

Unemployment Compensation Beneficiaries and Benefit Rights in Ramsey County, Minnesota, 1939

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Biennial sessions of State legislatures, meeting in 1943, will be faced with the twofold task of further gearing unemployment compensation laws to the war effort and preparing them to meet any post-war shock. The following study, the field work for which was completed in 1941, provides quantitative data on the adequacy of the program during a period of fair employment opportunities.

TO MEASURE THE ADEQUACY of duration of benefits and determine what happened to individuals after the exhaustion of benefits, the Minnesota Division of Employment and Security undertook a study of the 5,150 workers¹ who began a benefit year in the first quarter of 1939 in Ramsey County, which includes the city of St. Paul. Benefit rights of the Ramsey County workers were examined and characteristics of the beneficiaries analyzed.² The extent and immediacy of reemployment of beneficiaries who exhausted benefit rights were investigated. Characteristics of those in this group who received both unemployment compensation and relief grants were also determined. Finally, the reemployment and relief experience of a 30-percent sample of workers with unexhausted benefit rights was analyzed. The period over which the survey of reemployment and relief experience was made extended from the first quarter of 1939 through the third quarter of 1940.

Records used in the study included, for all individuals who had completed a benefit year, a punch card containing benefit-experience information, claim folder, benefit-history card file, and local-office claim-history card. Data on reemployment in covered jobs were obtained from wage records and claim folders and supplemented by data de-

rived from wage reports to the Railroad Retirement Board. Information on relief experience was derived from records of the Administration Department and Department of Public Assistance of the County Welfare Board of Ramsey County and St. Paul. The necessary relief data were conveniently available on a single summary sheet in the case folders.

Summary of findings.—Unemployment compensation did not compensate most of the workers who became unemployed in Ramsey County late in 1938 or during the first quarter of 1939 for their full period of unemployment. Three out of five of these beneficiaries exhausted their rights to benefits during this period, when employment opportunities were relatively good. There were long periods during which these workers could not receive benefits under the unemployment compensation system. More than half the beneficiaries who exhausted rights did so at least 44 weeks before the end of their benefit year.

Workers who received partial unemployment benefits were less likely to exhaust benefit rights than those who did not. Exhaustion ratios were also high among workers with low potential duration. Half the beneficiaries were entitled to less than 12 weeks, and workers with low potential duration generally had low weekly benefit amounts.

The exhaustion ratio varied with age. Men under 21 and over 60 years of age had the highest exhaustion ratios, but the ratio was higher for women under 40 than for those aged 40 or more.

About two-thirds of all the beneficiaries studied filed claims for benefits in both 1938 and 1939. Almost half of all beneficiaries studied filed claims and exhausted their benefit rights in both years.

Although the great majority remained in the

*Bureau of Employment Security, Reports and Analysis Division. The basic data for this study were gathered and detailed tabulations prepared by the Minnesota Division of Employment and Security.

¹ Includes 217 workers who filed an initial claim in the first quarter of 1939 and had their first compensable week of unemployment in the second quarter.

² Two earlier studies of this type have been reported: Creamer, Daniel, and Wellman, Arthur C., "Adequacy of Unemployment Benefits in the Detroit Area During the 1938 Recession," *Social Security Bulletin*, Vol. 3, No. 11 (November 1940), pp. 3-11; and Freeman, Homer J., "Unemployment Benefit Rights and Beneficiaries in Polk County, Iowa, 1938-39," *Social Security Bulletin*, Vol. 5, No. 1 (January 1942), pp. 15-24. Unlike these, the Ramsey County study did not include beneficiaries who filed claims during the first months of benefit payments and whose experience was, for that reason, not typical of continuing operation of the system.

labor market, beneficiaries who draw all their unemployment compensation checks apparently had a hard time getting new jobs. Only 29 percent were reemployed during the same quarter in which benefits were exhausted and another 25 percent by the end of the second quarter. On the other hand, 25 percent of the men and 36 percent of the women failed to get a job in covered employment during the entire survey period, which for most of the workers was 5 or 6 quarters. Young and old men had the most difficulty getting reemployed either quickly or eventually. Those with low weekly benefit amounts were reemployed last. Immediacy of reemployment varied among industries; workers in apparel manufacturing and contract construction apparently had the best opportunities.

Many workers received both unemployment compensation payments and relief grants after the inception of the unemployment compensation program in Minnesota in 1938. Of all beneficiaries studied, 20 percent were in households which received relief grants sometime during the period 1938-40. Twenty-three percent of those who exhausted and 15 percent of those who did not exhaust their benefit rights received relief grants during this period. The need for relief payments arose in many cases before benefits were payable in 1939 and continued long after the last compensable week.

Size of weekly benefit amount bore little relation to size of relief grant during or after compensable periods. On the other hand, beneficiaries in households which received relief for the greatest number of months had the highest average potential duration of benefits. Among the men who exhausted rights, there was little difference between the benefit rights of those who received and those who did not receive relief, but women in relief households had much smaller benefits than those in other households.

Receipt of relief was associated with size of household and number of dependents. Larger families were on the relief rolls sooner and for longer periods.

Character of the St. Paul area.—St. Paul is an industrial community which had a population of 288,000 in 1940, while an additional 22,000 persons lived in Ramsey County outside the city. It is estimated that in December 1939, 65 percent of all employed persons in the St.

Paul area were in covered employment. Inclusion of railroad workers (not covered by State unemployment compensation systems after June 1939) would bring the proportion to 75 percent. The principal excluded groups were proprietors, domestic servants, and public employees. At the close of 1939, only 400 workers in the area relied upon agriculture for a living.³

St. Paul's industry is diversified. Somewhat more than a fourth of the covered workers in the first quarter of 1939 were employed in manufacturing industries, and about the same proportion in trade (table 1). Retail trade is the largest single industry. There are a number of large food-processing firms in St. Paul, and 6 percent of the city's workers were engaged in this industry. Twelve percent were employed in the manufacture of durable goods.

“. . . In the patterns of recent changes in such related economic conditions as numbers of manufacturers, value of manufactured products, and employment and wages in manufacturing, St. Paul and the Nation as a whole are not greatly different. Similarly, St. Paul is fairly representative as to the patterns of retail trade, proportions of total population in school, age distribution of the population, proportions gainfully employed and numbers of high school graduates.”⁴ Thus, St. Paul is more typical of other urban areas outside of Minnesota than of the Minnesota agricultural economy in general.

The law in effect.—Workers unemployed in Minnesota during the first quarter of 1939 were entitled to benefits, after completing the waiting period, if they had earned wages equal to 16 times their weekly benefit amount in covered employment during the period October 1, 1937–September 30, 1938.⁵ The benefit year of an eligible worker began with the first day of the week in which he could first receive benefits. His weekly benefit amount, when totally unemployed, was equal to 50 percent of his full-time weekly wage,⁶ but not more than \$15 a week, or less than \$6 or three-fourths of his full-time weekly wage, which—

³ Estimates from *St. Paul Study of Employment, Unemployment and Relief, An Interim Report of Progress and Outlook Based on the Pilot Study, 1940-41*, Employment Stabilization Research Institute, University of Minnesota, April 1941, pp. 71, 82.

⁴ *Ibid.*, p. 9.

⁵ For the 217 workers studied who began benefit years in the second quarter of 1939, the qualifying period was the calendar year 1938.

⁶ For most of the workers studied, a full-time weekly wage was not reported and hence was computed as $\frac{1}{3}$ of the highest quarterly earnings in the base period.

ever was the smaller amount. When partially unemployed, a worker received the difference between the weekly benefit amount and five-sixths of his week's earnings. The maximum total amount of benefits any worker could receive during a benefit year was one-sixth of the wages earned in covered employment during the base period,⁷ or 16 times the weekly benefit amount, whichever was smaller. The base period of workers beginning benefit years during the first quarter of 1939 was the 7-quarter period, January 1, 1937–September 30, 1938.

These provisions, characterized by lenient eligibility requirements, were typical of those in effect in most States during 1938 and the early part of 1939. In Minnesota, many workers were automatically eligible for benefits if the quarter of highest earnings in the base period fell within the qualifying period. A worker could be declared eligible to receive benefits for less than 3 weeks. Amendments to the Minnesota law since the first quarter of 1939 have increased the stringency of the qualifying requirements and at the same time have provided more nearly adequate benefits for workers who do qualify.

Benefit Rights and Experience

Half the beneficiaries studied lost their jobs in the recession year 1938. Twenty-three percent

⁷ Wages earned in excess of \$300 in any quarter were not considered in this computation.

Table 1.—Covered workers in Ramsey County, Minn., and distribution and median age of beneficiaries by sex and by industry, January–March 1939

| Industry ¹ | Covered workers | | Beneficiaries | | | | | | | Median age of beneficiaries | |
|--|-----------------|---------|---------------|--|---------------|-----------------|-------------------------------------|-------|-------|-----------------------------|-------|
| | Number | Percent | Total number | Percent of covered workers in industry | Number of men | Number of women | Percentage distribution by industry | | | Men | Women |
| | | | | | | | Total | Men | Women | | |
| Total..... | 78,097 | 100.0 | 5,150 | 6.6 | 3,762 | 1,388 | 100.0 | 100.0 | 100.0 | 35.0 | 30.5 |
| Manufacturing, total..... | 22,169 | 28.4 | 1,565 | 7.1 | 1,050 | 509 | 30.4 | 28.1 | 36.7 | 32.8 | 32.5 |
| Food..... | 4,331 | 5.6 | 473 | 10.9 | 371 | 102 | 9.2 | 9.9 | 7.3 | 27.2 | 27.2 |
| Apparel..... | 1,405 | 1.8 | 277 | 19.7 | 97 | 180 | 5.4 | 2.0 | 13.0 | 40.4 | 46.3 |
| Printing and publishing..... | 5,090 | 6.5 | 220 | 4.3 | 134 | 86 | 4.3 | 3.0 | 6.2 | 31.8 | 28.0 |
| Other nondurable goods ² | 2,214 | 2.8 | 133 | 6.0 | 64 | 70 | 2.6 | 1.4 | 5.7 | 27.3 | 27.3 |
| Durable goods ³ | 9,120 | 11.7 | 462 | 5.1 | 400 | 62 | 8.9 | 10.0 | 4.5 | 37.5 | 29.5 |
| Contract construction..... | 3,061 | 3.9 | 924 | 30.2 | 905 | 19 | 18.0 | 24.0 | 1.4 | 41.8 | 37.0 |
| Transportation, communication, and utilities, total..... | 14,920 | 19.1 | 423 | 2.8 | 374 | 49 | 8.2 | 9.9 | 3.5 | 31.1 | 28.0 |
| Interstate railroads..... | 8,944 | 11.5 | 191 | 2.1 | 185 | 6 | 3.7 | 4.9 | .4 | 31.7 | 24.5 |
| Trade, total..... | 22,008 | 28.2 | 1,350 | 6.1 | 832 | 518 | 26.2 | 22.1 | 37.3 | 32.2 | 29.4 |
| Wholesale trade..... | 5,579 | 7.2 | 269 | 4.8 | 207 | 62 | 5.2 | 5.5 | 4.5 | 32.8 | 31.8 |
| Retail trade..... | 16,429 | 21.0 | 1,081 | 6.0 | 625 | 456 | 21.0 | 16.6 | 32.8 | 31.6 | 28.7 |
| Service..... | 9,643 | 12.4 | 730 | 7.0 | 476 | 254 | 14.2 | 12.7 | 18.3 | 31.2 | 28.7 |
| Finance, insurance, and real estate..... | 4,387 | 5.6 | 110 | 2.5 | 85 | 25 | 2.1 | 2.3 | 1.8 | 41.0 | 28.3 |
| All other..... | 1,909 | 2.4 | 48 | 2.5 | 34 | 14 | .9 | .9 | 1.0 | 33.7 | 35.0 |

¹ Industrial classification differs in some respects from current Social Security Board code.

² Represents all beneficiaries who began benefit years during first quarter of 1939 as well as 217 workers who filed an initial claim in first quarter and began a benefit year in second quarter.

had been separated from employment prior to December and another 34 percent during that month. Although a pick-up in employment opportunities began in the fall of 1938, nearly all the workers studied began to receive their 1939 benefits during the seasonal slump which ordinarily characterizes the first quarter in Ramsey County. Discounting the seasonal drop, the trend in employment continued upward in 1939 so that average employment in that year reached the levels of 1937 and was more than 10 percent above the levels of 1936 and 1938 (chart 1). In 1940, employment in nonmanufacturing industries, after the usual seasonal decline, barely reached the levels of 1939. Manufacturing industries fared somewhat better, and the average employment in 1940 was 4 percent above that in 1939. Generally speaking, the benefit payments analyzed in this study were made during a period of increasing employment opportunities.

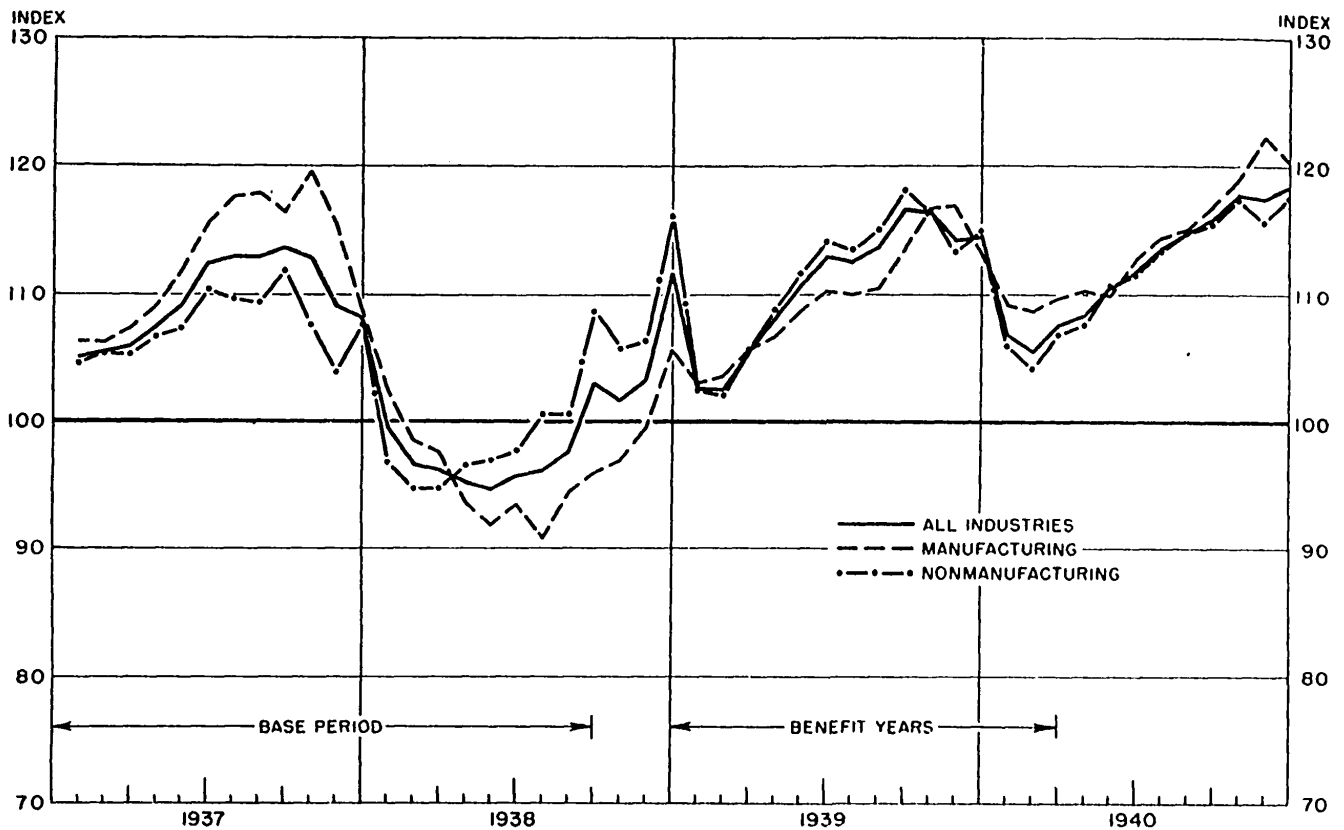
The base periods of most claimants (January 1937–September 1938) were about equally divided between months of good and bad employment opportunities. Workers in manufacturing industries were, however, harder hit by the recession than those in nonmanufacturing industries. As a result of the downturn in business activity in 1938, many workers were unable to qualify for the maximum benefits permitted under the law. Undoubtedly, however, the 2-year base period afforded the workers more protection than would

³ Includes tobacco, textile-mill products, paper and allied products, chemicals, petroleum and coal products, rubber products, and leather.

⁴ Includes lumber and finished lumber products; stone, clay, and glass; iron and steel products; nonferrous metals and their products; machinery; automobiles; and miscellaneous manufactures.

Chart 1.—Indexes of covered employment in manufacturing and nonmanufacturing industries, St. Paul, Minn., 1937-40

[Monthly average 1930=100]



¹ Prior to February 1939, based on reports to Minnesota Division of Employment and Security; subsequently, source is Stabilization Research Institute of the University of Minnesota.

have been offered by a single-year base period covering the 1938 recession period.

Characteristics of beneficiaries.—Only 7 percent of all covered workers in St. Paul initiated a benefit year in the first quarter of 1939, but this proportion varied from 2 percent for workers who had been employed on interstate railroads to 30 percent for those in construction industries (table 1). The extremely high incidence of unemployment among construction workers, and also among workers from the apparel industry, is traceable to the winter slump in employment.

Of all beneficiaries studied, 30 percent were from manufacturing and 40 percent from trade and service. Construction industries accounted for another 18 percent of the claimants.

More than a fourth of the beneficiaries (27 percent) were women, but the proportion of women varied from 2 percent in construction to about 60 percent in apparel manufacturing and other

nondurable goods. About two-fifths of the beneficiaries engaged in retail trade and a similar proportion of workers in printing and publishing were women.

The average age of the men beneficiaries was 35 and of the women about 30, but differences within most industries were much less marked (table 1). In the food-manufacturing industry, both men and women benefit recipients were young—27 on the average—while in apparel manufacturing both men and women were nearer middle age—46 on the average. The greater over-all discrepancy between the median ages of men and women is accounted for by the concentration of a larger proportion of men in construction, where beneficiaries were somewhat older, and the concentration of many women in retail trade, where beneficiaries were younger.

Potential benefit rights.—More than a fourth of the beneficiaries in most industries were able to

accumulate enough wage credits to qualify for the maximum duration of 16 weeks. On the other hand, among all industries combined, almost as many beneficiaries could draw no more than 7 checks for total unemployment. More than half of all beneficiaries were entitled to less than 12 weeks of benefits (table 2).

The rather young beneficiaries from food manufacturing, both men and women, accumulated meager benefit rights, while the benefit rights of the older unemployed workers from apparel manufacturing were fairly substantial. Almost half the men from the latter industry were entitled to maximum duration, and a similar situation obtained among the men from printing and publishing.

The median number of full weeks of benefits allowed, all industries combined, was higher for women than for men. Women beneficiaries

Table 2.—Percentage distribution of Ramsey County beneficiaries by specified full weeks of potential duration, by industry and sex

| Industry and sex | Number of beneficiaries | Percentage distribution by number of full weeks of potential duration | | | | | |
|---|-------------------------|---|-------------|------|------|-------|------|
| | | Total | Less than 4 | 4-7 | 8-11 | 12-15 | 16 |
| Total | 4,881 | 100.0 | 2.6 | 24.2 | 24.2 | 17.7 | 31.3 |
| All industries: | | | | | | | |
| Men | 3,530 | 100.0 | 2.4 | 24.7 | 25.2 | 16.4 | 31.3 |
| Women | 1,351 | 100.0 | 2.7 | 23.0 | 21.8 | 21.0 | 31.5 |
| Food manufacturing: | | | | | | | |
| Men | 345 | 100.0 | 1.7 | 31.6 | 30.5 | 13.3 | 22.9 |
| Women | 98 | 100.0 | 5.1 | 29.6 | 25.5 | 15.3 | 24.5 |
| Apparel manufacturing: | | | | | | | |
| Men | 32 | 100.0 | 0 | 16.3 | 26.1 | 10.9 | 46.7 |
| Women | 176 | 100.0 | 4.0 | 22.7 | 21.6 | 14.2 | 37.5 |
| Printing and publishing: | | | | | | | |
| Men | 132 | 100.0 | 3.8 | 17.4 | 12.1 | 21.2 | 45.5 |
| Women | 84 | 100.0 | 1.2 | 21.4 | 22.7 | 21.4 | 33.3 |
| Other nondurable goods: | | | | | | | |
| Men | 50 | 100.0 | 6.0 | 16.0 | 26.0 | 16.0 | 36.0 |
| Women | 77 | 100.0 | 3.9 | 28.6 | 23.4 | 13.0 | 31.1 |
| Durable goods: | | | | | | | |
| Men | 382 | 100.0 | 3.1 | 28.3 | 24.3 | 11.0 | 33.3 |
| Women | 61 | 100.0 | 0 | 20.2 | 34.4 | 14.8 | 24.6 |
| Contract construction: | | | | | | | |
| Men and women | 884 | 100.0 | 2.1 | 22.9 | 28.6 | 18.9 | 27.5 |
| Transportation, communication, and utilities: | | | | | | | |
| Men and women | 352 | 100.0 | 3.4 | 35.8 | 22.4 | 15.1 | 23.3 |
| Interstate railroads: | | | | | | | |
| Men and women | 132 | 100.0 | 4.5 | 47.0 | 25.8 | 12.9 | 9.8 |
| Wholesale trade: | | | | | | | |
| Men | 106 | 100.0 | 1.5 | 26.0 | 23.5 | 19.4 | 29.6 |
| Women | 59 | 100.0 | 1.7 | 27.1 | 15.3 | 23.7 | 32.2 |
| Retail trade: | | | | | | | |
| Men | 595 | 100.0 | 2.5 | 20.4 | 19.5 | 16.6 | 41.0 |
| Women | 443 | 100.0 | 2.5 | 20.1 | 24.1 | 23.7 | 29.6 |
| Service: | | | | | | | |
| Men | 457 | 100.0 | 2.6 | 24.1 | 24.1 | 18.4 | 30.8 |
| Women | 247 | 100.0 | 2.4 | 21.1 | 17.8 | 26.3 | 32.4 |
| Finance, insurance, and real estate: | | | | | | | |
| Men and women | 107 | 100.0 | 2.8 | 19.6 | 22.4 | 16.9 | 38.3 |
| All other: | | | | | | | |
| Men and women | 44 | 100.0 | 0 | 11.4 | 45.5 | 22.7 | 20.4 |

¹ Excludes 232 men and 37 women whose records were not available at time of survey; of these men, 59 were railroad employees, none of whom exhausted his benefit rights. The other beneficiaries were distributed randomly. These 269 beneficiaries are excluded from tables 4-13.

accumulated benefit rights which were at least as substantial as those of men in the food-manufacturing, wholesale-trade, and service industries. In most other industries, however, women were entitled to fewer weeks of benefits than men.

Exhaustion of benefit rights.—For three out of five beneficiaries in the first quarter of 1939, benefits did not continue until reemployment. In every industry but apparel manufacturing, more than half the workers who drew benefits exhausted their rights (table 3). The proportion of workers exhausting rights was highest for finance, insurance, and real estate (71 percent) and for wholesale trade (67 percent). A slightly larger proportion of women than men drew all their benefits.

Many other workers came close to drawing all their checks; 20 percent of the men and 15 percent of the women would have exhausted rights with the receipt of one more check. It is likely that many of these latter failed to claim a final check for less than the weekly benefit amount, although they were still unemployed. Twenty percent of the men and women, on the other hand, could have drawn from 12 to 15 additional checks.

Employment practices, as well as potential benefit rights and reemployment opportunities, apparently influenced the proportion of beneficiar-

Table 3.—Percent of Ramsey County beneficiaries receiving partial benefits and exhaustion ratios¹ of these and of all beneficiaries, both men and women, by industry²

| Industry | Percent of beneficiaries receiving partial benefits | Exhaustion ratios ¹ | | | |
|--|---|--|--|------|-------|
| | | Beneficiaries receiving partial benefits | All beneficiaries including those receiving partial benefits | | |
| | | | Total | Men | Women |
| Total | 28.4 | 42.1 | 59.6 | 57.5 | 65.1 |
| Manufacturing, total | 28.0 | 40.1 | 58.0 | 57.3 | 61.3 |
| Food | 24.2 | 47.7 | 64.9 | 62.3 | 74.5 |
| Apparel | 44.8 | 26.7 | 47.3 | 47.4 | 47.2 |
| Printing and publishing | 28.2 | 37.7 | 56.4 | 48.5 | 68.6 |
| Other nondurable goods | 26.8 | 52.9 | 61.7 | 61.1 | 62.0 |
| Durable goods | 21.9 | 45.4 | 59.1 | 57.5 | 69.4 |
| Contract construction | 27.4 | 38.0 | 53.9 | 53.9 | 52.6 |
| Transportation, communication, and utilities | 31.0 | 46.8 | 57.2 | 57.0 | 59.2 |
| Interstate railroads | 30.3 | 47.5 | 50.8 | 50.8 | 50.1 |
| Trade | 31.9 | 42.7 | 60.1 | 56.0 | 65.8 |
| Wholesale trade | 25.5 | 35.4 | 67.3 | 66.2 | 71.0 |
| Retail trade | 33.4 | 44.1 | 58.4 | 53.4 | 65.1 |
| Service | 23.9 | 44.8 | 66.3 | 64.1 | 70.5 |
| Finance, insurance, and real estate | 22.4 | 54.2 | 70.9 | 67.1 | 84.0 |
| All other | 22.7 | 69.2 | 77.1 | 76.5 | 78.6 |

¹ Represents percent of all beneficiaries who exhausted their benefit rights.
² This table is based on a total of 5,150 beneficiaries (3,762 men and 1,388 women) of whom 1,462 received partial benefits.

ies who exhausted their benefit rights. Although the construction workers studied had become unemployed when reemployment opportunity was at a seasonal low, only 54 percent of these beneficiaries failed to be reemployed before they had exhausted their benefit rights. This fact may be explained by the spreading of unemployment—largely total unemployment—over almost one-third of the covered workers in this industry (table 1). In the more stable finance, insurance, and real estate industry, the small number of workers laid off had a more difficult time becoming reemployed. Workers from this and other industries with low ratios of beneficiaries to covered workers included larger numbers who were permanently separated rather than temporarily laid off.

Spreading work through partial employment was apparently related to the low exhaustion ratio in apparel manufacturing. A larger proportion of the beneficiaries in this industry than in any other received benefits for partial unemployment (table 3). Within each industry group, workers completely separated from the pay roll used relatively more of their benefit rights than those who received partial unemployment benefits. Two-fifths (42 percent) of the workers who received some partial benefits exhausted their rights, while two-thirds (67 percent) of those who received none did so.⁸

Most beneficiaries who exhausted their benefit rights experienced long periods during which no unemployment could have been compensated. More than half (52 percent) faced the prospect of waiting at least 40 weeks before another valid claim for unemployment compensation could be made, and only 8 percent drew their last check within 8 weeks of the end of the benefit year (table 4).

Weekly benefit amounts in relation to duration of benefits.—Many beneficiaries in Ramsey County received less per month in unemployment compensation than was paid to unskilled workers employed on Federal work projects in "security" wages, which were designed to provide able-bodied unemployed workers and their families

⁸ Workers who experienced only total unemployment generally drew their benefits in one spell. Of the workers who exhausted their benefit rights, 74 percent of the men and 79 percent of the women drew all their checks in one spell. Sixty-six percent of the men and women who did not exhaust benefits experienced only one spell of compensable total unemployment in the benefit year. More than half of all beneficiaries who drew a check for partial unemployment had at least two spells of compensable unemployment.

Table 4.—Distribution of Ramsey County beneficiaries exhausting benefit rights by number of weeks elapsing between week of benefit exhaustion and end of benefit year¹

| Number of weeks ¹ | Beneficiaries exhausting benefit rights | | |
|------------------------------|---|---------|--------------------|
| | Number | Percent | Cumulative percent |
| Total..... | 2,935 | 100.0 | |
| 48-51..... | 151 | 5.1 | 5.1 |
| 44-47..... | 775 | 26.4 | 31.5 |
| 40-43..... | 603 | 20.6 | 52.1 |
| 36-39..... | 584 | 19.9 | 72.0 |
| 32-35..... | 230 | 7.8 | 79.8 |
| 24-31..... | 134 | 4.6 | 84.4 |
| 16-23..... | 91 | 3.1 | 87.5 |
| 8-15..... | 133 | 4.5 | 92.0 |
| Less than 8..... | 231 | 8.0 | 100.0 |

¹ Represents full calendar weeks elapsing between week of benefit exhaustion and end of benefit year.

with the necessities of life. Monthly earnings of \$55 were the maximum allowed to unskilled WPA workers in Ramsey County in 1939. About two-thirds of the Ramsey County beneficiaries could not have received more than this amount in unemployment compensation, since 63 percent had weekly benefit amounts of \$12 or less. Of the women, 62 percent received less than \$9 a week.

Moreover, the men and women who qualified for small checks could generally receive them for only a few weeks (table 5). While only 17 percent of the men with the maximum benefit rate had a potential duration of benefits of 7 weeks or less, half of those entitled to \$6 had this brief potential duration. The percentage of beneficiaries entitled to the full 16 weeks of benefits ranged from 15 percent to 44 percent for the men, and from 20 percent to 61 percent for the women, as weekly benefit amounts increased.

Factors related to exhaustion of benefits.—Workers with low weekly benefit amounts were entitled to few weeks of benefits, and a larger proportion of them exhausted their benefit rights. Of those with given potential duration, however, there was little tendency for a larger proportion of those with low than high weekly benefit amounts to exhaust their rights (table 5). Only for workers entitled to 12 or more weeks of benefits did those with the higher weekly benefit amounts exhaust benefits less frequently, and even among this group there were exceptions. For those with given weekly benefit amounts, on the other hand, there was a consistent drop in the exhaustion ratio as potential duration increased. The weekly benefit amounts of workers who exhausted their benefit rights were,

therefore, on the whole lower than those of workers who did not exhaust.

Although persons under the age of 21 were entitled to markedly fewer weeks of benefits than were older beneficiaries, there was no other age group whose potential benefits varied widely from that of the entire sample. It is evident, however, that for beneficiaries as a whole those in the 35-39 year group had the most substantial potential duration of benefits.

Since potential benefit rights did not vary widely among age groups, reemployment opportunities were primarily responsible for the fairly wide differences among age groups in the proportion of beneficiaries who exhausted their benefit rights. Apparently the older men, whose potential duration was not unusually low, had difficulty finding a new job after being separated from employment, for 67 percent of those aged 60 years and over exhausted all their rights. Youths under 21, whose rights were small, had an exhaustion ratio of 68 percent. The ratio varied from 53 to 60 percent for other age groups among the men. Among women the ratio varied from 66 to 74 percent for age groups under 40 years and from 49 to 59 percent for those aged 40 and over.

About two-thirds of the beneficiaries studied filed a claim for benefits in 1938. Although it is

often asserted that most women beneficiaries claim benefits year after year, a smaller proportion of the women than of the men (61 percent compared to 66 percent) had filed claims in 1938. It was found, too, that a higher proportion of those who exhausted than those who had not exhausted their benefit rights in 1939 also filed claims in 1938. Only 21 percent of the beneficiaries who exhausted their rights in 1939 had not filed claims in 1938, while 56 percent of those who did not exhaust benefits failed to file in 1938. Of the claimants who exhausted benefits in 1939 and filed in the previous year, the great majority, 94 percent, exhausted all rights in 1938 as well.

Reemployment Experience

When benefit rights are limited to a maximum of 16 and an average of 12 weeks, exhaustion of benefit rights followed by periods of uncompensated unemployment is evidence that the law may not be fulfilling the function for which it was designed. Hence, beneficiaries' experience after exhausting their benefit rights is a primary factor in evaluating the operation of an unemployment compensation system. The gap between the date of benefit exhaustion and reemployment was determined from the wage-record files of the Minnesota Division of Employment and Security covering

Table 5.—Percentage distribution and exhaustion ratios of Ramsey County beneficiaries by specified full weeks of potential duration, by sex and weekly benefit amount

| Sex and weekly benefit amount | Total number of beneficiaries ¹ | Percentage distribution by full weeks of potential duration | | | | | | Exhaustion ratios by full weeks of potential duration | | | | | |
|---------------------------------------|--|---|-------------|------|------|-------|------|---|------------------|------------------|------------------|------------------|------------------|
| | | Total | Less than 4 | 4-7 | 8-11 | 12-15 | 16 | Total | Less than 4 | 4-7 | 8-11 | 12-15 | 16 |
| All beneficiaries, total | 4,881 | 100.0 | 2.6 | 24.2 | 24.2 | 17.7 | 31.3 | 60.1 | 88.7 | 84.3 | 67.5 | 57.4 | 35.1 |
| Less than \$0..... | 89 | 100.0 | 5.0 | 45.0 | 34.8 | 6.7 | 7.9 | 75.3 | (²) | 75.0 | 83.9 | (²) | (²) |
| 0..... | 521 | 100.0 | 5.0 | 38.0 | 25.5 | 13.2 | 17.7 | 77.0 | 88.5 | 88.0 | 76.7 | 63.8 | 58.7 |
| 7-8..... | 938 | 100.0 | 2.5 | 23.8 | 23.3 | 24.1 | 26.3 | 64.8 | 95.7 | 80.1 | 67.1 | 70.8 | 35.2 |
| 9-10..... | 811 | 100.0 | 3.0 | 28.9 | 22.2 | 17.8 | 28.1 | 64.0 | 83.3 | 78.2 | 70.0 | 64.6 | 45.4 |
| 11-12..... | 706 | 100.0 | 2.4 | 25.0 | 26.7 | 16.4 | 28.9 | 61.5 | (²) | 80.5 | 67.0 | 57.8 | 30.4 |
| 13-14..... | 520 | 100.0 | 2.5 | 19.4 | 26.9 | 16.0 | 34.3 | 57.3 | (²) | 80.2 | 67.9 | 52.3 | 36.5 |
| 15..... | 1,296 | 100.0 | 1.2 | 15.5 | 21.8 | 17.3 | 44.2 | 46.4 | (²) | 84.1 | 59.9 | 38.4 | 28.6 |
| Men, total | 3,530 | 100.0 | 2.4 | 24.7 | 25.2 | 16.4 | 31.3 | 58.4 | 87.4 | 83.2 | 66.7 | 52.6 | 32.9 |
| Less than \$0..... | 40 | 100.0 | 6.1 | 51.0 | 28.0 | 0.1 | 8.2 | 71.4 | (²) | 72.0 | (²) | (²) | (²) |
| 0..... | 277 | 100.0 | 6.1 | 43.0 | 26.0 | 9.7 | 15.2 | 77.0 | (²) | 84.9 | 76.4 | 70.4 | 59.5 |
| 7-8..... | 380 | 100.0 | 2.1 | 26.3 | 28.7 | 10.2 | 23.7 | 62.4 | (²) | 84.0 | 62.4 | 69.9 | 28.9 |
| 9-10..... | 522 | 100.0 | 2.7 | 33.9 | 24.7 | 15.9 | 22.8 | 64.4 | (²) | 78.5 | 67.4 | 61.4 | 40.3 |
| 11-12..... | 579 | 100.0 | 2.9 | 27.8 | 27.0 | 16.4 | 25.9 | 65.3 | (²) | 89.4 | 71.2 | 60.0 | 33.3 |
| 13-14..... | 468 | 100.0 | 2.8 | 19.6 | 27.8 | 17.5 | 32.3 | 59.0 | (²) | 80.4 | 70.8 | 50.0 | 38.4 |
| 15..... | 1,255 | 100.0 | 1.2 | 15.7 | 22.2 | 17.3 | 43.0 | 46.5 | (²) | 83.8 | 60.1 | 38.7 | 28.5 |
| Women, total | 1,351 | 100.0 | 2.7 | 23.0 | 21.8 | 21.0 | 31.5 | 61.7 | 91.9 | 87.1 | 70.2 | 66.9 | 40.8 |
| Less than \$0..... | 40 | 100.0 | 5.0 | 37.5 | 42.5 | 7.5 | 7.5 | 80.0 | (²) | (²) | (²) | (²) | (²) |
| 0..... | 244 | 100.0 | 3.7 | 33.6 | 25.0 | 17.2 | 20.5 | 70.2 | (²) | 93.9 | 77.0 | 59.5 | 58.0 |
| 7-8..... | 558 | 100.0 | 2.7 | 22.0 | 19.7 | 27.4 | 28.2 | 66.5 | (²) | 56.3 | 71.8 | 71.2 | 38.9 |
| 9-10..... | 289 | 100.0 | 3.5 | 19.7 | 17.0 | 21.1 | 38.1 | 65.7 | (²) | 77.2 | 70.5 | 68.9 | 59.9 |
| 11-12..... | 127 | 100.0 | 0 | 15.7 | 25.3 | 16.5 | 42.5 | 44.1 | (²) | 90.0 | 60.0 | 47.6 | 22.0 |
| 13-14..... | 52 | 100.0 | 0 | 17.3 | 19.2 | 11.5 | 51.9 | 42.3 | (²) | (²) | (²) | (²) | 25.9 |
| 15..... | 41 | 100.0 | 2.3 | 9.8 | 9.8 | 17.1 | 61.0 | 41.5 | (²) | (²) | (²) | (²) | 32.9 |

¹ See table 2, footnote 1.

² Differs from rate in table 3, which is based on total of 5,150 beneficiaries.

³ Not computed; number of beneficiaries too small.

Table 6.—Percentage distribution by quarter of reemployment¹ of Ramsey County beneficiaries exhausting benefit rights, by sex and quarter of benefit exhaustion

| Sex and quarter of benefit exhaustion | Total number of beneficiaries exhausting rights ² | Percentage distribution by quarter of reemployment ¹ following quarter of benefit exhaustion | | | | | | |
|---------------------------------------|--|---|------|-------|--------|-------|--------------|-----------------|
| | | Total | Same | First | Second | Third | Fourth-sixth | No reemployment |
| All beneficiaries, total | 2,935 | 100.0 | 28.6 | 25.3 | 10.4 | 3.7 | 3.5 | 28.5 |
| Jan.-Mar. 1939..... | 643 | 100.0 | 8.4 | 44.9 | 13.1 | 8.2 | 4.4 | 21.0 |
| Apr.-June 1939..... | 1,499 | 100.0 | 34.0 | 19.7 | 10.9 | 2.1 | 4.3 | 29.0 |
| July-Sept. 1939..... | 349 | 100.0 | 29.5 | 17.5 | 3.4 | 4.3 | 2.6 | 42.7 |
| Men, total | 2,061 | 100.0 | 31.1 | 27.0 | 10.0 | 3.1 | 3.4 | 25.4 |
| Jan.-Mar. 1939..... | 480 | 100.0 | 9.4 | 48.1 | 11.5 | 6.0 | 3.7 | 21.3 |
| Apr.-June 1939..... | 1,031 | 100.0 | 38.1 | 19.5 | 10.1 | 1.9 | 4.6 | 25.8 |
| July-Sept. 1939..... | 200 | 100.0 | 36.5 | 18.5 | 4.0 | 4.0 | 2.0 | 35.0 |
| Women, total | 874 | 100.0 | 22.4 | 21.6 | 11.3 | 5.3 | 3.7 | 35.7 |
| Jan.-Mar. 1939..... | 163 | 100.0 | 5.5 | 35.6 | 17.8 | 14.7 | 6.1 | 20.3 |
| Apr.-June 1939..... | 468 | 100.0 | 21.8 | 20.1 | 12.6 | 2.8 | 3.6 | 36.1 |
| July-Sept. 1939..... | 149 | 100.0 | 20.1 | 16.1 | 2.7 | 4.7 | 3.4 | 53.0 |

¹ Represents first calendar quarter in which beneficiary earned \$50 or more in covered employment.

² Totals include 350 men and 94 women who exhausted rights in the period October 1939-March 1940.

the period through September 30, 1940.⁹ The survey period thus covered 7 quarters. A beneficiary was considered "reemployed" if he earned as much as \$50 in covered employment in any calendar quarter, a definition which eliminated from the reemployed group those with earnings only in casual jobs or jobs of short duration.

Quarters of uncompensated unemployment.—About half the beneficiaries who exhausted their rights were reemployed during either the calendar quarter in which their benefits ceased or the quarter following (table 6). Thus, they may have experienced from 1 to 25 weeks of uncompensated unemployment, but the number of weeks cannot be more precisely measured. On the other hand, 25 percent of the men and 36 percent of the women who exhausted their rights had no reported wages whatever in covered employment during the remainder of the entire survey period, although for two-thirds of the group at least 5 quarters elapsed between the date of exhaustion and the end of the period. Relatively more men than women were reemployed during the survey period, and men were reemployed more quickly. The

⁹ These records have certain limitations, the most important of which is reporting of earnings to the Division on a quarterly basis. Hence, no precise determination of the exact date beneficiaries returned to work was possible. Moreover, wage records contain information on covered employment only. Fortunately, the Minnesota law covers employers of one or more workers. Since Ramsey County is not an agricultural community, the restriction of the data to covered employment was most serious with respect to workers who may have gone into self-employment, domestic service, or public employment after exhaustion of benefits.

quarter in which the last benefit check was drawn did not appear to affect the proportion of claimants who were reemployed quickly. It was found, however, that the few claimants who did not exhaust their benefit rights until the fourth quarter of 1939 obtained jobs more quickly than those who had exhausted their benefit rights earlier.

Even though about half of those who exhausted their benefit rights were reemployed by the end of the following calendar quarter, only 10 percent of all the men and 6 percent of all the women were employed (i. e., earned \$50 or more in covered employment) in every quarter following the quarter of benefit exhaustion. On the other hand, 30 percent of the men and 28 percent of the women were reemployed in only 2 quarters of the survey period after receiving their last unemployment compensation check.¹⁰

Most beneficiaries did not earn much in covered employment after exhausting their benefit rights. Of the men, 20 percent had no reported earnings and an additional 15 percent had less than \$200, the current Minnesota eligibility requirement during the survey period (table 7). The women were even less fortunate; for 30 percent nothing was reported and for 19 percent only \$1-199.

¹⁰ Of the claimants who exhausted their benefit rights in the period April-June 1939 (about 50 percent of all claimants who exhausted their benefit rights), only about one-third could have met an eligibility requirement of earnings (\$50 or more) in half the quarters following exhaustion. The group exhausting later would have had an equally difficult time meeting a requirement stated in these terms.

Table 7.—Percentage distribution by amount of post-exhaustion earnings¹ of Ramsey County beneficiaries exhausting benefit rights, by sex and quarter of benefit exhaustion

| Sex and quarter of benefit exhaustion | Percentage distribution of beneficiaries ² by amount of post-exhaustion earnings ¹ | | | | | | | |
|---------------------------------------|--|------|---------|-----------|-----------|-----------|-----------|-----------------|
| | Total | None | \$1-199 | \$200-399 | \$400-599 | \$600-799 | \$800-999 | \$1,000 or more |
| All beneficiaries, total | 100.0 | 23.1 | 16.5 | 12.8 | 12.3 | 11.8 | 7.0 | 16.5 |
| Jan.-Mar. 1939..... | 100.0 | 16.5 | 11.3 | 13.7 | 14.9 | 11.0 | 9.5 | 20.1 |
| Apr.-June 1939..... | 100.0 | 23.0 | 16.5 | 11.6 | 10.5 | 11.6 | 6.9 | 19.9 |
| July-Sept. 1939..... | 100.0 | 36.7 | 19.5 | 9.7 | 10.9 | 8.0 | 5.7 | 9.5 |
| Men, total | 100.0 | 20.2 | 15.4 | 12.4 | 12.0 | 11.9 | 7.5 | 20.6 |
| Jan.-Mar. 1939..... | 100.0 | 16.2 | 13.8 | 12.5 | 14.4 | 10.4 | 9.8 | 22.9 |
| Apr.-June 1939..... | 100.0 | 20.6 | 15.0 | 11.5 | 9.8 | 10.7 | 6.9 | 25.5 |
| July-Sept. 1939..... | 100.0 | 27.0 | 20.5 | 9.5 | 12.0 | 8.5 | 8.0 | 14.5 |
| Women, total | 100.0 | 30.0 | 19.0 | 13.7 | 13.1 | 11.7 | 5.9 | 6.6 |
| Jan.-Mar. 1939..... | 100.0 | 17.2 | 15.9 | 17.2 | 16.5 | 12.9 | 8.6 | 11.7 |
| Apr.-June 1939..... | 100.0 | 28.2 | 20.1 | 11.7 | 12.2 | 13.5 | 6.8 | 7.5 |
| July-Sept. 1939..... | 100.0 | 49.6 | 18.1 | 10.1 | 9.4 | 7.4 | 2.7 | 2.7 |

¹ Represents total earnings during quarter of benefit exhaustion and quarters up to and including the third quarter of 1940.

² See table 6 for number of beneficiaries.

Table 8.—Percent of Ramsey County beneficiaries with exhausted benefit rights reemployed in quarter of benefit exhaustion, and percent with at least 1 quarter of reemployment¹ during survey period, by sex and age group

| Age group | Number of beneficiaries exhausting benefits | Percent reemployed in quarter of benefit exhaustion | | | Percent with at least 1 quarter of reemployment | | |
|------------------|---|---|------|-------|---|------|-------|
| | | Total | Men | Women | Total | Men | Women |
| Total..... | 2,935 | 28.0 | 31.1 | 22.4 | 71.5 | 74.0 | 64.3 |
| Under 21..... | 185 | 21.1 | 22.3 | 19.2 | 72.4 | 71.4 | 74.0 |
| 21-24..... | 558 | 20.7 | 30.0 | 19.7 | 73.8 | 80.3 | 62.1 |
| 25-29..... | 616 | 22.5 | 28.0 | 12.2 | 67.8 | 76.2 | 52.2 |
| 30-34..... | 345 | 20.9 | 35.4 | 21.1 | 70.1 | 75.0 | 62.4 |
| 35-39..... | 319 | 28.8 | 30.4 | 25.3 | 71.5 | 72.8 | 68.4 |
| 40-49..... | 459 | 35.9 | 35.9 | 30.2 | 74.3 | 74.0 | 75.2 |
| 50-59..... | 352 | 32.7 | 33.9 | 20.7 | 74.7 | 75.0 | 73.3 |
| 60 and over..... | 201 | 29.4 | 25.7 | 50.0 | 64.7 | 64.3 | 66.7 |

¹ Represents calendar quarter in which beneficiary earned \$50 or more in covered employment.

Only 21 percent of the men and 6.6 percent of the women had post-exhaustion earnings of \$1,000 or more in covered employment. During the quarter of benefit exhaustion and the 5 quarters following—a period of increasing employment opportunity—the men who received a final benefit payment in the second quarter of 1939 were able to earn about \$460 on the average. Women, on the average, earned half as much.

Factors affecting reemployment.—A beneficiary's age affected his ability to reenter covered employment. The youngest and oldest beneficiaries were not only most likely to exhaust benefit rights, but the men in these same age groups had the most difficulty in obtaining new jobs (table 8). Men in the forties fared better than any other age group. All but 20 percent of the workers aged 21-24 were reemployed in at least 1 quarter during the period, but 35 percent of the men aged 60 and over were not reemployed at all during the survey period. Women of 35 and over were reemployed more quickly than younger women. Indeed, among the women beneficiaries aged 60 and over, half were reemployed in the quarter in which benefits were exhausted. On the other hand, the proportion in each group reemployed in at least 1 quarter was not correlated with the percent reemployed in the same quarter. The largest proportions of women with at least 1 quarter of reemployment were found among those 40-49 and under 21.

It is reasonable to assume that workers with limited benefit rights—i. e., those with the least

regular prior employment—are least likely to obtain new jobs. This relationship is confirmed by an analysis of reemployment experience. Of claimants entitled to less than 4 weeks of benefits, only 20 percent of the men and 12 percent of the women were reemployed in the quarter of benefit exhaustion. For claimants with more substantial rights, amount of benefits and immediacy of reemployment were not so closely related. The largest percent of workers reemployed in the same quarter, 41 percent, was found among the men entitled to 8-11 weeks of benefits.

Since claimants entitled to few weeks of benefits had relatively low weekly benefit amounts, it was found that relatively low earnings and protracted unemployment following exhaustion of benefits were typically experienced by those with low weekly benefit amounts.

The industry to which workers were attached did not, in general, appear to determine either the rapidity with which workers returned to jobs or the volume of employment after exhaustion of benefit rights (table 9). This generalization, however, is tempered by the fact that beneficiaries from both the apparel and contract-construction industries returned to work relatively quickly, while those from "other durable goods" industries were slowly reabsorbed into private employment. Interstate-railroad workers, a small part of the group which exhausted benefit rights, were likewise reabsorbed slowly, and only half of

Table 9.—Number and percent of beneficiaries exhausting benefit rights who had at least 1 quarter of reemployment, and number and percent reemployed in industry of separation, by industry of separation

| Industry of separation | Workers with at least 1 quarter of reemployment | | Workers reemployed in industry of separation | |
|---|---|------------------------------|--|-------------------------------|
| | Number | Percent of workers separated | Number | Percent of workers reemployed |
| Total..... | 2,098 | 71.5 | 1,461 | 69.2 |
| Manufacturing: | | | | |
| Food..... | 222 | 76.6 | 168 | 75.7 |
| Apparel..... | 101 | 80.8 | 87 | 86.1 |
| Printing and publishing..... | 81 | 67.5 | 57 | 70.4 |
| Other nondurable goods..... | 45 | 57.7 | 32 | 71.1 |
| Durable goods..... | 190 | 72.8 | 131 | 68.9 |
| Contract construction..... | 380 | 80.0 | 313 | 82.4 |
| Interstate railroads..... | 60 | 51.5 | 25 | 41.7 |
| Other transportation, communication, and utilities..... | 110 | 75.9 | 73 | 66.4 |
| Wholesale trade..... | 114 | 67.1 | 63 | 55.3 |
| Retail trade..... | 423 | 70.1 | 274 | 64.8 |
| Service..... | 313 | 68.9 | 197 | 62.9 |
| Finance, insurance, and real estate..... | 47 | 62.7 | 24 | 51.1 |
| All other..... | 22 | 66.7 | 7 | 31.8 |

them, as opposed to 72 percent of all workers, were reemployed at all during the survey period.

Among all workers who were reemployed during the survey period after exhausting their benefit rights, about 70 percent returned to the industry from which they were separated (table 9). In the apparel and contract-construction industries, 86 and 82 percent, respectively, of those reemployed returned to the industry from which they had separated. On the other hand, only 50-60 percent of those separated from the interstate-railroad; wholesale-trade; finance, insurance, and real estate industries and later reemployed were reemployed in the industry of separation. These data reflect the seasonal character of the construction and apparel lay-offs and suggest not only that job opportunities were relatively good in these industries but also that these workers had skills which attached them more firmly to their occupation and industry.

Reemployment on railroads.—The reemployment data thus far cited include no earnings on interstate railroads with respect to employment after June 30, 1939, because after that date railroad employment was covered by a special Federal system and such earnings were reported to the Railroad Retirement Board. A check of railroad earnings showed that about 10 percent of all beneficiaries had some earnings from employment on interstate railroads during 1939 or 1940.¹¹ The experience of beneficiaries with exhausted rights who had railroad earnings in 1939 or 1940 (8 percent of all claimants who had exhausted their benefit rights) was further analyzed. One-third of them did not earn \$50 outside the railroad industry in any quarter of the survey period after exhaustion of benefits. The average number of quarters of railroad employment was about 3, and the average amount of railroad earnings in post-exhaustion employment was about \$500; many workers earned negligible amounts and a few substantial sums. Hence the failure to include railroad earnings and employment in the post-exhaustion experience of workers does not seriously distort the picture presented in the preceding paragraphs.

¹¹ A sample including about 40 percent of beneficiaries with exhausted rights and 33 percent of those with unexhausted rights was selected, and their earnings and employment records were checked in the files of the Railroad Retirement Board in Washington. Included in this sample were the 70 workers who earned more than half of their base-period earnings in railroad employment, and the 455 workers with exhausted rights who had no post-exhaustion earnings and who did not receive relief payments.

Beneficiaries leaving the labor market.—The proportion of claimants who did not exhaust their benefit rights and who did not have any covered earnings within the quarter following the one during which they stopped drawing benefits is a rough indication of the proportion who withdrew temporarily or permanently from the covered labor market. The reasons for withdrawal might include entrance into noncovered employment, employment in another State, marriage, pregnancy, physical disability, retirement, or death. Examination of the records of claimants who did not exhaust their benefit rights showed that 5 percent of the group were reemployed after a lapse of more than 1 quarter from the time the last check was received and 10 percent were not reemployed at all.¹² Whether a larger or smaller percent of those who exhausted their rights received benefits while they were not available for and seeking work cannot be determined. It is entirely possible, however, that at least 10 percent of the claimants who exhausted their benefit rights withdrew from the labor market after receiving their last unemployment compensation check.

Benefit status in 1939 and 1940.—Many of the 1939 beneficiaries remained unemployed, or were again separated from employment in 1940, because more than half of them filed a claim after completion of the 1939 benefit year. A slightly greater proportion of beneficiaries with unexhausted than with exhausted rights (54 percent compared with 51 percent) filed a claim in 1940. Of the beneficiaries who had exhausted rights in 1939 and filed a claim in 1940, only 8 percent were ineligible. Moreover, only 1 percent of those who filed in 1940 after failing to draw all their 1939 benefits were declared ineligible. Apparently, claimants who knew that they would be declared ineligible did not bother to file a claim. Most (61 percent) of those who had exhausted their benefit rights in 1939 and drew benefits in 1940 again exhausted their benefit rights. In contrast, only 9 percent of those who filed in 1940 after failing to draw all the benefits to which they were entitled in 1939 drew all the benefits to which they were entitled in 1940. The improvement in employment opportunities in

¹² This figure is based on about 40 percent of the group which did not exhaust benefit rights, comprising those who filed a last compensable claim during the second quarter of 1939. Some of this group may have merely failed to return for a small last check. Although such workers had not, strictly speaking, exhausted their benefit rights, they had drawn all benefits that were of value to them.

1940 and increased benefit rights explain why each of these percentages was smaller than the corresponding figure for 1938.

Relief Experience

The proportion of beneficiaries who receive both relief payments and unemployment benefits within a fairly short period has implications for both the administration and the substantive provisions of unemployment compensation and relief measures.¹³ To shed some light on the interrelations between relief and unemployment compensation, the ex-

¹³ Throughout the following discussion, an individual is considered a relief recipient if he was in a household receiving relief.

Table 10.—Distribution of Ramsey County beneficiaries by sex and by benefit status in 1939, by relief status, 1938-40

| Relief status, 1938-40 | Total | | Men | | Women | |
|--|--------|----------|--------|----------|--------|----------|
| | Number | Per cent | Number | Per cent | Number | Per cent |
| Beneficiaries exhausting benefit rights | | | | | | |
| Total..... | 2,935 | 100.0 | 2,061 | 100.0 | 874 | 100.0 |
| Received no relief..... | 2,210 | 76.6 | 1,512 | 73.4 | 737 | 84.3 |
| Received relief..... | 686 | 23.4 | 549 | 26.6 | 137 | 15.7 |
| Received relief only before separation..... | 80 | 2.7 | 56 | 2.7 | 24 | 2.8 |
| Received relief after separation, total..... | 606 | 20.7 | 493 | 23.9 | 113 | 12.9 |
| Received no relief prior to separation..... | 139 | 4.8 | 105 | 5.1 | 34 | 3.9 |
| Received relief prior to separation..... | 407 | 15.9 | 388 | 18.8 | 79 | 9.0 |
| Received relief only before first benefit check..... | 74 | 2.5 | 61 | 3.0 | 13 | 1.5 |
| Received relief only after first benefit check..... | 132 | 4.5 | 96 | 4.6 | 36 | 4.1 |
| Received relief both before and after first benefit check..... | 400 | 13.7 | 336 | 16.3 | 64 | 7.3 |
| Beneficiaries not exhausting benefit rights ¹ | | | | | | |
| Total..... | 625 | 100.0 | 462 | 100.0 | 163 | 100.0 |
| Received no relief..... | 533 | 85.3 | 383 | 82.9 | 150 | 92.0 |
| Received relief..... | 92 | 14.7 | 79 | 17.1 | 13 | 8.0 |
| Received relief only before separation..... | 17 | 2.7 | 15 | 3.2 | 2 | 1.2 |
| Received relief after separation, total..... | 75 | 12.0 | 64 | 13.9 | 11 | 6.8 |
| Received no relief prior to separation..... | 6 | 1.0 | 5 | 1.1 | 1 | .0 |
| Received relief prior to separation..... | 69 | 11.0 | 59 | 12.8 | 10 | 6.2 |
| Received relief only before first benefit check..... | 22 | 3.5 | 20 | 4.3 | 2 | 1.2 |
| Received relief only after first benefit check..... | 13 | 2.1 | 10 | 2.2 | 3 | 1.8 |
| Received relief both before and after first benefit check..... | 40 | 6.4 | 34 | 7.4 | 6 | 3.8 |

¹ Based on sample of approximately 30 percent of all beneficiaries who did not exhaust benefit rights.

perience of beneficiaries in this study was analyzed to determine which groups received relief payments, how much they received, and for how long a period.¹⁴

The proportion of unemployment compensation claimants who would be considered in need of relief if sufficient relief funds were available may be quite different from the number actually receiving relief payments. In general, relief expenditures during the period studied were determined by the volume of funds available rather than by the needs of applicants. Hence, relief standards in Ramsey County during 1939 and 1940 had a direct bearing on both the proportion of unemployment compensation beneficiaries who received relief payments and the amount of their relief payments. These standards were neither unduly liberal nor unusually restrictive but provided minimum budgets.

The Federal Government and the State of Minnesota both reduced their expenditures for unemployment relief during 1939, the former by reducing the WPA quota, the latter by reducing the allocations to the counties for general relief. In response to this curtailment of funds, the Ramsey County Welfare Board retrenched primarily by reducing standards rather than by reducing rolls.¹⁵ Case load and expenditures declined slightly from 1938 to 1939, and the average relief grant per case per month dropped from \$34.58 in 1938 to \$32.43 in 1939.¹⁶ The more careful follow-up of single men reduced the rolls somewhat, as did budgeting the proceeds of the last

¹⁴ Unless otherwise noted, the term "relief" includes only general relief payments, WPA employment, or both. Relief information was obtained for all workers with exhausted rights and for a random sample, which included about 30 percent, of the workers with unexhausted rights. The representativeness of this sample was demonstrated by the similarity of distributions of weekly benefit amount, weeks of benefits allowed, and industry of separation for sample and universe. For example, the proportion of each group with weekly benefit amounts of \$15 was 35.7 percent. The survey period for relief experience, as for reemployment experience, ended September 30, 1940.

¹⁵ The Welfare Board reduced expenditures by discontinuing all orders for purchased clothing from May 1 to September 1, 1939; reducing rent guarantees and checks by 15 percent; and discontinuing relief to employable single men, unless the applicant could show that he had made a genuine effort to obtain employment and had been unsuccessful. In the third quarter of 1939, the amendment to the Federal act requiring elimination from the rolls of all persons who had been continuously on WPA employment for 18 months or more became effective. Because of price decreases, the food and milk budgets were reduced in March 1.52 percent below the U. S. Department of Agriculture's "adequate diet at minimum cost" and in August, 2.62 percent further. On October 3, these food and milk standards were reduced to the Department's "restricted diet for emergency use," which allowed \$8.11 for a single person and \$22.81 for a family of four. Direct relief clients received, after October 25, free (blue) food stamps at the rate of \$2 per month for each member of the household.

¹⁶ Food allocations represented approximately 50 percent of this expenditure, rent 25 percent, fuel and light 10 percent, and clothing 5 percent.

pay check in judging initial eligibility for relief.¹⁷

Proportion of beneficiaries in relief households.—Of all beneficiaries with exhausted rights, one out of five (21 percent) was in a household which received a relief payment between the date on which the beneficiary was separated¹⁸ and the end of the survey period in 1940 (table 10). Even among those who had not exhausted benefit rights in 1939, 12 percent were in households receiving a relief payment after the claimant lost his job.¹⁹ In other words, the unemployment compensation system did not deal exclusively with a group whose economic status was such that they and their families had no need for relief payments. This statement takes on added meaning in the light of the fact that two-thirds of the beneficiaries in relief cases were household heads.

Of the 686 beneficiaries who exhausted rights and were in relief households, 430 received relief during the benefit year before they received a final unemployment compensation check, while 494 beneficiaries received relief during the survey period after the last check.

Beneficiaries in relief and nonrelief households.—The study indicated that benefits available, in terms of either the weekly or the total amount, apparently had very little to do with the receipt or nonreceipt of relief payments. Twenty-nine percent of all beneficiaries who were in relief households did not exhaust their benefit rights; loss of income caused by exhaustion of unemployment benefits did not account for the initiation of relief payments in these households. Nor did exhaustion of benefit payments create the degree of need required for relief in the households which included a claimant who had exhausted his benefit rights, because 93 percent of the households in this group received relief payments before the claimant had received his last unemployment compensation check.

Indeed, the pattern of the beneficiaries' relief experience was not very closely related to their unemployment compensation experience. For the great majority of households which received relief payments, the spells of relief began prior to the

¹⁷ For a full discussion of relief policies and supporting statistics, see *Annual Report of the County Welfare Board of the County of Ramsey and the City of Saint Paul, Minnesota, for the Year Ending December 31, 1939*, pp. 62-69.

¹⁸ The date of separation was the month in which the beneficiary was separated from his last job preceding the first compensable week in 1939.

¹⁹ Among both the groups which did and did not exhaust benefit rights, 2.7 percent were known to relief agencies only before separation from employment.

unemployment compensation beneficiary's separation from employment.

| <i>Spell of relief begun</i> | <i>Number of beneficiaries¹</i> |
|---|--|
| Prior to separation----- | 547 |
| Between separation and first waiting-period claim--- | 24 |
| Between first waiting-period claim and first unemployment compensation check----- | 49 |
| After first unemployment compensation check----- | 60 |
| After last unemployment compensation check--- | 46 |

¹ Includes only beneficiaries who exhausted rights.

Among male beneficiaries who exhausted benefit rights,²⁰ there were no significant differences between either the weekly amounts or the potential benefit duration of claimants in relief households and those not in relief households (table 11). Hence, although more substantial benefit payments might have averted the need for relief, receipt of relief by this group of workers was not necessarily attributable to the inadequacy of unemployment compensation payments. Among the men who exhausted rights, moreover, there was no difference in industrial attachment between those who received and those who did not receive relief. However, more of the relief recipients among those who did not exhaust benefits

²⁰ While 70 percent of all beneficiaries with exhausted rights were men, 80 percent of those who received relief were men.

Table 11.—Percentage distribution by weekly benefit amount and specified full weeks of potential duration for Ramsey County beneficiaries, by benefit status, sex, and relief status in 1938-40

| Weekly benefit amount and full weeks of potential duration | Beneficiaries exhausting benefit rights | | | | Beneficiaries not exhausting benefit rights ¹ | |
|--|---|--------------------------|----------------------|--------------------------|--|--------------------------|
| | Men | | Women | | Men and women | |
| | In relief households | Not in relief households | In relief households | Not in relief households | In relief households | Not in relief households |
| <i>Total number</i> | 549 | 1,512 | 137 | 737 | 88 | 535 |
| <i>Weekly benefit amount:</i> | | | | | | |
| <i>Total</i> | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| <i>Less than \$6</i> | 1.4 | 1.8 | 3.6 | 3.7 | 1.1 | 1.1 |
| 6..... | 11.3 | 10.1 | 24.1 | 20.8 | 8.7 | 5.6 |
| 7-10..... | 24.8 | 28.9 | 62.8 | 64.4 | 28.2 | 31.2 |
| 11-14..... | 33.5 | 31.1 | 8.8 | 8.9 | 33.7 | 25.1 |
| 15..... | 29.0 | 28.1 | .7 | 2.2 | 28.3 | 37.0 |
| <i>Full weeks of potential duration:</i> | | | | | | |
| <i>Total</i> | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| <i>Less than 4</i> | 3.8 | 3.6 | 5.1 | 3.7 | 0 | .6 |
| 4-7..... | 36.8 | 34.6 | 40.2 | 29.2 | 9.8 | 9.2 |
| 8-11..... | 28.1 | 29.0 | 22.6 | 22.9 | 33.7 | 17.3 |
| 12-15..... | 15.3 | 14.6 | 20.4 | 22.8 | 22.8 | 17.8 |
| 16..... | 16.0 | 18.2 | 11.7 | 21.4 | 33.7 | 55.1 |

See table 10, footnote 1.

were found in the lower-wage manufacturing and service industries.

The factors primarily responsible for relief payments in beneficiary households were undoubtedly the number of persons dependent upon the head of the household, the number of employed persons in the household, current family income, and accumulated resources in the form of money or other property. There is some statistical confirmation of the fact that receipt of relief was associated with size of household. The receipt of relief by families whose members had rather substantial unexhausted benefit rights is thus accounted for, in part, by the size of these families, which averaged 4.7 members, while relief households including beneficiaries with exhausted rights averaged 4.1 persons (table 12). Moreover, those who received relief earliest in the survey period and those on the relief rolls for the longest periods were members of the larger families.

Timing and amount of relief and relation to benefit rights.—A significant increase in benefit duration, by itself, probably would not have reduced appreciably the proportion of beneficiaries in relief households. Of all households in which there were beneficiaries with exhausted benefit rights, one-fourth were in receipt of relief for more than a year after the first benefit check was received in 1939 (table 13). Extension of unemployment benefit rights for such duration has never been considered. Of all households in receipt of relief which contained a member who had not exhausted his benefit rights, 14 percent received relief payments for more than a year

Table 13.—Ramsey County beneficiaries who receive relief for specified number of months,¹ 1938-40, by benefit status, and percentage distribution of beneficiaries exhausting benefit rights, by full weeks of potential duration

| Number of months of relief after first benefit check | Beneficiaries not exhausting benefit rights ² | | Beneficiaries exhausting benefit rights | | | | | | | |
|--|--|---------|---|---------|--|-------------|------|------|-------|------|
| | Number | Percent | Number | Percent | Percentage distribution by weeks of potential duration | | | | | |
| | | | | | Total | Less than 4 | 4-7 | 8-11 | 12-15 | 16 |
| Total..... | 92 | 100.0 | 686 | 100.0 | 100.0 | 4.1 | 37.5 | 27.0 | 16.3 | 15.1 |
| None..... | 39 | 42.4 | 154 | 22.5 | 100.0 | 5.8 | 40.3 | 30.5 | 14.9 | 8.5 |
| 1-2..... | 10 | 10.9 | 64 | 9.3 | 100.0 | 3.1 | 29.7 | 32.8 | 20.3 | 14.1 |
| 3-4..... | 4 | 4.3 | 64 | 9.3 | 100.0 | 1.6 | 42.2 | 25.0 | 15.6 | 15.6 |
| 5-12..... | 26 | 28.3 | 226 | 32.9 | 100.0 | 2.7 | 40.3 | 24.3 | 18.1 | 14.6 |
| 13-20..... | 13 | 14.1 | 178 | 26.0 | 100.0 | 5.6 | 32.6 | 25.9 | 14.0 | 21.9 |

¹ Represents number of months in which relief was received after receipt of first benefit check.
² See table 10, footnote 1.

after the first benefit check was paid. Households in which the benefit recipient was not head of the family received relief payments for longer periods than households in which the head was a beneficiary.

In view of the monthly relief grant of \$40 averaged by these persons who received both unemployment compensation and relief payments, it may be assumed that a substantial increase in weekly unemployment benefits would somewhat reduce the number of beneficiaries in relief households. Such an increase, under State laws relating benefits solely to prior earnings, would involve increasing payments to beneficiaries not in relief

Table 12.—Percentage distribution by size of household of Ramsey County beneficiaries who received relief in 1938-40, by benefit status and time relief was received

| Benefit status and time relief was received | Number of beneficiaries receiving relief | Percentage distribution by number of persons in household | | | | | | | | Median size of household |
|---|--|---|------|------|------|------|------|------|-----------|--------------------------|
| | | Total | 1 | 2 | 3 | 4 | 5 | 6 | 7 or more | |
| Beneficiaries not exhausting benefit rights ¹ | 92 | 100.0 | 0.5 | 0.8 | 25.0 | 18.5 | 15.2 | 9.8 | 15.2 | 4.7 |
| Beneficiaries exhausting benefit rights, total ² | 686 | 100.0 | 10.1 | 17.5 | 19.6 | 10.3 | 12.8 | 10.6 | 10.1 | 4.1 |
| Received relief only before separation..... | 76 | 100.0 | 14.5 | 23.7 | 15.8 | 25.0 | 11.8 | 5.3 | 3.9 | 3.7 |
| Received relief after separation, total..... | 604 | 100.0 | 9.0 | 16.7 | 20.1 | 18.5 | 12.9 | 11.3 | 10.9 | 4.2 |
| Received no relief prior to separation..... | 138 | 100.0 | 10.1 | 29.0 | 22.5 | 14.5 | 8.0 | 8.7 | 7.2 | 3.5 |
| Received relief prior to separation..... | 466 | 100.0 | 9.4 | 13.1 | 19.3 | 19.8 | 14.4 | 12.0 | 12.0 | 4.4 |
| Received relief only before first benefit check..... | 74 | 100.0 | 14.8 | 28.4 | 21.6 | 12.2 | 9.5 | 5.4 | 8.1 | 4.3 |
| Received relief only after first benefit check..... | 131 | 100.0 | 10.7 | 22.1 | 20.6 | 15.3 | 9.9 | 9.9 | 11.5 | 3.8 |
| Received relief both before and after first benefit check..... | 399 | 100.0 | 8.3 | 12.8 | 19.5 | 20.8 | 14.5 | 12.8 | 11.3 | 4.5 |

¹ See table 10, footnote 1.

² Excludes 6 beneficiaries for whom size of household was unknown.

households, as well. Establishment of a relationship between weekly unemployment benefits and the number of persons dependent on claimants would be a more direct means of reducing the proportion of claimants in receipt of both relief payments and benefit payments within a short space of time. Even this measure, however, would simply postpone the receipt of relief payments for many needy households.

There is reason to believe that complete elimination of overlapping between the unemployment compensation and relief programs may not be possible. In the first place, there was no tendency for average monthly relief payments

during the months in which a household member was in receipt of benefits to be lower in households containing a beneficiary with a high weekly benefit payment than in households where the benefit payment was low. Moreover, of the workers with exhausted benefit rights, those who received relief after receipt of the first benefit check had more substantial benefit rights than those who did not. In households receiving relief payments for more than a year, 22 percent of the beneficiaries were entitled to 16 weeks of benefits; among households receiving relief payments for only 1 or 2 months, only 14 percent of the beneficiaries were entitled to 16 weeks of benefits.