

Duration of Unemployment Benefit Payments, Benefit Years Ended in 1941*

UNDER THE STATE unemployment compensation laws and the economic conditions prevailing for workers whose benefit years ended in 1941, the chances were even that a beneficiary would still be unemployed when he received his final compensation check. The proportion of beneficiaries who exhausted all benefit rights fell between 40 and 60 percent in 32 of the 43 States studied.¹ In 11 States, more than 55 percent of the eligible workers failed to be reemployed before exhausting their benefit rights.

These high exhaustion ratios generally resulted when the average potential duration of benefits was low.² The average ranged from less than 9 weeks to 18.2 weeks; in 8 States less than half of all eligible claimants were entitled to as many as 12 weeks of benefits.

Provisions for uniform duration of benefits,³ in effect in 9 States during the period studied, were more effective in tiding workers over their periods of unemployment than were the variable-duration provisions. Uniform duration of benefits for all workers, however, was not in itself a guarantee that eligible workers would be adequately protected during periods of unemployment. Substantial as well as uniform duration would appear to be one of the requirements of an adequate benefit formula.

The relatively high exhaustion ratios cannot be explained in terms of the personal character-

istics of the workers who claimed benefits during the period studied. During the present stage of the war economy, as the absolute number of unemployed tends to become stable, there may be a tendency for exhaustion ratios to increase. This may occur because workers currently claiming benefits include larger proportions of marginal workers and workers who experience relative difficulty in finding jobs. However, 1940-41, when claimants studied were unemployed and receiving benefits, was a somewhat different period from the present. While it was one of fairly good employment opportunities, considerable turn-over did occur in seasonal and consumer-goods industries. At the end of the period, particularly, large numbers of skilled and semi-skilled workers were laid off during the early stages of conversion from a peace to a war economy. High exhaustion ratios in such a period suggest that the benefit provisions of State laws are inadequate for meeting the larger-scale unemployment likely to occur during the shift back to peacetime occupations.

The Laws in Effect

During benefit years ended in 1941, uniform-duration provisions were in effect in 9 of the 43 State laws covered by this study (table 1). The number of full weeks for which benefits were payable in these States ranged from 13 to 16. In the other 34 States, which provided variable duration of benefits, the fraction of base-period earnings used to determine duration ranged from 16 to 33.3 percent of a year's earnings or 16.7 percent of 2 years' earnings. Overriding maximums in these 34 States ranged from 12 times the weekly benefit amount in Missouri to 26 times in California. Table 2 classifies the 43 State laws by type of duration provision; the maximum weeks of benefits are shown in parentheses.⁴

Under State laws with variable-duration provisions, the number of weeks for which workers can receive benefits depends not only on the duration provision itself, but on the law's eligibility

⁴ By March 1, 1943, the duration provision in 21 State laws had been modified, in most cases made more nearly adequate (see table 1).

* Prepared in the Program Division, Bureau of Employment Security, and based on reports submitted by State employment security agencies for workers whose benefit years ended during 1941. See the Bulletin for March 1942, pp. 5-13, for an analysis of duration statistics in 27 States for claimants whose benefit years ended in 1940.

¹ Data from 8 States—Alaska, Delaware, District of Columbia, Indiana, Massachusetts, North Dakota, South Carolina, Wisconsin—were not available or were not usable because of major legislative changes effected during the period studied.

² Potential duration is obtained by dividing the maximum amount of money a claimant can receive in a benefit year by his weekly benefit amount. Thus, a claimant entitled to \$100 in benefits within a benefit year at a rate of \$10 a week is said to have a potential duration of 10 weeks. If he draws the full \$100 to which he is entitled, he is said to have had an actual duration of 10 weeks although he may have, in fact, received benefits in more than 10 weeks as a result of reduced benefits for partial or part-total unemployment.

³ Under uniform-duration provisions, all workers who meet the eligibility requirement are entitled to a specified multiple of the weekly benefit amount, regardless of past earnings. The majority of State laws contain variable-duration provisions, under which benefits are limited to the lesser of 2 amounts—a certain multiple of the weekly benefit amount or a fraction of earnings in covered employment during a base period prior to a benefit year.

Table 1.—Major legislative provisions in effect during the period studied and on March 1, 1943

State	Period in which benefit years ended for claimants studied	Earnings requirement ¹ (minimum earnings or multiple of wba ²)		Percentage of wage credits ¹ to which benefits are limited		Fraction of high-quarter earnings used to determine weekly benefit amount		Minimum potential duration (multiple of wba ²)		Maximum potential duration (multiple of wba ²)	
		In period studied	As of Mar. 1, 1943	In period studied	As of Mar. 1, 1943	In period studied	As of Mar. 1, 1943	In period studied	As of Mar. 1, 1943	In period studied	As of Mar. 1, 1943
Alabama	Jan.-Dec. 1941	\$60 (30×wba)	Unchanged	33.3	Unchanged	1/26	Unchanged	10	Unchanged	20	Unchanged
Alaska ³			\$125 (25×wba)		33.3		1/20		8+		16
Arizona	Jan.-Dec. 1941	(14×wba) ⁴	Unchanged	16.7 ⁵	Unchanged	1/26	Unchanged	2+	Unchanged	14	Unchanged
Arkansas	Jan.-June 1941	\$48 (15×wba) ⁴	\$66 (22×wba)	33.3	Unchanged	1/26	Unchanged	5+	4	16	Unchanged
California	Jan.-Dec. 1941	\$300	Unchanged	54.3-22.5	Unchanged	1/20	Unchanged	9	Unchanged	26	Unchanged
Colorado	Jan.-Dec. 1941	\$150 (30×wba)	Unchanged	33.3	Unchanged	1/25	Unchanged	10	Unchanged	16	Unchanged
Connecticut	July 1940-June 1941	\$120 (24×wba)	\$144	23-15.3	About 20.0	About 1/16-1/25	About 1/20-1/25	4	4	13	18
Delaware ³			\$125		33.3		1/25		8+		13
Dist. of Col. ³			\$150-\$250 (25×wba)		50.0		1/23		10+		19
Florida	Apr.-Dec. 1941	\$180 (60×wba) ³	\$200 ⁵	16.7 ⁵	Unchanged	1/20	About 1/20-1/25	10	6	16	Unchanged
Georgia	Jan.-Dec. 1941	(16×wba) ⁴	\$100 (25-40×wba)	16.7 ⁵	Uniform duration	1/26	About 1/24-1/27	2+	16	16	Unchanged
Hawaii	Jan.-Dec. 1941	\$120 (24×wba)	\$150 (30×wba)	33.3	Uniform duration	1/25	Unchanged	8	20	16	20
Idaho	Jan.-Dec. 1941	\$140 (28-52×wba)	Unchanged	25.0	Unchanged	About 1/17-1/33	Unchanged	7	Unchanged	17	Unchanged
Illinois	Mar. 31, 1941 ⁶	\$225	Unchanged	25.0	49-25	1/20	Unchanged	4+	7+	16	20
Indiana ³			\$150-\$250		16.0 ⁷		1/25		4		16
Iowa	Jan.-Dec. 1941	(15×wba)	Unchanged	16.7 ⁵	Unchanged	1/26	Unchanged	2+	Unchanged	15	Unchanged
Kansas	Jan.-Dec. 1941	(16×wba) ⁴	\$100-\$200	16.0	33.3	1/25	Unchanged	1	6+	16	Unchanged
Kentucky	Mar.-Dec. 1941	\$200	Unchanged	Uniform duration	Unchanged	1/26	Annual table	16	Unchanged	16	Unchanged
Louisiana	Jan.-June 1941	\$64 (16×wba) ⁴	\$60 (20×wba)	16.7 ⁵	25.0	1/26	1/20	2+	5	18	20
Maine	Mar. 31, 1941 ⁶	\$144	Unchanged	Uniform duration	40.0-17.8	Annual table	Annual table	16	9+	16	Unchanged
Maryland	Mar. 31, 1941 ⁶	\$150 (30×wba)	\$150	25.0	Unchanged	1/26	1/20	7+	4+	16	20
Massachusetts ³			\$150		30.0		About 1/23-1/25	7+	7+	20	20
Michigan	Jan.-Dec. 1941	\$200	\$250	30-25	Unchanged	1/25	1/20	7+	5	16	20
Minnesota	Jan.-Dec. 1941	(30×wba)	\$200	33.3	35-16	1/25	Annual table	6	10	16	Unchanged
Mississippi	Jan.-June 1941	(16×wba) ⁴	\$90 (30×wba)	16.7 ⁵	Uniform duration	1/26	Unchanged	4+	14	14	Unchanged
Missouri	Jan.-Dec. 1941	(16×wba)	(40×wba) ⁵	16.0 ⁵	20.0 ⁶	1/25	Unchanged	2+	8	12	16
Montana	Jan.-Dec. 1941	\$150 (30×wba)	\$150	Uniform duration	Unchanged	1/25	Unchanged	16	Unchanged	16	Unchanged
Nebraska	Jan.-Dec. 1941	\$150 (30×wba)	\$200	33.3	Unchanged	1/25	Unchanged	10	7+	16	Unchanged
Nevada	Jan.-Dec. 1941	\$200	\$200-\$450	33.3	Unchanged	1/20	Unchanged	6+	7	18	Unchanged
New Hampshire	Feb. 28, 1941 ⁶	\$200	Unchanged	16.7	42-17	1/26	Annual table	4+	14	16	Unchanged
New Jersey	Jan.-Dec. 1941	\$80 (16×wba)	\$150	16.7	20.0	1/26	1/22	2+	6	16	18
New Mexico	Jan.-Dec. 1941	\$90 (30×wba)	Unchanged	33.3	Unchanged	1/26	Unchanged	10	Unchanged	16	Unchanged
New York	Mar. 31, 1941 ⁶	\$175 (25×wba)	Unchanged	Uniform duration	Uniform duration	1/23	Unchanged	13	20	13	20
North Carolina	Jan.-Dec. 1941	\$130	Unchanged	Uniform duration	Unchanged	Annual table	Annual table	16	Unchanged	16	Unchanged
North Dakota ³			\$150 (30×wba)		Uniform duration	Uniform duration	1/26	16	16		16
Ohio	Jan.-Dec. 1941	20 weeks	\$160 and 20 weeks	Uniform duration	Uniform duration	50% of weekly wages	About 1/18-1/26	16	18	16	18
Oklahoma	Jan.-Dec. 1941	(16×wba)	\$132 (22×wba)	16.7	33.3	1/26	1/20	2+	7	16	Unchanged
Oregon	Dec. 31, 1940 ⁶	\$200	Unchanged	16.7	Unchanged	1/20	6%	3+	2	16	Unchanged
Pennsylvania	Jan.-Dec. 1941	\$97.50 (13×wba)	\$100	12.5 ⁸	About 14.3	1/28	Unchanged	1+	3	13	16
Rhode Island	Mar. 31, 1941 ⁶	\$100	Unchanged	30-18	34-20	About 1/9-1/20	About 1/8-1/20	3+	Unchanged	20	Unchanged
South Carolina ³			\$120 (30-40×wba)		Uniform duration	1/26	1/26	16			16
South Dakota	Mar. 31, 1941 ⁶	\$126	Unchanged	Uniform duration	33-18	Annual table	Annual table	14	6	14	Unchanged
Tennessee	Jan.-Dec. 1941	\$120 (30×wba)	\$125 (25-30×wba)	Uniform duration	Unchanged	1/26	About 1/20-1/26	16	Unchanged	16	Unchanged
Texas	Apr. 1940-Mar. 1941	\$80 (16×wba)	Unchanged	20.0	Unchanged	1/26	Unchanged	3+	Unchanged	16	Unchanged
Utah	July 5, 1941 ⁶	\$144 (36×wba-\$36)	\$150 (30×wba)	20.0	Uniform duration	1/24	1/20	8	20	8	20
Vermont	Jan.-Sept. 1941	(25×wba) ⁸	\$125 (25×wba)	33.3	Unchanged	1/26	Unchanged	8+	Unchanged	14-15	15
Virginia	Mar. 31, 1941 ⁶	\$75 (25×wba)	\$100 (25×wba)	25.0	Unchanged	1/25	Unchanged	6	Unchanged	16	Unchanged
Washington	Jan.-Dec. 1941	\$200	Unchanged	33.3	Unchanged	1/20	Unchanged	6+	Unchanged	16	Unchanged
West Virginia	Mar. 31, 1941 ⁶	\$150	Unchanged	Uniform duration	Uniform duration	Annual table	Annual table	14	16	14	16
Wisconsin ³			14 weeks		50.0 ¹⁰	(11)		7			20-36 ^{1/2} 12
Wyoming	Jan.-Dec. 1941	\$140 (28×wba)	Unchanged	25.0	Unchanged	1/20	Unchanged	7	Unchanged	14	Unchanged

¹ Applies to 1-year base period unless otherwise noted.

² Wba denotes weekly benefit amount. A dollar amount preceding a multiple of wba in parentheses is the product of that multiple and the minimum weekly benefit amount.

³ Not included in present study because data not available or because legislative changes made data not comparable.

⁴ Qualifying period 3 calendar quarters.
⁵ 2-year base period or qualifying period.

⁶ Uniform benefit year.
⁷ 5-quarter base period.

⁸ 25×weekly benefit amount, but not less than \$125, effective June 1, 1941.

⁹ Maximum raised from 14× to 15×weekly benefit amount, effective June 1, 1941.

¹⁰ From any employer's account, 1/2 of week's benefit for each week of employment, not to exceed 40 weeks' employment by this employer, within 52 weeks ending with last week of employment, provided that not more than 52 weeks have elapsed since such last week.

¹¹ Varying percentage of average weekly wage.

¹² Depends on continuity of unemployment and number of base-period employers.

Table 2.—State laws covered in report, classified by type of duration provision and maximum weeks of benefits (in parentheses)

State laws with uniform-duration provisions	State laws with variable-duration provisions limiting benefits to—				
	½ of 1 year's earnings	¼ of 1 year's earnings	¼ or ⅓ of 1 year's earnings	⅓, 16 percent, or ⅓ of 2 years' earnings	Varying proportions of 1 year's earnings
Ky. (16) Maine (16) Mont. (16) N. Y. (13) N. O. (16) Ohio (16) S. Dak. (14) Tenn. (16) W. Va. (14)	Ala. (20) Ark. (16) Colo. (16) Hawaii (16) Minn. (16) Nebr. (16) Nev. (18) N. Mex. (16) Vt. (14-15) Wash. (16)	Idaho (17) Ill. (16) Md. (16) Va. (16) Wyo. (14)	Kans. (16) N. H. (16) N. J. (16) Okla. (16) Oreg. (16) Tex. (16) Utah (16)	Ariz. (14) Fla. (16) Ga. (16) Iowa (15) La. (18) Miss. (14) Mo. (12) Pa. (13)	Calif. (26) Conn. (13) Mich. (16) R. I. (20)

requirement and method of computing the weekly benefit amount. As far as individual claimants are concerned, the higher the weekly benefit amount, the shorter the potential duration, other things being equal. That is to say, if a claimant were allowed to receive a larger amount of benefits per week under a variable-duration provision, his potential duration would be shortened, unless he was entitled to the overriding maximum number of weeks. In States with a very low minimum weekly benefit amount, one might expect to find a larger number of claimants entitled to relatively long durations, while in States with a high minimum weekly benefit amount many workers might be entitled to more substantial benefits, but for a shorter period. In practice, however, other factors generally offset this relationship. Thus, in most States with variable-duration provisions, claimants with the lowest weekly benefit amounts were entitled to the shortest potential duration (see discussion below).

Under variable-duration provisions, average potential duration is even more directly affected by qualifying requirements than by weekly benefit amounts. Stringent eligibility requirements, by denying benefits to claimants with low earnings and therefore low potential duration, yield relatively high average potential duration. On the other hand, less stringent qualifying requirements render more individuals eligible for benefits, lower the minimum number of weeks for which they qualify, and so decrease the average potential benefit duration. Because of lenient qualifying requirements and the small fraction of base-period earnings to which workers were entitled, the minimum potential duration for which workers could

qualify was less than 3 weeks in Arizona, Georgia, Iowa, Kansas, Louisiana, Missouri, New Jersey, Oklahoma, and Pennsylvania (table 1). In contrast, stricter eligibility requirements plus generally more liberal duration provisions resulted in a minimum potential duration of 10 weeks in Alabama, Colorado, Florida, Nebraska, and New Mexico.

Half of the States represented in this study have amended the duration provisions of their laws since the period studied, generally in the direction of providing more nearly adequate benefits. Thus, by March 1 of this year, 4 States had replaced variable-duration provisions with uniform-duration provisions, 9 had increased the proportion of wage credits used to determine benefit rights, and 5 others had increased the maximum number of weeks for which benefits are payable. Three other States switched to a varying proportion of wage credits in computing maximum benefits (the proportion varying with the total amount of wage credits), and one abandoned this method in favor of a proportion uniform for all workers.⁵

Because of these changes, the conclusions derived from this study must be qualified somewhat as far as these particular States are concerned. However, as of March 1, 1943, only 16 States provided a uniform duration of benefits for all eligible workers; in many other States, potential durations of a very few weeks were still possible.

Employment and Unemployment in the Period Studied

For proper interpretation, duration statistics must be reviewed against the background of business conditions prevailing in the base periods and benefit years under consideration. Potential duration of benefits under variable-duration provisions is affected by employment conditions in the base period—roughly the calendar year 1939⁶

⁵ These changes were as follows: variable to uniform duration—Georgia, Hawaii, Mississippi, Utah; maximum weeks increased under uniform duration—Ohio; increase in proportion of wage credits and in maximum weeks—Illinois, Louisiana, Missouri, New Jersey, Pennsylvania; increase in proportion of wage credits, no change in maximum weeks—Kansas, New Hampshire, Oklahoma, Rhode Island; maximum weeks increased under variable duration—Maryland, Michigan; varying proportion to fixed proportion of wage credits—Connecticut; uniform duration to varying proportion of wage credits—Maine, South Dakota; fixed proportion to varying proportion of wage credits—Minnesota.

⁶ Base periods extended as far back as October 1937 in Arizona, Florida, Georgia, Iowa, Louisiana, Mississippi, Missouri, and Pennsylvania, all of which had a 2-year base period. In most of the other States in this report, base periods began with the last quarter of 1938.

for the data analyzed in this study; actual duration of benefits, under any type of provision, is affected by business activity in the benefit year, i. e., 1940-41 in this report, as well as by potential duration of benefits. Meaningful generalizations as to the adequacy of the duration provisions in State laws can be made only in the light of the economic circumstances under which those provisions operate. Comparisons among the States cannot be valid unless account is taken of individual State variations from national employment trends.

June 1938 marked the end of the 1937-38 recession. The moderate upward trend in employment which began in that month continued in the first 10 months of 1939. Hence, the base periods of most claimants covered by this report were characterized by fairly good employment opportunities which permitted claimants to accumulate a reasonable amount of protection under an adequate unemployment compensation law.

The upward trend in employment was reversed in the winter of 1939-40, but was resumed in March and was greatly accelerated in the latter half of 1940 as a result of the general expansion of production for defense at home and war abroad. By the end of 1941, employment of workers covered by unemployment compensation laws had increased by 3.2 million workers, to a total of 27.8 million.

This general upward trend does not tell the whole story. The drop in employment in the winter of 1939-40 was the most serious since the 1937-38 recession. Increased employment in heavy industries early in 1940 was not large enough to offset declines—larger than seasonal—in other manufacturing industries. Unusually severe weather curtailed construction operations sharply in January 1940. Throughout 1940 and 1941, seasonal declines, especially in mining, construction, transportation, finance, and service industries, tempered the general upward trend in employment throughout the Nation. Moreover, this upward trend tapered off significantly in the third quarter of 1941, and 22 States reported declines in employment in September. These declines, which continued into the last quarter of 1941, reflected the early stages of transition from a defense to a war program: shortages of essential materials, delays in delivery, priority and curtailment orders, and plant conversion.

As a result of these factors and despite higher employment levels, the total amount of benefit payments was 21 percent greater in 1940 than in 1939. As many as 35 States reported increased payments during 1940, and in 8 of them (Alaska, Arkansas, California, Florida, Massachusetts, Mississippi, Vermont, Washington), benefit disbursements increased by more than 50 percent. In 1941, however, the total number of initial claims, which reflect lay-offs of covered workers, was 23 percent below the 1940 total and benefit payments were 34 percent below. These figures were lower than in any previous year. All States except Florida, Michigan, and West Virginia shared in the decline in initial claims. Claim loads soared at the end of 1941; more than a million initial claims were filed in December compared to a half million in September.

The following tabulation compares claim and beneficiary loads in 1940 and 1941 with those in 1939 and 1942:

Year	Total number of claimants ¹ (in thousands)	Eligible claimants ¹		Beneficiaries ²		
		Number (in thousands)	Percent ³ of total claimants	Number (in thousands)	Percent ³ of—	
					Total claimants	Eligible claimants
1939.....	6,700	5,500	82	4,785	71	87
1940.....	7,328	6,271	86	5,220	71	83
1941.....	5,435	4,573	84	3,426	63	75
1942.....	4,250	3,639	86	2,799	66	77

¹ Estimated for periods for which data were not reported by some States; number of claimants assumed equal to number of new claims disposed of on first determination; number of eligible claimants assumed to equal number of claims allowed on first determination adjusted for reversals on reopened claims.

² Based on unrounded data.

³ Number of beneficiaries, estimated for periods for which data were not reported by some States, assumed equal to number of first payments.

Since the industrial composition of covered employment varies widely among the States, they participated in the 1940-41 employment increases and declines in varying degrees. Throughout the following discussion the fact that the character of the State's industry greatly influences benefit experience should be borne in mind. While covered employment in some States is highly diversified, in others it is concentrated in a few important industries. Some States are dominated by highly unstable industries; in others the major industries are characterized by little employment fluctuation. Diversification of industrial activity, stability of employment, and degree

of participation in the defense boom all affected workers' chances of unemployment in individual States and were reflected in the following data.

Potential Duration of Benefits ⁷

Average potential duration ranged from less than 9 weeks in Kansas and Oklahoma to 17.5 and 18.2 weeks in California and Alabama, respectively (table 3). These averages hide even greater variations. In the 9 uniform-duration States,⁸ all eligible claimants were entitled to more than 12 weeks of benefits; by contrast, there were 8 States with variable-duration provisions,⁹ in which less than half the eligible claimants were entitled to receive benefits for as many as 12 weeks. Potential duration of 16 or more weeks was accorded to all eligible claimants in 6 uniform-duration States¹⁰ and to more than 50 percent of the eligible claimants in 12 of the variable-duration States.¹¹ At the other end of the scale were 8 States¹² in which no claimants were entitled to receive as many as 16 weeks of benefits, and 6 others¹³ where less than one-fifth of the eligible claimants were entitled to benefits of such duration. In 3 States,¹⁴ more than 10 percent of the eligible claimants were entitled to less than 4 weeks of benefits.

These differences in number of available weeks of benefits stem largely from variations in the benefit formulas in effect, rather than from variations in economic conditions. Generally speaking, average potential duration under laws limiting benefits to one-third of base-year earnings was higher than that under laws paying a maximum of one-fourth of a year's earnings; the latter laws, in turn, gave greater potential duration than laws with smaller fractions. Minimum duration—resulting from the interaction of duration provisions and qualifying requirements—maximum duration,

⁷ Data in this section relate to only 38 States. Potential duration could not be computed in the 5 States (Arizona, Georgia, Louisiana, Mississippi, Missouri) which redetermined some claimants' benefit rights each quarter during the benefit year.

⁸ Kentucky, Maine, Montana, New York, North Carolina, Ohio, South Dakota, Tennessee, West Virginia.

⁹ Connecticut, Iowa, Kansas, New Jersey, Oklahoma, Oregon, Rhode Island, Texas. By March 1, 1943, all these States except Iowa, Oregon, and Texas had made changes in their laws which would tend to raise potential duration.

¹⁰ Kentucky, Maine, Montana, North Carolina, Ohio, Tennessee.

¹¹ Alabama, Arkansas, California, Colorado, Hawaii, Maryland, Michigan, Minnesota, Nebraska, New Mexico, Virginia, Washington.

¹² Connecticut, Iowa, New York, Pennsylvania, South Dakota, Vermont, West Virginia, Wyoming.

¹³ Kansas, New Hampshire, New Jersey, Oklahoma, Oregon, Rhode Island.

¹⁴ Kansas, Oklahoma, Pennsylvania.

Table 3.—Average potential and actual duration, ratio of actual to potential duration, and exhaustion ratio of beneficiaries, 43 States, benefit years ended in 1941

State	Average potential duration, eligible claimants	Average actual duration, beneficiaries	Ratio of average actual to average potential duration	Percent of beneficiaries exhausting benefit rights
Uniform-duration States:				
Kentucky.....	10.0	10.5	65.6	42.4
Maine.....	16.0	9.1	56.9	27.1
Montana.....	16.0	13.1	81.9	60.0
North Carolina.....	16.0	10.1	63.1	42.5
Ohio.....	16.0	10.4	65.0	33.2
Tennessee.....	16.0	11.1	69.3	45.7
South Dakota.....	14.0	10.3	73.6	45.8
West Virginia.....	14.0	10.1	72.1	48.5
New York.....	13.0	10.1	77.7	54.7
Variable-duration States:				
Alabama.....	18.2	12.3	67.6	46.0
California.....	17.5	12.4	70.9	48.4
Colorado.....	15.0	10.7	71.3	47.5
Michigan.....	15.0	6.4	42.7	20.0
New Mexico.....	15.0	11.0	73.3	47.9
Nebraska.....	14.9	10.9	73.2	49.2
Minnesota.....	14.8	11.2	75.7	55.9
Hawaii.....	14.7	7.5	51.0	17.9
Idaho.....	14.5	10.3	71.0	32.1
Florida.....	14.3	10.7	74.8	57.3
Maryland.....	14.3	9.1	63.6	41.9
Nevada.....	14.3	10.4	72.7	51.1
Arkansas.....	14.1	10.4	73.8	49.1
Virginia.....	14.0	8.2	58.6	44.1
Washington.....	13.8	9.3	67.4	48.1
Illinois.....	13.3	8.1	60.9	40.4
Vermont.....	13.3	9.1	68.4	45.5
Utah.....	12.0	8.0	66.7	40.9
New Hampshire.....	12.0	6.7	55.8	36.7
Wyoming.....	12.0	6.2	51.7	19.6
Texas.....	10.8	8.3	76.0	60.1
Iowa.....	10.5	7.1	67.0	57.1
Rhode Island.....	10.4	6.8	65.4	53.6
New Jersey.....	10.3	7.5	72.8	58.2
Pennsylvania.....	10.1	7.4	73.3	57.4
Connecticut.....	9.8	6.4	65.3	47.4
Oregon.....	9.8	6.3	64.3	50.0
Kansas.....	8.9	6.5	73.0	62.9
Oklahoma.....	8.8	6.6	75.0	69.7
Arizona.....	(1)	8.2	(1)	53.0
Georgia.....	(1)	8.3	(1)	51.7
Louisiana.....	(1)	8.9	(1)	57.8
Mississippi.....	(1)	9.1	(1)	58.7
Missouri.....	(1)	6.9	(1)	51.0

¹ Since State law provided lag-quarter redeterminations of benefit rights, potential duration could not be determined. A claimant is considered as having exhausted his benefit rights if at any time during his benefit year he had received all benefits to which he was entitled at the time, notwithstanding the fact that additional benefits may have become available to him when redetermination was made at beginning of a subsequent quarter.

and the method of computing the weekly benefit amount also had a marked effect on the distribution of claimants' potential duration.¹⁵

Thus, the variable-duration States with the highest average potential duration were those with the highest minimum potential duration. Nevada, Arkansas, and Washington, even though their laws contained the one-third fraction for computing potential duration, allowed no more,

¹⁵ In the following discussion, the limited significance of average potential duration should be borne in mind. It should be clear, of course, that raising the qualifying requirement from \$100 to \$200, for example, does not increase the number of claimants who receive benefits for 16 weeks under current variable-duration provisions. Nor does merely increasing the maximum duration under these provisions benefit those who were previously entitled to less than the maximum duration.

on the average, than Idaho and Maryland, which limited benefits to one-fourth of a year's earnings. In the latter States, relatively stringent eligibility requirements exclude entirely those workers who would have been entitled to short potential duration, and thus produced higher minimum and average potential durations. Arkansas, on the other hand, by providing a lenient qualifying requirement, lowered its minimum and its average. Among the 7 States which paid workers only one-fifth or one-sixth of base-year earnings, the States with the lowest average duration were those with the lowest minimum duration—Kansas and Oklahoma.

The effect of the maximum-duration provision is equally clear. Alabama and California, with the longest maximum duration, had the longest average potential duration, longer, in fact, than that allowed under any of the uniform-duration States. By contrast, Connecticut, Iowa, Pennsylvania, Vermont, and Wyoming, which provided no more than 13–15 weeks of benefits to any claimant, had the lowest average potential duration. The effectiveness of the low maximum durations in these States in restricting benefit payments is indicated by the fact that from 32 to 77 percent of the eligible claimants were entitled to the maximum duration.

Despite the fact that the trend in employment and earnings was steadily upward during the respective base periods for the benefit years ended in 1940 and 1941, the benefit formulas yielded remarkably similar benefit rights for the average eligible claimant. Of 10 variable-duration States whose duration formulas remained unchanged throughout these benefit years and for which fairly comparable data are available, only 2 yielded average potential durations which differed by as much as half a week:

State	Benefit years ending in 1940		Benefit years ending in 1941	
	Period in which benefit years ended	Average potential duration	Period in which benefit years ended	Average potential duration
Colorado	May-December	15.1	January-December	15.0
Florida	July-December	10.2	April-December	14.3
Minnesota	July-September	15.2	January-December	14.8
Nebraska	July-December	15.1	do	14.9
New Jersey	January-December	10.2	do	10.3
New Mexico	July-December	15.1	do	15.0
Oklahoma	April-December	9.0	do	8.8
Pennsylvania	January-December	11.4	do	10.1
Vermont	May-December	13.4	January-September	13.3
Washington	July-December	13.7	January-December	13.8

The large increase in average potential duration in Florida is attributable to the application of a much more stringent qualifying requirement to benefit years beginning in April 1940. Prior to this date, claimants could qualify if they had earned 16 times their weekly benefit amount in 3 quarters or, in a later period, 30 times the benefit amount in 8 quarters. Beginning in April 1940, however, claimants who had earned less than 60 times the weekly benefit amount could not qualify; those who did qualify received benefits for at least 10 weeks.

Adequacy of Benefit Rights

The potential duration of benefits provided under the laws analyzed was inadequate for many claimants. Although employment opportunities were at least fair during 1940–41, about half the beneficiaries exhausted their benefit rights before they were reemployed. The proportion of beneficiaries who exhausted all rights (the exhaustion ratio) ranged from 18 percent to 70 percent under variable-duration laws and from 27 percent to 60 percent under laws with uniform-duration provisions (table 3). Eleven States had exhaustion ratios above 55 percent.

The proportion of beneficiaries who exhausted rights before reemployment depended on their potential duration as well as employment opportunity in their State. Did the laws or economic conditions in the States with high exhaustion ratios have a common denominator? Analyses of employment conditions in such States during the period studied indicate that they may not have shared as quickly and extensively in the general employment boom which began in the spring of 1940. Indeed, many of the States with the highest exhaustion ratios suffered considerable unemployment, at some time during the period studied, in consumer-goods and the more seasonal industries, such as construction and retail trade. For example, employment in construction and retail trade dropped appreciably in the winter of 1939–40 in Iowa, Kansas, Minnesota, and Montana; in Kansas, employment in the construction industry was cut almost two-thirds between October 1939 and January 1940. This same period was marked by employment declines in the tobacco industry in Florida, in cotton-gin and cotton-milling activities in Oklahoma, and in retail trade in Pennsylvania and

Texas. Later in 1940, employment dropped sharply in Florida's seasonal food industry and in New Jersey's textile and automobile assembly industries. In many of these States, the employment declines which took place in January 1940 were repeated in January 1941.

This unemployment did not attain the proportions of a serious recession in any of the States with high exhaustion ratios. On the other hand, State-wide employment was generally upward during most of the period studied. Average monthly employment in Pennsylvania, for example, was 12 percent higher in 1941 than in 1940, in Texas it was 18 percent higher, while in Kansas the rise of 23 percent between 1940 and 1941 was one of the highest in the country. What the States with high exhaustion ratios had most in common was the low average potential duration of benefits provided eligible claimants. This average duration was less than 11 weeks in 6 of the 9 States¹⁶ which had the highest exhaustion ratios. Only 1 of these States, Montana, provided a uniform duration of benefits for all eligible workers.

This analysis also provides additional evidence of the general superiority of uniform-duration over variable-duration provisions. A smaller percentage of eligible claimants drew all the benefits to which they were entitled in the States providing uniform duration than in those with variable-duration provisions. In only 2 of 9 States with uniform-duration provisions did the proportion of eligible persons exhausting their benefits reach 50 percent, compared with 16 of the 34 States with variable-duration provisions. The median exhaustion ratio was 46 percent in the former, 50 percent in the latter States.

The mere provision of uniform duration of benefits for all claimants, however, did not ensure that an overwhelming majority would return to work before exhausting benefits. To be effective, uniform-duration provisions, no less than variable-duration provisions, must be related to actual patterns of unemployment. Apparently they were not in some States, since exhaustion ratios even under such provisions were high. In Kentucky, Montana, North Carolina, and Tennessee, all of which provided uniform duration of 16 weeks during the relatively prosperous period studied, more than 40 percent of all beneficiaries

¹⁶ Excludes Louisiana and Mississippi, for which potential duration could not be computed.

were still unemployed after drawing benefits for 16 full weeks.

Exhaustion ratios were higher in States with low average potential duration because claimants entitled to few weeks of benefits were more likely to exhaust their meager rights than those entitled to longer durations. In almost every State, the proportion of claimants who exhausted benefits in selected potential-duration categories rose sharply as potential duration declined (table 4). In the 9 States in which claimants could receive benefits for less than 4 weeks, the exhaustion ratios ranged from 63 percent in Oregon to 91 percent in Texas. In contrast, of the beneficiaries entitled to 16 weeks or more, from 12 to 45 percent (in Hawaii and Texas, respectively) exhausted all benefit rights. To a certain extent, these variations reflect differences in the reemployment opportunities of individual workers. Claimants entitled to short potential duration are probably reemployed less rapidly than claimants with long potential duration.¹⁷ It also appears that, if a claimant's duration of benefits is increased, the probability that he will be reemployed before exhausting those benefits is likely to be increased.

Actual Duration of Benefits

Restrictive potential duration was effective in reducing the duration of benefits which claimants actually received. Thus, claimants drew an average of 10.2 full payments under uniform-duration provisions, but only 8.3 under variable-duration provisions. In the variable-duration States, average actual duration of benefits generally decreased as average potential duration decreased (table 3). In those States with average potential duration of at least 14 weeks, actual duration averaged 10.5 weeks; in those with shorter potential durations, beneficiaries drew only 7.1 weeks on the average. In all the 43 States, actual duration varied from an average of 6.2 weeks in Wyoming to 13.1 weeks in Montana.

Reemployment opportunities, as well as the benefit provisions, affected the number of weeks of benefits which claimants drew. In the 6 States which granted all eligible claimants 16 weeks of benefits, the average number of weeks actually

¹⁷ This statement is based on the presumption—not thoroughly tested—that the workers who have had more limited employment opportunities in their base periods, and therefore shorter potential duration of benefits, are likely to have similarly limited employment opportunities during their benefit years.

Table 4.—Percent of eligible claimants with given potential duration who exhausted their benefit rights, 29 variable-duration States, benefit years ended in 1941

State	Exhaustion ratios of claimants with potential duration of—				
	Less than 4 weeks	4.0-7.0 weeks	8.0-11.0 weeks	12.0-15.0 weeks	16 weeks or more
Alabama.....			53.5	43.0	27.7
Arkansas.....		66.1	60.1	50.8	35.8
California.....			60.4	63.0	41.1
Colorado.....			58.7	40.3	35.3
Connecticut.....	72.3	50.1	35.2	24.3	
Florida.....			73.0	62.9	34.8
Hawaii.....			14.6	11.7	11.2
Idaho.....		22.6	30.6	24.9	16.8
Illinois.....		57.8	50.1	29.2	19.1
Iowa.....	70.3	70.7	50.8	20.9	
Kansas.....	88.4	74.2	55.3	38.5	41.2
Maryland.....		59.1	55.5	43.4	22.9
Michigan.....			48.1	27.9	13.0
Minnesota.....		82.9	71.3	61.7	38.6
Nebraska.....			61.8	51.4	35.1
Nevada.....		73.8	65.4	54.0	38.7
New Hampshire.....		50.6	39.0	18.2	10.6
New Jersey.....	84.7	79.2	50.9	40.4	41.5
New Mexico.....			51.8	47.0	36.3
Oklahoma.....	70.5	72.7	61.4	42.4	38.4
Oregon.....	63.2	55.3	38.8	24.2	13.6
Pennsylvania.....	80.0	76.0	59.8	44.8	
Rhode Island.....	75.2	79.1	56.0	34.3	23.9
Texas.....	90.9	76.7	64.0	52.1	45.1
Utah.....			53.3	36.7	29.7
Vermont.....			53.9	31.4	
Virginia.....		63.7	58.6	41.7	20.8
Washington.....		64.0	61.5	47.8	25.2
Wyoming.....		30.1	30.1	12.0	

drawn ranged from 9.1 in Maine to 13.1 in Montana; these 2 States had the lowest and highest exhaustion ratios, respectively, among the 6 States. Michigan claimants, entitled to 15 full weekly checks on the average, drew only 6.4 checks, while those in New Mexico and Colorado, entitled to the same average number, drew 11.0 and 10.7 full checks, respectively. Obviously, reemployment opportunities were much better in Michigan during the period studied than in the latter 2 States.

Though exhaustion ratios were generally high, the amount of unused benefit rights available to the beneficiaries included in the study was even less than these ratios would indicate. Thus, while the exhaustion ratio ranged from 18 percent in Hawaii to 70 percent in Oklahoma, the ratio of average actual duration to average potential duration did not fall below the 43 percent of Michigan and was as high as 82 percent in Montana. In terms of these ratios, the amount of unused benefit rights in a period of fairly good business conditions constituted only 30 percent of the total amount available to beneficiaries.

*The Weekly Benefit Amount and Duration Experience*¹⁸

Variable-duration provisions not only limited the amount of benefits available to workers generally; they worked particular hardships on eligible claimants who had low wages and low weekly benefit amounts. In practically every State with a variable-duration provision, claimants with the lowest weekly benefit amounts were entitled to the shortest duration. Generally, from 2 to 4 weeks' more benefits were granted claimants with the highest weekly benefit amounts than those with the lowest (table 5). This relationship between weekly benefit amount and potential duration is largely attributable to the fact that both were based on claimants' past earnings—the benefit amount generally on earnings in a quarter of the base period, and the duration on total earnings in the base period.

These low-paid workers, who received the shortest durations under variable-duration formulas, were least able to bear the risk of unemployment. In all but one of the uniform-duration States, the number of weeks of benefits actually drawn increased as the weekly benefit amount decreased. In other words, the lower-paid workers tended to suffer the greater amount of unemployment.

Because of this tendency toward longer duration of unemployment among claimants with low weekly benefit amounts, the exhaustion ratio varied inversely with the weekly benefit amount, even in uniform-duration States. This variation was greatest in the variable-duration States. While the exhaustion ratios of claimants with weekly benefit amounts of less than \$5 ranged from 43 percent in Alabama to 70 percent in Georgia, those among claimants with weekly benefit amounts of \$15 or more ranged from only 9.8 percent in Michigan to 50 percent in Oklahoma.

Perhaps some of the claimants with low wages and relatively extensive unemployment would not be eligible under a more stringent benefit formula. That fact, if true, would not modify the conclusions just drawn. The relationships between potential duration and exhaustion ratio, on the one hand, and weekly benefit amount on the other, existed in the States with the most stringent qualifying

¹⁸ Data relate to the benefit experience of all eligible claimants rather than beneficiaries, except as noted in table 5. Hence, in most States, average actual duration and exhaustion ratios are somewhat lower than the statistics previously cited for beneficiaries.

requirements as well as in those with the most lenient. These relationships are inherent in most variable-duration provisions.

Preliminary Duration Data, Benefit Years Ending in 1942¹⁹

The conclusions drawn from the experience in benefit years ending in 1941 hold true, substantially, for those ending in 1942. Average potential duration in 1942 was almost identical with that in 1941 in those States where the benefit formula

¹⁹ Based on reports received in the Bureau of Employment Security by July 24, 1943, from 37 States. These States included 85 percent of the Nation's covered workers.

remained the same. Although exhaustion ratios in 1942 were lower in 32 of the 35 States for which figures for both years are available, more than a third of the beneficiaries exhausted their benefit rights in 24 of 37 States. In 5 of these States, more than half the beneficiaries exhausted all rights.

As in previous periods, the potential duration provided in State laws was insufficient to tide many workers over their entire period of unemployment, in spite of improved employment opportunities. Of the 37 States for which data were available, there were 7 in which no worker

Table 5.—Average actual and potential duration of eligible claimants and percent of claimants exhausting benefit rights, by weekly benefit amount, 43 States, benefit years ended in 1941¹

State	Weekly benefit amount											
	Less than \$5.00			\$5.00-9.99			\$10.00-14.99			\$15.00 or more		
	Average duration in weeks		Percent of claimants exhausting benefit rights	Average duration in weeks		Percent of claimants exhausting benefit rights	Average duration in weeks		Percent of claimants exhausting benefit rights	Average duration in weeks		Percent of claimants exhausting benefit rights
	Potential	Actual		Potential	Actual		Potential	Actual		Potential	Actual	
Uniform-duration States:												
Kentucky ²	16.0	12.6	58.0	16.0	10.7	43.0	16.0	0.1	33.8	16.0	8.6	29.6
Maine.....	16.0	8.9	32.8	16.0	7.0	20.0	16.0	4.0	10.1	16.0	6.0	16.6
Montana.....	16.0	13.5	41.2	16.0	13.5	61.2	16.0	13.3	57.8	16.0	12.2	45.0
New York.....	13.0	10.4	48.8	13.0	10.4	48.8	13.0	10.2	47.5	13.0	9.7	41.2
North Carolina ²	16.0	11.4	50.3	16.0	9.0	35.5	16.0	7.8	27.1	16.0	7.8	27.4
Ohio ²	16.0	11.0	40.8	16.0	10.9	36.2	16.0	10.1	31.5	16.0	0.7	29.4
South Dakota.....	14.0	8.8	40.8	14.0	8.9	40.0	14.0	8.1	32.0	14.0	0.8	25.5
Tennessee.....	16.0	11.4	53.5	16.0	9.0	37.0	16.0	8.0	31.7	16.0	7.1	23.1
West Virginia.....	14.0	9.3	40.4	14.0	8.8	42.7	14.0	8.4	39.3	14.0	7.4	31.9
Variable-duration States:												
Alabama.....	16.8	10.1	42.7	18.4	8.6	31.4	18.7	6.7	22.8	10.1	6.6	19.0
Arizona ²	(³)	7.1	63.6	(³)	8.3	68.0	(³)	8.2	54.5	(³)	8.2	43.7
Arkansas.....	12.4	8.9	52.7	14.0	9.4	40.9	15.2	10.2	36.5	15.2	9.4	34.5
California.....	14.7	10.2	40.0	14.7	9.0	40.5	15.2	9.2	40.0	15.4	8.5	31.6
Colorado.....	14.7	9.0	40.5	14.7	4.8	42.1	10.2	5.3	36.0	11.5	5.6	28.2
Connecticut.....	12.9	9.8	62.1	13.9	9.8	55.3	14.3	9.7	52.2	15.0	9.0	43.0
Florida.....	(³)	5.4	69.7	(³)	8.7	49.7	(³)	9.0	46.0	(³)	8.5	33.6
Georgia ²	(³)	5.4	69.7	14.3	5.1	0.7	15.3	4.7	15.2	15.7	5.2	17.9
Hawaii.....	12.6	6.2	27.0	12.6	6.2	27.0	14.7	7.3	21.5	16.2	7.6	18.8
Idaho.....	12.2	7.0	40.7	12.2	7.0	40.7	12.6	6.4	36.2	14.2	6.1	26.0
Illinois.....	9.5	5.8	54.4	9.5	5.8	54.4	11.5	6.4	43.7	12.8	6.4	34.4
Iowa.....	7.4	5.7	70.6	7.4	5.7	70.6	10.4	7.0	51.8	11.7	7.3	43.9
Kansas.....	(³)	7.2	69.6	(³)	0.3	57.1	(³)	9.8	51.0	(³)	10.4	41.1
Louisiana ²	13.8	7.8	40.0	13.8	7.8	40.0	14.8	6.9	27.2	15.5	6.2	10.0
Maryland.....	13.9	9.7	45.0	13.9	9.7	45.0	14.5	8.0	30.0	15.4	4.9	9.8
Michigan.....	14.1	10.1	57.8	14.1	10.1	57.8	15.1	9.6	46.1	15.6	9.1	35.7
Minnesota.....	(³)	8.0	60.9	(³)	9.9	59.5	(³)	0.1	52.9	(³)	8.8	42.2
Mississippi ²	(³)	4.0	60.9	(³)	7.2	57.0	(³)	7.1	45.1	(³)	7.0	36.9
Missouri ²	(³)	4.0	60.9	(³)	7.2	57.0	(³)	7.1	45.1	(³)	7.0	36.9
Nebraska.....	14.7	9.5	45.5	14.7	9.5	45.5	15.0	9.3	39.7	15.4	9.0	34.5
Nevada.....	12.0	0.7	54.2	12.0	0.7	54.2	12.1	9.7	62.6	15.5	10.8	45.2
New Hampshire.....	11.5	5.7	34.4	11.5	5.7	34.4	12.2	5.0	21.7	13.6	5.6	21.1
New Jersey ²	9.0	6.8	64.3	9.0	6.8	64.3	11.3	8.3	54.4	13.7	8.8	41.5
New Mexico.....	14.3	8.0	43.3	15.0	9.7	43.4	15.1	9.5	41.8	15.5	8.4	30.6
Oklahoma.....	4.4	3.1	65.3	7.7	5.0	68.2	10.5	6.8	56.1	11.0	7.2	40.6
Oregon.....	7.5	4.9	53.4	7.5	4.9	53.4	8.1	4.7	47.1	11.8	5.3	29.3
Pennsylvania ²	9.1	7.0	65.6	9.1	7.0	65.6	10.6	7.7	53.6	11.8	8.2	45.4
Rhode Island ²	8.0	6.5	64.6	8.0	6.5	64.6	10.7	6.9	49.8	13.0	7.4	38.5
Texas.....	9.9	7.5	67.5	9.9	7.5	67.5	12.4	8.5	52.1	13.5	8.5	43.5
Utah.....	12.0	7.8	50.0	12.0	7.8	50.0	12.6	7.5	42.6	14.2	6.5	28.2
Vermont.....	12.2	9.8	50.0	13.3	9.3	37.7	13.4	8.7	29.1	13.5	8.6	29.4
Virginia.....	11.2	7.2	54.8	14.0	6.7	36.4	15.0	5.5	23.7	15.3	5.5	21.5
Washington.....	12.2	8.0	61.1	12.2	8.0	61.1	12.3	8.2	51.5	15.0	6.0	26.6
Wyoming.....	10.9	6.6	24.6	10.9	6.6	24.6	11.7	6.8	22.2	12.5	5.0	16.8

¹ Actual duration and exhaustion ratios relate to all eligible claimants, rather than to beneficiaries, as in table 3, unless otherwise indicated.

² Data relate to beneficiaries rather than to eligible claimants.
³ Lag-quarter redeterminations provided; potential duration not computed.

could receive benefits for as many as 16 full weeks, and 6 in which some eligible claimants could receive less than 4 weeks of benefits. The average number of weeks of total unemployment for which an eligible claimant could receive benefits in variable-duration States ranged from less than 9 weeks in Kansas to more than 18 in Alabama. In 6 States, more than half the eligible claimants whose benefit years ended in 1942 were entitled to less than 12 weeks of benefits, and in 2 States more than 1 claimant in 10 had a potential duration of less than 4 weeks.

These 1942 data provided additional evidence of the greater effectiveness of uniform-duration provisions in tiding workers over periods of unemployment. Of the 24 States in which more than one-third of the beneficiaries exhausted their

rights, including the 5 with the highest exhaustion ratios, 19 had variable-duration provisions. The greater protection of uniform-duration provisions was particularly true for workers with low weekly benefit amounts. However, only 8 of the 37 States provided for uniform duration throughout the period studied.

Of the 37 States for which 1942 preliminary data are available, the duration provisions have been made more nearly adequate since the periods studied in Illinois, Kansas, New Hampshire, New York, Pennsylvania, Rhode Island, South Dakota, and Vermont. In 3 others of the 37, the legislatures will meet in regular session in 1944. In the other 26 States, the regular session of the legislature has already adjourned this year, and the next regular session is not scheduled until 1945.