

JOINT REPORT
TO THE GENERAL ASSEMBLY
OF
RECOMMENDATIONS FOR AMENDING
THE PENNSYLVANIA UNEMPLOYMENT
COMPENSATION LAW

PART 1



BY THE
JOINT STATE GOVERNMENT COMMISSION
AND THE
JOINT LEGISLATIVE COMMITTEE TO STUDY
UNEMPLOYMENT COMPENSATION PROVISIONS

Commonwealth of Pennsylvania
Joint State Government Commission
of the General Assembly

January, 1941

Capitol Building

Harrisburg, Pennsylvania

JOINT STATE GOVERNMENT COMMISSION OF THE GENERAL ASSEMBLY

(Created in 1937, P. L. 2460, as amended 1939 P. L. 1084)

"A continuing agency of the General Assembly to undertake studies and develop facts, information and data on all phases of government for the use of the General Assembly and Departments and Agencies of the State Government."

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LETTER OF TRANSMITTAL

To the Members of the General Assembly of the
Commonwealth of Pennsylvania:

In pursuance of House Resolution, Serial No. 136 and Senate Concurrent Resolution, Serial No. 127, of the Regular Session of 1939, and under the authority of the Act of July 1, 1937, P. L. 2460, as amended by the Act of June 26, 1939, P. L. 1084 (Act creating Joint State Government Commission), we submit herewith Report and Recommendations for amending the Pennsylvania Unemployment Compensation Law (Part One).

Ellwood J. Turner, Chairman,
Joint State Government Commission

Weldon B. Heyburn, Chairman,
Joint Legislative Committee to Study
Unemployment Compensation Provisions

January, 1941

FOREWORD

Unemployment compensation is a system devised for the payment of some compensation during all or part of the period a covered worker is unemployed.

The Federal Act levying a tax of three per cent on wages paid to all covered employes, grants credit up to 90% to those states which adopt some system of unemployment compensation, within certain restrictions and limitations. All of the 48 states have adopted unemployment compensation systems, but their provisions vary in many respects. Therefore, when comparing benefit payments or any other provisions in the laws of the several states, it is necessary to read the entire acts and make over-all comparisons. Experience in the operation of the law and the amendments to the Federal Act in 1939 have made it necessary to revise and amend the several state laws. This need for change will continue.

The Regular Session of the General Assembly of 1939 charged the Joint State Government Commission and the Joint Legislative Committee to Study Unemployment Compensation Provisions to study certain provisions of the Pennsylvania Unemployment Compensation Law.

These two groups effected a cooperative working plan and undertook a study of the several provisions of the law, with the exception of the civil service system which was being investigated and considered by a special legislative committee.

The Joint Legislative Committee to Study Unemployment Compensation Provisions conducted hearings, held meetings, made surveys and submitted only unanimous findings, conclusions and recommendations to the full Joint State Government Commission, upon which unanimous affirmative action of all the members present at its meetings was taken.

This Report is Part One. Part Two will deal with the question of merit or experience rating.

Both agencies undertook their task without any thoughts of partisanship. Their objective was to bring the Pennsylvania Unemployment Compensation Act into conformity with the 1939 amendments to the Federal Act so as to avoid confusion; to liberalize, wherever possible, the benefits to covered employes; to simplify the administrative procedure; to improve administrative efficiency; to reduce the burden of the tax, which is entirely upon the employer, and yet to preserve the integrity of the fund.

The proposals made by the employers, employes, organized labor, and the public were carefully considered.

A. Alfred Wasserman, Director,
Joint State Government Commission.

TABLE OF CONTENTS

	Page
SUMMARY OF RECOMMENDATIONS	1
INTRODUCTION	4
A. Brief History of the Joint State Government Commission and the Joint Legislative Committee to Study Unemployment Compensation Provisions	4
B. Brief History of Unemployment Compensation in Pennsylvania	5
C. Hearings and Meetings	7
D. Acknowledgments	7
RECOMMENDATIONS	
Discussion of Recommendations	8
Table for Computing Benefits	16A
Table of Recommendations Showing Section, Subject, Recommended Changes, Federal Provision, Purpose of Change, and Comparison with H. B. 1384 of 1939 Session	20
Memorialization to Congress to Reduce Contributions by Employers	26
STATISTICAL STUDIES	
Section I—Eligibility	27
a. Experience with Eligibility Provisions	27
b. Wage Rates of Ineligible Cases	27
Section II—Benefit Payments Under the High Quarter Plan Alone as Compared with the Present Plan	29
Section III—Additional Benefit Costs of Shortening the Waiting Period	29
Additional Tables—Four Page Insert Back of Book	
APPENDIX	
Significant Provisions of State Unemployment Compensation Laws, June 1, 1940	.....
Pennsylvania Unemployment Compensation Law, as amended May 16, 1940 (Act No. 9)	.....

LIST OF TABLES

Table	Page
I Alternative Eligibility Requirements	13
II Initial Waiting Periods Required by State Unemployment Compensation Laws	15
III Schedule of Benefits	16A
IV Additional Amount of Benefits Which Would Have Been Paid Under a Weekly Benefit Minimum of \$8.00	17
V Ineligible Cases from Group of Claims Filed June 12 to July 21, 1939 inclusive. Distributed by Weekly Wage Groups	28
VI Pennsylvania Unemployment Compensation Fund Receipts and Payments. April, 1938 to December, 1940	31
VII Recapitulation of Contributions and Interest Received, Benefits Paid and Balance of Pennsylvania Unemployment Compensation Fund	32
VIII State Unemployment Compensation Fund Receipts and Payments. Cumulative Through June, 1940	32

**SUMMARY OF RECOMMENDATIONS FOR AMENDING
THE PENNSYLVANIA UNEMPLOYMENT COMPENSATION LAW
SUMMARY**

	Section ¹
1. Modify definition of "employer"	4 (i)
(a) To include a "successor in interest" clause	
(b) To include employers of non-resident employes by election	
2. Bring the Pennsylvania Unemployment Compensation Law into conformity with amendments made in 1939 to the Federal Act	4 (j)
(a) Further exclusions:	
(1) Domestic service in local college club, fraternity, or sorority	
(2) Casual labor	
(3) Service performed in any calendar quarter for organizations exempt from the Federal Income Tax, if—	
(i) the remuneration for such service does not exceed \$45, or	
(ii) such service (under certain conditions) is for a fraternal beneficiary society, order, or association, or	
(iii) such service is performed by a student	
(4) Service for agricultural or horticultural organizations	
(5) Service for a voluntary employes' beneficiary association	
(6) Service by a student for his college or university	
(7) Service for a foreign government	
(8) Service for an instrumentality of a foreign government	
(9) Service by student nurses and internes	
(10) Service by insurance agents on a commission basis	
(11) Service by minors under 18 years of age delivering newspapers or shopping news	
(b) Further inclusions:	
(1) Service for charitable or religious organizations, when a substantial part of the activities is directed to influencing legislation	
(2) Service for instrumentalities of the U. S. not wholly owned by the U. S. Government and not exempt under Federal Income Tax laws	
(c) Included and excluded service clause. Where service is mixed, all service to be classified as that part which represents more than 50 per cent of the total.	
3. Redefine "Total Unemployment"	4 (s)
(a) Terminology to be "no work for which remuneration is payable"	
(b) "Reasonable earnings" to be allowed—\$3.00 per week earnings to be allowed without causing ineligibility for unemployment compensation	
4. Modify definition of "wages"	4 (u)
(a) By adopting Federal Definition	
(b) By exempting allowances paid to draftees and volunteers	
5. Provide a compulsory Advisory Council	204
Council to include representatives of employers, employes, and the public appointed by the Governor	
6. Authorize the Department, in cooperation with the Advisory Council, to Study "Experience Rating"	205

¹ Sections indicated correspond to sections in the Pennsylvania Unemployment Compensation Law

7. Provide for the destruction of obsolete reports and records	206
8. Increase the effectiveness of collecting contributions	301-302
(a) By setting the contribution rate without relation to Federal credits (i. e. 2.7% of wages paid instead of 90% of Federal Tax)	
(b) By authorizing the Department to assess delinquent employers	
9. Clarify "Termination of Employer Liability"	303
By changing wording definitely to establish the period in which an employer was not subject to the Act, before he may terminate his liability	
10. Simplify computation of interest	308
By setting rate at 1% per month or any part thereof	
11. Extend power in collection of contributions	309
(a) By authorizing the Department to compromise delinquent contributions, penalties, and interest of bankrupt employers, and penalties and interest of delinquent employers	
(b) By authorizing the Department to establish liens against delinquent employers	
12. Authorize the Commonwealth to enter interstate agreements to handle refunds and adjustments of contributions when employers pay such amounts to the wrong state and to further extend powers of interstate cooperation	311
13. Determine eligibility for benefits by establishing a minimum of \$100 to be earned in the base year	401 (a)
14. Clarify the waiting period and liberalize benefits	401 (e)
(a) By clarifying the waiting period in case of industrial disputes	
(b) By reducing the waiting period from three to two weeks	
15. Modify provisions for Ineligibility for Compensation	402
(a) By denying benefits only to those leaving work "without good cause"	
(b) By denying benefits to those discharged because of "committing larceny" against the employer after conviction by a competent court of law and final disposition of the case	
16. Provide a simplified system of payment of accrued benefits to the surviving spouse, children and parents of deceased claimants	403
17. Modify determination of amount of compensation	404
(a) By eliminating benefit redetermination during the benefit year	
(b) By providing a schedule of benefits, showing amount and duration of unemployment compensation	
(c) By insuring to those entering military service the same benefit rights upon the termination of such service as they were entitled to before such service	
18. Modify appeal procedure	501
(a) By permitting use of after-discovered evidence within one year	
(b) By providing for payment of the uncontested amount of compensation during appeals	
(c) By permitting delivery of the "Notice of Decision" in person or by mail, replacing the present method of compulsory mailing	
19. Authorize the Department to handle appeals on a mass basis instead of an individual basis.	505
20. Permit the use of after-discovered evidence as applying to finality of decisions	509
21. Permit the establishment of precedents in decisions regarding compensation so that a decision will be uniformly applicable to all similar cases	512

22. Provide additional powers to enforce repayment by claimants of compensation to which they were not entitled

804

- (a) By making repayment of over-payments mandatory
- (b) By granting the Department the power of surcharge against future benefit payments
- (c) By granting the Department the right of subrogation in NLRB awards

23. Memorialization to Congress to reduce contribution rate paid by employers

INTRODUCTION

A. Brief History of The Joint State Government Commission and The Joint Legislative Committee to Study Unemployment Compensation Provisions

The Joint State Government Commission, established by the Act of July 1, 1937, P. L. 2460, consisted of thirteen members, and its duties, inter alia, were to make studies for the use of the legislative branch of the Government seeking to improve administrative organization of the State government, to eliminate waste and to institute economies.

By the Act of June 26, 1939, P. L. 1084, the membership of the Joint State Government Commission was increased to nineteen members, consisting of the Speaker of the House of Representatives, the President Pro Tempore of the Senate, ten members appointed by the Speaker of the House, and seven members of the Senate appointed by the President Pro Tempore of the Senate; and the powers and duties of the Commission were enlarged and more clearly defined.

On August 16, 1939, The Commission elected Hon. Ellwood J. Turner, Chairman; Hon. Frederick T. Gelder, Vice-Chairman; Hon. Robert E. Woodside, Jr., Secretary; Hon. William E. Habbysshaw, Treasurer; and A. Alfred Wasserman, Esq., Director.

By House Resolution, Serial No. 136, adopted May 26, 1939, the Joint State Government Commission was charged with making a study of merit rating as applied to unemployment compensation and with making a report of its findings and recommendations to the next session of the General Assembly.

The Joint Legislative Committee to Study Unemployment Compensation Provisions was created by Senate Resolution, Serial No. 127, adopted by the Senate on May 26, 1939, and concurred in by the House of Representatives on May 27, 1939, to study provisions of the Pennsylvania Unemployment Compensation Law. It consisted of three members of the Senate appointed by the President Pro Tempore of the Senate and four members of the House of Representatives appointed by the Speaker of the House. The Committee was organized on September 27, 1939.

Inasmuch as the Joint State Government Commission and the Joint Legislative Committee to Study Unemployment Compensation Provisions were both charged with making studies of the provisions of the Unemployment Compensation Law in Pennsylvania, the Commission in order to avoid unnecessary duplication of work, requested the Joint Legislative Committee to make a study of the entire subject of unemployment compensation, including merit or experience rating for employers, and made the facilities and Research Staff of the Commission available to the Committee. A. Alfred Wasserman, Esq., Director of the Joint State Government Commission, was assigned by the Chairman of the Commission as Counsel and Director to the Committee.

There was no appropriation made to the Joint Legislative Committee to Study Unemployment Compensation Provisions to carry on its work. The Joint State Government Commission agreed to pay the necessary expenses of the Committee.

House Resolution Serial No. 136

(Adopted May 26, 1939)

JOINT STATE GOVERNMENT COMMISSION URGED TO STUDY "MERIT RATING"

Whereas, It is desirable and necessary to increase employment; and

Whereas, The present system of unemployment compensation does not offer any incentive to industry to increase employment; and,

Whereas, "Merit Rating" provisions have been placed in the laws of other states as such an incentive; therefore, be it

Resolved, By the House of Representatives of the General Assembly of the Commonwealth of Pennsylvania, that the Joint State Government Commission be urged to make a study of such system as applied to unemployment compensation taxes, including a study of systems prevailing in other states, and make a report of its findings and recommendations to the next session of the General Assembly.

Senate Resolution Serial No. 127

JOINT LEGISLATIVE COMMITTEE TO STUDY UNEMPLOYMENT
COMPENSATION PROVISIONS

(Adopted by Senate, May 26, 1939)

(Concurred in by House, May 27, 1939)

Whereas, Pennsylvania is the only State which has in its Unemployment Compensation Law neither any provisions for relating the payroll tax to the regularity of employment achieved by an employer nor any provisions for studying the subject, and

Whereas, the public hearing held before the Senate Committee on Labor and Industry on May 11, 1939, evidenced a widespread public interest in and demand for the inclusion of provisions for experience rating in the Pennsylvania Law, and

Whereas, it is claimed that absence of such a provision places many Pennsylvania employers at competitive disadvantage with States having such provisions, Therefore, be it

Resolved, that a Special Joint Legislative Committee be appointed to study the subject and report with recommendations to the next regular or special session of the Legislature; that the Committee consist of four members of the House to be appointed by the Speaker of the House and three members of the Senate to be named by the President Pro Tem of the Senate, one of the Senators to be chairman; and that the records of the State Division of Unemployment Compensation and Employment Service be made freely accessible to the Committee for its work.

B. Brief History of Unemployment Compensation in Pennsylvania

A Committee was appointed in 1931 by Governor Pinchot to make a study of unemployment in Pennsylvania. The Committee filed a report entitled *Alleviating Unemployment* and a majority of the Committee recommended unemployment reserves as desirable. The Committee also drafted a bill providing for separate industry reserve funds, and during the 1931 Session of the Legislature a Bill¹ was introduced providing for unemployment reserve funds, but, aside from referring the bill to committee, no final action was taken.

In 1933 another Committee was appointed by Governor Pinchot to study the problem of unemployment in Pennsylvania. The Committee was divided in its recommendations and several reports were submitted by it. The Committee prepared a Bill similar to the Wisconsin Unemployment Compensation Law which was introduced during the Regular Session of 1933.² Other Bills providing for Unemployment Reserve Commissions or Funds were also introduced during the Regular Session of 1933,³ but no action was taken.

During the Regular Sessions of 1933 and 1935 and the First Special Session of 1936, a number of bills were introduced⁴ providing for several types of unemployment compensation systems without any final action being taken by the General Assembly.

During the Second Special Session of 1936, a bill providing for a pooled fund was introduced and enacted into law.⁵ This Act established the present unemployment compensation system in Pennsylvania.

The Unemployment Compensation Law was first amended on May 18, 1937. This Act:

- (1) Amended the definition of the word "employer" as applied to contractors and sub-contractors;

¹ 1931 Session, H.R. 34

² 1933 Session, H.R. 1735

³ 1933 Session, H.R. 20; 1855; 1728

⁴ 1935 Session, H.R. 105; 106; 2407; S. 7

⁵ 1937 P. L. 2897

- (2) Permitted employers subject to the Act to include:
 - (a) Services performed entirely outside of the Commonwealth by employes domiciled within the Commonwealth;
 - (b) The services of employes exempt under Sub-section (j) of Section 4;
- (3) Further defined "employment" by placing upon employers the burden of showing that certain employment is exempt from the Act;
- (4) Amended the civil service provisions in the Act pertaining to qualifications of employes, holding of competitive examinations, allowing certain preference in examinations to applicants who are engaged in naval or military service of the United States, and filling of vacancies;
- (5) Made more effective the collection of contributions and interest.

By the Act of July 2, 1937, P. L. 2823, the Sales in Bulk Act was amended to provide that unemployment compensation contributions due the Commonwealth shall be paid before any proposed transfer of property of any corporation, joint stock association, limited partnership or company shall be permitted.

During the 1939 Session of the Legislature, eleven bills were introduced dealing with the subject of unemployment compensation. Some of these dealt with the civil service provisions in the Act, while others dealt with experience rating and other provisions of the Unemployment Compensation Act.

Of the bills introduced in the 1939 Session of the General Assembly, two were passed by the Legislature. One bill¹ contained a number of amendments to the Unemployment Compensation Act, providing for redefining the benefit year; making employers who succeeded in interest liable for unemployment compensation contributions of their predecessor; amending the civil service provisions; making more effective the collection of contributions and interest; redefining "wages"; changing qualifications required to secure compensation, and other minor changes. This measure, however, was vetoed by the Governor. His principal objection was to the change in the provision for eligibility for benefits in that it increased this eligibility from \$97.50 to \$200 before benefits could be paid.

The other bill² was enacted into law. This further amended the Unemployment Compensation Act by:

- (1) Exempting from the definition of employment, services performed after June, 1939, for an employer determined to be subject to the Federal Railroad Unemployment Compensation Act, because railroad employes are now fully covered by this latter Act;
- (2) Permitting the Department of Labor and Industry to enter into reciprocal arrangements and compacts with other States or the Federal Government;
- (3) Refinements in language of causes making an employe ineligible for unemployment compensation.

During the Special Session of 1940, the Pennsylvania Unemployment Compensation Act was further amended³ by exempting from the tax or contribution all remuneration above \$3,000 per annum, as well as payments made to or on behalf of an employe for retirement, sickness, accident, allowances, insurance or annuity benefits, etc., thus bringing this definition into conformity with the 1939 amendments to the Federal Social Security Act.

¹ 1939 Session, H.R. 1384

² 1939 P.L. 458

³ Act No. 9, Special Session, 1940

C. Hearings and Meetings

The Joint Legislative Committee to Study Unemployment Compensation provisions held nine meetings and hearings since its organization on September 27, 1939.

Representatives of organized labor, business and industry, and persons generally interested in Social Security and Unemployment Compensation in Pennsylvania, of whom the Committee had knowledge, or who communicated with the Committee, were requested to present their views or proposals for change to the Committee.

The Committee thereafter held hearings in Harrisburg, dividing them into two classes: (1) Those at which all amendments to the Unemployment Compensation Law were considered, other than experience or merit rating; (2) those at which the subject of experience or merit rating alone was considered.

At the hearings held on December 12, 1939, February 27, 1940, April 16, 1940, and July 30, 1940, the Committee heard from representatives of organized labor, business and industry, and interested persons on amending the Pennsylvania Unemployment Compensation law to bring it into conformity with the 1939 amendments to the Federal Social Security Act and the Federal Internal Revenue Code relating to Unemployment Compensation.

At the last two hearings of the Committee held on August 13 and September 17, 1940, the Committee received oral arguments from the proponents and opponents of experience or merit rating. In addition, numerous briefs were filed with the Committee by various persons interested in this subject.

D. Acknowledgments

The Joint State Government Commission and the Joint Legislative Committee to Study Unemployment Compensation Provisions are grateful for the assistance and cooperation rendered by the following:

Department of Labor and Industry

Hon. Lewis G. Hines, Secretary

Ernest Kelly, Director, Bureau of Employment and Unemployment Compensation

Harry Hoyle, Chief of Standards, Methods, and Planning, Bureau of Employment and Unemployment Compensation

Rolland S. Wallis, Chief of Research and Statistics, Bureau of Employment and Unemployment Compensation

William E. Orr, Jr., Advanced Statistician, Bureau of Employment and Unemployment Compensation

David R. Perry, Esq., Special Deputy Attorney General

Pennsylvania Economy League, University of Pennsylvania, University of Pittsburgh, Temple University, Lehigh University, Pennsylvania State College.

DISCUSSION OF RECOMMENDATIONS FOR AMENDING THE PENNSYLVANIA UNEMPLOYMENT COMPENSATION LAW

The Joint Legislative Committee to Study Unemployment Compensation Provisions, by unanimous vote, and the Joint State Government Commission jointly recommend the enactment, at the 1941 Regular Session of the General Assembly, of the following amendments to the Pennsylvania Unemployment Compensation Law (Act No. 1, General Assembly, December 6, 1936, as amended). These subjects have been brought to their attention by Pennsylvania employers subject to this Act, workers and labor organizations in the State, Chambers of Commerce, the Federal Social Security Board, and the Bureau of Employment and Unemployment Compensation of the Department of Labor and Industry.

Section 4 (i)¹ Modify Definition of "Employer"

(a) To include a "successor in interest" clause

The present law determines the liability of an employer on the number of weeks of employment which he provides during a calendar year. For this purpose, each employer, such as a partnership, corporation or individual, is considered as a separate entity. Thus, when a partnership changes into a corporation, the entity changes and liability, under the law, may be affected. This provision allows evasion of the law by encouraging changes of entity without changes of substance. Certain instances of this have been obvious.

A provision should be inserted requiring any employing entity which changes form without substantial change in ownership or membership to continue paying contributions. This would prohibit an evasion of the law and would provide the proper protection, under unemployment compensation, for the workers employed by those employing entities.

(b) To include employers of non-resident employes by election

The present Pennsylvania Law provides no method for a non-resident employe, who is not subject to any State law, to be covered by his Pennsylvania employer.

The Department of Labor and Industry should be allowed to accept voluntary elections from employers to bring under coverage of the Pennsylvania Law, non-resident employes whose work, though not localized in Pennsylvania, is directed from this State, provided such work is not covered under any other state law. Such employes do not have unemployment compensation protection now. Their employers secure no advantage from the payment of their Federal taxes. The amendment would bring such workers under the Pennsylvania Act and their employers, located in Pennsylvania, will secure credit against their Federal taxes.

Section 4 (j) Bring the State Law into Conformity with the Recent Amendments of the Federal Act

Numerous changes in coverage of the Federal tax on employers were made in the Social Security Act amendments of 1939. Following are classes of employment now covered under the Pennsylvania Law which should be excluded by amendment, thereby conforming to the Federal amendments.²

(a) Further exclusions:

(1) Domestic service in local college club, fraternity or sorority. (Domestic service in private home is already excluded.)

(2) Casual labor, not in the course of the employer's business.

(3) Service performed in any calendar quarter in the employ of any organization exempt from the Federal Income Tax, if—

(i) the remuneration from such service does not exceed \$45, or

(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from

¹ Sections indicated here and throughout correspond to sections in the Pennsylvania Unemployment Compensation Law as of June 1, 1940.

² *Compilation of Social Security Laws* including amendments of the 76th Congress, 1st session; Section 1607 pp. 66-68. Social Security Act, Title IX, now superseded by Sub-chapter C of Chapter 9 of the Internal Revenue Code

the home office, or is ritualistic service in connection with any such society, order, or association, or

(iii) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university

(4) Service performed in the employ of agricultural or horticultural organizations. (It is recommended that an exclusion under the Pennsylvania Law be made by Rules and Regulations of the Department, to conform to such Federal regulations as may be adopted on this subject.

(5) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association of their dependents, if (1) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (2) 85 per cent or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses, or if, (3) admission to membership in such association is limited to individuals who are officers or employes of the United States Government.

(6) Service performed by a student for his college or university, not exempt from income tax, if such service is for amounts less than \$45 per calendar quarter.

(7) Service performed for a foreign government. (Whether such services are covered under the Pennsylvania Law is not clear.)

(8) Service performed for an instrumentality of a foreign government (1) if the service is of a character similar to that performed in foreign countries by employes of the United States Government or of an instrumentality thereof, and (2) if the foreign government, with respect to whose instrumentality exemption is claimed, grants an equivalent exemption for employes of the United States Government and of instrumentalities thereof.

(9) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State Law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law.

(10) Service performed by an individual for an employer as an insurance agent or as an insurance solicitor, if all such service performed by such individual for such employer is performed for remuneration solely by way of commission.

(11) Service performed by a minor under the age of 18, in the delivery of newspapers or shopping news.

The 1939 amendments to the Social Security Act increased the coverage of that law to include additional classes of employment. The Pennsylvania Law does not include these groups except such employers as have voluntarily elected to come within the Pennsylvania Law. Therefore, it is recommended that such services be included under the Pennsylvania Law by amendment.

(b) Further inclusions:

(1) Service performed in the employ of religious, charitable, scientific, literary, or educational organizations when a substantial part of the activities is directed in carrying on propaganda or otherwise attempting to influence legislation.

(2) Service in the employ of an instrumentality of the United States Government which is not wholly owned by the United States and is not exempt under Federal Income Tax Laws.¹ Any such amendment should provide for coverage of any other instrumentalities which Congress may require to make payments into an unemployment compensation fund under a state unemployment compensation law.

¹A major class of coverage that this proposed amendment will affect is the national banks, which are instrumentalities of, but not wholly owned by, the United States. The Federal Government has invited the States to follow its lead and adopt such an amendment thereby covering employes of National Banks as well as other instrumentalities not wholly owned by the United States and not exempt under the Federal Income Tax Laws.

(c) **Included and Excluded Service.** If the services performed during one-half or more of any pay period by an employe for the person employing him constitute employment, all the services of such employe for such period shall be deemed employment; but if the services performed during more than one-half of any such pay period by an employe for the person employing him do not constitute employment, then none of the services of such employe for such period shall be deemed to be employment.

Section 4 (s) Re-define "Total Unemployment"

(a) "No work for which remuneration is payable"

Total unemployment is defined in the Pennsylvania Law in terms of "no work for which wages are payable." Since the word "wages" is further defined¹ to cover only employment covered by the Law, a claimant might be construed to be totally unemployed even though he earned substantial amounts of money for service in non-covered employment (for example, Government service).

Total unemployment should be defined in terms of "no work for which remuneration is payable." This will require that a person be entirely without source of money income from employment before he is considered as totally unemployed.

(b) "Reasonable Earnings" to be allowed

The present law considers a person as employed if he earns as little as 5c per week. Total unemployment must be complete lack of wages.

A person should be allowed a reasonable amount of money as earnings and still be eligible to receive unemployment compensation. This reasonable amount should be fixed at \$3 per week. Those earning this amount or less will be considered as totally unemployed.

An administrative decision establishing this practice has received general approval and is working satisfactorily.

Section 4 (u) Modify Definition of "Wages"

(a) By adopting Federal definition

The 1940 amendments to the Pennsylvania Law attempt to bring into conformity the State definition of wages and the Federal definition of wages. The State amendment was confined to contributions. Since both contributions and benefits are based on "wages," it is important that the same definition be applied in both cases. Otherwise confusion results for the taxpayer if he reports contributions on one basis and wages of the employe, on which benefit payments are determined, on another basis. From an administrative point of view, it is desirable that the definition of wages as used in the computation of benefits should be in conformity with the Federal Act. This will simplify the reporting problem of the employer.

The Federal definition of wages should be included in all sections of the Pennsylvania Law.² The Social Security Board has indicated that it expects every state to have the identical definition of wages as the Federal Government by July 1, 1941.

(b) By exempting allowances paid to draftees and volunteers

Certain patriotic employers are adopting plans to pay partial wages to their employes who are drafted or volunteer for military service in the present crisis. Such payments will supplement the \$21 to \$30 per month pay provided by the War Department.³ Such payments are in the nature of gratuitous additional allowances, similar to dismissal wages. Such allowances as dismissal wages are presently exempt from contributions and since such patriotic action on the part of the employer should not be penalized or discouraged, an amendment exempting such gratuities should be enacted.

¹ See Sections 4(u) and 4(j) for definition. Pennsylvania Unemployment Compensation Law.

² Federal definition of wages in *Compilation of Social Security Laws*, Sec. 1607, p. 65. Social Security Act Title IX, now superseded by sub-chapter C of Chapter 9 of the Internal Revenue Code.

³ \$21 for first four months. Selective Training and Service Act of 1940, Sec. 12, including amendments of the 76th Congress, 1st Session.

Section 204 Provide a Compulsory Advisory Council

The present law permits the Department of Labor and Industry to establish an Advisory Council composed of employers, employes, and the public, to advise the Department in the administration of the Unemployment Compensation Law. Except for a brief period, no council has been in existence. It is desirable that the parties affected by this law should be fully informed of its administration and the Council should give advice to the administrators.

A compulsory Advisory Council should be provided by law and the Governor should appoint the members.

Section 205 Authorize the Department to Study "Experience Rating"

There is considerable interest in the stabilization of employment in Pennsylvania. One method of encouraging such stabilization is to reduce unemployment compensation contributions for these employers who have a stabilized employment record. This is known as Experience Rating. It is the contention of many industries, however, that such a system would not be advantageous because employment stabilization is not within the control of the employer. Throughout the country, many States have adopted this provision and many are studying the matter.

The Joint State Government Commission and the Joint Legislative Committee to Study Unemployment Compensation Provisions are preparing a report on this subject which will be contained in Part Two. This subject requires continuous study irrespective of any proposals which may be made in Part Two.

It is recommended, therefore, that the Department, in cooperation with the Advisory Council, shall make a study of the effect of Experience Rating in Pennsylvania.

Section 206 Provide for the Destruction of Obsolete Reports and Records

Each year several million reports and forms from employers and claimants are received and housed. Included in these reports are some twelve million Employes Wage Records, one million Summary Wage Records, 600,000 Contribution Reports, 100,000 Claims, 100,000 Registrations, etc. It is desirable that such of these records as become obsolete should be destroyed or disposed of. The administrative authorities should be permitted to decide when these records are obsolete and may be destroyed, taking such safeguards as will assure the retention of such records as will be required for proper auditing. These records are to include summaries or photographs of all obsolete records which are destroyed.

An amendment should be inserted, granting to the Department of Labor and Industry, with approval of the Executive Board, the right to destroy records accumulated in the administration of the Unemployment Compensation Law when such records become obsolete, provided that all records in pending cases shall not be destroyed. Contribution Reports of employers shall be retained for two years, the period within which claims for unemployment compensation must be filed.

Sections 301-302 Increase the Effectiveness of Collecting Contributions.**(a) By setting contribution rate without relation to Federal credits**

Section 301, applying to employers of eight or more employes, limits the Pennsylvania contribution to a maximum credit allowance under the Federal Social Security Act (90 per cent), while, at the same time, specifying the contribution rate of 2.7 per cent for years subsequent to 1937. Since the Federal and State Laws are not in complete agreement as to coverage, these provisions of Section 301 are in conflict.

Because of this difference in coverage, 90 per cent of the Federal tax of 3 per cent may not be the same as the amount arrived at by computing 2.7 per cent of wages covered under the State law. The specified rate of contribution should be retained and the relation of the contribution to the Federal credits should be eliminated by amendment.

(b) By authorizing Department to assess delinquent employers

In administering Sections 301 and 302, the Department finds in certain cases that employers refuse or fail to file reports indicating the amount of contributions payable. It is difficult to make

collections from such delinquent employers through Civil Suit Proceedings specified in Section 309, because the amount of contribution due is unknown.

The Department should be granted the authority to assess the estimated amount of contribution payable by such delinquent employers, with this assessment to constitute a judgment, when filed with the court, unless the employer appeals and contests the assessment. This power is equivalent to similar powers held by other State tax collecting agencies. When judgments are filed they should be filed with the Prothonotary in the county where the property of the delinquent is located. This is in conformity with the usual practice for other State taxes.

Section 303 (b) Clarify "Termination of Employer Liability"

This section specifies that an employer applying for a termination of his liability shall be granted such if he was not subject to the Act "during the previous or current calendar year." The interpretation of the word "or" is vague. It is suggested that the wording be changed so as to make clear that before termination of liability will be granted, an employer must have been subject to the Act neither in the preceding calendar year nor in the current calendar year up to the time application is made. Application may be made at any time during the year following the calendar year in which the employer was not subject to the Act.

Section 308 Simplify Computation of Interest

The present law requires an employer, who pays his contribution after the due date, to compute interest on the basis of the date paid. This means a computation based on the number of days of the month in which the delinquency is paid. For example, an employer paying contributions on wages paid to his employes during the first calendar quarter is given up to the end of the following month, April 30th, to make payment. If he fails to pay, say until May 11th, he must pay interest charges of 11/31 of 1% of the amount due.

This complicated method should be replaced by a charge of interest amounting to one per cent for any month or part thereof. This will be easy to compute and will apply to all delinquent employers.

Another consideration is that many employers, knowing that a short delay in sending in their contributions and contribution records means only a fraction of one per cent interest charge, fail to send in their records and contributions by the last day of the month following the close of a calendar quarter.

Section 309 Extend Power in Collection of Contributions

- (a) By authorizing Department to compromise delinquent contributions, penalties, and interest of bankrupt employers, and penalties and interest of delinquent employers

The present law requires the Department to collect the full amount of contribution by regular process or civil suit. The inability of certain bankrupt employers to meet their obligations in full, requires the Department to keep records of amounts which will never be collected and engage in civil suits which cannot be terminated favorably. This is generally true of small amounts under \$200.

The Department should be authorized, with the approval of the Attorney General, to enter into agreements for reducing the amount of contributions, interest, and penalties due from bankrupt employers, and to accept payments which may be agreed upon in this manner, in full payment of the account. This power is similar to that enjoyed by other tax collecting agencies and is necessary in order to do proper accounting.

The Department should be further authorized to compromise penalties and interest upon delinquent contributions, with the approval of the Attorney General. This power, with the interests of the Commonwealth protected by requiring approval of the Attorney General, will provide the Department with a means of speeding up returns and reporting of wage records and also result in getting greater contributions in many cases.

(b) By authorizing Department to establish liens against delinquent employers

The present law provides for collection of delinquent contributions by means of Civil Suit. This process is time-consuming and expensive.

The Department should be granted authority to establish liens against employers who admit the amount of contribution but fail to pay such amount. These liens should be filed with the Prothonotary in the county wherein the property of the delinquent employer is located. This is in conformity with the usual practices for other State taxes.

In summary, the collection of contributions would be handled in the following manner:

1. By regular reports, or
2. By filing of a lien where the amount is known, or
3. By filing of an assessment where the exact amount is unknown, or
4. By instituting Civil Suit for collection.

Section 311 Authorize the Commonwealth To Enter Interstate Agreements to Handle Refunds and Adjustments

The present law does not specifically allow the Commonwealth to enter into interstate agreements to handle refunds and adjustments of contributions when employers pay such amounts to the wrong state. Certain Pennsylvania employers have paid contributions to Pennsylvania when they should have paid to Ohio, for example. Present practice requires the employer to secure a refund within one year from Pennsylvania and to pay the contributions, with interest added, to the State of Ohio. It is desirable to permit the transfer of such amounts from one state to another, without interest, at any time that the error is discovered. This may be accomplished by giving the Department the right to enter into interstate agreements with respect to adjustments of contributions.

There are certain other considerations which make further interstate cooperation desirable. These include, exchanging services, such as auditing employers' books by the state wherein an employer's records are kept, for another state to which he may pay certain contributions; making available facilities and information; and making employment service laws more effective. Provisions permitting such interstate cooperation should be enacted.

Section 401 (a) Simplify Determination of Eligibility for Benefits

The present law requires a claimant to have earned thirteen times his weekly compensation amount to become eligible. (The weekly compensation amount is one-half the full time weekly wage rate.) This varies between \$97.50 and \$195 in accordance with the previous full time wage of the claimant. To simplify this formula and make the system more understandable, it is recommended that a flat eligibility amount of \$100 to be earned in the base year be established by amendment. This amount would be approximately the same as the present minimum qualifying amount and it would grant eligibility to a slightly higher number of claimants, within the present law.

A better reflection of the effect of various eligibility amounts may be gotten from the analysis of a single sample taken in September-October 1938.¹ In this sample there were 4,191 cases and the following results were obtained.

TABLE I

ALTERNATIVE ELIGIBILITY REQUIREMENTS

<i>Eligibility Requirements</i>	<i>Percent Ineligible</i>
Present Law*	4.29
\$100	4.06
150	6.20
200	9.02

* Present eligibility varies between \$97.50 and \$195 according to the weekly earnings of the claimant.

¹ *Unemployment Compensation Payments in Pennsylvania*. Administrative Research Bulletin No. 2, January, 1940, P. 41. Bureau of Employment and Unemployment Compensation, Harrisburg, Penna.

This special analysis shows that the earnings qualification of \$100 would be slightly more liberal than the present law in regard to eligibility. The requirements of \$150 and \$200 would be more restrictive to the extent shown.

With respect to eligibility experience to date, the percentage of ineligible cases has declined from 7.2 per cent in 1938 to 1.2 per cent in the first nine months of 1939. (See Statistical Studies, Section I). This decline has been attributed to a better understanding of the law by benefit claimants, who in cases where they are obviously ineligible, do not or are discouraged from filing claims.

Recent experience shows that the present law is declaring ineligible about 1 per cent of the individuals who file claims. It is not going too far to say that, if a flat eligibility amount were to be adopted, claimants would determine their own eligibility and the percentage of ineligibles among claims filed would approach 0 per cent.¹

Section 401 (e) Simplify and Liberalize Benefits

(a) By clarifying the waiting period in industrial disputes

The present Law prescribes a regular waiting period of three weeks before compensation may be payable, with a six weeks' waiting period in cases of voluntary suspension of work resulting from an industrial dispute. It is believed that the legislative intent was to require the serving of the additional three weeks, based on the industrial dispute, before the standard three weeks' waiting period. (It is proposed to reduce the standard waiting period to two weeks. See (b) following.)

Which waiting period is served first is important in determining when benefits should start in those cases where industrial disputes cease to be factor before six weeks of waiting have been completed. The Department, in practice, has been considering the waiting period because of industrial disputes as preceding the standard waiting period. It is proposed that this method be confirmed.

Upon the termination of a benefit year, the Department requires claimants, who are unemployed, to serve a waiting period of three weeks in the new benefit year before becoming eligible for benefits. The question has been raised whether or not those who are unemployed can serve their waiting period at the end of one benefit year so as to be eligible to receive benefits immediately for the first week following the close of that benefit year. Since the law is not clear on this point, it is proposed that the present practice be confirmed.

(b) By reducing the waiting period

The present standard waiting period is three weeks. Certifications for benefits are taken at the end of the next and subsequent weeks. Thus, it is usually four and a half to five weeks, after his separation from employment, before the individual claimant may receive his first benefit check. While such practice may have been desirable at the inauguration of the system, it is now recognized as far too long. Many persons are required to apply for public assistance during this period, thus complicating the relations between public assistance and unemployment compensation.

The standard waiting period should be reduced to two weeks, thus providing the first benefit check in from three and a half to four weeks after a separation from employment. It is estimated that a reduction from three to two waiting weeks will cost an additional \$2,000,000 in benefit payments. (See Section III of Statistical Studies, "Additional Benefit Costs of Shortening the Waiting Period.")

One of the larger issues in unemployment compensation policy is the relation between that system and the system of public assistance or relief. In Pennsylvania there are two separate agencies in these fields. While cooperation between these two agencies has been very close, it has been impossible to avoid the situation where cases are transferred from one agency to the other and perhaps back again over a short period of time. For example, an individual who filed a claim was unable to support his family during the three-week compensation waiting period, and received assistance payments during this time from the other agency. When his unemployment compensation payments start the assistance payments are terminated, but they may be resumed after his compensation pay-

¹ *Ibid.*, p. 37

ments end. Thus, it is of some importance that the changes that may be made in the unemployment compensation system do not unduly increase relief costs and contribute further to the overlapping of the functions of the two agencies. The extent to which this overlapping existed in the waiting-period stage of unemployment compensation is shown by the following figures. During December 1938 the Bureau of Employment and Unemployment Compensation received 28,436 new claims. These claims matured for payment during January 1939 but before payments were made there were 2,453 claimants (8.6 per cent of the total) who filed applications for and received assistance or relief payments. When their unemployment compensation began, they were, of course, removed from the assistance rolls, but after they had received assistance grants for one or more weeks. This 8.6 per cent was thus handled twice by those agencies. It was estimated recently by the Pennsylvania Department of Public Assistance that if the waiting period was shortened by one week it would save \$25,000 in relief costs annually.¹

Thirty-nine of the fifty-one unemployment compensation laws now in effect in the United States provide for two initial weeks of waiting, ten for three weeks, and two for one week. However, detailed provisions in this respect vary, some states providing for two waiting weeks if accumulated within a short period of time, but a larger number of weeks if accumulated over an entire benefit period.

TABLE II
INITIAL WAITING PERIODS REQUIRED BY STATE UNEMPLOYMENT
COMPENSATION LAWS²

1-Week Waiting Period	2-Week Waiting Period		3-Week Waiting Period
Rhode Island ³	Alaska	Michigan	Alabama
Texas ³	Arizona	Minnesota	Dist. of Columbia
	Arkansas	Mississippi	Missouri
	California	Montana	New York
	Colorado	Nebraska	Ohio
	Connecticut	Nevada	Oregon
	Delaware	New Hampshire	Pennsylvania
	Florida	New Jersey	South Dakota
	Georgia	New Mexico	Vermont
	Hawaii	North Carolina	West Virginia
	Idaho	North Dakota	
	Illinois	Oklahoma	
	Indiana	South Carolina	
	Iowa	Tennessee	
	Kansas	Utah	
	Kentucky	Virginia	
	Louisiana	Washington	
	Maine	Wisconsin	
	Maryland	Wyoming	
	Massachusetts		

Most of the state laws permit waiting weeks to be accumulated at any time during the benefit year, or within a 52-week period after the claimant first becomes unemployed and files an initial

¹ *Ibid.*, pp. 59, 60.

² *Additional Benefit Costs of Shortening Pennsylvania's Waiting Period.* Administrative Bulletin 4, June, 1940. Bureau of Employment and Unemployment Compensation, Harrisburg, Penna., p. 2.

³ Notes on: *RHODE ISLAND*; Employes contribute 1.5 per cent on wages up to \$3,000. Covers only employers having 4 or more employes. *TEXAS*; Covers only employers of 8 or more employes.

claim. A few states require waiting weeks to be accumulated within a 13-week or a 26-week period, or stipulate that they must be consecutive weeks of unemployment. Such provisions, however, have not been generally accepted with favor by state legislatures.

Section 402 Modify Provisions for Ineligibility for Compensation

(a) Those leaving work "without good cause"

The present law denies benefits, under Section 402 (b), to persons who voluntarily leave their employment "except where as a condition of continuing in employment the employe would be required to join or remain a member of a company union or to resign from or refrain from joining any bonafide labor organization, or to accept wages, hours or conditions of employment not desired by a majority of the employes in the establishment or the occupation, or would be denied the right of collective bargaining under generally prevailing conditions." This provision does not allow persons to leave work with other good cause and to claim benefits. There are many conditions which may be imposed upon an employe requiring him to leave his work which may be considered good cause. Examples would be continuing injury to health or safety, unbearable working conditions, etc. Most state laws provide for this type of case.

An amendment should be inserted denying benefits only when a claimant leaves his work "without good cause." Decisions on this subject will be made by the Department, and reviewed by the Board of Review, as provided in Article V of the present law.

(b) Those discharged because of "committing larceny" against the employer

The same Section 402 permits the payment of benefits to any person who leaves his work involuntarily by reason of furlough, discharge, etc. Cases have arisen where persons have been discharged due to misconduct in connection with their employment, such as theft, dishonesty, etc., and have been paid benefits. It is desirable that persons discharged because of "committing larceny against the employer" should be denied benefits, however, only after conviction by a competent court of law and final disposition of the case. This provision supplements the amendment with respect to voluntarily leaving work without good cause.

It is recommended that these amendments be enacted to provide justice and fairness in the administration of unemployment compensation benefits.

Section 403 Provide a Simplified System of Payment of Accrued Benefits to the Surviving Spouse, Children or Parents of Deceased Claimants

The present law makes no provision for a system of payments to the surviving spouse, children or parents of deceased claimants. Thus, regular decedent estate methods must be used. These are expensive and time-consuming.

Payment of accrued benefits should be made to these persons, with or without letters of administration at the discretion of the Department.

Section 404 Modify Determination of Amount of Compensation

(a) By eliminating benefit redetermination

The present law requires redetermination of benefits at the end of each calendar quarter. This redetermination should be eliminated and the computation of benefits made at the time of the original claim should be fixed for a period of one year.

One of the criticisms leveled at the present law and its benefit formula was that benefit rights of claimants change with the beginning of every new calendar quarter. This change was due to the automatic redetermination of benefit rights whenever a new quarter's wage record became available.

The Bureau decided, by administrative rule, that quarterly redeterminations of benefit rights are not to be made. Should this rule be upheld, the criticism of the present system would be in part dissipated. Except for determination of old benefit rights and new computations for claimants beginning a benefit year, claimants are now placed on a stable basis for the duration of their own

TABLE III
SCHEDULE OF UNEMPLOYMENT COMPENSATION BENEFITS FOR TOTAL UNEMPLOYMENT

Method by Which a Worker May Determine His Unemployment Compensation Benefits:

A. Weekly Benefit Rate—

1. Select the interval in column (a) in which his full-time weekly wage appears. Opposite, on the same line under column (c) appears the weekly benefit rate. Proviso. If total earnings in the first eight of the last nine completed calendar quarters do not equal or exceed the minimum of the corresponding interval in column (b), or in the absence of a full-time weekly wage, then
2. Select the interval in column (b) in which his high-quarter earnings appear. Immediately opposite, on the same line, under column (c) appears the weekly benefit rate.

B. Maximum Number of Benefit Checks—

1. Upon determining the weekly benefit rate locate, on the same line to the right, the bracket in which total earnings in the first eight of the last nine completed quarters appear. The figure above that column shows the maximum number of weeks for receiving benefits.

Full-time Weekly Wages (a)	High-Quarter Earnings (b)	Weekly Benefit Rate (c)	WAGES AND NUMBER OF BENEFITS										
			3 Weeks	4 Weeks	5 Weeks	6 Weeks	7 Weeks	8 Weeks	9 Weeks	10 Weeks	11 Weeks	12 Weeks	13 Weeks
Less than \$17.00	\$100 to \$221	8	\$100 - 223	\$224 - 287	\$288 - 351	\$352 - 415	\$416 - 479	\$480 - 543	\$544 - 607	\$608 - 671	\$672 - 735	\$736 - 799	\$800 or more
17.00 to 19.00	221 to 247	9	221 - 251	252 - 323	324 - 395	396 - 467	468 - 539	540 - 611	612 - 683	684 - 755	756 - 827	828 - 899	900 or more
19.00 to 21.00	247 to 273	10	247 - 279	280 - 359	360 - 439	440 - 519	520 - 599	600 - 679	680 - 759	760 - 839	840 - 919	920 - 999	1000 or more
21.00 to 23.00	273 to 299	11	273 - 307	308 - 395	396 - 483	484 - 571	572 - 659	660 - 747	748 - 835	836 - 923	924 - 1011	1012 - 1099	1100 or more
23.00 to 25.00	299 to 325	12	299 - 335	336 - 431	432 - 527	528 - 623	624 - 719	720 - 815	816 - 911	912 - 1007	1008 - 1103	1104 - 1199	1200 or more
25.00 to 27.00	325 to 351	13	325 - 363	364 - 467	468 - 571	572 - 675	676 - 779	780 - 883	884 - 987	988 - 1091	1092 - 1195	1196 - 1299	1300 or more
27.00 to 29.00	351 to 377	14	351 - 391	392 - 503	504 - 615	616 - 727	728 - 839	840 - 951	952 - 1063	1064 - 1175	1176 - 1287	1288 - 1399	1400 or more
29.00 and over	377 and more	15	377 - 419	420 - 539	540 - 659	660 - 779	780 - 899	900 - 1019	1020 - 1139	1140 - 1259	1260 - 1379	1380 - 1499	1500 or more

Prepared by:

JOINT STATE GOVERNMENT COMMISSION
AND
JOINT LEGISLATIVE COMMITTEE TO STUDY
UNEMPLOYMENT COMPENSATION PROVISIONS
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particular benefit year. However, should this rule be overturned, the confusion of wholesale re-determination would be a very serious administrative problem. It is not going too far to say that such a decision might jeopardize the prompt payment of benefits for a considerable time.¹

(b) By providing a schedule of benefits

The present law provides for benefits of 1/8 of the total wages during the first eight out of the last nine completed quarters, or thirteen times the weekly benefit amount, whichever is the lesser. This method is complex and difficult to understand.

A schedule of benefits (Table III), which might be used, provides for the payment of amounts in even dollars based upon the full-time weekly wage of a worker, or, in the absence of a full-time weekly wage, upon earnings in the highest quarter of the first eight of the last nine completed calendar quarters immediately preceding the first day of his benefit year.

By adopting such a schedule, the administrative problem of computing benefits could be practically eliminated. Also, such a simplification would remove, for the claimants, the mystery which exists for them because of the present complicated formula for computing the amount and number of benefit payments.

The suggested table raises the minimum wage rate from the \$7.50 under the present law to \$8.00. It is estimated that in 1940 if such a minimum had been applied, the additional costs in benefits would have been approximately \$500,000 for the year. This is based on a sample study made by the Bureau of Employment and Unemployment Compensation.² (See Table IV)

TABLE IV

**Additional Amount of Benefits Which Would Have Been Paid Under a Weekly
Benefit Minimum of \$8³**

<i>Year</i>	<i>Total Amount of Benefits Paid</i>	<i>Additional Amount of Benefits</i>
Total	\$168,282,000	\$1,766,960
1938	71,545,000	751,226
1939	54,603,000	573,325
1940	42,134,000	442,409

(incomplete)

A **summary** of features of using a table to compute benefits is as follows:

1. Eliminates complex method of determining amount of benefits,
2. Provides a minimum weekly wage of \$8;
3. Provides for payment of benefits to claimants who earn a minimum of \$100 in their base year;
4. Provides for determining of unemployment compensation by the full-time weekly wage method or if no full-time weekly wage is available, then on the bases of earnings in the high quarter in the first eight of the last nine completed calendar quarters before the claimant applies for benefits.

Factors to be considered in using the proposed Schedule of Unemployment Compensation Benefits:

¹ Unemployment Compensation Payments in Pennsylvania, op. cit., pp. 65, 66.

² A sample study made of 4,139 claimants.

³ Estimate made by Bureau of Employment and Unemployment Compensation, Department of Labor and Industry, December 24, 1940.

(1) Under the present method, benefits are computed by taking one-half of the full-time weekly wage. Workers earning full-time wages in the odd dollar amounts of \$17, \$19, \$21, etc., (as very many do) would, under this method receive weekly benefits of \$8.50, \$9.50, \$10.50, etc.

On the proposed schedule, weekly benefits are in even dollars, therefore these sums would be in between the full dollar benefit amounts. The more liberal policy is chosen of moving each of these cases to the next highest full dollar benefit wage rather than the next lower.

(2) The high-quarter earnings basis has a 13 to 1 relationship to the full-time weekly wage basis. The relationship is equal when a worker works full time. Those who do not work full time in any quarter will receive higher weekly benefits when they have a full-time weekly wage than when they do not. (E. g., a worker, without a full-time weekly-wage, earning, on the average, \$25, and never working more than 10 weeks in any quarter, will receive \$12 a week in benefits; whereas, if he had a full-time weekly wage of \$25, he would receive \$13 a week in benefits.) On the other hand, a worker who works overtime during a quarter may receive a large weekly benefit rate if he has no full-time weekly wage reported.

After the weekly wage rate is determined the maximum benefits depend on the total earnings in the first eight out of the last nine completed calendar quarters. There are certain differences which may result, depending on whether the full-time weekly wage rate or the high-quarter method determines the weekly benefit rate, (e. g., a worker receiving a full-time weekly wage of \$25 and earning a total of \$850 will receive a weekly benefit rate of \$13 for eight weeks or a maximum of \$104, while another worker earning \$300 in his high quarter and also a total of \$850 will receive a weekly benefit rate of \$12 for nine weeks or \$108. Should each have earned a total of only \$800, then the former would receive a maximum of \$104 and the latter \$96).

(c) By insuring the benefit rights of those entering military service

Benefit rights of claimants are fixed when an individual files a claim. Those workers who are drafted or volunteer for military services will, during such service, lose benefit rights based on their previous employment.

The benefit rights of such persons should be safeguarded during the term of military service by granting them, upon the termination of such service, the same benefits to which they were entitled before such military service began.

Section 501 Simplify Appeal Procedure

(a) By permitting use of after-discovered evidence within one year

The decisions of the Department, with respect to benefits, become final unless appealed within ten days from the date of the decision. In some cases, after-discovered evidence reveals these decisions to be improper, but no method is available for correction.

The Department, on the basis of after-discovered evidence should be authorized to change this decision with respect to benefits within one year after determination.

(b) By providing for payment of the uncontested amount of benefits

The present law requires that payment of benefits be withheld during an appeal. Many of such appeals are for higher amounts of compensation.

In these cases, the Department should be authorized to pay the smaller amounts of compensation already agreed upon, during the conduct of the appeal for a larger amount.

(c) By permitting delivery of the "Notice of Decision" in person or by mail, replacing the present method of compulsory mailing

The present law requires the mailing of a "Notice of Decision" to the claimant. Administrative efficiency would be expedited if such decisions could be mailed or delivered to the claimant when he visits the local office.

The compulsory mailing of "Notices of Decision" should be removed and the Department should be authorized to transmit the "Notice of Decision" in writing in any manner that it may determine.

Section 505 Provide for Mass Appeals

Present appeals procedure, specified in Article V, requires each case to be handled individually. In cases of industrial dispute, this means, sometimes, thousands of cases.

The Department should be authorized to handle these appeals on a mass basis, as one case, and such authority should include the right to make a decision covering an entire group of claimants of one class by making a decision with respect to one individual in that class.

Section 509 Permit the use of After-discovered Evidence as Applying to Finality of Decisions

The recommendation made with respect to point (a) under Section 501, allowing the use of after-discovered evidence when revealing decisions to be improper, should be placed as amendment to Section 509. This section states that decisions made by the Department, by reference, or by the board shall become final ten days after the date thereof. This is necessary for a complete handling of this matter.

Section 512 Establish Precedents on Decisions Regarding Compensation

Under the present Law the decisions of the Board of Review on individual cases of compensation apply only to such cases.

The decision established by such appeal should be made uniformly applicable to all claimants of a similar class, whether or not the other claimants file an appeal. This is in accord with regularly established legal precedents.

Section 804 Enforce Repayment of Compensation by Claimants

(a) By making return of overpayments mandatory

Under the present Law, a claimant is required to pay back unemployment compensation only when it is determined that he was ineligible to receive such payments. In certain cases, eligible claimants are paid more than the proper amount, due to clerical error.

Repayments of such amounts should be made mandatory by judgment or surcharge against future payments.

(b) By granting to the department power of surcharge

It is recommended that the power of surcharge be granted to the Department to offset over-payments of benefits against future benefit payments of individual claimants.

(c) By granting the department the right of subrogation in NLRB awards

Under present Law, when back wages are paid under awards of the National Labor Relations Board, it is determined that certain employees have received unemployment compensation benefits for this same period. Under present Law, it is not possible to require that such compensation be paid back without civil suit.

The Department should be given the right of subrogation with respect to National Labor Relations Board awards in order to secure repayment of compensation already paid.

Amendments to Pennsylvania Unemployment Compensation Act of December 5, 1936, P. L. 2897 (1937 Pamphlet Laws) Recommended by The Joint State Government Commission and By The Joint Legislative Committee to Study Unemployment Compensation, Showing Section, Subject, Recommended Change, Federal Provision, Purpose of Change, and Comparison With H. B. 1384 of 1939 Session

Section	Subject	Recommended Change	Federal Provision	Purpose	Did H. B. 1384 of 1939 Session include this Recommendation?
4 (i)	Employers	Permit election of non-liable employer to cover non-localized service performed by non-resident employe, where direction is located in Pennsylvania and no liability exists under any State law.	No "elections" provided	To secure coverage of employes in these cases where liability exists under Federal Act but no coverage under any State Act	No
		..... Successor in Interest Clause	None	To extend coverage of Act and remove a situation which invites evasion of the law	Yes
4 (j)	Employment	Exclude from the term the following services:			
		Domestic service in local college club, fraternity, or sorority	I. R. C. 1607 (c) (2)	To conform with Federal	No
		Cassual labor not in course of business	I. R. C. 1607 (c) (3)	"	No
		Service performed in any calendar quarter for organizations exempt from the Federal Income Tax, if—(i) the remuneration for such service does not exceed \$45, or (ii) such service (under certain conditions) is for a fraternal beneficiary society, order, or association, or (iii) such service is performed by a student	I. R. C. 1607 (c) (10)	"	No
	Service performed in employ of agricultural or horticultural association	I. R. C. 1607 (c) (10) (B)	"	No	

Services under certain circumstances in employ of employes' voluntary beneficial association	I. R. C. 1607 (c) (10) (C) 1607 (c) (10) (D)	"	No
Services performed by student for his college for amounts under \$45 a quarter	I. R. C. 1607 (c) (10) (E)	"	No
Services performed for a foreign government	I. R. C. 1607 (c) (11)	"	No
Services performed for an instrumentality of a foreign government under certain conditions	I. R. C. 1607 (c) (12)	"	No
Services performed by student nurses and internes under certain conditions	I. R. C. 1607 (c) (13)	"	No
Services performed as an insurance agent on commission basis	I. R. C. 1607 (c) (14)	"	No
Services performed by minor under 18 in delivery of newspapers or shopping news	I. R. C. 1607 (c) (15)	"	No
Include within the term the following services:			
Services in employ of U. S. or of instrumentality of U. S. which is not wholly owned by U. S. and not exempt under Income Tax Law	I. R. C. 1607 (c) (6)	"	No
Services performed in employ of charitable, religious, etc. corporation, when a substantial part of activities is used to influence legislation	I. R. C. 1607 (c) (8)	"	No
Included and excluded service clause providing that where service is mixed, all service to be that part which represents more than fifty per cent of the total	No Provision	An administrative device to avoid confusion as to coverage of employes.	No

Section	Subject	Recommended Change	Federal Provision	Purpose	Did H. B. 1384 of 1939 Session include this Recommendation?
4 (s)	Total Unemployment	The word "remuneration" to be substituted for the word "wages"	No Provision	"Wages" are defined elsewhere as remuneration for covered employment. Under the present definition a claimant might be construed to be totally unemployed even though earning unlimited amounts for non-covered services.	No
4 (u)	Wages	Eliminate distinction between wages for contributions and benefits	No Provision	To extend to benefit side the 1940 amendment defining wages	No
		..... Except from definition payments to draftees	Pending Legislation	To encourage such payments	No
204	Advisory Council	Make appointment compulsory	No Provision	No comment	No
205	Stabilization of Employment	Provides for experience rating studies	Permits the Plan	To lend official sanction to studies	No
206	Employer Reports	Provisions for Destruction	No Provision	Will solve big problem	No

301-2	Contribution	Rate to be set without fixed relation	No Provision	Will eliminate a feature that might cause complications	No
		Power to assess amount against delinquent employer	No Provision	A. needed "collection" instrument	No
303 (b)	Termination Employer Liability	Clarification of Provision	No Provision	To remove doubt as to meaning	No
308	Interest	Rate to be set at 1% per month "or fraction thereof"	No Provision	To simplify computations	No
309	Collection of contribution	Power to compromise delinquent amounts of principal, penalty, and interest from bankrupt employers and penalty and interest of delinquent employers, with approval of Attorney General	Same Power	To facilitate collections	Partly
		Power to establish liens against delinquent employers.	Same Provision	To facilitate collections	No
311	Refunds & Adjustments	Power to enter into Inter-State agreements to provide for adjustments when contribution payments are made to wrong State.	No Provision	To remove iniquities of present plan	No
401 (a)	Eligibility for Benefits	Change Qualifying Amount to flat amount of \$100 instead of formula.	No Provision	To extend coverage and simplify procedure	\$200 Qualifying Amount
401 (e)	Waiting Period	Clarify "waiting period" to conform to present practice.	No Provision	To remove ambiguities	Yes
		Reduce "waiting period" to two weeks.	No Provision	To extend coverage; speed up payment of benefits	No

Section	Subject	Recommended Change	Federal Provision	Purpose	Did H. B. 1384 of 1939 Session include this Recommendation?
402	Ineligibility for Compensation	Add "without good cause" to voluntary quit provision.	No Provision	To remove iniquities	No
		Add disqualification for "committing larceny against employer after conviction by a competent court of law".	No Provision	To remove from benefits those who are non-deserving	No
403	Payment of Compensation	Provision to pay the surviving spouse, children, and parents of deceased claimants without necessity of letters of administration	No Provision	To remove hardships which exist under present plan	Yes
404	Amount of Compensation	Elimination of redeterminations	No Provision	Administratively necessary	Yes
		Provision for payment according to schedule	No Provision	To simplify payments	Yes
		Freezing of benefit rights of claimants during service in armed forces of U. S. A.	Pending Legislation	To safeguard their benefit rights	No
501	Determination Appeals	Provision granting right to amend decisions after ten days with respect to further payments upon basis of after-discovered evidence	No Provision	To eliminate payment when admittedly not warranted	Yes
		Payment during appeals of uncontested amount of benefits	No Provision	To permit payment which will not be contested	Yes
		Remove compulsory mailing of decisions	No Provision	Allow any form of notice in writing	No

505	Appeal Procedure Provisions for mass appeals		No Provision	To simplify administration	No
509	Finality of Decisions	Provision of use of after-discovered evidence	No Provision	To simplify administration	No
512	Establishing of Precedents	Decisions to be uniformly applicable to all claimants of a similar class	No Provision	Speeds procedure	No
804	Liability to repay compensation	Eliminate provision which restricts liability only when claimant fails to meet eligibility requirements	No Provision	To make repayment necessary when more than maximum compensation has been paid	No
		Power to surcharge future benefits with amount of overpayments	No Provision	To afford means of liquidating over-payments	No
		Right of subrogation under NLRB awards	No Provision	To provide means of obtaining over-payments	No

MEMORIALIZATION TO CONGRESS TO REDUCE CONTRIBUTIONS BY EMPLOYERS

It is recommended that the Legislature memorialize Congress to authorize the General Assembly to reduce the contributions by employers to two per cent when the fund is one and one-half times the average benefit payments for the last three preceding years.

In the House of Representatives, January, 1941.

Whereas experience of the past three years has demonstrated the fact that the present rate of contributions required of employers under the Unemployment Compensation Law is burdensome and materially in excess of that required for the purposes for which the Unemployment Compensation Fund is maintained, as shown by the following figures: Balance in fund, as of December 31, 1940, \$132,393,969; benefits paid during the past three years, for 1938, \$71,553,159; for 1939, \$54,594,544; and for 1940, \$44,260,799; showing an average annual payment of \$56,802,834; and

Whereas the rate of such contributions is controlled by the maximum credit allowable to employers by section nine hundred two of the Federal Social Security Act against the Federal Excise Tax imposed by section nine hundred one of said act (said sections being now sections one thousand six hundred one and one thousand six hundred respectively of the Federal Internal Revenue Code, as amended); therefor, be it

Resolved (if the Senate concur), That the Congress of the United States be memorialized, by proper congressional action, to reduce the rate of the Federal Excise Tax imposed by section one thousand six hundred of the Internal Revenue Code with respect to employment, to two per centum of total wages paid by an employer during the calendar year with respect to employment after December 31, 1940, so as to enable the states, by appropriate legislation, to reduce their present rate contribution if and when their Unemployment Compensation Fund shall exceed one and one-half times the average annual amount expended for the payment of benefits during the three last preceding calendar years.

Resolved, That certified copies of the foregoing resolution be transmitted, by the Chief Clerk of the House of Representatives, to the President of the United States, to the presiding officers of the Senate and House of Representatives of Congress, and to each United States Senator and Congressman elected from this Commonwealth.

STATISTICAL STUDIES

In making the several sample studies of wage records and benefit payments, opportunity was afforded to secure significant data regarding the Pennsylvania system of Unemployment Compensation. These data throw additional light on some significant aspects of the administrative problems in Unemployment Compensation. The results of these special analyses are given in the following sections.

SECTION I

ELIGIBILITY¹

a. **Experience with Eligibility Provisions.** One of the important factors in the benefit formula of the Pennsylvania Unemployment Compensation Law is the eligibility requirement. This requirement is designed to test the right of claimants to receive benefits by excluding those whose earnings are too small to consider them part of the labor market. Therefore, the extent to which the eligibility requirement screens out claimants is one factor in measuring its effectiveness.

Analysis of all claims filed between the beginning of the program in January 1938 and October 1939 reveals that 5.1 per cent of all claims have been declared ineligible (83,251 out of 1,618,216). However, during the year 1938 the proportion of ineligibility was 7.2 per cent (75,772 out of 1,058,080). During the year 1939, up to October, only 1.2 per cent of all claimants were declared ineligible (7,479) out of 560,136). This record shows that the percentage of ineligibility has dropped from 7.2 per cent to 1.2 per cent, with an average over the period of 5.1 per cent. This experience indicates that as the law becomes more understandable to claimants the ineligible claimant does not attempt to file a claim or the local office cancels the claim without referring it to the central office. It cannot be concluded, however, that this experience demonstrates that the eligibility requirements are too high or too low. To answer this important question, it is necessary to study all wage records, not merely the wage records of claimants whose claims were determined.

b. **Wage Rates of Ineligible Cases.** In a sample taken during June-July 1939, there were twenty ineligible cases out of a total of 1,130 claims, or 1.8 per cent. Of this number of ineligible cases, twelve were full time weekly wage determinations and eight cases were one-thirteenth of the highest quarter determinations.

Table V in the Statistical Appendix shows a distribution by weekly wage groups of these ineligible cases. Among the ineligible cases there were eleven, or 58 per cent, which fell within the minimum and maximum earnings allowed under the law (\$15 to \$30). There was a tendency for the full time weekly wage cases to be declared ineligible even though they had substantially high weekly wages. This was due to the factor in Pennsylvania formula which figures eligibility as a product of the full time weekly wage times $6\frac{1}{2}$. The tendency was for the one-thirteenth method to make it relatively easier for a claimant to qualify; the appendix table clearly brings out this point.

The full time weekly wage ineligible cases had average weekly wages of \$28.79 and average total earnings of \$1,176.85. The one-thirteenth of highest quarter ineligible cases had average weekly wages of \$28.06 per case and average total earnings of \$824.96.

¹ *Unemployment Compensation Benefits in Pennsylvania*, Op. Cit., p. 47.

TABLE V

INELIGIBLE CASES FROM GROUP OF CLAIMS FILED JUNE 12 to JUNE 21, 1939, INCL.
DISTRIBUTED BY WEEKLY WAGE GROUPS ¹

Weekly Wage	FULL TIME WEEKLY WAGE CASES					
	Total Claims		Total Wages		Total Weekly Wages	
	Number	Per cent	Amount	Average	Amount	Average
Less than \$5	0	0	0	0	0	0
\$5 to \$10	0	0	0	0	0	0
\$10 to \$15	1	9.1	\$ 414.44	\$ 414.44	\$ 11.45	\$11.45
\$15 to \$20	3	27.2	1,997.10	665.70	52.50	17.50
\$20 to \$25	2	18.2	2,241.27	1,120.64	48.60	24.30
\$25 to \$30	1	9.1	1,470.45	1,470.45	27.65	27.65
\$30 to \$35	2	18.2	3,163.56	1,581.78	68.15	34.07
\$35 to \$40	1	9.1	1,617.87	1,617.87	35.25	35.25
\$40 to \$45	0	0	0	0	0	0
\$45 to \$50	0	0	0	0	0	0
\$50 or more	1	9.1	2,040.70	2,040.70	73.05	73.05
TOTALS	11	100.0	\$12,945.39	\$1,176.85	\$316.65	\$28.79

TABLE V CONTINUED

Weekly Wage	1/13 OF HIGHEST QUARTER CASES					
	Total Claims		Total Wages		Total Weekly Wages	
	Number	Per cent	Amount	Average	Amount	Average
Less than \$5	0	0	0	0	0	0
\$5 to \$10	0	0	0	0	0	0
\$10 to \$15	2	22.2	\$ 1,034.15	\$ 517.08	\$ 21.80	\$10.90
\$15 to \$20	3	33.4	2,447.03	815.68	48.09	16.03
\$20 to \$25	2	22.2	1,522.36	761.18	42.00	21.00
\$25 to \$30	1	11.1	954.15	954.15	26.60	26.60
\$30 to \$35	0	0	0	0	0	0
\$35 to \$40	0	0	0	0	0	0
\$40 to \$45	0	0	0	0	0	0
\$45 to \$50	0	0	0	0	0	0
\$50 or more	11	11.1	1,228.35	1,228.35	68.00	68.00
TOTALS	9	100.0	\$ 7,186.04	\$ 798.49	\$206.49	\$22.94

¹ *Ibid.*, p. 91

SECTION II

Benefit Payments Using the High Quarter Plan Alone as Compared with the Present Plan.

A plan for using high quarter earnings alone has been advanced by some as the method by which benefits should be determined. It is interesting to know that such a plan using the highest in eight quarters of earnings comes close to the present law in terms of weekly benefit rates. This is due to the fact that 60 per cent of the cases under the present law are already determined on this basis, and the 100 per cent determination of this type does not materially change the distribution of rates.¹

Sample studies have been made by the Bureau of Employment and Unemployment Compensation which show that there is close agreement between the two plans on the following points: (See *Unemployment Compensation Payments in Pennsylvania*, Administrative Research Bulletin No. 2, January, 1940).

1. **Distribution of weekly benefit or compensation rates.** There is a concentration of cases at each of the maximum and minimum rates with a rather uniform distribution between the two limits.

2. **Duration of Compensation.** Under both plans almost 80 per cent of cases were eligible for the maximum number of weekly benefit checks, thirteen. Also noticeable was the fact that the number receiving only a few payments is small.

3. **Weekly Compensation Rates.** Here, too, a high degree of similarity appears. Approximately 60 per cent of the cases would have received the same amount within the dollar interval under both plans. If the high quarter plan were used exclusively almost 80 per cent would have received a higher amount, the same amount, or not more than fifty cents less than the present weekly compensation rate.

4. **Number of Payments.** About 96 per cent of the cases under the high quarter plan would receive the same number of payments or one payment more or less than under the present plan.

5. **Maximum Amount of Compensation.** The study shows that under the high quarter plan about 91 per cent of the claimants would receive within \$10 of the benefits which they now are paid. The number of cases falling outside the \$10 zone is relatively insignificant.

SECTION III

Additional Benefit Costs of Shortening the Waiting Period²

Since it is not required that one be in need in order to receive unemployment benefits, additional costs to the Unemployment Compensation Fund due to shorter waiting periods promise to be more substantial than any possible savings in direct relief expenditures. From an examination of the benefit characteristics of a random sample of eligible claimants having a full benefit-year experience, it has been determined that a reduction from three waiting weeks to two waiting weeks for the year 1939 would have resulted in an increase of approximately \$2,000,000 benefit payments, and that a reduction to one week would have resulted in an increase of more than \$3,500,000.

Approximately 8 per cent of the additional cost that would result from a reduction of the waiting period to two weeks, would be due to the addition of persons who, because of the three-week waiting period, had not reached compensable status. The balance would have been accounted for by the payment of an additional week of benefits to those claimants who had reached compensable status but had not exhausted their benefit rights. If, however, the waiting period were reduced to one week, the increased proportion of the cost due to new beneficiaries would have been about 13 per cent.

¹ *Ibid.*, p. 43

² *Additional Benefit Costs of Shortening Pennsylvania's Waiting Period*. Administrative Bulletin 4, June 1940, Bureau of Employment and Unemployment Compensation, Harrisburg, Pennsylvania, pp. 4-6.

More than one out of ten eligible claimants received no benefits within the 52 weeks during which they had accumulated waiting-week credits. This was primarily because they had been called back to work or had found new employment before completing their waiting period. These claimants who had never reached compensable status may be classified into four groups—those who filed (1) no waiting weeks, (2) one waiting week, (3) two waiting weeks, and (4) three waiting weeks. No data are available adequate to show the exact distribution among these four groups, but such records as are at hand indicate that the group totals were approximately equal.

Claimants who now file their third waiting week claim, but who do not return to the employment office after that time, would receive one week of compensation during a two-week waiting period provision in the law. Under a one-week waiting provision, they would receive two weeks of compensation. Claimants who now file claims for no more than two waiting weeks, still would not be entitled to compensation under a two-week waiting period, but would be entitled to one check under a one-week waiting period.

The other group of claimants who would have contributed to the greater part of the increased cost had the waiting period been shorter are those who had become compensable but had ceased drawing benefits before they had exhausted their benefit rights. A sample study of claimants who had ended their benefit years indicates that 65 per cent of all eligible claimants exhausted their benefit rights before the ends of their benefit years. To those who returned to work prior to the drawing of all benefits possible, the reduction in the waiting period would have meant an additional one or two weeks of compensation.

The estimated increase in costs that the suggested changes would have involved may be summarized as follows:

<i>Period</i>	<i>If the waiting period had been reduced to</i>	
	<i>One Week</i>	<i>Two Weeks</i>
Total	\$9,273,000	\$5,259,000
1938	4,793,000	2,714,000
1939	3,660,000	2,080,000
1940 (1st Quar.)	820,000	465,000

These cost figures are based on an estimated increase of 3.8 per cent in compensable weeks of unemployment due to a two-week waiting period, and a 6.7 per cent increase in compensable weeks due to a one-week waiting period.

A factor which has not been taken into consideration in making the foregoing estimates is that a number of workers who are regularly unemployed for two or three weeks each year do not file under the present provisions of the law, but presumably would do so if the waiting period were reduced.

In any attempt to apply the estimated percentages to future periods, it should be considered that the additional cost involved is largely dependent upon the proportion of claimants who exhaust their benefit rights. This proportion bears an inverse relationship to the duration of unemployment. Consequently, during periods of severe economic depression, when it is unlikely that claimants will be able to obtain employment before they have exhausted their benefit rights, there will tend to be a proportionately smaller drain on the fund due to a one-week or a two-week waiting period, as compared with a three-week period. On the other hand, during periods of expanding employment, an increasingly large number of claimants will be re-employed prior to the exhaustion of their benefit rights, but they would receive one or two additional weeks of benefits under a shorter waiting period. Therefore, the cost of a shorter waiting period would be proportionately greater during a period when total benefit payments are at a relatively low level.

The following statement summarizes the results of the sample study of cases in which the benefit years had ended, on the basis of which the estimates contained in this report were derived:

<i>Status of Claim at End of Year</i>	<i>Per cent</i>
Total claimants with ended benefit year	100.00
<i>Claimants Benefited</i>	89.6
Drawing maximum	58.2
Drawing one week less than maximum	10.7
Drawing two or more weeks less than maximum	20.7
<i>Claimants Not Reaching Compensable Status</i>	10.4
Three weeks of waiting, but no claim	2.6
Two weeks of waiting	2.6
Less than two weeks of waiting	5.2

TABLE VI

PENNSYLVANIA UNEMPLOYMENT COMPENSATION FUND

RECEIPTS AND PAYMENTS

APRIL 1938—DECEMBER 1940

<i>Month</i>	<i>Contributions and Interest Received</i>	<i>Benefits Paid</i>	<i>Fund Balance End of Month</i>
1938			
April	\$ 5,025,008	\$8,597,499	\$ 68,078,213
May	12,906,527	5,920,726	75,064,014
June	385,592	7,972,535	67,477,071
July	3,638,583	7,873,956	63,241,698
August	14,301,786	7,821,446	69,722,038
September	460,841	5,936,882	64,245,997
October	3,347,006	5,083,341	62,505,390
November	14,481,109	3,997,923	72,988,576
December	774,716	3,581,926	70,181,366
1939			
January	4,119,142	4,902,568	69,397,940
February	16,433,826	3,062,933	82,768,832
March	510,226	5,199,114	78,079,945
April	2,948,208	5,041,984	75,986,169
May	15,764,303	7,201,026	84,549,445
June	400,539	6,479,787	78,470,197
July	3,971,981	4,808,208	77,633,970
August	15,569,369	6,104,732	87,098,607
September	459,021	4,133,989	83,423,638
October	4,157,902	2,714,320	84,867,220
November	15,310,410	2,327,661	97,849,969
December	762,688	2,618,222	95,994,435

TABLE VI—Continued

<i>Month</i>	<i>Contributions and Interest Received</i>	<i>Benefits Paid</i>	<i>Fund Balance End of Month</i>
1940			
January	5,259,783	4,024,507	97,229,712
February	18,316,256	4,017,219	111,528,749
March	425,675	4,207,156	107,747,268
April	2,121,641	4,615,857	105,253,052
May	17,767,639	5,304,598	117,716,092
June	476,599	3,909,225	114,283,466
July	4,381,362	4,474,767	114,190,061
August	15,877,277	4,054,669	126,012,669
September	360,485	2,918,356	123,454,798
October	5,838,283	2,726,744	126,566,337
November	14,502,946	1,881,052	139,188,231
December	707,019	2,126,649	137,768,601

Source: *Trends and Totals*, May 1939, Oct. 1939, and Sept. 1940, Pennsylvania Bureau of Employment and Unemployment Compensation. Table completed from additional data supplied by the Bureau.

TABLE VII

RECAPITULATION OF
CONTRIBUTIONS AND INTEREST RECEIVED, BENEFITS PAID, AND BALANCE OF
PENNSYLVANIA UNEMPLOYMENT COMPENSATION FUND

<i>Year</i>	<i>Contributions & Interest Received</i>	<i>Benefits Paid</i>	<i>Balance in Fund</i>
1937	\$70,152,958	.....	\$70,152,959
1938	71,581,566	\$71,553,159	70,181,366
1939	80,407,614	54,594,545	95,994,435
1940	86,034,965	44,260,799	132,393,969 ^a
	\$308,177,103	\$170,408,503	\$132,393,969

TABLE VIII

STATE UNEMPLOYMENT COMPENSATION FUND
RECEIPTS AND PAYMENTS
CUMULATIVE THROUGH JUNE 1940

<i>State</i>	<i>Contribution and Interest Received</i>	<i>Benefits Paid</i>	<i>Balance in Fund as of June, 1940</i>
(Amounts in thousands)			
Region I:			
Connecticut	\$55,579	\$20,717	\$34,080
Maine	13,251	9,480	3,771
Massachusetts	138,921	62,543	76,378
New Hampshire	11,417	5,734	5,683
Rhode Island	29,779	20,233	9,546
Vermont	5,047	2,017	2,703

^a This does not include \$5,374,632 transferred to Railroad Retirement Fund.

Source: Research and Statistics Section, Bureau of Employment and Unemployment Compensation.

TABLE VIII—Continued

	<i>State</i>	<i>Contribution and Interest Received</i>	<i>Benefits Paid</i>	<i>Balance in Fund as of June, 1940</i>
Region II:	New York	413,121	217,128	195,993
Region III:	Delaware	7,744	1,240	6,504
	New Jersey	139,908	24,161	115,748
	Pennsylvania	267,184	152,225	114,959
Region IV:	District of Columbia	23,445	4,131	19,314
	Maryland	38,409	19,700	18,710
	North Carolina	36,841	14,907	21,935
	Virginia	23,553	13,265	19,288
	West Virginia	34,712	18,155	16,557
Region V:	Kentucky	36,272	7,325	28,947
	Michigan	147,607	88,574	61,033
	Ohio	187,843	38,544	149,298
Region VI:	Illinois	228,083	40,852	187,231
	Indiana	71,742	31,955	39,787
	Wisconsin	71,315	17,648	53,667
Region VII:	Alabama	29,261	14,823	14,439
	Florida	20,272	6,028	14,245
	Georgia	28,713	5,412	23,302
	Mississippi	8,399	4,056	4,343
	South Carolina	14,927	3,987	10,249
	Tennessee	28,154	13,921	14,233
Region VIII:	Iowa	26,605	10,381	16,225
	Minnesota	45,939	22,148	23,791
	Nebraska	12,891	2,468	10,422
	North Dakota	3,380	965	2,415
	South Dakota	3,740	627	3,113
Region IX:	Arkansas	10,719	3,484	7,235
	Kansas	18,405	3,543	14,862
	Missouri	65,335	9,329	56,005
	Oklahoma	22,593	6,449	16,145
Region X:	Louisiana	32,132	13,170	18,962
	New Mexico	4,701	1,846	2,854
	Texas	77,208	25,413	51,795
Region XI:	Arizona	7,161	4,123	3,037
	Colorado	16,776	5,960	10,815
	Idaho	6,607	4,009	2,598
	Montana	9,065	2,955	6,110
	Utah	8,840	4,989	3,852
	Wyoming	4,453	2,018	2,434
Region XII:	California	251,450	97,350	154,099
	Nevada	2,982	1,488	1,493
	Oregon	21,124	12,779	8,345
	Washington	33,890	12,150	21,740

Source: *Social Security Bulletin* August, 1940.

Social Security Board, Washington, D. C.

State and type of fund	Size of firms covered	Contribution rate for 1940 (percentage of wages)	Month first payable	Weeks of initial waiting period	BENEFITS			Duration in a given 52-week period ²	
					Weekly benefit rate	Maximum per week	Minimum per week	Maximum number times weekly benefit amount payable	Total amount of bene- fits as a proportion of wages earned in prior period
HAWAII: Pooled, experience rating.	Employer of 1 or more in 20 weeks.	Employer, 2.7 per cent.	Jan. 1939.	2	$\frac{1}{5}$ of high quarter's wages.	\$15	\$5	16	$\frac{1}{2}$ in 4 quarters.
IDAHO: Pooled.	Employer with \$78 or more wages payable in 1 quarter.	do.	Sept. 1938.	2	Established by weighted table in law.	18	do.	17	$\frac{1}{4}$ in 4 quarters.
ILLINOIS: Pooled, experience rating.	Employer of 6 or more in 20 weeks.	do.	July 1939.	2	$\frac{1}{10}$ of high quarter's wages.	16	\$7	16	Do.
INDIANA: Contributions of 0.135 percent of employer's pay roll pooled, remainder employer reserve. Guaranteed employment accounts.	Employer of 8 or more in 20 weeks.	Employer, determined by experience rating.	Apr. 1938.	2	$\frac{1}{5}$ of high quarter's wages.	15	None. A \$5 minimum is authorized within discretion of State agency.	³ 15	16 percent in 5 quarters. ⁴
IOWA: Pooled, experience rating.	Employer of 8 or more in 15 weeks; also all employers liable to Federal tax.	Employer, 2.7 per cent.	July 1938.	2	50 percent of full-time weekly wage.	15	\$5 or full-time weekly wage.	15	$\frac{1}{2}$ in 8 quarters.
KANSAS: Pooled, experience rating.	Employer of 8 or more in 20 weeks.	do.	Jan. 1939.	2	$\frac{1}{5}$ of high quarter's wages.	15	\$5 or 6 percent of high quarter's wages. ⁵		16 percent in 4 quarters.
KENTUCKY: Employer reserve; employee contributions and earnings from investment pooled.	Employer of 4 or more in 3 quarters of preceding year, to each of whom \$50 payable in each such quarter, or of 8 or more in 20 weeks.	Employer, 2.7 per cent, and for those not subject to Federal tax, 3 percent, on wages up to \$3,000; employee, 1 percent, not to exceed 50 percent of employer's contribution, on wages up to \$3,000 per employer.	do.	2	Based on schedule of annual wages.	30 (for 2-week period)	\$8 (for 2-week period).	8 times benefit (for 2-week period)	Uniform duration.
LOUISIANA: Pooled, experience rating.	Employer of 4 or more in 20 weeks or 12 or more in 10 weeks.	Employer, 2.7 per cent; employee, 0.5 percent.	Jan. 1938.	2	50 percent of full-time weekly wage.	18	do.	18	$\frac{1}{2}$ in 8 to 11 quarters.
MAINE: Pooled.	Employer of 8 or more in 20 weeks; also all employers liable to Federal tax.	Employer, 2.7 per cent.	do.	2	Based on schedule of annual wages.	15	\$3	16 (uniform duration)	Uniform duration.
MARYLAND: Pooled.	Employer of 4 or more in 20 weeks.	do.	do.	2	$\frac{1}{10}$ of high quarter's wages, established by table in law.	15	\$5	16	$\frac{1}{4}$ in 4 quarters.
MASSACHUSETTS: Pooled, experience rating.	Employer of 4 or more in 20 weeks; also all employers liable to Federal tax.	Employer, 2.7 per cent on wages up to \$3,000.	do.	2	Established by weighted table in law.	15	\$6	20	30 percent in 4 quarters.
MICHIGAN: Pooled, experience rating.	Employer of 8 or more in 20 weeks; also all employers liable to Federal tax.	Employer, 3 percent on wages up to \$3,000.	July 1938.	2	$\frac{1}{5}$ of high quarter's wages.	16	\$7, if high quarter's wages \$100-\$175; \$6, if less than \$100.	16	$\frac{1}{4}$ in 4 quarters. ⁶
MINNESOTA: Pooled, experience rating.	Employer of 1 or more in 20 weeks and of 8 or more outside cities with population of 10,000 or more.	Employer, 2.7 per cent.	Jan. 1938.	2	do.	15	\$5	16	$\frac{1}{2}$ in 4 quarters.
MISSISSIPPI: Pooled	Employer of 8 or more in 20 weeks.	Employer, 2.7 per cent on wages up to \$3,000.	Apr. 1938.	2	$\frac{1}{10}$ of high quarter's wages.	15	\$3	14 (uniform duration)	Uniform duration.
MISSOURI: Pooled, experience rating.	do.	do.	Jan. 1939.	3	$\frac{1}{5}$ of high quarter's wages.	15	\$5 or 6 percent of high quarter's wages.	12	16 percent in 8 to 12 quarters.
MONTANA: Pooled.	Employer of 1 or more in 20 weeks, if year's pay roll over \$500.	do.	July 1939.	2	do.	15	\$5	16 (uniform duration)	Uniform duration.
NEBRASKA: Employer reserve; earnings in pooled account.	Employer of 8 or more in 20 weeks.	Employer, determined by experience rating. Contributions are on wages up to \$3,000.	Jan. 1939.	2	50 percent of full-time weekly wage.	15	\$5	16	$\frac{1}{2}$ in 4 quarters.
NEVADA: Pooled, experience rating.	Employer with \$225 or more wages payable in 1 quarter.	Employer, 2.7 per cent.	do.	2	$\frac{1}{10}$ of high quarter's wages.	15	do.	18	Do.
NEW HAMPSHIRE: Pooled, experience rating.	Employer of 4 or more in 20 weeks, also all employers liable to Federal tax.	Employer, 2.7 per cent on wages up to \$3,000.	Jan. 1938.	2	$\frac{1}{10}$ of high quarter's wages.	15	do.	16	$\frac{1}{2}$ in 4 quarters.
NEW JERSEY: Pooled, experience rating.	Employer of 8 or more in 20 weeks.	Employer, 2.7 per cent on wages up to \$3,000; employee, 1 percent on wages up to \$3,000.	Jan. 1939.	2	do.	15	do.	16	Do.
NEW MEXICO: Pooled, experience rating.	Employer with \$450 or more wages payable in 1 quarter, or employer of 2 or more in 13 weeks.	Employer, 2.7 per cent.	Dec. 1938.	2	$\frac{1}{10}$ of high quarter's wages, established by table in law.	15	\$3	16	$\frac{1}{2}$ in 4 quarters.
NEW YORK: Pooled.	Employer of 4 or more in 15 days.	Employer, 2.7 per cent on wages up to \$3,000.	Jan. 1938.	3	$\frac{1}{10}$ of high quarter's wages, established by table in law.	15	\$7	13 (uniform duration)	Uniform duration.
NORTH CAROLINA: $\frac{1}{4}$ of contributions to employer reserve; remainder pooled.	Employer of 8 or more in 20 weeks.	Employer, 2.7 per cent.	do.	2	Based on schedule of annual wages.	15	\$1.50	16 (uniform duration)	Do.
NORTH DAKOTA: Pooled, experience rating.	do.	do.	Jan. 1939.	2	50 percent of full-time weekly wage.	15	\$5	16	$\frac{1}{2}$ in 4 quarters.
OHIO: Pooled, experience rating.	Employer of 3 or more at any one time.	Employer, 2.7 per cent on wages up to \$3,000.	do.	3	50 percent of average weekly wage.	15	None	16 (within any 12 months, uniform duration)	Uniform duration.
OKLAHOMA: Pooled, experience rating.	Employer of 8 or more in 20 weeks.	Employer, 2.7 per cent.	Dec. 1938.	2	50 percent of full-time weekly wage.	15	\$8 or $\frac{1}{4}$ of full-time weekly wage.	16	$\frac{1}{2}$ in 4 quarters.
OREGON: Pooled, experience rating.	Employer of 4 or more in any 1 day in any calendar quarter with pay roll of \$500.	Employer, 2.7 per cent on wages up to \$3,000.	Jan. 1938.	3	$\frac{1}{10}$ of high quarter's wages.	15	\$7	16	Do.
PENNSYLVANIA: Pooled.	Employer of 1 or more in 20 weeks.	do.	do.	3	50 percent of full-time weekly wage.	15	\$7.50	13	$\frac{1}{2}$ in 8 quarters.

¹ Payable in any "benefit period."

² Including uncompleted quarter in which waiting period is served.

³ But benefits are paid at the rate of \$5 per week until benefit rights are exhausted, even though the computed minimum is less than \$5.

⁴ Lesser of \$200 or 30 percent of base period wages if such wages are less than \$800.