differ much from the changes in 1954 or 1940, although the relative level of assistance in the fourth quarter of 1958 remained below that of the 2 previous recession years (table 4). During this period, the number of persons receiving temporary unemployment compensation benefits dropped consistently as the number of persons exhausting rights to the temporary benefits rose sharply. Some of those who exhausted their rights under the temporary program were subsequently added to the general assistance rolls. The Pennsylvania welfare agency, for example, reported that by October the number of persons added to the general assistance rolls because they had exhausted their benefit rights under the temporary program exceeded the number removed from the assistance rolls because of the receipt of these benefits. The gap widened in November and again in December.

It is important, however, to compare the magnitudes of general assistance and temporary unemployment compensation expenditures. In September the temporary unemployment compensation program paid $92 million in benefits, of which $74 million was paid in the 12 States. General assistance expenditures during September in these States amounted to $16.8 million — $1.8 million less than in June. The size of the decline indicates that only a small proportion of the temporary unemployment compensation benefits may have affected the general assistance caseloads. Yet without the temporary unemployment compensation programs, general assistance expenditures from June to September of 1958 might have increased, possibly as much as they did in the 1949 and 1954 recessions. The "real" decline in general assistance expenditures from June to September of 1958 may therefore have been more than the $1.8 million that is shown in table 4.

One State assistance agency — Pennsylvania — reported that the third-quarter decline in general assistance expenditures was attributable primarily to the temporary unemployment compensation program. General assistance expenditures in that State during September 1958 amounted to $1.8 million, a decline of $0.2 million (10 percent) from June 1958. (In 1954 and 1940 the State's expenditures for general assistance rose during the third quarter by more than 15 percent.) Temporary unemployment compensation benefits in Pennsylvania during September amounted to $9.8 million.

**Supplemental Unemployment Benefits**

The supplemental unemployment benefit plans, first introduced on a large scale in 1955, are another factor contributing to the decline in general assistance during the 1958 recession, particularly in the 12 industrial States mentioned. At the beginning of the recession, some 2 million workers — principally automobile workers and steelworkers — were covered by these plans. In most instances, the supplemental benefits plus the State unemployment insurance benefits provided 65 percent of an unemployed worker's normal take-home pay. Steelworkers could have received the supplemental benefits for a maximum of 26 weeks, and automobile workers could have received them for a maximum of 26 weeks (increased to 39 weeks in September 1958). After a worker exhausts his State unemployment insurance benefits, the amount provided by the supplemental unemployment benefit plans is increased to 65 percent of take-home pay, within certain dollar maximums.

Data showing total supplemental unemployment benefits in 1958 or the total number of persons receiving these benefits are not yet available. The supplemental benefits amounted to $25.0 million in 1957, compared with $8.0 million in 1956. The AFL-CIO Collective Bargaining Report for December 1958 shows that supplemental unemployment benefit plans at the three largest automobile manufacturing companies paid $33.7 million in benefits during the first 8 months of 1958. The steelworkers, reporting on all their supplemental unemployment benefit plans combined, estimate that benefits totaling $45 million were paid from September 1957 to June 1958. Altogether, the AFL-CIO estimates that more than 300,000 unemployed workers received supplemental unemployment benefits in 1958.

**Conclusions**

There are many reasons explaining the relatively minor impact of the temporary unemployment compensation program on the general assistance caseloads, even in those States that provide general assistance to unemployed persons. First, there are many eligibility conditions other than financial need that must be met, such as residence requirements and property limitations, and that may make some persons or families ineligible for general assistance even though they need financial aid. Then there is the important consideration of the availability of State and/or local funds. Practically all State and local governments use "closed end" appropriations for general assistance. In other words, the dollar amount available for general assistance is determined in advance (annually or biennially) by specific appropriations. Occasionally, some States have special funds that can be made available to local governments in an emergency.

Because of these limits on the dollar amounts that State and local governments may spend on general assistance, only persons most critically in need can be added to the general assistance rolls when there is a sharp rise in the number needing financial help. As a result, the amount of the payment to the recipients on the rolls must often be lowered in order to permit the addition of other critically needy persons to the assistance rolls. Still other needy persons may receive aid in the form of surplus foods and occasionally some assistance to meet special needs, such as medical care and funeral expenses.

---

**1959 Amendments to the Railroad Unemployment Insurance Act**

Public Law 86-38,1 signed May 19, 1959, included provisions amending the Railroad Unemployment Insu-

*Prepared in the Office of the Director of Research, Railroad Retirement Board.


*Bulletin, August 1959*
The legislation increases benefit rates for both unemployment and sickness, provides additional unemployment benefits, raises the qualifying earnings requirement, and improves the financing provisions. The increases in daily benefit rates, averaging about 20 percent, result from a combination of a revised rate schedule and a change in the rate guarantee. The law provides that, retroactive to July 1, 1958, the benefit rate is not less than 60 percent (rather than 50 percent) of the employee's daily rate of pay for his last railroad employment in the base year, subject to a new maximum of $10.20. Thus, at the maximum rate, benefits for a full 14-day period of unemployment or sickness now amount to $102 or $31 a week. Two provisions raise unemployment payments (subject to the maximum limits for the year); one removes the restrictions on crediting Sundays and holidays as days of unemployment, and the other eliminates the distinction between first and subsequent unemployment claims periods, making all days of unemployment in excess of four compensable in the earlier period on the same basis as in the later period. What was, in effect, a 1-week waiting period for unemployment benefits is thus wiped out; no corresponding change was made for sickness benefits.

Extended unemployment benefits are provided on a permanent basis for beneficiaries with 10 or more years of railroad service who exhaust rights to normal benefits. Those with 10-14 years of service may now receive up to 65 additional days of benefits in 7 consecutive 14-day registration periods beginning with the first day of unemployment after exhaustion; those with 15 or more years may be paid for as many as 130 additional days in 13 consecutive 14-day periods. For beneficiaries with less than 10 years of service who exhausted rights in the period from July 1, 1957, through March 31, 1959, temporary additional benefits (up to a maximum of 65 days) are provided to parallel the extended protection under State unemployment compensation laws stimulated by the Temporary Unemployment Compensation Act of 1958 and its 1959 amendments.

All these provisions for extended benefits are retroactive to at least July 1, 1958. For 10-year-service beneficiaries who exhausted benefit rights in 1957-58, they are retroactive to January 1, 1958, and for less-than-10-year beneficiaries, temporary extended benefits may be paid (at the old rates) for unemployment occurring as early as June 10, 1958.

Effective with the start of the 1959-60 benefit year, creditable base-year compensation of at least $500 (rather than $400) is required to qualify for unemployment or sickness benefits. The maximum on creditable and taxable compensation is raised from $350 a month to $400, effective June 1, 1959—a change corresponding to that for the retirement program. Also effective June 1, 1959, the schedule of employer contribution rates (which relates these rates to the balance in the railroad unemployment insurance account) was revised to provide a maximum rate of 3 1/2 percent (rather than 3 percent). Contributions are now payable at the new maximum rate. The Railroad Retirement Board estimates, however, that retroactive payments will total more than $90 million, and the balance in the railroad unemployment insurance account had fallen to less than $50 million even before the amendments became effective. It will be necessary, therefore, for the Railroad Retirement Board to use the authority contained in the amendments that permits the railroad unemployment insurance account to borrow funds from the railroad retirement account at 3-percent interest.

Recent Publications*

Social Security Administration


Papers presented at two institutes. Includes chapters on ecology of mental health, origin and development of mother-child relationships, the family health clinic, social work consultation in public health, and mental health consultation.


General


Includes discussion of questions that can be answered by censuses and vital statistics.


Why and where married women are working and how they are employed.

CAVAN, RUTH SHONE. "Unemployment—Crisis of the Common Man." Marriage and Family Living, Vol. 21, May 1959, pp. 139-146. $2.

Reviews various depression studies on the impact of unemployment on family life.


Includes chapters on health insurance, group insurance, and pension plans and on old-age, survivors, and disability insurance.


NATIONAL INDUSTRIAL CONFERENCE BOARD. Unemployment Wages and Inflation. (Conference Board Studies in Business Economics, No. 62.)