additional tiers of benefits enacted since 2008. People seeking the popular homebuyer tax credit would be denied a paperwork extension approved by the Senate last week.

"This is a bill that would remedy serious challenges that American families face as a result of this Great Recession," said Max Baucus, D-Mont., the chief author of the bill. "This is a bill that works to build a stronger economy. This is a bill to put Americans back to work."

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And doctors are livid about a 21 percent cut in their Medicare payments imposed last week; the bill would have afforded them a six-month reprieve from the cuts. Speaker Nancy Pelosi, D-Calif., Thursday dropped her demand that the Medicare fee fix be part of the broader measure and told reporters that the House may clear a stand-alone bill for Obama's signature as early as Thursday night.

By the end of this week, about 1.2 million people will have lost their jobless benefits since a temporary extension expired at the beginning of the month, according to Labor Department estimates.

Thirty states had been counting on federal support to help balance their budgets for the fiscal year beginning next week since a \$24 billion version had earlier passed both House and Senate. Without the money, governors warn they'll have to lay off tens of thousands of workers.

The pared-back \$16 billion aid package would have meant almost \$2 billion for cash-starved California and more than \$2 billion for New York, according to estimates by the Center on Budget and Policy Priorities, a liberal research and advocacy group.

Crestfallen Democrats tried in vain to win support from moderate Republicans like Olympia Snowe and Susan Collins of Maine, leaving them apparently two votes short of the 60 needed to defeat a filibuster. But talks collapsed Wednesday, aides said, leading Majority Leader Harry Reid, D-Nev., to offer a pared-back measure that would add \$33 billion to the deficit over the upcoming decade.

The bill has long been considered a must-pass measure, but the political sands have shifted since it first passed in March. That vote came in the wake of a political scalding for Republicans after Sen. Jim Bunning, R-Ky., blocked a short-term extension of jobless aid.

In the interim, however, the debt crisis in Europe and growing anxiety on deficits and debt among voters has turned Republicans against the legislation, even though it's been cut considerably since passage of a March version that would have added about \$100 billion to the debt.

Most of the measure -- except for a six-month extension of jobless benefits for people who have been out of work for more than six months - is financed with offsetting tax increases or spending cuts, including more than \$10 billion cut from last year's stimulus bill. Congress has always approved additional unemployment benefits as a deficit-financed emergency measure.

Democratic leaders said they bent over backwards to accommodate demands by Republicans for a smaller measure. Among the cuts revealed Wednesday was a more than \$10 cut from last year's stimulus bill, mostly by paring back food stamp benefits by about \$11 a month per beneficiary.

"They asked to have it reduced, we did it. They asked to have it paid for, we did it," said Sen. Patty Murray, D-Wash.

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A spokesman for Snowe confirmed she would vote to support the filibuster. She had unsuccessfully pressed for changes to a tax reform provision aimed at small businesses that shelter income as dividends exempt from payroll taxes. Collins told reporters she is undecided.

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