Reporting of Tips Under the Connecticut Unemployment Insurance Law*

A change in the Connecticut unemployment insurance law relating to the method of computing the amount of tips to be reported as wages has apparently reduced the amount of tips reported. Before July 1, 1947, the law required that the average amount of tips be estimated and determined in accordance with administrative regulation. Under this regulation the amount could be estimated by an agreement between an employer and his employees or by any other equitable manner, provided the agreement or statement of method was filed with the State administrator. The latter had to approve the amount reported and could substitute other figures if he felt that the amount originally reported was not equitable.

At legislative hearings, many employers objected to this provision on the grounds that there was no equitable method of estimating gratuities. Employers frequently protested to the Connecticut Employment Security Division concerning the Division's computation of the amount of tips to be taxed as wages.

Effective July 1, 1947, the law was amended to provide that "whenever tips or gratuities are paid directly to an employee by a customer of an employer the amount thereof which is accounted for by the employee to the employer shall be considered wages for the purposes of this chapter." Under new administrative regulations implementing this provision the employee fills out a Certificate of Tips Reported, listing the amount of tips he reports to his employer. The latter signs the form, returns a copy to the employee, keeps the original for his file, and adds to the other wages reported to the agency the tips reported on the certificate. The amount of tips is now separately reported on the quarterly contribution report.

During the third quarter of 1947, tips were reported by 303 firms, most of them in the restaurant business (Table 1). The ratio of tips reported to taxable wages for these firms averaged 5.5 percent and ranged from 2.4 percent in bowling alleys to 11.7 percent for country clubs. For all firms in industries in which tipping is customary, the ratio of tips reported to taxable wages ranged from 0.2 to 1.4 percent. While accurate figures are not available on the amount of tips reported under the earlier provision, agency auditors estimated that reported tips ranged from 5 to 20 percent of the taxable payrolls in the

Table 1.—Selected data on employers reporting tips and all employers in industries in which tips were reported, Connecticut, July—September 1947

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employers reporting tips</th>
<th>All covered employers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of firms</td>
<td>Number of employees, August 1947</td>
</tr>
<tr>
<td>Total</td>
<td>303</td>
<td>5,087</td>
</tr>
<tr>
<td>Restaurants</td>
<td>223</td>
<td>5,008</td>
</tr>
<tr>
<td>Hotels</td>
<td>35</td>
<td>1,602</td>
</tr>
<tr>
<td>Beauty parlors and barbershops</td>
<td>19</td>
<td>148</td>
</tr>
<tr>
<td>Bowling alleys</td>
<td>7</td>
<td>46</td>
</tr>
<tr>
<td>Country clubs</td>
<td>6</td>
<td>106</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>14</td>
<td>443</td>
</tr>
</tbody>
</table>
industries in which tipping is customary. It would appear that only 5 to 10 percent of the amount of tips formerly included in the taxable pay roll and in individual earnings reports was reported voluntarily during the third quarter of 1947. While practically all firms in the industries listed in Table 1 reported or were assessed for tips under the earlier provision, only 6 to 15 percent reported tips during the third quarter of 1947.

Family Benefits in Current-Payment Status, June 30, 1948

At the end of June 1948, at least one member of an estimated 1.5 million families was receiving monthly benefits under the old-age and survivors insurance program. Table 8 on page 24 shows a distribution of these families by family classification and the average family benefit for each classification as of June 30, 1948, 1947, and 1946.

The distribution of these families according to the family classification of beneficiaries actually receiving benefits is considerably different from that of all families in which one or more family members are entitled to benefits, since one beneficiary may be receiving benefits while the benefit of another entitled member of the family is suspended. For example, fewer families consisting of a widowed mother and child or children and more families consisting of only a child or children were in receipt of benefits than were on the rolls, because more widowed mothers than surviving children had their benefits withheld as of June 30, 1948.

The average family benefit for each family classification increased during the 2-year period June 30, 1946–June 30, 1948, mainly because the average award rose. The latter increase was due in large measure to the change in the method of computing primary benefit amounts, as authorized by the 1946 amendments; the higher wages on which the benefits were based; and the increased number of annual increments used in computing benefit amounts.

Recent Publications in the Field of Social Security*

Social Security Administration


Describes the 24-month experience of one voluntary, prepayment medical care organization and shows the demand for preventive services, the degree to which consultations are held with physicians early in illness, the extent to which laboratory and X-ray facilities are used, and the amount of service provided for certain diagnostic groups.

General


Discusses the processes of administration and the dynamics of individual and group behavior.


Reviews various activities of the Bolivian Insurance and Compulsory Savings Fund, among them hospital construction and low-cost housing.


Presents nine studies illustrating the method of experimental design.

*The inclusion of prices of publications in this list is intended as a service to the reader, but orders must be directed to publishers or booksellers and not to the Social Security Administration or the Federal Security Agency. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.


This monograph, the first of a series on vocational training and retraining in different countries, outlines the action taken by the British Government in organizing special training centers for adult workers to ensure an adequate supply of skilled labor for essential industries.


Describes the present system.


1 Estimates as of June 30, 1947, published in the October 1947 Bulletin, have been revised on the basis of tabulated data as of December 31, 1947.