

worker loses purchasing power and the employer loses the worker's skills. Lastly, a worker must now prove (in the majority of States) that he is "actively seeking work," which is all right as a general principle but unfair and unrealistic in its application in individual cases.

Administrative problems.—The States have no reason to be proud of their postwar record for prompt payment of claims. In States with bi-weekly payments only 46 percent of the first payments during the fiscal year 1949 were made within 2 weeks. Only 35 percent of interstate claims were paid within 2 weeks.

In the meantime, the cost of administration is constantly rising. States are spending more, relatively and in dollar amounts, than ever before. Greater promptness in payment could be achieved by decentralizing claims determination and payments to local offices. Most States are tightly centralized in both respects. At present only 28 States have decentralized the adjudicating of claims; in four of these States—California, Michigan, Minnesota, and Rhode Island—benefits are actually paid in the local office.

Pay-roll reporting.—Quarterly pay-roll reporting, required now in all but five States, is a burden on employers

and on State agencies since so few wage records are ever referred to. These could easily be obtained on request when claims are actually filed. Significant savings in administration would be effected if quarterly wage reporting were to be abolished by all the States.

Financing benefits.—Unemployment insurance reserves are adequate in every State for at least the next 2 years even if present State laws are liberalized.

Federal tax rate.—Admittedly the original 3-percent tax on employers was too high. Therefore, the law should allow State-wide rate reductions if that rate is retained.

There are arguments against 100-percent Federal grants for State administration, among them the fact that State governments are not so immediately concerned with an agency's administrative efficiency if State funds are not appropriated to help meet the cost of operations.

Relation to other programs.—Mr. Altmeyer brought out that unemployment insurance must be considered in its relation to temporary and permanent disability insurance, and also to public assistance and possible work programs. He said he favored a comprehensive contributory social insurance program because he was opposed

to a "hand-out" system of social security.

Grants-in-aid.—In advocating a Federal grants-in-aid system for operation of unemployment insurance, Mr. Altmeyer read the summary of a report made in April 1935 by the Business Advisory Council for the Department of Commerce, which pointed up some of the advantages of such a system. The summary of the report follows:

"It is believed that the grant-in-aid type of legislation would have advantages: In dealing on a Nation-wide basis with situations which cross and transcend State boundaries; in establishing and maintaining throughout this country the essential minimum standards; in removing all obstacles to bring the reserve funds into Federal control; in that it would run less risk of unconstitutionality compared with the Wagner-Lewis type of legislation when the latter is equally equipped with provisions of minimum standards for the States; in that Federal collection and Federal control of funds through the power to allow or disallow grants, would be an important element in national control; and in that it would lend itself more readily to developing a national system should that become advisable."

Notes and Brief Reports

Dependents' Allowances in Unemployment Insurance

Amendments to six State unemployment insurance laws during 1949 brought to 11 the total number of States with provisions for dependents' allowances. The new provisions enacted in Alaska, Arizona, Maryland, North Dakota, and Ohio had all become effective by September; Wyoming's provision is to be effective January 1, 1950.

Operations, January-March 1949

With six additional States paying dependents' allowances, operating

data for the five older systems¹ of this type during the first quarter of 1949 might well be examined for the answers to such pertinent questions as: How many beneficiaries receive allowances for dependents? What type of dependents do they have? What proportion receive the maximum payment? How much more do they receive than other beneficiaries? How much does it cost?

Of the 217,749 new beneficiaries of unemployment insurance in these five States during January-March 1949, 72.3 percent had no dependents on whose behalf they could draw payments (table 1). Only 27.7 percent

¹ Connecticut, the District of Columbia, Massachusetts, Michigan, and Nevada.

drew augmented benefits for dependents: 11.2 percent for only one dependent, 8.2 percent for two dependents, 4.5 percent for three, 3.3 percent for four, and 0.4 percent for five or more dependents.

Of the male beneficiaries, 38.4 percent had dependents and received dependents' allowances; for female beneficiaries, this group represented only 5.1 percent. Most of the men who received augmented payments received them for more than one dependent. Of the women receiving unemployment insurance benefits, more than half of the 5.1 percent with augmented payments received them for one dependent only.

The smallest percentage of beneficiaries having dependents' allowances was in the District of Columbia (10 percent), the highest in Michigan (36 percent). One factor in the large

number receiving no additional allowances for dependents in the District of Columbia, particularly among male beneficiaries, is the provision that the maximum benefit is the same amount with or without dependents. The statutory maximum of three dependents accounts for the fact that the District of Columbia data show no beneficiaries with four or five or more dependents during the quarter (table 1). The same type of provision held the number of dependents for which allowances were payable to three in Nevada, where the ceiling was later raised to four dependents during the 1949 legislative session.

In the District of Columbia and Nevada—the two States that included as dependents persons other than children—most of the beneficiaries entitled to dependents' allowances received allowances in behalf of children. One-fourth of the beneficiaries received allowances for a spouse but no child. Only 5 percent of the beneficiaries entitled to allowances received them because of a dependent parent or stepparent (table 2).

Beneficiaries with dependents' allowances accounted for 24 percent of the total number of weeks of unemployment compensated during January-March 1949 in the five States with dependents' allowances (table 3). This percentage, slightly lower than the proportion of new beneficiaries entitled to allowances, does not indicate any reluctance on the part of recipients of dependents' allowances to accept reemployment. In Connecticut, Massachusetts, and Michigan, the proportion of all payments made to claimants with dependents' allowances was less than the proportion of all first payments to claimants with dependents' allowances.

Except in the District of Columbia, where no person entitled to the maximum basic weekly benefit could receive dependents' allowances, the majority of those who received dependents' allowances were entitled to the basic maximum. In each of the four other States, moreover, the average basic benefit was higher among recipients of dependents' allowances than among those not entitled to the allowances.

Average weekly benefits for those

who received the allowances increased 20 percent—from 12 percent in the District of Columbia to 24 percent in Connecticut. Since most of the beneficiaries did not receive allowances, however, the average weekly benefit for all beneficiaries was only 5 percent higher than it would have been had the allowances not been paid. The highest percentage increase (7 percent) was in Michigan.

During the first quarter of 1949, dependents' allowances in the five States amounted to \$2.3 million, or 4.8 percent of the total amount of

benefits paid. The relative cost was greatest in Michigan, where the allowances represented 6.6 percent of the total benefit outlay during the quarter.

1949 Legislation

Table 4 summarizes the provisions in the 11 States that provide for augmented payments for dependents. The 1949 legislatures in Massachusetts, Michigan, and Nevada made some changes in their provisions for dependents' allowances. Massachu-

Table 1.—Number and percentage distribution of new beneficiaries by number of dependents and by sex of beneficiary, five States, January-March 1949

[Corrected to Aug. 2, 1949]

| State and sex | Total number of beneficiaries | Percentage distribution by specified number of dependents | | | | | | | |
|---------------------------|-------------------------------|---|------|-----------|------|------|------|------------------|------------------|
| | | Total | None | 1 or more | | | | | |
| | | | | Total | 1 | 2 | 3 | 4 | 5 or more |
| Total..... | 217,749 | 100.0 | 72.3 | 27.7 | 11.2 | 8.2 | 4.5 | 3.3 | 0.4 |
| Connecticut..... | 34,460 | 100.0 | 76.7 | 23.3 | 10.8 | 7.4 | 3.1 | 2.0 | ----- |
| District of Columbia..... | 5,195 | 100.0 | 89.9 | 10.1 | 5.5 | 3.1 | 1.4 | ----- | ----- |
| Massachusetts..... | 84,542 | 100.0 | 78.3 | 21.7 | 9.4 | 6.5 | 3.3 | 1.4 | 1.1 |
| Michigan..... | 90,400 | 100.0 | 64.2 | 35.8 | 13.2 | 10.5 | 6.2 | 6.0 | ----- |
| Nevada..... | 3,152 | 100.0 | 66.5 | 33.5 | 14.7 | 8.1 | 10.8 | ----- | ----- |
| Male..... | 147,829 | 100.0 | 61.6 | 38.4 | 15.1 | 11.4 | 6.4 | 4.8 | .6 |
| Connecticut..... | 19,931 | 100.0 | 63.9 | 36.1 | 16.4 | 11.5 | 5.0 | 3.3 | ----- |
| District of Columbia..... | 3,697 | 100.0 | 91.7 | 8.3 | 4.4 | 2.4 | 1.5 | ----- | ----- |
| Massachusetts..... | 54,305 | 100.0 | 67.1 | 32.9 | 13.9 | 9.9 | 5.1 | 2.1 | 1.7 |
| Michigan..... | 67,531 | 100.0 | 55.0 | 45.0 | 16.2 | 13.1 | 7.9 | 7.8 | ----- |
| Nevada..... | 2,365 | 100.0 | 57.5 | 42.5 | 18.2 | 10.2 | 14.1 | ----- | ----- |
| Female..... | 69,920 | 100.0 | 94.9 | 5.1 | 2.8 | 1.6 | .5 | .2 | (¹) |
| Connecticut..... | 14,529 | 100.0 | 94.3 | 5.7 | 3.2 | 1.8 | .6 | .2 | ----- |
| District of Columbia..... | 1,498 | 100.0 | 85.5 | 14.5 | 8.3 | 4.9 | 1.3 | ----- | ----- |
| Massachusetts..... | 30,237 | 100.0 | 98.2 | 1.8 | 1.2 | .4 | .1 | (¹) | (¹) |
| Michigan..... | 22,869 | 100.0 | 91.4 | 8.6 | 4.3 | 2.7 | 1.0 | .6 | ----- |
| Nevada..... | 787 | 100.0 | 93.5 | 6.5 | 4.1 | 1.7 | .8 | ----- | ----- |

¹ Less than 0.05 percent.

Table 2.—Number of new beneficiaries entitled to dependents' allowances and percent entitled to allowances for specified type of dependent, by sex of beneficiary, District of Columbia and Nevada,¹ January-March 1949

[Corrected to Aug. 2, 1949]

| State and sex | Number of entitled beneficiaries | Percent entitled to dependents' allowances for— | | | | | |
|---------------------------|----------------------------------|---|-----------------------|--------------------------|--|--|--|
| | | Dependent children under age limit | | | Dependent spouse and no children under age limit | 1 or more dependent parents or stepparents | Dependents other than spouse, parents, or children under age limit |
| | | Total | With dependent spouse | Without dependent spouse | | | |
| Total..... | 1,580 | 67.1 | 29.0 | 38.1 | 25.3 | 4.6 | 5.9 |
| District of Columbia..... | 524 | 78.4 | 1.7 | 76.7 | 5.2 | 12.2 | 4.2 |
| Nevada..... | 1,056 | 61.5 | 42.5 | 18.9 | 35.2 | .8 | 2.6 |
| Male..... | 1,312 | 64.3 | 34.8 | 29.5 | 30.0 | 3.0 | 2.7 |
| District of Columbia..... | 307 | 78.8 | 2.9 | 75.9 | 7.2 | 10.4 | 3.6 |
| Nevada..... | 1,005 | 59.8 | 44.5 | 15.3 | 36.9 | .8 | 2.5 |
| Female..... | 268 | 80.9 | .7 | 80.2 | 2.2 | 11.9 | 4.9 |
| District of Columbia..... | 217 | 77.9 | 0 | 77.9 | 2.3 | 14.7 | 5.1 |
| Nevada..... | 51 | 94.1 | 3.9 | 90.2 | 2.0 | 0 | 3.9 |

¹ The only States allowing benefits for dependents other than children during this period.

sets amended its law (1) to make those in partial unemployment eligible to receive allowances (effective October 5, 1949), and (2) to ensure that receipt of dependents' allowances does not reduce the potential number of weeks of benefits during a worker's benefit year (effective October 16, 1949).

Michigan increased the maximum basic benefit from \$20 to \$24, so that an eligible claimant with four or more children would have his maximum augmented benefit raised to \$32 for unemployment beginning on or after July 3, 1949. The new legislation also increased the amount of the maximum potential benefits, including dependents' allowances, from \$560 to \$640 in a benefit year.

Effective July 1, 1949, Nevada increased (1) the maximum weekly benefit from \$20 to \$25; (2) the al-

lowance per dependent from \$2 to \$3; and (3) the number of compensable dependents from three or more to four or more, thus raising the total potential allowance from \$8 to \$12. The augmented benefit is, however, limited to 6 percent of high-quarter wages.

Alaska.—For all eligible Alaska claimants whose benefit years begin on July 1, 1949, or later, additional payments of 20 percent of the weekly benefit are to be made for each dependent, or up to 60 percent of the weekly benefit amount for the total number of dependents who are wholly or mainly supported by the claimant. The weekly benefit amount is computed as $\frac{1}{20}$ of high-quarter wages with a maximum of \$25 per week and a minimum of \$8. Under the Alaska amendment, a dependent is defined as

a wife or a son, daughter, stepson, or stepdaughter under 18 years of age who is not gainfully employed and who is totally or mainly supported by the unemployed beneficiary. Also included as dependents, if disabled and unable to work, are a husband, mother, father, stepmother, or stepfather or a brother, sister, son, daughter, stepson, or stepdaughter over age 18. If both husband and wife are receiving benefits only one of them is entitled to the additional payment. All provisions for dependents' allowances apply only to dependents who reside in Alaska.

Arizona.—Effective June 30, 1949, the amendment to the Arizona unemployment insurance law provides for dependents' allowances of \$2 a week for the first dependent and \$2 for each additional dependent up to three. The amendment also provides that no additional payment shall be made to a claimant for a dependent who is in receipt of unemployment insurance. A dependent in the Arizona law is defined as a claimant's unmarried child under 18 years of age and living with him or receiving regular support from him; a wife or husband who is living with the claimant or receiving regular support from the claimant and is not gainfully employed; or a parent, stepparent, or parent-in-law of the claimant who is wholly or mainly supported by him.

Maryland.—The Maryland amendment, effective June 1, 1949, relates only to dependent children who are not over 16 years of age. For each dependent child, up to four, a beneficiary may receive a weekly allowance of \$2, or a maximum total allowance of \$8 for four or more children. Such payment may be made to only one parent if more than one parent is receiving benefits.

North Dakota.—An individual's weekly benefit amount is indicated by a schedule in the law, and may be from \$5 to \$20 according to the amount of high-quarter wages. Effective on July 1, 1949, to such basic benefit a dependent's allowance may be added. The amount of the dependents' allowances varies according to

Table 3.—Selected data on weeks compensated and amount of payments to all claimants and to claimants receiving dependents' allowances, five States, January–March 1949

[Corrected to Aug. 2, 1949]

| Item | Five States, total | Connecticut | District of Columbia | Massachusetts | Michigan | Nevada |
|--|--------------------|-------------|----------------------|---------------|--------------|-----------|
| Ratio (percent) of weeks compensated, beneficiaries receiving dependents' allowance, to weeks compensated, all beneficiaries..... | 24.1 | 19.3 | 13.5 | 20.2 | 32.1 | 34.8 |
| Ratio (percent) of weeks of total unemployment compensated, beneficiaries receiving dependents' allowances, to weeks of total unemployment compensated, all beneficiaries..... | 25.0 | 19.3 | 14.9 | 21.8 | 32.1 | 34.7 |
| Percentage distribution of weeks of total unemployment compensated, beneficiaries receiving dependents' allowances, by amount of basic weekly benefit: | | | | | | |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Less than \$10..... | 1.2 | 4.1 | 10.8 | .5 | .5 | .3 |
| 10-14.99..... | 2.0 | 4.3 | 34.4 | 1.3 | .8 | 1.3 |
| 15-19.99..... | 3.4 | 8.8 | 54.8 | 2.7 | .5 | 3.2 |
| 20.00 or more..... | 1 83.5 | 82.9 | (1) | 95.4 | 98.2 | 95.3 |
| At maximum basic weekly benefit..... | 1 89.3 | 69.8 | (1) | 89.0 | 98.2 | 95.3 |
| All beneficiaries: | | | | | | |
| Average basic weekly payment, total unemployment..... | \$20.87 | \$20.02 | \$17.26 | \$22.47 | \$19.62 | \$19.44 |
| Average weekly payment, including dependents' allowances, total unemployment..... | \$21.94 | \$21.05 | \$17.51 | \$23.36 | \$21.01 | \$20.70 |
| Percentage increase..... | 5.1 | 5.1 | 1.2 | 4.0 | 7.1 | 6.5 |
| Beneficiaries receiving dependents' allowances: | | | | | | |
| Average basic weekly payment, total unemployment..... | \$21.74 | \$21.94 | \$14.44 | \$24.32 | \$19.86 | \$19.72 |
| Average augmented weekly payment, total unemployment..... | \$26.04 | \$27.26 | \$16.14 | \$28.41 | \$24.16 | \$23.34 |
| Percentage increase..... | 19.8 | 24.2 | 11.8 | 16.8 | 21.7 | 18.4 |
| Amount of benefits paid, all beneficiaries: ¹ | | | | | | |
| Total amount..... | \$46,418,150 | \$7,590,608 | \$1,003,997 | \$21,766,414 | \$15,455,002 | \$602,138 |
| Dependents' allowances..... | \$2,250,031 | \$377,308 | \$15,590 | \$803,789 | \$1,016,170 | \$37,174 |
| Ratio (percent) of dependents' allowances to total amount..... | 4.8 | 5.0 | 1.6 | 3.7 | 6.6 | 6.2 |

¹ In the District of Columbia, no dependents' allowances are payable above the basic weekly maximum of \$20.

² Not adjusted for voided benefit checks and transfers under interstate combined-wage plan.

Table 4.—Summary of provisions for dependents' allowances under State unemployment insurance programs, 1949

| State | Types of dependents covered | Statutory amount of weekly allowances | Maximum weekly allowance for dependents | Basic weekly benefit | Maximum total augmented weekly benefit | Maximum potential benefits with dependents' allowances |
|-----------------------|--|---|---|----------------------|--|--|
| Alaska..... | Dependent wife, or child under age 18; husband, parent or stepparent, brother or sister, or child over age 18 if unable to work. | 20 percent of weekly benefit amount for each dependent, up to 60 percent. | \$15 | \$25 | \$40 | \$625 |
| Arizona..... | Dependent unmarried child under age 18; non-workingspouse or parents. | \$2 for each dependent up to 3. | 6 | 20 | 26 | 312 |
| Connecticut..... | Dependent child 16 years of age and under. | \$3 for each dependent up to ½ weekly benefit amount. | 12 | 24 | 36 | 936 |
| District of Columbia. | Dependent child under age 16; if disabled—spouse, other relatives, or older children. | \$1 for each dependent up to 3. | 3 | 20 | 20 | 400 |
| Maryland..... | Dependent child not over age 16. | \$2 for each child up to \$3 for 4 or more. | 8 | 25 | 33 | 858 |
| Massachusetts..... | Dependent child under age 18. | \$2 for each child..... | (²) | 25 | (²) | (²) |
| Michigan..... | Dependent child under age 18, or under age 21 if disabled. | \$2 for each child up to 4 or more. | 8 | 24 | 32 | 640 |
| Nevada..... | Dependent wife, child under age 16 and not employed; husband, parent, brother or sister—if unable to work. | \$3 for each dependent up to 4 or more. | 12 | 25 | 37 | 962 |
| North Dakota..... | Dependent unmarried child under age 18 and not receiving more than \$5 in wages. | \$2 for each child up to 3 or more. | 6 | 20 | 26 | 520 |
| Ohio..... | Dependent child or stepchild under age 18. | \$2.50 for each dependent up to 2. | 5 | 25 | 30 | 780 |
| Wyoming..... | Dependent child, adopted child, or stepchild aged 18 or under. | \$3 for each dependent up to \$6. | 6 | 25 | 31 | 620 |

¹ The District of Columbia law provides the same maximum with or without dependents.

² Depends on the high-quarter earnings of the claimant. The maximum, including dependents' allowances, may not exceed wages.

the schedule from \$2 for one child up to \$6 for three or more children. As \$20 is the maximum weekly benefit amount, the total augmented benefit payable in North Dakota is \$26 under the amended act. A dependent is defined as an unmarried child, including a stepchild or an adopted

child whether or not legally adopted, who is under age 18 and is living with the individual claiming benefits or receiving regular support from him and receiving no remuneration in excess of \$5 in the claim week. If both the husband and wife receive benefits with respect to a week of unemploy-

ment, only one of them is entitled to receive dependents' allowances.

Ohio.—The unemployment insurance act of Ohio provides (effective August 22, 1949) the sum of \$2.50 for each of an eligible claimant's dependent children under 18, but not more than \$5 for any 1 week. The amendment defines a dependent child as any child or stepchild of the individual claiming the benefit, who at the beginning of the claimant's current benefit year was under 18 years of age and was being wholly or chiefly supported by such individual. If both husband and wife qualify for benefits for the same week, only one of them is entitled to the additional payment. As the maximum benefit payment in Ohio has been raised to \$25 a week, the total over-all maximum payment has thus become \$30 a week.

Wyoming.—Effective for claims filed with respect to any benefit year beginning on or after January 1, 1950, the Wyoming act is amended to provide dependents' allowances in addition to the basic benefits. The amount that may be paid is \$3 per week for each dependent child, adopted child, or stepchild, 18 years of age or under, or \$6 for two or more dependent children. If both husband and wife are receiving unemployment insurance benefits, only the parent having the custody of the children is entitled to the additional allowances paid on their behalf. The maximum basic benefit amount was raised to \$25 a week; the total potential benefit including dependents' allowances therefore amounts to \$31 a week.