

Unemployment Benefit Rights and Beneficiaries in Polk County, Iowa, 1938-39

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Dislocations due to material shortages focus attention anew on the role of unemployment compensation in mitigating distress occasioned by unemployment. Analyses of the operation of the program before the defense upswing had reached significant proportions add to our knowledge of how the unemployment compensation program protects its beneficiaries during periods when employment is at lower levels.

CURRENT ANALYSES by the Bureau of Employment Security have indicated that under most State unemployment compensation laws the benefits available to claimants are such that at least half of them fail to become reemployed before exhausting their benefit rights even in prosperous periods.¹ Particularly in States with provisions for variable duration of benefits, large numbers of beneficiaries have exhausted their benefit rights.

These conclusions were confirmed by a study of all beneficiaries in Polk County (Des Moines), Iowa, who completed a benefit year during the last 6 months of 1939. The shortcomings of the program in Polk County as a first line of defense against the effects of unemployment were further revealed by an examination of the unemployment experience of beneficiaries. The average beneficiary was entitled to only about 12 weeks of benefits. Primarily because of this restriction on benefit rights, two-thirds of all beneficiaries exhausted their benefit rights. After drawing benefits for relatively few weeks, a large proportion of the claimants remained unemployed for long periods. Nearly one-half of those who exhausted their rights did not have earnings of \$50 or more in covered employment in Iowa during any quarter between the exhaustion of benefits and the close of the quarter in which the benefit year terminated, and 40 percent did not have any earnings at all during this period. Many beneficiaries who exhausted their rights to benefits

did not earn enough to qualify for additional benefits at the beginning of the next benefit year.

Approximately one out of every six beneficiaries in the study was connected with a household which received general relief or WPA employment during the benefit year or during the 6-month period immediately preceding the benefit year. Nineteen percent of those who exhausted benefits and 13 percent of those who did not were in households obtaining general relief or WPA employment during the benefit year. In relation to age, occupation, weekly benefit amount, and potential duration, there was no clear demarcation between the beneficiaries who did and those who did not receive general relief. Considerable variation was shown between the two groups, however, with respect to the size of the family unit. The average number of dependents of the beneficiaries having relief status was 2.7, compared with 1.7 for those without relief experience. Nearly 30 percent of the cases with relief experience obtained less than \$20 in direct relief during the benefit year, but 18 percent received \$100 or more during this period. Moreover, one-fourth of those who were allowed \$200 or more in unemployment benefits also received at least \$100 in relief during the benefit year.²

Beneficiaries and Benefit Provisions

The population studied in Polk County consisted of all beneficiaries who completed a benefit year during the last 6 months of 1939. The investigation was confined to one county because of

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¹ Duration of Benefit Payments series, currently issued by the Reports and Analysis Division of the Bureau of Employment Security.

² An analysis of the reemployment and relief experience of beneficiaries in another more highly industrialized locality is available in *Adequacy of Unemployment Compensation Benefits in the Detroit Area During the 1938 Recession*, Employment Security Memorandum No. 14, Bureau of Employment Security, Social Security Board, January 1941. A summary of this study appeared in the *Social Security Bulletin*, Vol. 3, No. 11 (November 1940), pp. 3-11.

the difficulty in obtaining all necessary information on a State-wide basis. The fact that centralized records of all relief cases are maintained by the local community chest, the accessibility of the necessary information, and the relatively large number of claimants from a limited area were the primary factors in the selection of Polk County rather than some other community. Since the area chosen represents the most highly urbanized county in the State, the employment pattern in this area is not strictly representative of the State as a whole. Nevertheless, the results obtained should have some bearing on other localities.

Each claimant's benefit year, as defined by the Iowa law at the time this study was made, covered the 52 consecutive weeks beginning with the first day of the week with respect to which benefits were first payable to him. Thus, the period selected for study covers the 18 months from July 1938, the month in which the first benefit year began, to December 1939, the month in which the last benefit year ended. Since benefits were not payable in Iowa until July 1938, and since employment conditions were relatively unfavorable during the first 6 months of that year, the program was put to a fairly severe test immediately. Although employment began to show an upward trend beginning with July 1938, a seasonal slump occurred between October of that year and February of 1939 and again between November 1939 and the end of the year. Therefore, the study should shed some light on the operation of the program when employment opportunities are somewhat below the normal level.

The benefit duration of the claimants studied was based upon $\frac{1}{2}$ of the claimant's wages during the base period, consisting of the first 8 of the last 9 completed calendar quarters immediately preceding the first day of the benefit year. However, maximum duration was limited to 15 weeks, and benefit credits could not exceed \$65 during any calendar quarter of the base period. Since individual wage credits were not maintained prior to January 1, 1937, the base period consisted of only 5 quarters at the time benefits first became payable. But for claimants not entitled to the maximum duration under these conditions, earnings in subsequent quarters were used for extending the duration beyond that originally provided. As a result of such lag-quarter redeterminations, the base period was much longer in many instances

than the 5 quarters available at the time the initial claim was filed.

In order to be eligible for benefits under the Iowa law, the claimant must have earned at least 15 times his weekly benefit amount during the first 4 of the last 5 completed calendar quarters immediately preceding the benefit year. Such a low eligibility requirement permits automatic qualification whenever the weekly benefit rate is based upon $\frac{1}{2}$ of the highest-quarter earnings of the base period, and it permits a minimum potential duration of only 2.5 weeks.

The Volume of Benefit Rights

The provision restricting benefits to $\frac{1}{2}$ of base-period wages reduced the number of weeks of benefits available to most claimants below the maximum. Nearly 6 percent of the 3,765 beneficiaries analyzed had potential duration of less than 5 weeks, 26 percent had potential duration of less than 10 weeks, while 39 percent qualified for the 15-week maximum (table 1). The average potential duration for all beneficiaries was 12.1 weeks. The average duration for men was 12.3 weeks, and 40 percent were eligible for the 15-week maximum; for the women the average duration was 11.8 weeks, and 36 percent were eligible for the maximum.

A direct relationship existed between the size of the weekly benefit amount³ and the potential duration of benefits. For persons with a weekly benefit amount of less than \$5, 37 percent were entitled to benefits for less than 5 weeks and only 7.9 percent had a potential duration of 15 weeks. At the other extreme, only 1.8 percent of those with a weekly benefit amount of \$15 had a potential duration of less than 5 weeks and 64 percent were entitled to the 15-week maximum.

Of all cases in the study, 66 percent exhausted their benefit rights (table 2). Although fairly striking differences were observed among certain social and economic groups with respect to the proportion that utilized all their benefit credits, it is significant that more than one-half of the men and women from every group analyzed—age, industry, occupation, and marital status—exhausted all benefits to which they were entitled. Indeed, these high exhaustion ratios

³ Computed as 50 percent of the most recent full-time weekly wage, or $\frac{1}{2}$ of high-quarter wages, with a maximum of \$15 and a minimum of \$5, or the full-time weekly wage, whichever was the lesser.

Table 1.—Number and percentage distribution of beneficiaries with specified weekly benefit amounts, in Polk County, Iowa,¹ by number of full weeks of potential duration

Weekly benefit amount	All beneficiaries	Percentage distribution by number of full weeks of potential duration							
		Total	Less than 5	5-6.9	7-8.9	9-10.9	11-12.9	13-14.9	15
All beneficiaries	3,765	100.0	5.8	6.1	8.9	10.4	12.8	17.3	38.7
Men	2,803	100.0	4.9	5.0	8.4	10.8	13.6	17.2	39.5
Women	962	100.0	8.3	7.7	10.3	9.4	10.3	17.6	30.4
Less than \$5.00	140	100.0	37.1	15.0	14.3	11.4	7.9	6.4	7.9
5.00-5.99	600	100.0	16.8	14.2	15.5	14.2	11.3	12.8	15.2
6.00-6.99	313	100.0	4.5	6.4	9.9	12.5	13.1	20.1	33.5
7.00-7.99	350	100.0	2.8	6.2	11.0	16.0	14.3	18.5	31.2
8.00-8.99	330	100.0	2.4	6.4	7.9	10.3	16.7	19.1	37.3
9.00-9.99	319	100.0	2.2	4.4	8.5	11.0	14.1	21.0	38.9
10.00-10.99	353	100.0	1.1	2.0	5.1	11.0	15.3	17.6	47.9
11.00-11.99	272	100.0	.7	4.0	4.8	5.5	11.8	24.3	48.9
12.00-12.99	274	100.0	1.1	1.5	5.8	7.7	13.9	21.9	48.2
13.00-13.99	171	100.0	2.3	2.9	5.8	7.6	12.3	21.1	48.0
14.00-14.99	144	100.0	2.8	6.2	9.7	7.6	9.0	23.7	41.0
15.00	493	100.0	1.8	2.0	5.7	5.7	10.5	9.9	64.3

¹ Based on the wage records and benefit ledgers of all beneficiaries in Polk County who completed a benefit year during July-December 1939.

understate the amount of uncompensated unemployment which beneficiaries experienced. Since the study is limited to individuals who filed claims during the first 6 months in which benefits were payable in Iowa, it is obvious that many of the workers had been unemployed for a considerable length of time before filing initial claims. Had the program been in operation at an earlier date, the total period of unemployment would undoubtedly have exceeded the duration of benefits in many additional cases. An analysis of beneficiaries who completed a benefit year in Wayne County, Michigan, on June 30, 1939, revealed that 43 percent of the men and 53 percent of the women who did not exhaust their benefit rights would have done so if benefits had been payable immediately after their separation from employment.⁴

A definite inverse relationship existed between the potential duration of benefits and the proportion of beneficiaries who exhausted their benefit rights. Thus, the exhaustion ratio for those entitled to less than 5 weeks of benefits was 88 percent as compared with 55 percent for those having potential duration at the 15-week maximum; the remaining cases fell between these two extremes. Low potential duration is usually occasioned by casual or intermittent employment preceding the

⁴ *Adequacy of Unemployment Compensation Benefits in the Detroit Area During the 1938 Recession*, op. cit., p. 14.

claim for benefits, and the workers in this category would probably have exhausted their benefit rights even if they had been eligible for several additional weeks of benefits.

The exhaustion ratio tended to decline as the weekly benefit amount increased, apparently because high benefit amounts were associated with substantial potential duration. There was little or no tendency for exhaustion ratios of beneficiaries with given potential duration to decline as weekly benefit amounts increased. The data suggest, therefore, that the provision for variable duration causes the benefit provisions to be particularly restrictive for claimants with irregular prior employment, and that this limitation is accentuated by the tendency of claimants with irregular prior employment to earn relatively small amounts per week.⁵

The potential duration of benefits varied considerably among the different industrial groups. More than half the claimants from printing and publishing, communication and utilities, and the manufacture of iron and steel and nonelectrical machinery were eligible for the maximum duration of 15 weeks. On the other hand, less than one-third of the beneficiaries whose last covered employment was in food manufacturing, finance, insurance and real estate, or the various service industries had a potential duration at the 15-week maximum.

⁵ Since many weekly benefit amounts were based on high-quarter earnings, irregular employment in the high quarter would result in such inadequacy.

Table 2.—Percent of beneficiaries exhausting benefit rights, by weekly benefit amount and full weeks of potential duration¹

Number of full weeks of potential duration	Percent of beneficiaries exhausting benefit rights	Percent of beneficiaries with specified weekly benefit amount exhausting benefit rights						
		Less than \$5.00	\$5.00-6.99	\$7.00-8.99	\$9.00-10.99	\$11.00-12.99	\$13.00-14.99	\$15.00
All beneficiaries	60.3	60.3	73.4	68.7	67.9	63.2	59.7	54.8
Less than 5	87.6	78.8	90.4	94.4	72.7	100.0	100.0	88.9
5-5.9	81.1	72.7	81.0	77.8	100.0	87.5	71.4	80.0
6-6.9	79.7	100.0	80.4	80.0	76.9	57.1	71.4	80.0
7-7.9	82.6	64.3	83.9	85.3	81.0	91.7	80.0	87.5
8-8.9	80.6	66.7	73.5	87.1	87.5	88.2	78.6	85.0
9-9.9	75.9	44.4	77.3	77.1	87.1	72.2	78.6	64.7
10-10.9	70.3	42.9	79.3	72.1	83.7	61.1	70.0	100.0
11-11.9	74.4	60.0	74.1	80.4	72.5	80.8	66.7	66.7
12-12.9	67.8	83.3	58.2	68.0	76.3	72.7	62.5	60.7
13-13.9	67.3	60.0	56.8	64.3	84.2	67.3	53.8	76.2
14-14.9	61.1	50.0	70.7	62.4	56.0	58.4	59.6	53.6
15	54.8	45.5	62.8	58.1	58.7	55.8	49.6	45.4

¹ See table 1, footnote 1.

There were fairly significant differences among industrial groups with respect to the proportion of beneficiaries utilizing all their benefit credits. The highest exhaustion ratios, more than 70 percent, were found among beneficiaries formerly employed in communication and utilities; finance, insurance, and real estate; and the manufacture of chemicals and nonelectric machinery (table 3). The groups of beneficiaries from printing and publishing, manufacture of apparel, and the iron and steel industries had the lowest exhaustion ratios. The differences in the exhaustion ratios for men and women were also significant; 71 percent of the women, as compared with 65 percent of the men, used all their benefit rights. Considerably smaller differences in the exhaustion ratios of men and women may be noted in food manufacturing, retail trade, and finance, insurance, and real estate; larger differences were evident in communication and utilities, the service groups, and the manufacture of chemicals. For the miscellaneous manufacturing groups and retail trade, the exhaustion ratio was slightly higher for the men than for the women.

Table 3.—Number of beneficiaries and percent who exhausted benefit rights, by selected industry and by sex¹

Industry	Total beneficiaries			Percent exhausting benefit rights		
	Total	Male	Female	Total	Male	Female
Total.....	3,765	2,803	962	66.3	64.8	70.8
Mining.....	543	540	3	63.5	63.7	(¹)
Construction.....	363	362	1	66.1	66.3	(¹)
Manufacturing:						
Food and kindred products.....	287	185	102	63.1	62.2	64.7
Apparel and other finished products.....	105	20	85	57.1	60.0	58.8
Printing, publishing, and allied industries.....	114	70	44	56.1	54.3	59.1
Chemicals and allied products.....	211	28	183	73.9	57.1	76.5
Iron and steel and their products.....	97	88	9	57.7	55.7	(¹)
Machinery (except electrical).....	84	82	2	73.8	74.4	(¹)
Miscellaneous manufacturing.....	207	154	53	73.4	74.0	71.7
Transportation.....	165	159	6	67.3	67.3	(¹)
Communication and other public utilities.....	69	48	21	72.5	66.7	85.7
Wholesale and retail trade:						
Wholesale distributors.....	288	234	54	64.0	63.7	70.4
Wholesale and retail trade combined.....	135	130	5	59.3	60.0	(¹)
Retail trade, not elsewhere classified.....	410	248	162	68.3	68.5	67.9
Finance, insurance, and real estate.....	131	68	63	76.3	75.0	77.8
Service industries.....	485	331	154	69.5	65.6	77.9
Not elsewhere classified.....	36	25	11	72.2	68.0	(¹)
Industry unknown.....	35	31	4	28.6	25.8	(¹)

¹ See table 1, footnote 1.

² Not computed; base less than 20.

Table 4.—Number and percentage distribution of all beneficiaries exhausting benefit rights and of beneficiaries with specified potential duration, by number of weeks between beginning of benefit year and date benefits were exhausted¹

Weeks between beginning of benefit year and date of exhaustion of benefits	Beneficiaries exhausting benefit rights		Potential duration			
	Number	Percent	Less than 15 weeks		15 weeks	
			Number	Percent	Number	Percent
Total.....	2,407	100.0	1,600	100.0	798	100.0
Less than 5.....	61	2.4	61	3.0	-----	-----
5-9.....	418	16.8	418	24.0	-----	-----
10-14.....	518	20.7	518	30.5	-----	-----
15-19.....	702	28.2	257	15.0	445	55.8
20-24.....	148	5.0	81	4.8	67	8.4
25-29.....	91	3.0	57	3.4	34	4.3
30-34.....	92	3.7	57	3.4	35	4.4
35-39.....	75	3.0	48	2.8	27	3.4
40-44.....	117	4.7	63	3.7	54	6.8
45-49.....	157	6.3	76	4.5	81	10.0
50 or more.....	118	4.7	63	3.7	55	6.9

¹ See table 1, footnote 1.

If benefits of the group studied were terminated near the completion of the benefit year, when the beneficiaries would soon be in a position to file new claims, all but a small portion of their short-run unemployment might have been compensable. On the other hand, if benefit rights were terminated within a relatively short time, no protection would be afforded by the program for any unemployment which might occur during a large portion of that benefit year. Forty percent of the beneficiaries who exhausted their benefit rights had done so in less than 15 weeks, and 68 percent had done so in less than 20 weeks after the beginning of the benefit year (table 4). More than two-thirds could therefore have received no compensation in the final 33 weeks of the benefit year.⁶ Of those entitled to the maximum duration of 15 weeks, nearly two-thirds had exhausted their benefits by the middle of the year and less than 10 percent had their benefit rights terminated within a month of the end of the benefit year. The average potential duration of uncompensated unemployment within the benefit year was approximately 31 weeks for all claimants analyzed—34 weeks for those with

⁶ Undoubtedly, some seasonal workers who filed claims in July 1938 returned to work before their benefits were exhausted, and consequently did not file an additional claim until the spring of 1939. Had the benefit-payment program been in operation prior to July 1938, it is believed that such workers would have filed their claims earlier and that the proportion who would have exhausted their rights within a few weeks would have been greater than indicated.

Table 5.—Number and percentage distribution of beneficiaries not exhausting benefit rights, by number of weeks that potential benefits exceeded benefits paid, by sex¹

Number of weeks that potential benefits exceeded benefits paid	Number			Percent		
	Total	Men	Women	Total	Men	Women
Total.....	1,208	987	281	100.0	100.0	100.0
1.....	184	143	41	14.5	14.5	14.4
2.....	119	89	30	9.4	9.0	10.8
3.....	101	82	19	8.0	8.3	6.9
4.....	99	67	32	7.8	6.8	11.0
5.....	94	68	26	7.4	6.9	9.3
6.....	79	61	18	6.2	6.2	6.0
7.....	65	43	22	5.1	4.4	7.8
8.....	78	62	13	5.9	6.3	4.5
9.....	70	65	14	6.2	6.5	5.0
10.....	63	62	11	5.0	5.3	3.9
11.....	72	64	8	5.7	6.5	2.7
12.....	51	42	9	4.0	4.2	3.3
13.....	46	33	13	3.6	3.3	4.8
14.....	44	33	11	3.5	3.4	3.9
15.....	97	83	14	7.7	8.4	5.1

¹ See table 1, footnote 1.

potential duration of less than 15 weeks, and 25 weeks for those whose potential duration was at the 15-week maximum.

Exhaustion near the beginning of the benefit year is explained by the fact that nearly two-thirds of both the men and women who exhausted their benefit rights did so in one spell, about one-fourth in two spells, and the remaining one-twelfth in three or more spells of unemployment. A larger proportion of those who did not exhaust their benefit rights experienced intermittent unemployment. About one-half drew benefits for one spell, about one-third for two spells, and the remaining one-sixth for three or more spells of unemployment. Of this group, the amount of intermittent employment was slightly greater among women.

About 15 percent of the beneficiaries who did not exhaust their benefit rights would have done so had their unemployment continued for another week, and 47 percent would have exhausted their benefits had their unemployment continued for an additional 5 weeks⁷ (table 5). For 30 percent, on the other hand, unemployment would have had to continue for at least 10 more weeks before exhaustion of benefits, so that the margin of safety was moderately substantial for about one-third of the cases not exhausting rights. The average

⁷ Since the last payment frequently amounted to only a few cents, some claimants probably failed to file the last continued claim even though they remained unemployed. This situation probably accounts for the relatively high number who came within 1 week of exhausting their benefit rights. It is likely that the exhaustion ratio would have been higher if the final payment were always the same denomination as the preceding payments.

of unused benefits was greater for the men than for the women; 24 percent of the women, as compared with 31 percent of the men, had an excess duration of 10 weeks or more.

Reemployment Experience

The length of time between the exhaustion of benefits and the date of reemployment is a significant measure of the consequences ensuing when a system fails to cover beneficiaries' periods of short-term unemployment. Data relating to reemployment were obtained from the wage-record files of the Iowa Employment Security Commission. They are subject to certain definite limitations. The Iowa law excludes from coverage employers of less than 8 workers and also exempts such employment as agriculture, domestic service, and self-employment. Earnings are reported only on a quarterly basis, and benefit years may end on any day within a quarter. Moreover, wage-record cards were not available beyond the fourth quarter of 1939 at the time the data were being collected. As a result, the wage records extend further beyond the date of exhaustion in some instances than in others, and consequently do not show uniformly for all beneficiaries experience in getting new jobs following exhaustion of benefits. Finally, the data do not show to what extent absence of recorded wages was due to withdrawal

Table 6.—Number of beneficiaries exhausting benefit rights and percentage distribution according to quarter of reemployment,¹ by sex and by quarter of benefit exhaustion²

Sex and quarter of benefit exhaustion in benefit year	Number of beneficiaries exhausting benefit rights	Percentage distribution by quarter of reemployment following quarter of benefit exhaustion						
		Total	None	Same quarter	1st quarter	2d quarter	3d quarter	4th quarter
All beneficiaries.....	2,497	100.0	49.9	22.0	17.7	6.5	3.5	0.4
1st quarter.....	897	100.0	51.7	14.4	19.9	7.7	5.1	1.2
2d quarter.....	980	100.0	40.3	21.2	20.5	8.5	3.5	-----
3d quarter.....	222	100.0	46.4	33.3	15.8	4.6	-----	-----
4th quarter.....	392	100.0	56.9	30.0	7.1	-----	-----	-----
Men, total.....	1,816	100.0	47.7	23.0	18.0	6.4	3.3	.4
1st quarter.....	648	100.0	50.0	15.4	21.0	7.1	5.3	1.2
2d quarter.....	715	100.0	43.4	22.8	21.4	8.8	3.0	-----
3d quarter.....	159	100.0	44.7	37.1	13.8	4.4	-----	-----
4th quarter.....	204	100.0	54.8	30.4	8.8	-----	-----	-----
Women, total.....	681	100.0	55.9	17.8	15.4	6.8	3.7	.4
1st quarter.....	249	100.0	56.3	10.4	10.5	8.8	6.8	1.2
2d quarter.....	271	100.0	64.2	17.0	18.1	7.7	3.0	-----
3d quarter.....	63	100.0	60.8	23.8	20.6	4.8	-----	-----
4th quarter.....	98	100.0	63.3	34.7	2.0	-----	-----	-----

¹ Calendar quarter in which at least \$50 was earned in covered employment.

² See table 1, footnote 1.

from the labor market in Iowa because of old age, death, migration to other States, marriage, or similar reasons.

Of the beneficiaries who exhausted their benefit rights, 22 percent were reemployed during the same calendar quarter in which exhaustion of benefits occurred and an additional 18 percent became reemployed during the first quarter following exhaustion (table 6).⁸ On the other hand, half the beneficiaries did not have earnings of as much as \$50 during any quarter between the exhaustion of benefits and the end of the benefit year.⁹ In fact, nearly 40 percent had no reported earnings during this interval.

The percentage who were reemployed during the same quarter in which exhaustion occurred varied from 14 percent for those who exhausted their benefits during the first quarter of the benefit year to 36 percent for those who did not exhaust their wage credits until the last quarter of the benefit year. While this variation may be due in part to the rising level of employment during the period studied, it is believed to be due primarily to the industrial attachment of the workers involved. For instance, of those whose post-exhaustion period began during the first quarter of the benefit year, only 48 percent succeeded in becoming reemployed, even though there were 4 possible quarters in which to find jobs. But of those whose post-exhaustion period began during the third quarter of the benefit year, 54 percent obtained reemployment during 2 possible quarters. The data suggest, therefore, that those who did not exhaust their benefit rights until late in the benefit year were more employable, were attached to establishments or industries which offered better opportunities for reemployment, or became unemployed shortly before an upturn in business conditions. Relatively more women than men failed to obtain reemployment regardless of the quarter of benefit exhaustion, but little difference could be noted between the men and women with respect to the immediacy of their reemployment.

⁸ For this phase of the study, reemployment was defined as \$50 or more of earnings in covered employment in a given calendar quarter. While this definition is admittedly arbitrary, it is based on the assumption that earnings of less than this amount ordinarily represent a very casual attachment to the labor market and in only rare instances would be indicative of a permanent job.

⁹ Owing to the fact that earnings were reported on a quarterly basis, the period covered actually extended beyond the close of the benefit year in nearly every instance. In other words, the earnings were computed from the beginning of the quarter in which benefits were exhausted to the close of the quarter in which the end of the benefit year occurred.

Table 7.—Percentage distribution of beneficiaries exhausting benefit rights, according to amount of post-exhaustion earnings, by quarter of exhaustion of benefit rights¹

Post-exhaustion earnings ²	Total	Quarter of benefit year in which exhaustion of benefit rights occurred			
		1	2	3	4
Number.....	2,407	897	986	222	302
Percent.....	100.0	100.0	100.0	100.0	100.0
None.....	39.2	37.6	36.1	39.2	50.8
\$1-49.....	8.0	9.5	8.2	9.5	8.9
50-99.....	7.0	6.8	6.2	7.2	9.7
100-199.....	9.7	8.0	9.1	12.2	12.0
200-299.....	7.5	7.4	7.7	8.6	6.6
300-399.....	5.5	5.6	5.8	7.8	4.3
400-499.....	4.6	4.6	5.1	4.0	4.1
500-749.....	9.3	9.6	11.4	9.0	3.6
750-999.....	4.0	4.8	5.1	2.2	-----
1,000 or more.....	4.3	5.5	5.3	1.8	-----

¹ 1st quarter of benefit year was either 3d or 4th quarter of 1938, 2d quarter of benefit year was either 4th quarter of 1938 or 1st quarter of 1939, and so on.
² Covers the period from the beginning of quarter of benefit exhaustion to the close of quarter in which benefit year expired.

The total amount of earnings, as well as the volume of employment, after exhaustion of benefit rights is pertinent to the analysis of beneficiaries' post-exhaustion experience. About 39 percent of the beneficiaries analyzed had no earnings, and an additional 16 percent had earnings of less than \$100 (table 7). At the other extreme, 18 percent earned \$500 or more. A definite relationship existed between the time of exhaustion and the amount earned. For example, of those who exhausted benefit rights during the first 2 quarters of the benefit year, about 52 percent had earnings amounting to less than \$100 and 21 percent had earnings of \$500 or more; whereas, for those who exhausted their benefit rights during the last 2 quarters of the benefit year, the corresponding percentages are 64 and 8, respectively. A most significant finding is that 54 percent of those having 5 possible quarters of reemployment earned less than \$100 during that time, which confirms the previous conclusion that the amount of uncompensated unemployment was substantial for a high proportion of the beneficiaries studied.

Since some beneficiaries had earnings between the beginning of the benefit year and the date of exhaustion, analyses were also made of earnings during the entire benefit year. This phase of the investigation revealed that 38 percent of all beneficiaries who exhausted their benefits earned less than \$100, and an additional 36 percent earned between \$100 and \$500. While the reemployment

experience was considerably better with respect to those who did not exhaust their benefit rights, as many as 16 percent in this group had earnings of less than \$100 and an additional 20 percent had earnings of between \$100 and \$500 during the course of the benefit year. It is impossible to compute accurately the number of these beneficiaries who would have been eligible for benefits had they filed a claim at the beginning of their next benefit year, but the figures relating to benefit-year earnings, which would become base-period earnings when these claimants attempted to initiate new benefit years, suggest that a large proportion would have been entitled to very small benefits, if any.

Relief Experience

The relief histories of the claimants studied provide additional information about the nature of the group receiving unemployment compensation and the significance of benefit payments to them during the benefit years under examination.¹⁰ Such information cannot solve the problems relating to the proper scope of various programs providing income to unemployed workers, but it will indicate the degree and manner in which relief payments and unemployment benefits were associated during the period studied.¹¹

A substantial proportion—17 percent—of the beneficiaries were in households which received relief payments at some time during the period extending from 6 months prior to the benefit year to the end of the benefit year.¹² Three-fourths of the families who were in receipt of relief before the initiation of benefit payments received relief payments after unemployment benefits became payable. Thus, over a fairly short period

of time, some families received income both from relief payments and unemployment benefits.

During the course of the benefit year, 16 percent of those who exhausted their benefit rights, as opposed to 9 percent of those who did not, were in households receiving relief payments. The fact that nearly 1 out of every 10 beneficiaries in the study who did not exhaust his benefit rights received relief before the benefit year had expired is attributed primarily to the fact that some beneficiaries were obliged to supplement their weekly earnings or weekly benefit amount with relief payments. In other instances, relief may have been obtained prior to the receipt of benefits following reemployment of short duration that occurred during the benefit year. Since redeterminations were made on the basis of wages earned during the benefit year, a lag of a few weeks usually occurred between the separation from such employment and the time benefits were again payable. The fact that some of the beneficiaries were secondary workers also explains the possibility of their having relief status outside of the compensable period, even though they may have become reemployed before they exhausted their benefits. Finally, a small final payment may have compelled some beneficiaries to apply for relief before benefits were completely exhausted.

Relief grants during the period investigated were probably about 10 percent below the amount necessary to sustain the household at the minimum level of subsistence as measured by the budgetary standards compiled by the State nutritionist. The maximum food allowance for households with no source of income other than relief was about \$1.75 per week for a single man, \$2.75 for households with 2 members, \$3.50 for households with 3 members, \$4.50 for households with 4 members, and so on up to \$10.50 for households with 12 members. About 1½ tons of coal were allowed per month during the winter, and the amount allotted for clothing was approximately one-third of the monthly grocery budget. One quart of milk was also furnished each day for every child under 5 years of age and a pint for every child between the ages of 5 and 12, with a maximum of 3 quarts per day. The cash allowance for food was further supplemented by surplus commodities as they were available. The actual cost of shelter was allowed in emergency cases up to a maximum of \$15 per month.

¹⁰ Data for this section were obtained from records of the Community Chest, the Polk County Emergency Relief Administration, and the county Works Progress Administration. Unfortunately, no information was obtainable on the extent to which beneficiaries utilized other sources of income such as insurance, savings, assistance from relatives, and private charity.

¹¹ The term "relief" is used to include general relief payments, WPA employment, or both, unless specifically noted. When an individual is spoken of as receiving relief, it should be understood that he was a member of a household receiving relief. There were 981 beneficiaries who received public assistance only in the form of hospitalization, juvenile aid, old-age assistance, or other categorical relief. These beneficiaries are not considered as having received relief payments.

¹² It should be emphasized that the number of households receiving relief payments is not a precise indication of the number of households in which income fell below the level which would nominally entitle them to relief payments. There is no evidence that all households meeting the Polk County standards for receipt of relief actually received relief. There is evidence that family income had to be at a very low level before relief payments were made.

Table 8.—Number and percentage distribution of beneficiaries according to exhaustion of benefit rights and specified number of dependents, by relief status ¹

Benefit status and number of dependents	Nonrelief		Relief ²	
	Number	Percent	Number	Percent
All cases, total.....	1,834	100.0	458	100.0
None.....	558	30.4	29	6.3
1.....	470	25.6	102	22.3
2.....	341	18.6	107	23.4
3.....	208	11.3	99	21.6
4.....	122	6.7	57	12.4
5 or more.....	135	7.4	64	14.0
Average.....	1.67		2.67	
Benefits exhausted, total...	1,185	100.0	361	100.0
None.....	401	33.8	25	6.9
1.....	315	26.6	86	23.8
2.....	207	17.5	87	24.1
3.....	118	10.0	74	20.5
4.....	68	5.7	39	10.8
5 or more.....	76	6.4	50	13.9
Average.....	1.52		2.50	
Benefits not exhausted, total	649	100.0	97	100.0
None.....	157	24.2	4	4.1
1.....	155	23.9	16	16.5
2.....	134	20.6	20	20.6
3.....	90	13.9	25	25.8
4.....	54	8.3	18	18.6
5 or more.....	59	9.1	14	14.4
Average.....	1.93		2.95	

¹ See table 1, footnote 1. Data on relief experience of beneficiaries obtained from files of Polk County ERA and the WPA.

² Includes cases which received general relief and/or WPA during benefit year.

³ 1,473 cases were excluded from table because number of dependents was unknown.

In order to obtain work projects employment it was necessary for the household to qualify for general relief. About 65 percent of the individuals who had such employment were also the recipients of general relief during the period under consideration. Although workers on WPA projects had to be certified by the relief agency, the "security wages" paid such workers were higher than the maximum relief grant for the average-sized household. The monthly "security wage" in Des Moines ranged from about \$55 per month for unskilled labor to \$95 per month for professional and technical workers during 1938 and 1939.

Relief Households Compared With Nonrelief Households

An attempt was made to determine what distinguished the beneficiaries who received relief during the benefit year from those who did not. Of the beneficiaries who did not receive relief payments, 73 percent were men, but among the

beneficiaries in relief households, 87 percent were men. About 81 percent of the beneficiaries having relief status were heads of their respective households, and of these 95 percent were men. Single persons comprised 30 percent of the nonrelief beneficiaries, as compared with 13 percent of those having relief status, while married persons constituted 58 and 73 percent of these groups, respectively.

The proportion of beneficiaries who received relief was relatively low at the younger age level, even though this group had lesser benefit rights. The number of relief cases among those aged 50 or more was also disproportionately small, which may be attributable to the fact that the number of persons dependent upon them for support is smaller, on the average, than for those in the middle-age group. In the nonrelief households beneficiaries aged 30-49 represented about 38 percent of the total cases, while in the relief households approximately 43 percent of the cases fell in this age group.

The analysis suggests that the need for relief was dependent to a significant degree upon the number of individuals in the beneficiary's household, a finding corroborated by a comparison of the number of dependents in relief and nonrelief households.¹³ Thirty percent of the beneficiaries without relief experience had no dependents, as compared with about 6 percent of the beneficiaries having relief status (table 8). On the other hand, proportionately twice as many from the relief as from the nonrelief households had three or more persons dependent upon them for financial assistance.

The benefit rights acquired by the beneficiaries who received relief during the benefit year were not significantly different from those acquired by beneficiaries who received none. Beneficiaries in receipt of relief during the benefit year had an average weekly benefit amount of \$9.83, while the average for those not in receipt of relief was about 2 percent lower (\$9.62) (table 9). Half the beneficiaries from relief households were allowed a

¹³ The number of dependents in nonrelief households was obtained from the registration cards available in the Des Moines office of the State Employment Service. The number of dependents of beneficiaries having relief status was the number in the relief household, as indicated in the records maintained by the Polk County Emergency Relief Administration, minus the beneficiary. A check of the number of dependents entered on the registration cards and the number in the relief household, when both figures were available for the same beneficiary, showed that there was little discrepancy between the number of dependents and the number of persons in the relief household.

weekly benefit amount in excess of \$10, whereas only 45 percent of the nonrelief cases were allowed more than \$10 per week. Therefore, the size of the weekly benefit amount, in and of itself, was not a major factor in compelling the beneficiaries to seek relief.¹⁴ This statement does not imply that higher weekly benefit amounts would not have reduced the proportion of beneficiaries (7.7 percent of all beneficiaries) who were forced to apply for relief during the compensable period. Rather, it indicates that other factors—number of dependents, position in the household, and lack of other means of support—forced claimants to resort to relief. Many others with the same, or even a lower, weekly benefit amount were able to maintain a livelihood without the assistance of relief grants.

The average potential duration of benefits allowed to the nonrelief group was 12.2 weeks, as compared with 11.8 weeks to the relief group. Seventy-five percent of the beneficiaries without relief experience, as compared with 70 percent of those with relief status, were eligible for 10 or more weeks of benefits. While these differences indicate that the potential duration was somewhat greater on the whole for the beneficiaries not known to have received relief, the differences are not of

¹⁴ The fact that the average weekly benefit amount is slightly higher for the relief than for the nonrelief group is probably explained by the predominance of men among the recipients of general relief.

Table 9.—Number and percentage distribution of beneficiaries by relief status, weekly benefit amount, and weeks of potential duration¹

Weekly benefit amount and potential duration	Nonrelief		Relief ²	
	Number	Percent	Number	Percent
Weekly benefit amount:				
All beneficiaries.....	3,236	100.0	520	100.0
Less than \$5.00.....	120	3.6	20	3.8
5.00-9.99.....	1,675	51.9	243	46.0
10.00-14.99.....	1,004	31.0	210	39.0
15.00.....	437	13.5	50	10.0
Average weekly benefit amount.....	\$9.62		\$9.83	
Weeks of potential duration:				
All beneficiaries.....	3,236	100.0	520	100.0
Less than 5 weeks.....	185	5.7	33	6.3
5-9.9.....	641	19.8	126	23.8
10-14.9.....	1,133	35.1	190	35.9
15.....	1,277	39.4	180	34.0
Average weeks of potential duration.....	12.2		11.8	

¹ See table 1, footnote 1.

² Includes cases which received general relief and/or WPA during benefit year.

Table 10.—Number and percent of beneficiaries with and without relief status in benefit year, by relief and benefit status¹

Relief and benefit status	Number	Percent
Total.....	3,765	100.0
Received no relief payments in benefit year.....	3,271	86.9
Received some relief payments in benefit year.....	494	13.1
Did not exhaust benefit rights.....	105	2.8
Exhausted benefit rights.....	389	10.3
Received relief payments prior to exhaustion.....	181	5.1
Received relief payments only after exhaustion.....	198	5.2

¹ See table 1, footnote 1.

² Includes all beneficiaries who received general relief payments alone or WPA employment and relief payments. Excluded are 21 claimants exhausting benefit rights and 14 claimants not exhausting benefit rights who received only WPA employment during the benefit year.

sufficient magnitude to be statistically significant. Limited duration of benefits, in itself, was therefore not a significant reason for the receipt of relief by beneficiaries.¹⁵

Although it might be expected that exhaustion of unemployment benefit rights would be a highly significant explanation of the receipt of relief payments by beneficiaries during the benefit year, this was not the case. While 13.1 percent of all beneficiaries received relief payments during the benefit year, 2.8 percent received relief grants although they had not exhausted their unemployment benefit rights (table 10). Among those beneficiaries who exhausted their benefit rights and received relief payments during the benefit year (10.3 percent of all beneficiaries), nearly half (5.1 percent of all beneficiaries) received relief payments before they had exhausted their benefit rights.¹⁶ Of the 494 beneficiaries who received relief during the benefit year, no more than 40 percent received relief payments only after exhaustion of benefit rights. Hence, destitution following exhaustion of benefit rights was not the primary factor in beneficiaries' receipt of relief payments during the benefit year.

These findings tend to refute the frequently expressed opinion that a higher eligibility requirement would exclude from benefits most of those who may be expected to need relief during their benefit years. The data indicate that many who qualify for low amounts do not receive relief and

¹⁵ Since the differences between the weekly benefit amounts and potential duration of the two groups were insignificant, the total amounts of benefits allowed were almost identical. The average potential benefit rights for the nonrelief group was \$121, as compared with \$120 for those in relief households. Furthermore, the proportion who were allowed total benefits of less than \$50 was no greater for the relief than for the nonrelief group.

¹⁶ In this connection, it should be noted that 1,099 beneficiaries, or 45 percent of all beneficiaries, exhausted their benefit rights within 20 weeks after the beginning of the benefit year.

Table 11.—Number and percentage distribution of beneficiaries according to exhaustion of benefit rights by position in household, and number of months relief was received during benefit year¹

Total months of relief	Benefits exhausted			Benefits not exhausted		
	Total	Head of household	Secondary worker	Total	Head of household	Secondary worker
Number of beneficiaries.....	410	340	70	119	90	29
Percent of total.....	100.0	100.0	100.0	100.0	100.0	100.0
1-2.....	24.6	23.2	31.4	42.0	46.7	31.1
3-4.....	27.8	28.5	24.3	23.5	24.4	20.7
5-6.....	19.0	20.6	11.4	13.4	12.2	17.2
7-8.....	11.2	11.8	8.6	7.6	6.7	10.3
9-10.....	9.8	10.0	8.0	5.0	4.4	6.9
11-12.....	7.6	5.9	15.7	7.0	5.0	13.8

¹ See table 1, footnote 1.

that, on the other hand, some who have relatively high weekly benefit amounts and substantial duration of benefits obtain relief prior to reemployment. Of the relief cases included in the present investigation, less than one-fourth would have failed to qualify for benefits had the eligibility requirement been raised from 15 to 30 times the weekly benefit amount.

Amount of Relief During Benefit Year

One-fourth of those who exhausted their benefit rights received relief for 2 months or less, and more than half were in receipt of relief for 4 months or less¹⁷ (table 11). On the other hand, nearly 30 percent received relief for 7 months or more and approximately 8 percent for 11 months or more. Of the beneficiaries who did not utilize all their benefit credits, more than two-fifths were in households which received relief for 2 months or less, and more than two-thirds in households which received relief for 4 months or less. Thus, the duration of relief was considerably less among the households in which the beneficiary did not exhaust benefit rights.¹⁸ It should be noted, however, that proportionately more households in which the bene-

¹⁷ These data do not indicate the total duration of relief, but the number of months in which relief was received. Relief might have been granted for only a portion of the month.

¹⁸ More than three-fourths of the cases receiving relief during the benefit year were accepted within 2 months after the beneficiary had received his final check for unemployment compensation. Some households were in receipt of relief assistance during the beneficiary's compensable period and simply continued to draw relief after the latter had exhausted rights to benefits. Many claimants experienced a period of unemployment immediately before benefits were payable and may have depleted their resources before unemployment compensation was available. A similar study based on a different period of time might therefore yield quite different results.

Table 12.—Total number of beneficiaries receiving general relief and cumulative percentage distribution of beneficiaries with specified potential benefit amounts, by amount of general relief received during benefit year

Amount of general relief received	Total number of general relief recipients	Cumulative percentage distribution by potential benefit amount					
		Total	Less than \$50	\$50-99	\$100-149	\$150-199	\$200 or more
Total number.....	494	494	69	135	127	106	57
Less than \$10.....	78	15.8	5.8	14.8	18.1	18.9	10.3
10-19.....	62	28.4	18.9	26.7	30.7	31.2	33.3
20-29.....	50	38.5	33.4	37.1	37.0	44.4	40.3
30-39.....	53	49.2	42.1	48.2	47.2	56.7	50.8
40-49.....	50	59.3	49.3	57.8	56.6	68.0	64.8
50-59.....	30	65.4	58.0	63.7	61.3	77.4	64.8
60-69.....	30	71.5	62.3	73.3	69.2	78.3	70.1
70-79.....	20	75.5	65.2	78.5	73.2	81.1	75.4
80-89.....	12	77.9	65.2	80.0	80.3	82.0	75.4
90-99.....	22	82.4	78.3	83.7	84.3	84.8	75.4
100 or more.....	87	100.0	100.0	100.0	100.0	100.0	100.0

¹ See table 1, footnote 1.

fiary was a secondary worker received relief for less than 2 months and more than 10 months. On the other hand, the average duration of relief was not materially different whether the beneficiary was or was not head of the household.

It is significant that nearly 16 percent of the beneficiaries who were in need of general relief received less than \$10 during the entire benefit year and an additional 13 percent obtained less than \$20. While these figures do not take into account earnings from WPA employment, they nevertheless suggest that an increase in the amount of benefit payments might have reduced the proportion of beneficiaries who received both unemployment benefits and relief payments during the benefit year. On the other hand, nearly one-fourth of those who were allowed benefits of \$200 or more also received at least \$100 in relief during the benefit year (table 12). In fact, when the amount of relief received during the benefit year is related to the potential benefit amount, it may be observed that those with limited benefit rights received very little more relief, on the average, than those with extensive benefit rights. In general, it may be said that, during the period studied, factors other than the volume of unemployment benefits available—primarily the number of persons dependent on beneficiaries—explain why a substantial group of beneficiaries received both relief payments and unemployment benefits during the same year.