

sistance. The State may also limit the amount spent for assistance payments through its assistance standard—the quantity, quality, and cost of the items it chooses to include in the budget for all persons found to be in need under its eligibility requirements.

The ability of States to finance public assistance depends on their income, which in turn affects the proportion of the population that needs assistance. The need for assistance is generally greatest in the lowest-income States, which also have the least fiscal resources to meet that need. When low-income States are willing to make a substantial fiscal effort to support the public assistance programs and find the means to do so, expenditures for assistance are relatively large—chiefly because a comparatively high proportion of the population is aided. In contrast, the highest-income States have less need for assistance but greater financial ability to approach adequacy in meeting the needs of individual recipients. Greater fiscal effort on the part of some of the high-income States is usually the result of relatively high average monthly payments to recipients and broadly based assistance programs that include provision of more nearly adequate medical care for recipients.

Although the income position of a State has a bearing on its ability to finance the public assistance programs, there seems to be little consistent relationship between fiscal effort and per capita income. Thus, when the States are grouped according to fiscal effort, there is almost equal representation from each of the three per capita income groups, as shown below.

Fiscal effort	Per capita income		
	High	Middle	Low
High.....	7	5	5
Middle.....	4	6	7
Low.....	6	6	5

In contrast, a fairly direct and consistent relationship exists between fiscal effort and per inhabitant expenditures for assistance from State and local funds (chart). Fourteen of the 17 States with relatively high fiscal effort, for example, made expenditures per inhabitant that were also comparatively high; in the three remaining States per capita expenditures were in

the middle range. Similarly, of the 17 States with relatively low fiscal effort, expenditures per inhabitant were comparatively low in 14 States and in the middle range in three States.

As would be expected, the variation among States in per inhabitant expenditures from State and local funds for assistance payments was greater than that in fiscal effort. The per capita expenditures of \$25.53 in Colorado, the highest State, were more than 16 times the \$1.57 expended in Virginia, the lowest State. The amount in the median State (Alaska) was \$7.13 per inhabitant. The mean expenditure per inhabitant for the 51 jurisdictions was \$9.89. Here, as was true for fiscal effort, the mean for the Nation was pulled up by comparatively high expenditures per inhabitant in a few States. The States are grouped below according to their per inhabitant expenditures from State-local funds in 1959-60.

Amount	Number of States
Less than \$5 .....	11
\$5.00-\$7.49 .....	15
\$7.50-\$9.99 .....	9
\$10.00-\$12.49 .....	7
\$12.50 or more .....	9

Much greater fiscal effort is required of a low-income than of a high-income State in making the same per inhabitant expenditure from State and local funds. Thus, if Mississippi were to achieve California's expenditure of \$16.82 per \$1,000 of personal income, its fiscal effort would have to be double California's.

## Temporary Extended Unemployment Compensation Legislation, 1961\*

On March 24, 1961, President Kennedy signed two laws extending, for a temporary period, the duration of unemployment insurance benefits.

### STATE UNEMPLOYMENT INSURANCE PROGRAMS

Public Law 87-6 provides for a temporary program of extended unemployment compensation for workers who exhaust their benefit rights

\*Prepared by Alfred M. Skolnik, Division of Program Research, Office of the Commissioner.

under State and Federal unemployment compensation programs after July 1, 1960, and before April 1, 1962. The program, which began operations under the law on April 8, is designed to be self-supporting. It was estimated that about 700,000 unemployed workers would be immediately eligible for the extended benefits, provided they were living in States that had entered into a specified agreement with the Secretary of Labor. The amount of benefits for which the worker is eligible is determined by State law, and the benefits are payable for half the time for which he was eligible under the State program, within an overall limit, however, of 39 weeks.

The estimated cost of the program for persons under the State unemployment insurance programs (\$927 million) is to be financed by advances from the Treasury and is to be repaid by a temporary increase in the net Federal unemployment tax. The Federal Government will meet the cost of the extended benefits for Federal employees and ex-servicemen—estimated at \$63 million—out of general revenues.

### **Compensation and Reimbursement**

Under the temporary program an unemployed worker can receive the extended benefits for half the number of weeks provided under the State program for total unemployment (subject to a maximum of 13 weeks). The duration is based on the number of weeks provided in the State's "regular" unemployment insurance program, as well as the number provided under any "additional" unemployment compensation program that the State may have established for periods of high unemployment. A State that pays benefits for more than 26 weeks will be reimbursed for the number of weeks paid in excess of 26.

The total amount of payments and reimbursements that can be made with respect to an unemployed person is fixed at the time of the first claim for extended benefits or for the first week for which reimbursement is made under the act, whichever occurs first. Once this total is fixed, the individual may not establish any additional entitlement to Federal payments by again qualifying for and again exhausting his State benefits.

The extended payments will, in general, be re-

duced by any amounts received as a pension or annuity under a public or private retirement plan (including the civil-service retirement program) if both types of payments are based on service for the same employer. No reduction will be made, however, for any retirement benefit based on disability or for any benefit paid under the old-age, survivors, and disability insurance program. Any State law providing for disqualifications or reductions inconsistent with these provisions will not be allowed.

### **Financing**

The temporary increase of  $\frac{4}{10}$  of 1 percent in the Federal unemployment tax rate raises the total tax to 3.5 percent of the first \$3,000 paid to a worker in a year, effective for 1962 and 1963. Of this tax, the net amount retained by the Federal Government becomes 0.8 percent instead of 0.4 percent. The State tax credit of 2.7 percent against the Federal tax is unchanged. The increase in the tax applies to all employers taxable under the Federal Unemployment Tax Act.

### **Other Provisions**

The Act also provides for (1) the establishment in the "unemployment trust fund" of a Federal extended compensation account and for its utilization in the financing of Federal payments under the act; and (2) the raising of the ceiling on the amounts available for grants to States for administrative purposes so that for the fiscal year 1960-61 the ceiling will be \$385 million and for the fiscal year 1961-62 it will be \$415 million. The State agencies are to furnish to the Secretary of Labor information on the operation of the temporary program, including data on the personal characteristics, family situation, and employment and experience of individuals receiving temporary benefits under the act.

## **RAILROAD UNEMPLOYMENT INSURANCE LEGISLATION**

For unemployed railroad workers who have exhausted their rights to benefits payable under

*(Continued on page 30)*

TABLE 10.—Amount of public assistance payments in the United States, by month, April 1960–April 1961<sup>1</sup>

[Except for general assistance, includes vendor payments for medical care]

Year and month	Total <sup>2</sup>	Old-age assistance	Medical assistance for the aged <sup>3</sup>	Aid to dependent children	Aid to the blind	Aid to the permanently and totally disabled	General assistance <sup>4</sup>
Amount of assistance							
1960							
April.....	\$318,592,000	\$161,461,560	-----	\$88,529,478	\$7,810,945	\$23,584,334	\$28,319,000
May.....	315,852,000	161,015,244	-----	88,401,160	7,819,592	23,699,643	25,787,000
June.....	313,245,000	160,494,464	-----	88,002,514	7,865,814	23,932,592	24,709,000
July.....	312,614,000	161,259,557	-----	87,728,164	7,852,139	24,138,385	23,556,000
August.....	314,346,000	161,762,171	-----	87,593,605	7,879,502	24,268,000	24,488,000
September.....	316,561,000	161,621,858	-----	88,805,831	7,914,113	24,543,299	24,776,000
October.....	318,516,000	163,112,944	-----	89,426,978	7,858,274	24,735,817	25,032,000
November.....	321,770,000	160,729,459	\$2,441,175	90,404,228	7,831,213	24,894,799	26,895,000
December.....	329,745,000	161,257,151	2,922,261	92,603,395	7,870,219	25,288,855	30,820,000
1961							
January.....	332,834,000	159,535,495	3,437,412	93,974,746	7,890,191	25,227,343	33,809,000
February.....	337,190,000	159,472,067	3,852,628	95,160,907	7,843,467	25,298,675	36,098,000
March.....	345,788,000	160,928,560	4,033,741	98,314,296	7,878,028	25,700,565	39,107,000
April.....	340,919,000	157,605,507	5,890,726	98,640,297	7,749,205	25,908,700	35,796,000
Percentage change from previous month							
1960							
April.....	-0.5	+0.4	-----	+0.4	-0.3	+0.9	-7.4
May.....	-0.9	-0.3	-----	-0.1	+0.1	+0.5	-8.9
June.....	-0.8	-0.4	-----	-0.5	+0.6	+1.0	-4.2
July.....	-0.2	+0.5	-----	-0.3	-0.2	+0.9	-4.7
August.....	+0.6	+0.3	-----	-0.2	+0.3	+0.5	+4.0
September.....	+0.7	-0.1	-----	+1.4	+0.4	+1.1	+1.2
October.....	+0.6	+0.9	-----	+0.7	-0.7	+0.8	+1.0
November.....	+1.0	-1.5	-----	+1.1	-0.3	+0.6	+7.4
December.....	+2.5	+0.3	+19.7	+2.4	+0.5	+1.6	+14.6
1961							
January.....	+0.9	-1.1	+17.6	+1.5	+0.3	-0.2	+9.7
February.....	+1.3	( <sup>5</sup> )	+12.1	+1.3	-0.6	+0.2	+6.8
March.....	+2.5	+0.9	+4.7	+3.3	+0.4	+1.7	+8.3
April.....	-1.4	-2.1	+46.0	+0.3	-1.6	+0.8	-8.5

<sup>1</sup> For definition of terms see the *Bulletin*, October 1957, p. 18. All data subject to revision.

<sup>2</sup> Total exceeds sum of columns because of inclusion of vendor payments for medical care from general assistance funds and from special medical funds; data for such expenditures partly estimated for some States.

<sup>3</sup> Program initiated in October 1960 under the Social Security Amendments

of 1960. Excludes money payments in Massachusetts not subject to Federal participation, as follows: November, \$83,897; December, \$93,486; January, \$100,677; February, \$91,249; March, \$94,448; and April, \$93,740.

<sup>4</sup> Partly estimated. Excludes Idaho; data not available.

<sup>5</sup> Decrease of less than 0.05 percent.

## EXTENDED UNEMPLOYMENT BENEFITS

(Continued from page 19)

the Railroad Unemployment Insurance Act, Public Law 87-7 provides temporary unemployment insurance benefits similar to those provided for nonrailroad workers under the Temporary Extended Unemployment Compensation Act.

Under the basic law, a person with short-time service in the railroad industry may be paid unemployment benefits for a maximum of 130 working days (26 weeks) in a normal benefit year, provided benefits do not exceed his earnings in a base year. Under the new law, such workers who have exhausted their rights to normal unemployment benefits after June 30, 1960, and before April 1, 1962, may be eligible to receive extended benefits for an additional 65 days (13

weeks) or for 50 percent of the duration of the normal unemployment benefits, whichever is less.

Most workers who have had 10 or more years of service in the railroad industry and who have exhausted normal benefits were already entitled under earlier legislation to additional benefits for periods ranging up to 130 days. These workers may be eligible to draw extended benefits under the new legislation if their extended benefits plus their normal benefits under the old law do not exceed a total of 195 days in a benefit year.

To finance these extended benefits, the contribution rate payable by employers under the Railroad Unemployment Insurance Act is increased for 1962 and 1963 by 1/4 of 1 percent from the present tax rate of 3.75 percent on each worker's wages up to \$400 a month.