Table 3.—*Covered workers as percent of employed labor force, public assistance recipient rates, and average payments to individuals*

State	Social insurance				Public assistance							
	Percent of employed labor force covered by [1]—		Average benefit		Recipient rates,[4] December 1944			Average payments, December 1944			Federal grants to States, 1943, for—	
	Old-age and survivors insurance	State unemployment compensation	Old-age and survivors insurance [2]	State unemployment compensation [3]	Old-age assistance	Aid to dependent children	Aid to the blind	Old-age assistance	Aid to dependent children	Aid to the blind	Aid to dependent children per child under 18 years, 1943	Old-age assistance per person 65 years and over
Total, United States [5]	59.9	49.0	$24.50	$15.90	208	15	56	$28.42	$45.55	$29.31	$1.41	$34.52
Total, 13 States	44.2	31.6	----	11.46	----	----	----	19.00	28.55	21.32	1.02	30.37
13 States as percent of U. S. total	----	----	----	72	----	----	----	67	63	73	72	88
Alabama	41.3	31.1	21.23	11.64	206	12	28	15.90	25.16	16.33	.65	12.87
Arkansas	30.7	24.2	19.48	11.15	240	18	72	17.90	28.41	20.05	1.19	22.02
Florida	54.0	37.5	22.24	12.96	280	17	113	28.55	33.21	29.66	1.05	29.34
Georgia	42.8	32.1	20.67	10.54	398	9	70	11.19	24.71	14.03	.56	25.79
Kentucky	44.1	30.6	22.07	10.50	263	13	64	11.31	24.71	12.98	.34	18.38
Louisiana	45.1	36.2	21.79	14.46	285	27	61	22.32	36.98	25.82	2.53	35.84
Mississippi	26.6	15.5	19.54	11.16	233	9	72	14.80	25.82	16.86	.41	11.95
North Carolina	49.5	37.4	20.20	7.91	192	11	68	11.82	22.89	17.07	.74	15.55
Oklahoma	44.5	27.5	23.17	14.69	497	45	94	28.61	33.47	31.35	3.09	71.30
South Carolina	42.2	32.3	20.45	11.15	241	13	50	13.93	23.85	19.74	.61	17.51
Tennessee	46.6	32.6	20.98	11.45	208	27	55	16.59	31.01	20.11	1.79	19.46
Texas	45.8	31.1	22.56	11.55	447	10	74	21.73	20.83	24.20	.72	61.30
Virginia	51.3	36.0	22.01	11.13	92	10	35	13.17	27.90	17.35	.70	7.47

[1] Estimated number of persons covered by old-age and survivors insurance and State unemployment compensation programs in March 1940 as percent of employed labor force during census week of March 24–30, 1940.
[2] Average monthly primary benefit awarded during January–December 1943, based on residence of claimant at time claim was filed.
[3] Average weekly benefit for total unemployment during January–December 1944.
[4] Persons receiving old-age assistance per 1,000 population aged 65 or over as of April 1944; children receiving aid to dependent children per 1,000 population under 18 years as of November 1943; and persons receiving aid to the blind per 100,000 civilian population as of November 1943.
[5] See table 2, footnote 1.

Family Relationships and Old-Age and Survivors Insurance

By Oscar C. Pogge*

The 1939 amendments to the Social Security Act put the payment of benefits under old-age and survivors insurance on a family basis. Originally, monthly benefits were to be paid only to retired workers. The amendments added monthly benefits for the aged wife and dependent children of a retired worker, for the aged widow and surviving children of insured workers who die, and for the widow, regardless of her age, who has such children in her care. If no widow or child survives, benefits may be paid to aged parents who were dependent on the worker for support.

ADMINISTERING old-age and survivors insurance is a serious business. A finding that an award cannot be made under the law may mean anxiety and penury during the last years of life for an old man or woman who, with benefit income, would be able to get along in relative comfort. Or receipt of even modest amounts of survivor benefits may be the deciding factor in enabling the widow of an insured worker to stay home to give her children needed care, rather than seek a job, or may determine in other ways whether or not the children get a fair start in life. Potentially large sums are at stake; over the years while children are growing up, survivor benefits to a family may come to as much as $10,000, $15,000, or more. Moreover, since benefits are paid only to families in which earnings have been lost because of old age or death, they usually are badly needed.

In accordance with social insurance principles, eligibility requirements and all other conditions governing payment of old-age and survivors benefits are fixed specifically by law; otherwise it would not be possible to keep a proper relationship between expenditures and the intake in contributions to finance the system. Because old-age and survivors insurance is a national system, workers and employers throughout the country contribute at the same rate, and the amounts of benefits are determined according to the same schedule for all who qualify. Uniform also are most of the eligibility requirements, such as those which fix the number of quarters of coverage a worker must have in order to be currently or fully insured. In the establishment of family benefits, however, one set of requirements was adopted which results in wholly different treatment for claimants in similar circumstances who live in different parts of the country.

The benefit to a wife, widow, child, or parent of a retired or deceased worker may be paid only to one who qualifies as such under the intestacy law of the State in which the worker is or was domiciled. The State laws governing determination of these relationships naturally reflect wide differences in the philosophy and background of the original settlers of an area and the influences which subse-

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quently have modified the statutes. In determining marital and other family relationships, some States adhere to principles of English common law and some do not; some laws have been influenced by traditions of early colonists from France or Spain. As a consequence a woman may have the legal qualifications of a wife or widow in one State but not in another. Under a national system, it seems peculiarly inappropriate to be obliged to disqualify claimants who would have been eligible had the wage earner happened to live in another State.

Because of the differences in State laws and continuing changes in their content and interpretation, determination that each claimant for a dependents' benefit fulfills the requirement of the appropriate State for inheritance of intestate personal property entails substantial administrative costs and burdens. More important, this determination, when made, may preclude payment of benefits to some claimants who fulfill all other eligibility requirements, even though individual equity and social considerations both make it desirable to pay them benefits.

Laws governing inheritance are complex, and most of the working population of the country has neither occasion nor opportunity to investigate inheritance rights. The great majority of the cases in which failure to establish the requisite relationship has blocked payment of benefits are those of people who, in their own eyes and those of others, have lived just as their neighbors do, meeting the community's conventions. Denial of a claim for benefits often has been the first intimation to a family and its relatives and friends that there is any irregularity in the legal foundation of the family. It has resulted in stigmatizing people, especially "illegitimate" children, in families which have every reason to feel that they have fulfilled all the responsibilities inherent in family relationships.

Cases have arisen in which a man and woman, having taken out a marriage license, thought that it was all that was required to constitute a valid marriage, or in which a couple unknowingly has been "married" by a person not authorized to perform the ceremony under the State law. In other instances, one partner or the other has had reason to believe that an earlier marriage was ended by death and has remarried in good faith; the subsequent appearance of the first spouse may make the second marriage invalid and the children born of it "illegitimate," although under some State laws such children are legitimate. Death of the first spouse then may or may not legitimate the children of the second union, according to the law of the State. Benefits may be payable to some but not all children of the same parents. Misunderstanding of the waiting period required in some States before a party to a divorce may remarry has caused a subsequent marriage entered into by one or both of the spouses to be invalid under the State law.

Because of ignorance of the law and lack of funds to pay lawyers and courts, low-income families, which particularly need the protection of social insurance, are less likely than others to make sure that they have satisfied all legal requirements for the relationships they actually maintain. Among well-to-do persons, awareness of the legal problems of inheritance and opportunity to get legal advice ordinarily will have caused the family to regularize these and other relationships under the law.

In private insurance, of course, a man chooses whether or not he will take out life insurance and in what amounts. He may take out policies covering various personal obligations. In social insurance, the situation is somewhat different, because the system is designed to serve social as well as individual ends. A worker in covered employment cannot choose whether or not to contribute or what amount he will contribute. He cannot name the beneficiary. Contributions must be set at amounts which large groups in the population can pay, and benefits must be designed, within the limits of the funds available, to serve the greatest needs of the group. Hence the limitation of our system to members of the immediate family of the worker, whose needs we presume, rather than inclusion of other relatives who may in fact depend on a worker's earnings. Moreover, since the objective of social insurance is to protect both individuals and the community against interruption or loss of earning capacity, persons who receive benefits must presumably have suffered such a loss. To be eligible for benefits, a wife or widow, for example, must have been living with the worker or he must have been supporting her or ordered by a court to do so.

When the Board is unable to pay benefits to the family of an insured worker on the score alone that their relationship fails to satisfy a State's legal definition of "wife," "widow," or "child," we fail to pay insurance benefits for which the worker has been obliged to contribute. We also fail to protect these persons, who presumably are suffering actual loss from the cessation of his earnings.

From the social standpoint as well as that of individual equity, the situation is illogical. All or nearly all States make it an enforceable legal obligation for a father to support an illegitimate child. It is a matter of public interest and responsibility that the child receive support. Yet, under the present provisions of the Social Security Act, if a marriage is invalid under a State law, benefits must be denied in many instances to surviving children who have been in fact supported by a father even though he has contributed to a system designed to protect fatherless children.

That old-age and survivors insurance is compulsory is in itself recognition of the social need for assuring a basic minimum income for dependents deprived of their normal means of support—old people, children, and widows with children in their care. Social as well as individual considerations underlie the fact that insurance benefits are larger in relation to contributions for low-paid workers than for those who presumably have had better opportunities to make additional provision for themselves and their families. Yet tying eligibility for dependents' and survivor benefits to the definitions of family relationships that govern property inheritance means in some cases penalizing families which have little or no "property" but their capacity to earn. By the same token, these are the families which have the greatest need of insurance when that capacity ends.

There is nothing of record in congressional debates and hearings to indicate the reasons for choosing State intestacy laws for determining family relationships under old-age and survivors insurance. In the absence of experience, the administrative complexities and inequities that could arise in administering a national system covering millions of families in all parts of the country undoubtedly were not fully appreci-

ated. These considerations and regard for the basic purposes of social insurance now indicate clear need for change. For purposes of old-age and survivors insurance, there should be some common rule for determining family relationships, whether in Alaska or Florida, Maine or California. Such a rule, of course, need not affect any legislation the States wish to keep on their books for use in other connections. It should ensure, however, that when a worker has established and maintained normal family relationships in good faith, and his dependents have suffered the wage loss which the system is designed to compensate, they should receive the protection to which his contributions entitle them.

State Unemployment Compensation Laws of 1945

By Ruth Reticker*

THE AMENDMENTS TO State unemployment compensation laws in the 1945 legislative sessions are of more than usual interest. Forty-six legislatures were in session; 43 will not have a regular session again before 1947. All States expect a testing of the unemployment compensation program in the reconversion period. Thus, these legislative sessions represented for many States the last chance to prepare for the problems of reconversion.

More adequate benefits under these laws had been promised by State employment security administrators when they testified before the Special Senate and House Committees on Post-War Economic Policy and Planning in the summer of 1944. Strengthening of the program had been urged by the congressional committees when they recommended that unemployment compensation remain a function of the States. As the legislative sessions approached, improvements in the State laws were urged by the Social Security Board and by the Council of State Governments. Such amendments were recommended to the State legislatures by most of the State agencies, by advisory councils, and in some States by Governors and legislative committees.[1] Now that the legislatures have adjourned in all but 3 States, it is appropriate to survey the changes which have been made and the resulting status of State laws.

The Federal Congress has made no change this year in the Federal legislation underlying the State-Federal system of unemployment compensation or in the unemployment compensation law of the District of Columbia. However, 36 of the 46 State legislatures in session in 1945 enacted legislation modifying the unemployment compensation program in some significant way.[2] The laws which have emerged from these sessions are more varied than ever before but they provide better protection against unemployment to larger numbers of workers than before. Thirty-four States amended their benefit or disqualification provisions or both. A smaller number of States amended their coverage and financing provisions.

Several States have added innovations such as dependents' allowances, or adjustment of benefits to cost of living, or, in certain circumstances, payment of benefits during disability. In other States the arithmetic of benefit formulas has been changed. As was most natural in a time of increased earnings, particular attention was given to maximum weekly benefit amounts and, in preparation for possible extended unemployment, to extension of the period for which benefits may be paid. As a result of increases in the maximums in some States, the variation among the 51 States in the amounts of benefits provided is greatly increased.

When the States are weighted by the number of covered workers, the improvements which have been made in the program are impressive. For example, the maximum weekly benefit amount is $20 or more in States with 78 percent of the covered workers; the maximum duration of benefits covers 20 weeks or more of total unemployment in States with 80 percent of the covered workers; the maximum potential benefits in a benefit year are $396 or more in States with 75 percent of the covered workers. Almost three-fourths of the covered workers are in States which require as a waiting period only 1 week of total or partial unemployment. While 1945 changes in the disqualification and availibility provisions are mixed in their effect, it seems clear that the trend toward more restrictive disqualification provisions is arrested, if not reversed.

Benefit Provisions

The 1945 amendments made few changes in the structure of the State benefit formulas or in the benefit year and base-period provisions on which the formulas depend. Oregon and Washington adopted annual-wage formulas for computing weekly and annual benefits, and South Dakota changed from an annual to a high-quarter formula. Iowa eliminated the provision for weekly benefits based on full-time weekly wages which was an alternative to its fraction of high-quarter wages. Forty-two States now base weekly benefits on high-quarter wages; 8 States utilize an annual-wage formula; and Wisconsin continues to base benefits on wages with the employer whose account is being charged.

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[1] See especially the report of the Senate Interim Committee on Unemployment Insurance to the Fifty-Sixth California Legislature, pp. 64–67.

[2] The amendments reported in this article were enacted in the first half of 1945. All were effective on or before July 1, except as noted below:

Alabama—Effective July 9, 1945.
California—Waiting-period and contingent-fund provisions effective Sept. 15, 1945; coverage effective Jan. 1, 1946.
Connecticut—Dependents' allowances effective Oct. 1, 1945; change in benefit formula, Jan. 1, 1946.
Illinois—Changes in benefit amounts effective Apr. 1, 1946.
Nebraska—Effective Aug. 9, 1945.
New Jersey—Coverage effective Jan. 1, 1946.
Ohio—Effective Oct. 12, 1945.
Pennsylvania—Partial benefits effective Jan. 1, 1946.
Texas—Effective Sept. 1, 1945.
Wisconsin—Benefit duration effective Jan. 1, 1946; experience rating, Dec. 31, 1945.

Tables on 1945 provisions include Louisiana provisions enacted in 1944, effective Jan. 1, 1945.