Duration of Unemployment Benefit Payments in 27 States*

THE DURATION OF BENEFIT PAYMENTS under an unemployment compensation system based on a pay-roll tax must necessarily be limited if the system is to remain solvent. The State laws, with one exception, determine this limit by stating the amount of money a claimant can receive in benefits during a 1-year period called the benefit year. Benefits are usually paid weekly, and the number of weeks of unemployment which can be compensated is a byproduct of the total amount of benefits payable and the amount paid for a week of total unemployment. In measuring duration of benefits the number of compensable weeks is a more useful concept than the total amount payable, and it is customary to state the total amount payable during the benefit year in terms of weeks. Thus, a claimant entitled to $100 in benefits within a benefit year at a rate of $10 per week is said to have a potential duration of 10 full weeks. This concept does not mean that he can receive benefits in only 10 different weeks. If he is partially unemployed, the amount he receives each week may be less than $10, and he will be entitled to draw benefits during that year for any number of weeks until a total of $100 has been paid to him.

Similarly, actual benefit duration, the number of weeks for which a claimant draws benefits, is computed in terms of the amount of money paid to him during the benefit year and converted into weeks by dividing the total amount paid by the weekly benefit amount. Thus, if a claimant whose weekly benefit amount is $10 receives $60 during his benefit year, his actual benefit duration is said to have been 6 full weeks.

Two general methods of determining the maximum amount of benefits payable during the benefit year are incorporated in State laws (chart 1).[1] The simpler of these two methods, known as uniform duration and incorporated in 16 State laws, defines total benefits payable to each eligible claimant as a specified multiple of the weekly benefit amount. This multiple varies from 13 to 20 times the weekly benefit amount. The remaining 34 State laws limit benefits to whichever is the lesser of two formulas—a certain multiple of the weekly benefit amount or a fraction of earnings in covered employment during a base period prior to the benefit year. The base period is

*Prepared in the Reports and Analysis Division, Bureau of Employment Security. This article is summarized from "Duration of Benefit Payments in 27 States," Bureau of Employment Security, Benefit Duration Series of 1941, No. 8. A preliminary study of benefit duration in 11 States appeared in the Bulletin for January 1941, pp. 40-43.

[1] The Wisconsin law limits benefit duration to a certain number of weeks, dependent on weeks of employment in a prior period. For this reason, this discussion is limited to the remaining 50 laws.

Chart 1.—*States classified by type of provision limiting duration of unemployment benefits* [1]

Uniform-duration provisions (16 States)	Variable-duration provisions limiting benefits to—			
	30 percent or more of 1 year's earnings (14 States)	¼ or less of 1 year's earnings (11 States)	⅙ or less of 2 years' earnings (5 States)	A varying percentage of 1 year's earnings (4 States)
Georgia.	Alabama ⅓.	Connecticut [2] ⅓.	Arizona ⅙.	California.
Hawaii.	Alaska ⅓.	Idaho ¼.	Florida ⅙.	Illinois.
Kentucky.	Arkansas ⅓.	Indiana [3] 16%.	Iowa ⅙.	Minnesota.
Maine.	Colorado ⅓.	Louisiana ¼.	Missouri ⅙.	Rhode Island.
Mississippi.	Delaware ⅓.	Maryland ¼.	Pennsylvania ⅙.	
Montana.	District of Columbia ½.	Michigan ¼.		
New Hampshire.	Kansas ⅓.	New Jersey ⅙.		
New York.	Massachusetts 30%.	Oregon ⅙.		
North Carolina.	Nebraska ⅓.	Texas ⅙.		
North Dakota.	Nevada ⅓.	Virginia ¼.		
Ohio.	New Mexico ⅓.	Wyoming ¼.		
South Carolina.	Oklahoma ⅓.			
South Dakota.	Vermont ⅓.			
Tennessee.	Washington ⅓.			
Utah.				
West Virginia.				

[1] Based on laws in effect Oct. 1, 1941. State grouping in tables 1-7 is governed by duration provisions controlling the benefit rights of claimants studied; therefore, State groups in tables vary somewhat from State groups in chart 1. Excludes Wisconsin, since its law is not comparable with those of other States.

[2] May be reduced if reserve fund falls below $40 million.

[3] Earnings in 15 months.

usually 1 year, but 5 States use a 2-year period. This method of limiting benefits is generally referred to as variable duration, since claimants are entitled to draw multiples of their weekly benefit amounts which vary according to the amount of their base-period earnings. The limiting fraction of base-period earnings varies from one-eighth of 2 years' earnings to one-half of 1 year's earnings. The maximum limit under these provisions varies from 13 to 26 times the weekly benefit amount.

Fourteen of the State laws with variable-duration provisions limit benefits to a substantial portion (30 percent or more) of earnings in a 1-year base period. Eleven laws limit benefits to one-fourth or less of earnings in a 1-year base period.[2]

[2] The dividing line between these two groups of State laws is purely arbitrary, but seems justified since the data analyzed indicate that the State laws in the first group were definitely more liberal with respect to duration of benefits than the State laws in the second group.

Five laws limit benefits to one-fifth or less of earnings in a 2-year base period, and four others use a varying percentage of earnings in a 1-year base period. The State laws in this last group customarily provide that claimants with low weekly benefit amounts can draw benefits up to a higher percentage of base-period earnings than can claimants with high weekly benefit amounts.

Duration Experience Selected for Analysis

To determine how the various types of duration provisions have operated in the short time during which unemployment benefits have been payable in this country, the experience of a sample of claimants whose benefit years ended during 1940 and the first 3 months of 1941 in 27 States was selected for analysis (table 1).[3] These 27 States

[3] The data for the various States do not, in all cases, cover this entire period.

Table 1.—*Benefit-duration provisions of 27 State laws selected for analysis*

State	Period in which benefit years ended for claimants studied	Earnings requirement in 1 year[1]	Fraction of wage credits to which benefits are limited	Minimum potential duration (multiple of wba[1])	Maximum potential duration (multiple of wba[1])
		Uniform duration			
Maine	April 1940–March 1941	$144	None	16	16
Montana	July–December 1940	30 x wba	None	16	16
New York	April 1940–March 1941	25 x wba	None	13	13
North Carolina	February–December 1940	$130	None	16	16
Ohio	January–December 1940	Employment in 20 weeks	None	16	16
South Carolina	July–December 1940	40–50 x wba	None	16	16
South Dakota	April 1940–March 1941	$120	None	14	14
West Virginia	April 1940–March 1941	$150	None	14	14
		Benefits limited to 1/3 of 1 year's earnings			
Colorado	May–December 1940	30 x wba	1/3	10	16
Minnesota	July–September 1940	30 x wba	1/3	10	16
Nebraska	January–December 1940	30 x wba	1/3	10	16
New Mexico	July–December 1940	30 x wba	1/3	10	16
North Dakota	April–December 1940	30 x wba	1/3	10	16
Vermont	May–December 1940	25 x wba	1/3	8.3	14
Washington	July–December 1940	$200	1/3	6.7	16
		Benefits limited to 1/4 or less of 1 year's earnings			
Illinois	April 1940–March 1941	$225	1/4	4	16
Maryland	April 1940–March 1941	30 x wba	1/4	7.5	16
New Hampshire	March 1940–February 1941	$200	1/6	4.2	16
New Jersey	January–December 1940	16 x wba	1/6	2.7	16
Oklahoma	April–December 1940	16 x wba	1/6	2.7	16
Oregon	January–December 1940	$200	1/6	3.3	16
Texas	April 1940–March 1941	16 x wba	1/5	3.2	16
Utah	July 1939–June 1940	30–34 x wba	1/5	8	16
		Benefits limited to 1/5 or less of 2 years' earnings			
Florida	July–December 1940[2]	30 x wba	1/6	5	16
Pennsylvania	January–December 1940	13 x wba	1/8	1.6	13
		Benefits limited to varying percentage of 1 year's earnings			
California	February–November 1940	$150	Schedule	5.4	20
Virginia	April 1940–March 1941	25 x wba	Schedule	6	16

[1] Wba denotes weekly benefit amount.

[2] For the claimants studied, the base period was 15–18 months.

were selected because they prepared usable reports of duration data for claimants whose benefit years ended during this period. During 1939 most State legislatures revised the benefit provisions of their unemployment compensation laws; since these provisions affected claimants with benefit years ending in 1940, many States were unable to submit reports which reflected experience under a single set of benefit provisions. Although these 27 States are not representative of the country as a whole, their statutes contain examples of the major types of duration provisions. Furthermore, 73 percent of the $519 million paid in benefits during 1940 was paid by these States, and they included approximately 68 percent of the 34 million workers who earned wages in covered employment during that year. It is apparent that an analysis of the duration experience of claimants in these 27 States covers the experience of a significant portion of all claimants in the country, although this experience is not necessarily comparable to that of claimants in States not included.

Economic Influences

The industrial composition of a State affects duration statistics. For example, in States where highly unstable industries account for a relatively large portion of the covered employment, beneficiaries may, in general, experience more weeks of unemployment during the year than will claimants in States with more stable industries. There are, however, certain factors in the benefit formula which tend to reduce differences attributable to economic variations. On the one hand, the maximum limitation placed on benefit duration restricts the extent to which high wage levels and regular employment can raise potential benefit rights under the variable-duration laws. These upper limits are so low in relation to the prevailing earnings experience of covered workers in most States that the full effect of differing wage levels and regularity of employment is not reflected in statistics on potential duration. In addition, eligibility requirements eliminate workers with very low earnings, thus setting a lower limit to potential benefit rights under laws providing variable duration. The range between these upper and lower limits is not great when compared with the variations in earnings of claimants in each State.

The claimants studied for this analysis were receiving benefits during 1939, 1940, and the first 3 months of 1941—a period of improving business conditions and rising employment. In the latter part of 1940 and the first 3 months of 1941 the defense program stimulated employment at an increasing rate. Under these conditions the rate of reemployment of claimants can be expected to be relatively high and the percentage of claimants exhausting benefits relatively low, and benefit payments should extend over the entire period of unemployment of a large portion of the claimants. In a period of recession and depression, on the other hand, actual duration of benefits can be expected to approach potential duration as the rate of reemployment decreases, and under prevailing laws a larger proportion of the claimants will probably exhaust their benefit rights.

Duration Experience Under Variable-Duration Provisions

Potential benefit duration.—Average potential duration in the 19 States with variable-duration provisions ranged from 9 weeks in Oklahoma to slightly more than 15 weeks in Minnesota during the period studied (table 2). Because the maximum limit on benefit duration was comparatively low in relation to base-period earnings of eligible claimants, the bulk of the claimants tended to concentrate in the upper duration brackets; in 14 of these 19 States more than half of the claimants were entitled to 12 or more full weeks of benefits.

This concentration was particularly noticeable under the laws which permitted claimants to draw as much as one-third of their base-period earnings. Provisions of this type, when accompanied by a fairly stringent eligibility requirement, tend to resemble uniform-duration provisions in a period of favorable business conditions. With the exception of the State of Washington, average potential duration for eligible claimants in these States was within 1 week of the maximum potential, and more than two-thirds of the claimants were entitled to the maximum. High potential duration for claimants is not the result of a liberal benefit formula alone, but is also achieved by a stringent eligibility provision which denies benefits to claimants with low earnings records. The Washington earnings requirement of $200 is easier to meet than the requirements in the other States. Two hundred dollars is 28.6 times $7, the mini-

Table 2.—*Full weeks of potential benefits available to claimants, 19 States with variable-duration provisions*

State	Average number of full weeks available to all eligible claimants	Percent of total eligible claimants entitled to—				
		Less than 4 weeks	4-7.9 weeks	8-11.9 weeks	12-15.9 weeks	16 weeks or more
	Benefits limited to ⅓ of 1 year's earnings					
Colorado	15.1			10.2	20.6	69.2
Minnesota	15.2			8.1	17.6	74.3
Nebraska	15.0			10.8	21.1	68.1
New Mexico	15.1			9.5	21.6	68.9
North Dakota	15.0			10.0	21.0	69.0
Vermont	13.4			14.8	85.2	
Washington	13.7		8.6	20.6	16.7	54.1
	Benefits limited to ¼ or less of 1 year's earnings					
Illinois	13.3		10.1	20.0	26.3	43.6
Maryland	14.3		1.0	18.6	19.5	60.9
New Hampshire	12.0		16.0	28.2	43.5	12.3
New Jersey	10.2	5.5	20.6	26.5	27.1	11.4
Oklahoma	9.0	17.0	31.2	19.5	16.3	15.1
Oregon	9.8	4.4	32.2	31.6	21.1	10.7
Texas	10.8	4.1	20.1	23.1	18.4	25.3
Utah	13.1			36.2	23.5	40.3
	Benefits limited to ⅕ or less of 2 years' earnings					
Florida	10.2		34.4	34.6	21.9	9.1
Pennsylvania	11.4	4.8	9.5	14.3	71.4	
	Benefits limited to a varying percentage of 1 year's earnings					
California	13.2		16.1	29.4	22.3	32.2
Virginia	14.0		5.3	19.2	18.7	56.8

mum weekly benefit amount in that State, and only 13.3 times $15, the maximum weekly benefit amount. If the Washington law had required earnings equal to 30 times the weekly benefit amount, many claimants with short potential duration would have been ineligible, whereas those entitled to 16 weeks would not have been affected. Thus, although there would have been no increase in the number of claimants entitled to 16 weeks of benefits, they would have represented a larger percentage of the eligible group, and the average potential duration for eligible claimants would have been higher.

The eight States which limited benefits to one-fourth or less of earnings in 1 year provided shorter potential benefit duration, on the average, than the group discussed above (table 2). Only in Maryland was the average potential duration as high as that in any of the States in the first group. The Maryland average was higher than the average in Vermont and Washington. If the Vermont law had provided a 16-week maximum, the Vermont average would probably have been higher, since more than three-fourths of the claimants in that State were entitled to the maximum of 14 weeks. The Maryland average may have been higher than that in Washington because of the higher eligibility requirement.

The relatively short average potential duration in this group of States is partly accounted for by the low minimum duration which resulted from the interrelation between the eligibility requirement and the fraction of base-period earnings to which benefits were limited. In the first group of States, only Washington provided a minimum duration of less than 8 weeks, whereas the provisions in four States in the second group resulted in a minimum of less than 4 weeks, and only in Utah was the minimum as high as 8 weeks (table 1). The interrelation of these factors is shown in the following tabulation.

State	Earnings requirement [1]	Fraction of wage credits limiting benefit amount	Minimum potential duration [2] (full weeks)	Average potential duration (full weeks)
New Jersey	16 x wba	⅙	2.7	10.2
Oklahoma	16 x wba	⅙	2.7	9.0
Oregon	$200	⅙	3.3	9.8
Texas	16 x wba	⅕	3.2	10.8
Illinois	$225	¼	4.0	13.3
Maryland	30 x wba	¼	7.5	14.3
New Hampshire	$200	⅙	4.2	12.0
Utah	30-34 x wba	⅕	8.0	13.1

[1] Wba denotes weekly benefit amount.
[2] Results from interaction of eligibility and duration provisions except in Utah, where an 8-week statutory minimum was provided. Maximum potential duration was 16 weeks in each State.

The benefit formulas in the first four States provided minimum benefit duration of less than 4 weeks, and in the other four States, more than 4 weeks. The first four States had, in general, lower eligibility requirements, although the requirements in Oregon and New Hampshire were the same.[4] Average potential duration was definitely shorter in the four States with low minimums.

Since weekly benefit amounts, as well as potential duration, are related to prior earnings, claimants with high weekly or quarterly wages might be expected to have high annual wages. It would also be logical to expect that claimants with high weekly benefit amounts would have longer potential duration than claimants with low weekly benefit amounts, a tendency which is evident in virtually all duration data. In all but one of the variable-duration States studied, claimants with

[4] Minimum duration was lower in Oregon than in New Hampshire because the Oregon law provided a higher minimum weekly benefit amount.

weekly benefit amounts of $15 or more had longer potential duration than did claimants with lower benefit amounts (table 3). Thus the lower-paid workers, who were presumably least able to cope with unemployment, were entitled to compensation for only short periods.

Actual benefit duration.—Since the maximum duration under variable-duration provisions is comparatively low in relation to the prevailing earnings experience of workers in a period of favorable employment conditions, data on potential duration of benefits minimize the effect of interstate differences in wage levels and regularity of employment. This effect is shown by the concentration of claimants at or near the maximum in most States. Data on actual duration of benefits are more responsive to such interstate differences. While the data on potential duration appeared to follow closely variations in benefit formulas during the period studied, data on actual duration showed less dependence on the terms of the benefit formula because the rate at which claimants became reemployed varied widely from State to State.[5]

The average actual duration of benefits ranged from 6.3 full weeks in Oregon to 12.5 full weeks in North Dakota (table 4). There was a tendency for the average actual duration to be relatively long in States where potential duration was long, but there was no very definite correlation between actual and potential duration. Under six of the seven State laws which limited benefits to one-third of earnings, the ratio of average actual to average

[5] Duration statistics derived from a uniform-duration formula are better adapted to measuring rates of reemployment than are statistics derived from a variable-duration formula. It has been found that, under variable-duration provisions, claimants entitled to low weekly benefit amounts and short potential duration are reemployed less rapidly than claimants with high weekly benefit amounts and long potential duration. Study of the reemployment experience of all claimants is restricted because adequate data are not available for claimants who exhausted their benefit rights, and claimants can exhaust their rights under variable-duration provisions after drawing from 2 to 10 weeks of benefits.

Table 3.—*Average full weeks of potential benefits available to claimants with specified weekly benefit amounts, 19 States with variable-duration provisions*

State	Average number of full weeks available to claimants with weekly benefit amounts of—			
	Less than $5.00	$5.00–9.99	$10.00–14.99	$15.00 or more
	Benefits limited to ⅓ of 1 year's earnings			
Colorado	....	14.8	15.1	15.6
Minnesota	....	14.8	15.4	15.7
Nebraska	....	14.9	15.1	15.4
New Mexico	14.1	14.9	15.3	15.6
North Dakota	....	14.7	15.3	15.0
Vermont	11.6	13.3	13.0	13.4
Washington	....	12.4	12.3	14.7
	Benefits limited to ¼ or less of 1 year's earnings			
Illinois	....	12.2	12.6	14.2
Maryland	....	13.8	14.8	15.4
New Hampshire	....	11.5	12.2	13.6
New Jersey	....	8.9	10.9	13.5
Oklahoma	4.3	7.8	10.5	12.5
Oregon	....	7.5	8.1	11.8
Texas	....	9.9	12.4	13.5
Utah	....	12.2	12.9	14.2
	Benefits limited to ⅙ or less of 2 years' earnings			
Florida	7.7	9.7	10.6	12.3
Pennsylvania	....	10.0	12.0	12.6
	Benefits limited to a varying percentage of 1 year's earnings			
California	....	10.7	12.8	16.6
Virginia	11.2	14.0	15.0	15.3

Table 4.—*Relationship between average actual and average potential duration, 19 States with variable-duration provisions*

State	Average duration		Difference between average actual and average potential duration (weeks)	Ratio (percent) of average actual to average potential duration	Exhaustion ratio[1] (percent)
	Potential (weeks)	Actual (weeks)			
	Benefits limited to ⅓ of 1 year's earnings				
Colorado	15.1	11.8	3.3	78.1	53.3
Minnesota	15.2	11.4	3.8	75.0	50.9
Nebraska	15.0	11.7	3.0	78.0	54.0
New Mexico	15.1	11.6	3.5	76.8	54.8
North Dakota	15.0	12.5	2.5	83.3	57.8
Vermont	13.4	9.8	3.6	73.1	53.8
Washington	13.7	10.2	3.5	74.5	54.2
	Benefits limited to ¼ or less of 1 year's earnings				
Illinois	13.3	8.1	5.2	60.9	40.4
Maryland	14.3	9.1	5.2	63.6	41.9
New Hampshire	12.0	6.7	5.3	55.8	30.9
New Jersey	10.2	8.2	2.0	80.4	66.6
Oklahoma	9.0	7.4	1.6	82.2	73.8
Oregon	9.8	6.3	3.5	64.3	50.0
Texas	10.8	8.6	2.2	79.6	60.2
Utah	13.1	9.3	3.8	71.0	50.7
	Benefits limited to ⅙ or less of 2 years' earnings				
Florida	10.2	8.1	2.1	79.4	73.2
Pennsylvania	11.4	8.9	2.5	78.1	59.6
	Benefits limited to a varying percentage of 1 year's earnings				
California	13.2	10.1	3.1	76.5	61.4
Virginia	14.0	8.2	5.8	58.6	44.1

[1] Beneficiaries who drew all their potential benefits as percent of all beneficiaries who received at least 1 benefit check.

potential duration ranged from 73 to 78 percent, and the absolute difference ranged from 3.0 to 3.8 weeks. This correspondence may have been an accident of the sample. In the other State in this group—North Dakota—the rate of reemployment of claimants was apparently somewhat lower, since the average actual duration more nearly approached the average potential duration. The relatively low average actual duration in Vermont probably resulted from the 14-week maximum.

There was little uniformity in the experience of States which limited benefits to one-fourth or less of earnings, although in none of these States was actual duration as long as in the States referred to above. In Oklahoma, average actual duration was only 1.6 weeks less than average potential, but in Oregon the difference was 3.5 weeks. Claimants in these two States had shorter average potential duration than did claimants in any other State studied. The greatest differences between average actual and average potential duration were in Illinois, Maryland, New Hampshire, and Virginia. Apparently, claimants in these States had relatively good reemployment opportunities, since their average potential duration was not exceptionally high.

In California and Virginia, where benefits were limited to a varying percentage of earnings in 1 year, the relationship between average actual and average potential duration was dissimilar. Virginia claimants had longer average potential duration, but California claimants had longer average actual duration. The difference of 5.8 weeks between average actual and potential duration in Virginia was the highest among the States studied. It is interesting to note that in California the benefit-duration schedule permitted workers with low annual earnings to draw benefits up to a higher percentage of earnings than claimants with high annual earnings, whereas in Virginia it was the claimants with high annual earnings who had the higher ratio of benefits to earnings.

Exhaustion ratios.—One of the best measures of the operation of duration provisions is the exhaustion ratio,[6] because it indicates the proportion of the beneficiary group for whom the unemployment compensation laws did not provide benefits sufficient to cover all weeks of unemployment experienced during the benefit year.

[6] As used here, beneficiaries who drew all their potential benefits as percent of all beneficiaries who received at least 1 benefit check.

Table 5.—*Potential duration and average actual duration of benefits, eight States with uniform-duration provisions*

State	Duration		Difference between average actual and potential duration (weeks)	Exhaustion ratio [1] (percent)
	Potential (weeks)	Average actual (weeks)		
Maine	16	9.1	6.9	28.0
Montana	16	13.1	2.9	59.4
New York	13	10.1	2.9	54.7
North Carolina	16	10.0	6.0	41.2
Ohio	16	12.5	3.5	54.8
South Carolina	16	11.2	4.8	48.6
South Dakota	14	10.3	3.7	45.8
West Virginia	14	10.1	3.9	48.5

[1] See table 4, footnote 1.

This measure, like average actual duration, is influenced by the rate of reemployment as well as the terms of the benefit formula. Under the variable-duration formulas studied, the exhaustion ratio ranged from 37 percent in New Hampshire to 74 percent in Oklahoma (table 4). Oklahoma, where the highest exhaustion ratio occurred, also had the lowest potential duration of benefits among the States studied.

There was a general tendency for a large proportion of claimants to exhaust their benefits under formulas which provided short potential duration, but this relationship was obscured by differences in the rate of reemployment. In New Hampshire the exhaustion ratio was lower than under any other variable-duration formula studied, but average potential duration was also lower in New Hampshire than in 12 of the other 18 States, indicating that a low exhaustion ratio is not solely the result of long potential duration. Reemployment opportunities were relatively good for New Hampshire claimants, apparently.

As was the case with average actual duration, exhaustion ratios did not vary widely among States where benefits were limited to one-third of earnings. The ratios ranged only from 53 percent in Colorado to 58 percent in North Dakota. This uniformity was probably accidental, and if another period had been selected for analysis the exhaustion ratios in these same States might have varied considerably.

In the remaining States, the exhaustion ratios fluctuated widely. Less than half the benefit recipients in Illinois, Maryland, New Hampshire, and Virginia exhausted their benefit rights, and two-thirds or more exhausted their rights in Florida, New Jersey, Oklahoma, and Texas. In

Pennsylvania, where both minimum and maximum potential durations were less than in any of the other States, the exhaustion ratio was 60 percent. In Oregon—one of the two States where average potential duration was less than 10 weeks—the exhaustion ratio was 50 percent. This ratio was lower than those under any of the formulas which limited benefits to one-third of earnings, although Oregon limited benefits to one-sixth of earnings. In general, it would appear that the exhaustion ratio was more dependent on reemployment opportunities than on the benefit formula.

Duration Experience Under Uniform-Duration Provisions

The fact that all eligible claimants in a State have the same potential duration is the distinguishing feature of uniform-duration provisions. Because of their very simplicity, potential duration under these provisions need not be analyzed.

Actual benefit duration.—Average actual duration ranged from 9 to 13 weeks (table 5). These averages did not differ greatly from the averages under variable-duration formulas during the period; they were in general lower than the averages under formulas which limited benefits to one-third of 1 year's earnings and higher than averages under formulas which limited benefits to one-fourth or less of 1 year's earnings. However, the difference between average actual and potential duration tended to be greater under the uniform-duration provisions than under variable-duration provisions, ranging from 2.9 weeks in Montana and New York to 6.9 weeks in Maine. Under six of the variable-duration laws, on the other hand, the difference was less than 2.9 weeks and under none was it as high as 6 weeks (table 4). It would appear that, although these uniform-duration formulas resulted in somewhat the same actual duration for benefit recipients as did the variable-duration provisions, they provided a greater margin of safety; i. e., claimants had more unused benefit credits at the end of the benefit year.

Exhaustion ratios.—Exhaustion ratios in these States tended to be lower than in States with variable duration. The ratios ranged from 28 percent in Maine to 59 percent in Montana (table 5) as compared with ratios of 37–74 percent under the variable-duration provisions. Only in Montana was the exhaustion ratio higher than the estimated exhaustion ratio of 58 percent in the 19 variable-duration States combined. In 5 of the 8 uniform-duration States the exhaustion ratio was below 50 percent, while only 4 of the 19 variable-duration States had exhaustion ratios of 50 percent or less. That the differences under the two types of laws were not greater is probably due to improvement in employment and business conditions during the period to which the data relate.

In a period of severe depression, when unemployment benefits will be most needed, the discrepancy between the two types of laws will be even more evident, since potential duration under the variable-duration provisions will decrease as base-period wages decrease, while potential duration under uniform-duration provisions will remain unchanged. The difference will be most noticeable in States which limit benefits to one-fourth or less of 1 year's earnings, since relatively few claimants in these States are entitled to the maximum potential duration. Accordingly, it can be expected that in time of depression, exhaustion ratios under variable-duration provisions will probably show greater increases than under uniform-duration provisions.

Rates of withdrawal.—The wide variation in exhaustion ratios under uniform-duration provisions was a reflection of differing rates of reemployment in these States. Rates of reemployment, as reflected in unemployment compensation statistics, are more precisely termed "rates of withdrawal."[7] Such figures represent not the rate at which claimants return to work in any 1 calendar week, but rather the rate at which claimants who have drawn a specified number of weeks of benefits voluntarily withdraw from claimant status, regardless of the time during the benefit year at which the withdrawal takes place. The weeks of benefits drawn need not have been consecutive. A claimant who experienced three separate spells of unemployment during his benefit year, for example, and drew benefits equal to twice his weekly benefit amount in each spell would be said to have withdrawn after the sixth week, i. e., during the seventh compensable week.

The average rate of withdrawal during compen-

[7] The rate of withdrawal is the percent of claimants eligible for a given benefit check—i. e., unemployed through the previous compensable week—who do not receive a full payment. For example, a rate of withdrawal of 5 percent in the tenth week means that 5 percent of the claimants who received 9 full weekly payments did not receive a tenth full payment.

sable weeks ranged from 3.2 to 8.0 percent (table 6). As might be expected, Montana with the lowest withdrawal rate had the highest exhaustion ratio—59 percent—whereas Maine with the highest rate of withdrawal had the lowest exhaustion ratio—28 percent.

It is evident that if New York, South Dakota, and West Virginia had paid benefits for 16 weeks their exhaustion ratios would have been lower.[8] In both North Carolina and West Virginia the average rate of withdrawal was 5.3 percent; but the exhaustion ratio in North Carolina, where benefits were paid for 16 weeks, was 41 percent, in contrast to 49 percent in West Virginia, where benefits were paid for only 14 weeks.

The trend of withdrawal rates from week to week varied in the different States. In Maine, South Carolina, and West Virginia the rates changed very little from week to week. In Montana, New York, Ohio, and South Dakota, the rates tended to increase in the later compensable weeks, but the tendency was not uniform in these States. In Montana the rate increased from about 2.0 percent in the first few weeks to 5.5 percent in the later weeks, whereas in Ohio the increase was only from about 3.0 percent to 4.4 percent. In North Carolina there seemed to be some tendency for the rate of withdrawal to decrease in the later weeks of the benefit series; from 9.3 percent in the second week it dropped to 4.0 percent in the twelfth week and 4.2 percent in the fourteenth week.

[8] The West Virginia law now provides uniform duration of 16 weeks.

Table 6.—*Rate of withdrawal from claimant status in each compensable week, eight States with uniform-duration provisions*

Compensable week [1]	Maine	Montana	New York	North Carolina	Ohio	South Carolina	South Dakota	West Virginia
Average rate [2]	8.0	3.2	4.7	5.3	3.6	4.3	5.4	5.3
Second	7.4	2.2	3.5	9.3	2.9	7.1	4.3	5.1
Third	7.3	2.0	3.9	7.4	3.1	4.7	4.0	4.7
Fourth	7.7	2.3	4.0	6.0	3.1	3.5	4.3	5.5
Fifth	7.7	2.4	4.3	5.5	3.2	4.2	4.2	5.1
Sixth	8.0	2.3	4.6	5.1	3.5	3.2	4.6	5.2
Seventh	8.0	2.5	4.7	4.7	3.5	3.9	5.4	5.6
Eighth	8.3	2.6	4.8	5.0	3.6	3.7	5.5	5.4
Ninth	8.2	2.8	4.9	4.4	3.7	4.0	5.5	5.0
Tenth	8.5	3.0	5.4	4.4	3.7	4.4	6.8	5.4
Eleventh	7.9	3.3	5.7	4.5	3.9	4.3	6.1	5.2
Twelfth	8.5	4.0	5.9	4.0	4.1	5.3	6.7	5.3
Thirteenth	7.9	4.9	7.1	4.4	4.0	3.6	7.3	6.0
Fourteenth	7.9	4.9	......	4.2	4.1	3.9	9.2	6.7
Fifteenth	7.9	5.5	......	4.9	4.4	4.0	......	......
Sixteenth	9.9	6.3	......	6.7	6.3	6.5	......	......

[1] Rates of withdrawal could not be calculated for first compensable week.
[2] Last week of benefit series was excluded in computing average.

Table 7.—*Average rate of withdrawal from claimant status during waiting-period weeks and compensable weeks, eight States with uniform-duration provisions*

State	Length of waiting period (weeks)	Percent of total claimants who withdrew during waiting period	Average weekly rate of withdrawal during—	
			Waiting-period weeks	Compensable weeks
Maine	2	21.9	12.6	8.0
Montana	2	9.7	4.8	3.2
New York	3	16.6	5.5	4.7
North Carolina	2	(1)	......	5.3
Ohio	3	21.6	7.2	3.6
South Carolina	2	52.1	26.0	4.3
South Dakota	2	17.1	8.6	5.4
West Virginia	3	13.8	4.6	5.3

[1] Data not available.

In each of the eight States, the rate of withdrawal increased in the last week. While no exact reason for this increase can be given, there are several possible contributing factors. Faced with imminent exhaustion of benefit rights, claimants may have accepted any type of employment available even though it was not at their usual trade or occupation. In States paying partial benefits there is some evidence that claimants neglected to claim small fractional benefits which may have been available to them at the end of their benefit series. A few claimants may have sought work more intensively when benefit exhaustion was imminent. In actual numbers of claimants, the increases in withdrawal during the last week were moderately small. In Maine, for example, the increase from the fifteenth to the sixteenth week represented about 200 claimants, less than 1 percent of the total claimants in the State sample.

These data on withdrawal rates apply only to compensable weeks, which in each State followed a waiting period of 2 or 3 weeks in which no benefits were payable. The rate of withdrawal during the waiting period tended to be higher than the average rate during the compensable weeks (table 7). In South Carolina about half the claimants dropped out during the waiting period, and nearly half the remaining claimants continued unemployed long enough to exhaust their benefit rights. In other words, twice as many claimants dropped out in the first 2 weeks as in the next 16 weeks. This extreme situation resulted from a short lay-off of a large number of textile workers during the summer of 1939. These workers filed initial claims, but most of them returned to work before drawing benefits. West Virginia was the only State in which the rate of withdrawal was lower during the waiting period than during compensable weeks. In the other States the rate during the waiting period was significantly high, indicating a general tendency for large numbers of workers to experience very short spells of unemployment during benefit years covering periods of increasing employment opportunities. In Ohio—the only State for which data pertaining to each separate waiting-period week were available—the rates of withdrawal were 8.9, 5.6, and 8.0 percent for the first, second, and third waiting-period weeks, respectively—considerably higher than the average of 3.6 percent in the following 16 weeks.