Effects of Migration on Unemployment Benefit Rights

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THE COEXISTENCE of 51 State unemployment compensation systems creates problems with respect to the benefit rights of workers who move from one State to another in search of employment. Eligibility provisions designed to disqualify workers whose attachment to the labor market is weak result in inequalities in the degree of protection against unemployment afforded industrial migrants and nonmigrants with comparable earnings and employment experience. Migrants who would qualify for benefits if their total taxable wages were credited under a single system are ineligible because their earnings in covered employment in any one State are insufficient to meet the minimum requirement. Others qualify in one or more States, but—when weekly benefits and the number of payments are proportional to earnings in a base period—their weekly benefit amount and total potential benefits are less than would have been the case had all their wage credits been combined. Conversely some migrants acquire double or nearly double the usual maximum benefit rights, if their covered employment and earnings are so divided as to make them eligible for the maximum benefits allowed in more than one State of employment.

Recognition of the problems of the interstate worker has been responsible for various special provisions for this group under the State unemployment compensation systems. The interstate benefit-payment plan, under which each State unemployment compensation agency agrees to act as agent for all others in the taking of claims, enables workers who have acquired benefit rights in one State to receive benefits for total unemployment although they are no longer residents of that State when they become unemployed. Furthermore, in order to permit all of a worker's taxable wages from a single employer to be credited with one State agency even though the worker is employed in more than one State, the majority of State laws define covered employment to include an individual's entire service with one employer if the major part of the service is performed in the State, or if the base of operations is within the State or, in case the base of operations is outside all States in which the service is performed, if the worker resides in the State. It is also possible under the laws of many States for the administrative agency to enter into reciprocal arrangements with other State agencies to determine borderline coverage cases.

These provisions only partially meet the problem of the interstate worker. In some cases employers are not aware of the possibility of reporting to a single agency all earnings of workers employed in more than one State. The interstate benefit-payment plan applies only to workers who are able to qualify in at least one State. No States have entered into arrangements whereby earnings in all States of employment can be used as a basis for benefit payment under a single agency, although all State laws permit such action. Furthermore, the interstate benefit-payment plan does not at present apply to partially unemployed workers, although several States have undertaken the payment of partial benefits to such workers outside the interstate benefit-payment plan.

In order to obtain some information on the extent of employment in more than one State in the course of a year—the usual base period for the determination of unemployment compensation rights—and the effect of divided earnings on such benefit rights, a study was undertaken of the earnings experience during 1938 of a 1-percent sample of workers with recorded taxable earnings in 1938. The wage records of the Federal old-age and survivors insurance program were used in preference to those of the State unemployment compensation agencies because of the practical difficulty of obtaining information from all the different State agencies with respect to the earnings of individual workers. Since the old-age and survivors insurance wage records include wages received from employers of one or more in covered industries while most of the State unemployment

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compensation laws have less inclusive coverage definitions, the tabulations understate the effect of existing unemployment compensation eligibility provisions.

The effect of four alternative eligibility provisions was analyzed on the hypothesis that each applied uniformly in all States. Three of the provisions tested require minimum taxable wages of specified flat sums in the base year, amounting to $100, $150, and $250, respectively. The fourth calls for taxable wages of at least $150 in the base year with the additional requirement that the total taxable wages must equal 30 times the worker's weekly benefit amount. The weekly benefit amount is assumed to be 1/26 of the highest quarter's wage, with a minimum of $5 and a maximum of $15. This formula, designated the "high-quarter earnings formula" in the study, approximates wage qualifications now in effect in 22 States.

Benefit rights were computed on the basis of taxable wages in the calendar year 1938 on the assumption that this was the base period for the entire group. Of necessity, therefore, the analysis relates to potential rather than actual eligibility and gives an indication of the adequacy of the insurance protection migrants receive under multistate insurance systems rather than an estimate of probable losses of benefit rights in 1939.

Employment Experience of Migrants and Nonmigrants

Of the approximately 277,000 cases studied, slightly more than 15,000 or 5.5 percent had wages taxable under the old-age and survivors insurance program in more than one State during 1938. For convenience in reference, these workers are designated as migrants. The great majority of these migrants, 94 percent, had taxable wages in two States only.

Analysis of the wage-record data indicated that there were two fairly distinct types of migrants included in the sample. Approximately 6,000, or 39 percent of the migrants, had only one employer in 1938 (table 1). While it is possible that some of these were actually nonmigrants mistakenly coded as migrants,[1] fully 75 percent were unquestionably workers employed in two or more States. They may have been either workers who were continuously on the pay roll of a multistate concern and transferred by the management from one unit to another or workers who were employed in industries dominated by several large concerns

[1] Some workers classified as 1-employer migrants may have actually been nonmigrants continuously employed outside the State of the employer's home office. If an employer with more than 1 establishment fails to indicate on a quarterly report the State in which a worker is employed, the employee is coded as having been employed in the State of the home office. If in such a case the actual State of employment were indicated on the employer's other quarterly wage reports for 1938, the worker would be classified as working in 2 States although he had actually been employed in only one.

Table 1.—*Number and percentage distribution of migrants and nonmigrants with one and with more than one employer, by amount of taxable wages, 1938* [1]

Taxable wages	Migrants						Nonmigrants					
	Number			Percent			Number			Percent		
	Total	With 1 employer	With more than 1 employer	Total	With 1 employer	With more than 1 employer	Total	With 1 employer	With more than 1 employer	Total	With 1 employer	With more than 1 employer
Total	15,124	5,896	9,228	100.0	100.0	100.0	261,526	207,459	54,067	100.0	100.0	100.0
Less than $50	550	129	421	3.6	2.2	4.6	29,215	25,838	3,377	11.2	12.5	6.2
50–99	606	121	485	4.0	2.1	5.3	15,308	11,617	3,691	5.8	5.6	6.8
100–199	1,186	232	954	7.9	3.9	10.3	21,436	14,942	6,494	8.2	7.2	12.0
200–299	1,148	225	923	7.6	3.8	10.0	16,301	10,915	5,386	6.2	5.3	10.0
300–399	1,100	242	858	7.3	4.1	9.3	14,433	9,771	4,662	5.5	4.7	8.6
400–499	1,016	275	741	6.7	4.7	8.0	13,617	9,478	4,139	5.2	4.6	7.6
500–999	4,167	1,671	2,496	27.6	28.3	27.1	63,763	49,650	14,113	24.4	23.9	26.1
1,000–1,499	2,542	1,307	1,175	16.8	23.2	12.7	42,510	35,879	6,631	16.3	17.3	12.3
1,500–1,999	1,425	822	603	9.4	13.9	6.5	22,627	19,603	3,024	8.6	9.4	5.6
2,000–2,499	626	380	246	4.1	6.5	2.7	10,333	9,114	1,219	4.0	4.4	2.3
2,500–2,999	307	195	112	2.0	3.3	1.2	4,756	4,238	518	1.8	2.0	1.0
3,000 or more	451	237	214	3.0	4.0	2.3	7,227	6,414	813	2.8	3.1	1.5
Less than 500	5,006	1,224	4,382	37.1	20.8	47.5	110,310	82,561	27,749	42.1	39.9	51.2
Less than 1,500	12,315	4,262	8,053	81.5	72.3	87.3	216,583	168,090	48,493	82.8	81.1	89.6
Median taxable wage	$734.70	$1,019.39	$546.47	----	----	----	$660.38	$713.18	$482.71	----	----	----

[1] Data based on a sample of approximately 1 percent of wage records of all workers with taxable wages in 1938 under the old-age and survivors insurance program. "Migrants" designates those workers who received taxable wages in more than 1 State, "nonmigrants" those who received taxable wages in 1 State only.

and, having lost their jobs in one State, were by chance employed by another unit of their original employing concern in another State. The one-employer migrants had both steadier employment and higher earnings than the nonmigrants. Their median taxable wage was $1,019 as compared with $660 for the nonmigrants. In contrast to the nonmigrants, a much larger proportion had some earnings in covered employment in all quarters of 1938 and a much smaller proportion had earnings in only one quarter (table 2).

The remaining migrants, those employed by more than one employer during 1938, were characterized by relatively low taxable wages. Almost half the group had reported wages of less than $500 in 1938 and three-fourths had reported wages of less than $1,000 for the same period. Their median taxable wage, $546, was less than that of the nonmigrants by more than $100. Their earnings, however, compared favorably with those of the multi-employer nonmigrants. A much smaller proportion of the multi-employer migrants than of the nonmigrants had earnings in covered employment in only one quarter (tables 1 and 2).

Many of the one-employer migrants are undoubtedly protected against loss of unemployment benefit rights by the uniform definition of employment in State laws and by the reciprocal agreements described above. However, only those workers sent by their employers from State to State in the course of their employment are thereby protected against division of wage credits among several State agencies. Employees of large corporations who become unemployed, migrate to another State, and find new jobs in another employing unit of the same concern, would be in the same position as multi-employer migrants with respect to the reporting of their taxable wages for unemployment compensation.[2] Similarly, the wage credits of employees who are permanently transferred by management during the year may be divided between two compensation systems, thus causing potential benefit loss. It was estimated that from 25 to 30 percent of the one-employer migrants were either permanently transferred by management or moved on their own initiative and, hence, would have had their wages reported to more than one State in 1938.

Unfortunately, there is no way of determining which of the one-employer migrants would have had taxable wages reported to more than one State unemployment compensation agency. Consequently the analysis of the effect of divided wage credits on unemployment benefit rights is based primarily on the experience of the multi-employer migrants.

Benefit Rights of Multi-Employer Migrants

Total loss of rights.—Under each of the four assumed formulas, some multi-employer migrants who would meet the specified eligibility requirement if all their taxable wages were credited under a single insurance system would fail to qualify for benefits in any State of employment because of the distribution of their taxable wages among several States. Depending upon the particular eligibility requirement under consideration, from 3.5 to 13.6 percent of all the multi-employer migrants would have been ineligible for unemployment benefits in any State solely because of a division of earnings (table 3).

Table 2.—*Percentage distribution of workers with specified number of States of employment, by number of quarters of employment, 1938*

Number of States of employment	Number of workers	Total	Workers with employment in—			
			1 quarter	2 quarters	3 quarters	4 quarters
	All workers					
1	201,526	100.0	15.6	14.1	14.2	56.1
2 or more	15,124	100.0	1.8	13.6	20.8	63.8
2	14,189	100.0	1.9	13.9	20.8	63.4
3	807	100.0	.2	7.7	22.7	69.4
4 or more	128	100.0	1.6	6.2	15.6	76.6
	With 1 employer					
1	207,459	100.0	18.5	13.0	11.7	56.8
2 or more	5,890	100.0	.6	10.0	13.5	75.9
2	5,754	100.0	.6	10.2	13.5	75.7
3	120	100.0	(1)	2.4	14.3	83.3
4 or more	16	(2)	-------	-------	-------	-------
	With more than 1 employer					
1	54,067	100.0	4.2	18.5	23.6	53.7
2 or more	9,228	100.0	2.6	15.8	25.5	56.1
2	8,435	100.0	2.8	16.5	25.7	55.0
3	681	100.0	.3	8.7	24.2	66.8
4 or more	112	100.0	1.8	5.3	16.1	76.8

[1] Less than 0.05 percent.
[2] Percentages not computed; numbers of workers in this group with taxable wages in 1, 2, 3, and 4 quarters were 0, 2, 2, and 12, respectively.

[2] All establishments under a single ownership carried the same employer code number on the 1938 old-age and survivors insurance records. Thus all units of the Atlantic and Pacific Tea Company, or the U. S. Steel Corporation, wherever located and whatever they were producing, were classified as 1 employer.

The high-quarter earnings formula was by far the most stringent in excluding from benefits multi-employer migrants who would have met the minimum requirements if all their taxable wages had been credited under a single system. It was the only one which excluded from benefits in all States some migrants earning more than $1,000. More than twice as many of the multi-employer migrants were totally disqualified under this formula as under a flat earnings requirement of $150 in the base year. This situation is not surprising, since to qualify for benefits under this formula a claimant must not only have accumulated minimum wage credits of $150 in one State but must also have worked in that State in at least 2 quarters.[3]

Under each of the four assumed eligibility formulas, the proportion of workers losing all benefit rights because of divided wage credits was greater for workers employed in three States than in two. Under each of the three flat earnings requirements, the proportion of workers employed in four or more States who were thus disqualified was smaller than in the case of workers employed in three States; under the $100 earnings requirement the proportion disqualified was less for workers employed in four or more States than for those employed in two. Evidently the higher earnings of the former group offset the effect of division of earnings among a larger number of States. Under the high-quarter earnings formula, on the other hand, 27 percent of the workers employed in four or more States, as compared with 13 percent of those employed in two States and 18 percent of those employed in three, were ineligible for benefits because of the distribution of their wage credits. In this case, the requirement of employment in more than one quarter counteracts the higher earnings and operates with increasing force as the number of States of employment increases.

Unused wage credits.—In addition to the multi-employer migrants who would lose all benefit rights, another large group would qualify in one but not in all States of employment. Under an insurance system in which benefit rights are related to past earnings and employment experience, most of these workers would have lower weekly benefit amounts or a shorter potential duration of benefits because of their inability to obtain full credit for their taxable wages in the computation of benefit rights. The amount earned in States in which the worker did not qualify for benefits was calculated for each migrant eligible in at least one State. These amounts are called "unused wage credits" throughout this discussion (tables 3 and 4).

The existence of unused wage credits, that is, the inability to obtain insurance credit for total taxable wages, has varied consequences depending on the formula used to compute the weekly

Table 3.—*Percentage distribution of multi-employer migrants with specified number of States of employment, by availability of wage credits under four assumed eligibility requirements, 1938*

Number of States of employment	Total [1]	Total wage credits unused because of—			Workers with unused wage credits and less than maximum benefit rights	
		No unused wage credits	Failure to meet minimum requirement	Distribution of wages	Total with some unused wage credits	½ duration formula [2]	⅓ duration formula [3]
	$100 wages required in base year						
2 or more	100.0	42.5	9.8	3.5	44.2	38.4	26.6
2	100.0	43.8	10.3	3.3	42.6	37.5	26.5
3	100.0	29.2	4.6	6.6	59.6	46.7	26.6
4 or more	100.0	19.6	3.6	1.8	75.0	55.4	29.5
	$150 wages required in base year						
2 or more	100.0	32.0	14.9	5.4	47.7	41.0	28.4
2	100.0	33.3	15.5	5.2	46.0	40.2	28.4
3	100.0	20.1	9.1	7.8	63.0	49.0	27.9
4 or more	100.0	8.0	4.5	7.1	80.4	58.0	34.8
	$250 wages required in base year						
2 or more	100.0	19.5	25.2	8.2	47.1	39.3	25.2
2	100.0	20.3	26.1	7.7	45.9	38.8	25.2
3	100.0	10.7	16.9	13.8	58.6	42.7	24.5
4 or more	100.0	5.4	10.7	10.7	73.2	51.8	31.2
	High-quarter wage requirement [4]						
2 or more	100.0	11.5	15.7	13.6	59.2	48.7	32.0
2	100.0	12.5	16.3	13.1	58.1	48.0	31.5
3	100.0	1.3	9.1	18.1	71.5	56.5	33.5
4 or more	100.0	1.8	5.3	26.8	66.1	49.1	29.5

[1] Represents 9,228 workers receiving taxable wages from more than 1 employer; for distribution see table 2.

[2] Migrants with total taxable wages of less than $1,000 having unused wage credits and migrants with total taxable wages of $1,000 or more whose total taxable wages minus their unused wage credits were less than $1,400. Credited earnings of $1,400 were assumed to give maximum benefit rights.

[3] Migrants with total taxable wages of less than $500 having unused wage credits and migrants with total taxable wages of $500 or more whose total taxable wages minus their unused wage credits were less than $900. Credited earnings of $900 were assumed to give maximum benefit rights.

[4] Number failing to meet minimum requirement estimated as sum of number earning less than $150 and number earning $150 or more but having employment in only 1 quarter.

[3] With the exception of workers earning $450 or more in the State, who can qualify even though employed in only 1 quarter, because of the effect of the maximum weekly benefit amount on the computations.

benefit amount and the duration of benefits. If weekly benefit amounts are determined on the basis of annual-earnings schedules, failure to obtain full credit for taxable wages will result in a migrant's receiving lower weekly benefits than under a single system, unless his credited earnings are sufficient to entitle him to the maximum benefits payable. If weekly benefit amounts are a computed fraction of total wages during the claimant's highest quarter of earnings, a division of earnings among States during such a period will have a similar effect. Only if benefits are based on reported full-time earnings is there little possibility of a reduction in the weekly benefit amount resulting from the existence of unused wage credits. Even in this case, a worker might have had higher full-time earnings in a State in which he was ineligible.

More important than reductions in weekly benefit amounts is the decrease in total benefits—that is, the shorter duration of benefit payments—which results from the existence of unused wage credits when total benefits are determined by previous taxable wages. At the present time, only 13 States pay benefits of uniform duration to all qualified claimants. In the remaining States, the potential duration of benefits is limited by base-year earnings. An exact measure of the loss of benefit rights suffered by migrants who are eligible for benefits in at least one State but who have some unused wage credits would necessitate computation of weekly benefit amounts and total benefits payable under various formulas for each worker, on the basis of his total taxable wages and his taxable wages in each State in which he was eligible. This elaborate procedure was not possible. The general character of the conclusions which can be drawn is not altered by this omission, although the measure of loss of benefit rights is less precise.

Maximum benefit rights.—Any worker who had accumulated sufficient earnings in one State to entitle him to maximum benefit rights, even though he had unused wage credits in another State, would fare as well as the nonmigrant under the individual State insurance systems. In other words, unused wage credits are to the migrant's disadvantage only when the earnings used as a basis for calculating his benefit rights do not entitle him to maximum benefit rights.[4] It is, therefore, desirable for some purposes to exclude from the figures migrants who may be assumed to be eligible for maximum benefits. The maximum benefits payable vary greatly from State to State. The norm is about $15 a week, with maximum duration of 16 weeks. In States which do not provide benefits for a uniform duration, total benefits allowed are calculated as anywhere from 1/6 to 1/3 of earnings in a 1-year base period.[5]

Table 4.—*Percentage distribution of multi-employer migrants with specified taxable wages in 1938, by amount of unused wage credits under three assumed eligibility requirements*

Taxable wages	Total [1]	No unused wage credits	Total wage credits unused because of—		Some unused wage credits			
			Failure to meet minimum requirement	Distribution of wages	Less than $100	$100–299	$300–499	$500 or more
	$150 wages required in base year							
Total	100.0	32.0	14.9	5.4	30.5	11.2	(2)	.....
Less than $500	100.0	5.9	31.4	11.3	40.9	10.5	.....	.....
500-999	100.0	43.0	.....	.....	42.2	14.8	.....	.....
1,000-1,499	100.0	63.6	.....	.....	26.7	9.6	0.1	.....
1,500-1,999	100.0	70.2	.....	.....	22.2	7.6	.....	.....
2,000-2,499	100.0	73.6	.....	.....	15.8	10.6	.....	.....
2,500-2,999	100.0	86.6	.....	.....	8.0	5.4	.....	.....
3,000 or more	100.0	82.2	.....	.....	10.8	7.0	.....	.....
Less than 1,000	100.0	19.4	20.0	7.2	41.3	12.1	.....	.....
Less than 1,500	100.0	25.8	17.1	6.2	30.2	11.7	(2)	.....
	$250 wages required in base year							
Total	100.0	19.5	25.2	8.2	27.0	19.6	19.5	(2)
Less than $500	100.0	.....	53.1	17.0	22.7	7.2	.....	.....
500-999	100.0	19.0	.....	.4	39.9	39.7	1.0	(2)
1,000-1,499	100.0	48.6	.....	.....	25.9	24.2	1.3	.....
1,500-1,999	100.0	56.7	.....	.....	21.4	21.2	.5	.2
2,000-2,499	100.0	63.4	.....	.....	15.1	21.1	.4	.....
2,500-2,999	100.0	81.3	.....	.....	8.0	9.8	.9	.....
3,000 or more	100.0	76.2	.....	.....	10.7	13.1	.....	.....
Less than 1,000	100.0	6.9	33.9	10.9	28.9	19.0	.4	(2)
Less than 1,500	100.0	13.0	28.9	9.4	28.5	19.7	.5	(2)
	High-quarter wage requirement							
Total	100.0	11.5	15.7	13.6	29.8	20.1	6.2	3.1
Less than $500	100.0	1.5	32.7	25.4	30.3	10.0	.1	.....
500-999	100.0	13.6	.2	5.2	38.3	35.7	6.7	.3
1,000-1,499	100.0	25.5	.2	1.1	24.3	26.9	18.2	3.8
1,500-1,999	100.0	28.2	.2	.3	19.6	20.9	19.7	11.1
2,000-2,499	100.0	29.7	.....	.4	14.6	19.1	14.2	22.0
2,500-2,999	100.0	36.6	.....	.....	6.3	10.7	14.3	32.1
3,000 or more	100.0	34.1	2.3	.9	9.8	12.2	7.0	33.7
Less than 1,000	100.0	5.9	20.9	18.1	33.2	19.3	2.5	.1
Less than 1,500	100.0	8.8	17.9	15.6	31.9	20.4	4.8	.6

[1] Represents 9,228 workers receiving taxable wages from more than 1 employer; for distribution see table 1.
[2] Less than 0.05 percent.

[4] This statement does not imply, of course, that existing maximum benefit rights are adequate.
[5] The only exception is the District of Columbia, in which total benefits are 1/4 of wages.

Estimates were made of the number of workers who would qualify for maximum or less than maximum benefit rights under two different duration formulas. One assumed that total benefits were limited to ¼ of base-year wages and the other to ⅓ of base-year wages. Both assumed an overall maximum duration of 16 weeks and a weekly benefit amount of 1/25 of the high-quarter wages, with a minimum of $5 and a maximum of $15. When the weekly benefit amount is computed as a specified fraction of the wages in the highest quarter and when total benefits allowed are limited to a specified proportion of base-period wages, it is possible to define the conditions under which a worker will receive maximum total benefits with relation to the ratio of high-quarter to annual earnings.

Under the first duration formula described above, to receive maximum benefit rights, a worker's base-year earnings must be at least 2⅔ times his high-quarter earnings,[6] except in the case of workers with taxable wages of $960 or more, the amount required to qualify for the maximum weekly benefit amount of $15 for 16 weeks. Under the second formula, to receive benefits for 16 weeks a worker's base-year earnings must be at least 3⅓ times his high-quarter earnings,[7] unless they are $1,440 or more, the amount required to qualify for the assumed maximum weekly benefit amount of $15 for that period. Any migrant whose total taxable wages were less than the amount required for maximum benefits and whose base-year earnings did not equal the requisite multiple of his high-quarter earnings can be assumed to qualify for less than maximum benefits. If any of his wage credits were unused, under these conditions, his potential benefit rights would be less than would be the case under a single insurance system.

On this assumption [8] it was estimated that, if the first of these benefit-duration formulas had been in effect in all States, from 27 to 32 percent of the multi-employer migrants, had they become claimants, would have had reduced benefits resulting from a division of wage credits. A considerably larger proportion, from 38 to 49 percent, would have been adversely affected had the more severe benefit-duration formula applied uniformly. These proportions may be compared with the 44 to 59 percent of multi-employer migrants having unused wage credits (table 3).

Of the multi-employer migrants assumed to have less than maximum benefit rights, the proportion who had unused wage credits increased with the number of States of employment under all of the flat earnings eligibility requirements. Under the high-quarter earnings formula, the proportion of three-State migrants with unused wage credits was larger than that of the two-State migrants. Because so high a proportion of the migrants employed in four or more States were ineligible in all States under this formula, the proportion with unused wage credits was smaller for the group with employment in four or more States than for the groups employed in fewer States.

Amounts of unused wage credits.—The amounts of unused wage credits of multi-employer migrants eligible in at least one but not all States are, of course, more substantial the more stringent the eligibility requirement applied (table 4). Under all the assumed eligibility formulas, there was a tendency for the amount of unused wage credits to increase with the number of States of employment. Under the $150 base-year wage requirement, 11.2 percent of all multi-employer migrants and 11.7 percent of those with total taxable wages of less than $1,500 in the year had unused wage credits of between $100 and $299. Under the $250 requirement, the comparable percentages with unused wage credits of this amount were 19.6 and 19.7; under the high-quarter earnings formula, the comparable percentages were 20.1 and 20.4. There were 3.1 percent under the high-quarter earnings formula who had unused wage credits of $500 or more, but the great majority of this group would have been entitled to maximum benefits, as defined above, in the States in which they qualified.

The significance of a given amount of unused wage credits depends upon the method by which weekly benefit amounts and total benefits are computed. If total benefits were limited to ⅓ of wage credits, and weekly benefits ranged from $5 to $15, unused wage credits of $100 would represent benefits of $16.67 or 1–3 weeks of benefit payments. If total benefits were limited to ¼ of wage credits, the same amount of unused wage credits would represent 1.7–5 weeks of benefit

[6] Base-year earnings required for maximum benefits = weekly benefit amount × 16×4=1/25 high-quarter earnings × 16×4=2 1/25 HQE.

[7] Base-year earnings required for maximum benefits = weekly benefit amount × 16×6=1/25 high-quarter earnings × 16×6=3 1/25 HQE.

[8] A more detailed description of the method used will be found in appendix C of the report on which this study is based.

payments. Unused wage credits of $300 would, on these assumptions, represent a potential loss of benefit payments of 3–10 weeks under the 1/26 duration formula, and 5–15 weeks under the 1/4 formula. The application of an over-all maximum of 16 weeks would, of course, limit the potential loss.

This discussion has assumed that if a worker had sufficient taxable wages to qualify for benefits in all States in which he was employed he would suffer no loss of benefit rights as compared with a nonmigrant worker with similar earnings. However, under the interstate benefit-payment plan, claims are usually filed first against the State in which the worker is residing at the time, which will ordinarily be the State in which he was most recently employed. If a worker has several short spells of unemployment throughout his benefit year rather than one long spell of continuous unemployment, the lapse of time before he can file a claim against a State of previous employment may eliminate from his base year sufficient earnings in that State to disqualify him. For this reason, the figures shown here for migrants who lose benefit rights may be an understatement.

Increased benefit rights.—Division of earnings among several systems may result in increased benefits as well as in loss of benefit rights. If all States paid benefits to qualified workers for a uniform duration, all migrants who qualified in more than one State would be potentially eligible for double or more than double the maximum benefits available in a single State. Under the most stringent benefit formula discussed above—that limiting total benefits to 1/6 of wage credits—workers with taxable wages of $1,500 or more and eligible in all States in which they were employed would probably qualify for more than the maximum benefits available in a single State. The proportion of migrants in this category ranged from 3.9 percent of the total group under the high-quarter earnings eligibility formula to 10.4 percent under the $100 earnings requirement, or from 30.4 percent to 81.6 percent of those earning $1,500 or more (table 5). Similarly, if total benefits were limited to 1/4 of wage credits, those workers with taxable wages of $1,000 or more and eligible for benefits in all States of employment would presumably be eligible for total benefits in excess of the maximum benefits available in a single State. In addition, other migrants in the same earnings

Table 5.—*Percentage distribution of multi-employer migrants with base-year wages exceeding amount necessary for maximum benefit rights under two duration formulas, by potential benefit rights, 1938*

Eligibility requirement	Total	Potential benefit rights			
		At maximum (eligible in only 1 State)	In excess of maximum		
			Total	Eligible in more than 1 State but not in all	Eligible in all States
	Maximum total benefits 1/6 base-year wages [1]				
$100 wages	100.0	14.8	85.2	3.6	81.6
150 wages	100.0	20.0	80.0	5.3	74.7
250 wages	100.0	29.7	70.3	6.2	64.1
High-quarter wages [2]	100.0	63.6	35.4	5.0	30.4
	Maximum total benefits 1/4 base-year wages [3]				
$100 wages	100.0	19.2	80.8	4.1	76.7
150 wages	100.0	25.6	74.4	5.3	69.1
250 wages	100.0	37.8	62.2	5.9	56.3
High-quarter wages [4]	100.0	66.5	32.3	4.4	27.9

[1] 1,175 multi-employer migrants with taxable wages of $1,500 or more.
[2] 1.0 percent of multi-employer migrants are ineligible in all States.
[3] 2,350 multi-employer migrants with taxable wages of $1,000 or more.
[4] 1.2 percent of multi-employer migrants are ineligible in all States.

categories who had some unused wage credits, and who were eligible for benefits in more than one State but not in all States of employment, may have had a distribution of wage credits entitling them to larger total benefits than those to which they would have been entitled under a single system. However, this second group would be very small. For example, of those earning $1,500 or more in covered employment, from 3.6 percent under the $100 earnings formula to 6.2 percent under the $250 earnings formula were eligible for benefits in more than one State and had some unused wage credits. Similarly, a very small proportion of those earning $1,000 or more—from 4.1 percent to 5.9 percent—were eligible in more than one State and at the same time had some unused earnings.

Of the entire group who might be entitled to benefits in excess of the maximum possible in any one State of employment, it is improbable that a significant number would be unemployed over a sufficiently long period of time to draw benefits for as much as 16 weeks in most years. Of the multi-employer migrants with taxable wages of $1,500 or more, 89.6 percent, and of those earning $1,000 or more in covered employment, 88.7 percent, had employment in all 4 quarters of 1938.

Benefit Rights of One-Employer Migrants

If the potential benefit rights of the one-employer migrants under the assumed formulas are studied, it becomes apparent that the higher earnings of this group make them less susceptible to benefit losses resulting from a division of earnings. This is, of course, particularly true when the only condition of eligibility is a specified earnings requirement. Under any of the assumed flat earnings formulas, a smaller proportion of the one-employer than of the multi-employer migrants would be disqualified from benefits in all States and a considerably smaller proportion of those one-employer migrants who qualified for benefits would have had enhanced benefit rights had all their wage credits been combined. Conversely a much larger proportion of the one-employer migrants would have had benefit rights in excess of the maximum possible in one State of employment.

When employment, as well as earnings, is a factor in the determination of eligibility, as it is under the high-quarter earnings formula, the one-employer migrants were only slightly less susceptible to benefit losses resulting from divided wage credits than were the multi-employer migrants. While the proportion subject to total disqualification was smaller, the proportion whose total benefits would have been greater had it been possible to combine all wage credits in the computation of benefit rights was slightly larger than that of the multi-employer migrants. Approximately 5 percent of both the multi-employer and the one-employer migrants might gain in benefit rights by virtue of dual coverage under the high-quarter earnings formula.

If it were possible to segregate those of the one-employer migrants who are not protected by the uniform definition of employment and to include them with the multi-employer migrants, the number of workers affected by a division of wage credits would be greater, but the extent of the loss of potential benefit rights would probably appear somewhat less than when the multi-employer migrants alone are taken into consideration. It is also clear that the arrangements for crediting all the taxable wages of a one-employer migrant with a single agency protect, in general, the higher paid and the more steadily employed migrants. The primary effect of such arrangements may be, therefore, to limit the number of workers with potential rights in excess of the usual maximum.

Conclusions

There are definite limitations to the conclusions which can be drawn from a study of migration based on a single year's experience. The number and the types of individuals who work in covered employment in more than one State during a year probably vary greatly with business conditions. Employment opportunities in 1938 were relatively limited, and it is probable that there were fewer migrants, as here defined, in that year than in 1937 or 1939. Certainly, the proportion of workers with some covered employment whose wage credits are divided among several unemployment compensation systems will be greater in 1941 than in 1938, and the problem may be expected to increase in importance throughout the defense and post-defense periods.

It is estimated on the basis of the sample that in 1938, had what we have called the high-quarter earnings eligibility requirement and the more generous of the duration formulas been in effect in all the States, and had employers of 1 or more been subject to the unemployment compensation laws in all States, approximately 126,000 multi-employer migrants, who would have qualified for benefits on the basis of their total taxable wages, would have lost all insurance protection because of a division of their wage credits. An additional 295,000 would have lost some part—for many, a substantial part—of the insurance protection which would have been available to them had all their taxable wages been credited under a single system. About 76,000 multi-employer migrants, all workers with taxable wages of $1,000 or more during 1938 and with relatively steady employment, might have qualified for more than the usual maximum weeks of benefits had they become unemployed. These figures somewhat understate the number of migrants whose potential protection would have been either reduced or enhanced by the existence of unused wage credits, because of their failure to include those one-employer migrants whose wages are not credited with a single agency. Inclusion of these workers would have increased by about 23,000 or 8 percent the group whose benefit rights would be enhanced by a combination of wage credits. More than 6,000 one-employer migrants, ineligible for benefits, could have

qualified if all their wage credits were considered in determining eligibility. An additional 6,000 one-employer migrants might have qualified for more than the usual maximum weeks of benefits.

The limitation of coverage, in many States, to employers of eight or more, would undoubtedly result in the disqualification of additional migrants; but there is no evidence, at present, as to whether coverage restrictions affect unequally workers employed in one and those employed in more than one State. A certain number of the migrants as well as of the nonmigrants included in this study may be assumed to have had railroad earnings in 1938 and thus a further division of their total taxable wages among insurance systems. Recent studies by the Railroad Retirement Board and the Social Security Board indicate the existence of considerable movement between railroad employment and employments covered by the old-age and survivors insurance and unemployment compensation laws.

In terms of the number of workers affected, other inadequacies of the present unemployment compensation systems bulk larger than those resulting solely from a division of wage credits between systems. Many of the changes which would minimize the inequities in the potential rights of migrants would also, however, increase the protection available to nonmigrants.

Were all the States to provide benefits for a uniform duration of a specified number of weeks to all qualified workers, the major inequities of the multistate system would be remedied so far as those migrants who can qualify in one State are concerned. If, in addition, all States computed weekly benefit amounts on the basis of full-time weekly wages or high-quarter earnings, with specified minimum benefits, the loss of benefit rights resulting from a division of earnings between separate State insurance systems would be almost obviated for workers who qualify in one State. If national minimum benefit standards of this character were adopted, it might be desirable to amend the interstate benefit-payment plan to prevent a worker from drawing more than the maximum in benefit rights provided by any one State during a benefit year. Under the present system it seems improbable that a significant number of migrants receive larger total benefits than nonmigrants in the same earnings categories but if the changes described above were made, the number profiting from multiple coverage would probably be considerably increased.

These changes would still leave unprotected the migrants who would qualify for benefits on the basis of their total taxable wages but who fail to qualify in any one State under a multistate system. This group can be protected only through the use of their entire wage credits in the computation of benefit rights, whether under a single unemployment insurance system or through some series of agreements and administrative arrangements between the separate State agencies. If the unemployment insurance system is to provide adequate protection against the hazards of unemployment, further attention should be directed to the rights of workers employed in more than one State.