disability insurance, and that additional States are seriously considering this type of legislation. In one State the unemployment insurance agency handles the retirement system for State employees. A State agency that attempted to keep all these accounts in separate budgets would be living with a Frankenstein. We need simpler, not more complicated, budgeting. The same fiscal standards should prevail for each program.

It seems clear also that the same merit-system standards should prevail for personnel in both programs. In States where there is a State-wide civil-service system, this question is answered, and in other States a single set of standards governing the employment of workers in both programs would be advisable.

A single informational program would help eliminate contradictory publicity, such as has sometimes appeared. Much of the public misunderstanding of the functions of unemployment insurance and employment service has been caused by a lack of coordination in issuing press releases about the volume of placements and the volume of unemployment insurance claimants. Because insufficient explanation was given with the figures, the public often received the impression that jobs were not being filled while persons qualified to fill those jobs were collecting benefits. Analysis of the figures showed that the people collecting benefits either did not fit the requirements of the jobs, or else the jobs were not "suitable" work for the claimants. We badly need an aggressive informational program that will place our operations squarely before the public and explain our purposes clearly. We cannot go down separate roads; our efforts must be integrated.

In the field of research and statistics, coordination is likewise desirable. This is an area in which unemployment insurance makes one of its greatest contributions. No other government agency in the employment and wage area, either State or Federal, has such a wealth of economic and labor data. The statistical information is accurate and can be kept up to date. Valuable information from the employment service combines well with unemployment data to give a complete picture. To continue to operate research and statistics programs separately would be costly and would cause employers much hardship in making out reports. I cannot say definitely what kind of arrangements should be developed within a State, but all logic points to close integration of arrangements for research and statistics.

A Community Service

There should be considerable flexibility in the type of organization that stems from the top level in the State agency to the functions that are performed in the local office. Each State will wish to consider the type of organization that, in view of the State's industrial composition, size, and other characteristics, will provide the most efficient employment service and effective unemployment insurance. While much has been said in the past few years about the merits of a Federal employment service and the merits of a State employment service, from an operational standpoint these programs are neither State nor Federal, but local.

The type of local office required to serve a community area must be developed according to the needs of the area; a standard, fixed pattern should not be used for every local office in the State. In this developmental work, representatives of employers in the area to be served should be asked for their opinion as to the kind of service they will require from the two programs. Labor organizations can likewise provide important information and should be consulted. This would be an excellent opportunity to use the techniques of labor-management organization which proved so useful to the employment service in wartime.

Our programs must be sold to communities not as Federal programs or State programs, but as a community service performing the following functions: placement service for workers seeking employment; counseling service for those who need such help; provision for financial aid to workers when they are unemployed and qualify for unemployment benefits; support of purchasing power in the community through the benefits paid to unemployed workers; analysis of job requirements; and a wealth of labor-market information. If this whole program is thoroughly understood by the community, our administrative problems will be eased considerably. These are just a few of the functions that can be coordinated and developed to give workers real employment security when both unemployment insurance and employment service are again State-operated.

Experience Rating: Operations in 1945 and Future Trends*

Operations in 1945

CONTRIBUTIONS to the unemployment trust fund on 1945 wages are estimated at $1.05 billion,[1] or about 11 percent below the previous year's total of $1.17 billion. Although the end of the war in August 1945 caused taxable wages for 1945 to decline from the 1944 total, the major cause of the decrease in contributions was the drop in the average employer-employee tax rate from 1.93 percent to approximately 1.8 percent.

Of the $1.05 billion contributed on 1945 wages, $970 million came from employers and $80 million from employees. Experience rating caused a decline in revenue from the preceding year of about $630 million, or 38 percent.

Employers in the 45 States with experience rating paid contributions on 1945 wages at an estimated average rate of 1.6 percent. As a result of the reduced tax rates, employer contributions in these States were approximately 41 percent below what they would have been at the standard

*Prepared in the Program Division, Bureau of Employment Security.

[1] Except for the discussion on page 16, the effect of war-risk provisions (including the special postwar reserve tax of 0.5 percent in Wisconsin) is excluded from all figures shown in this summary. In 1945, 12 States had war-risk provisions in operation (Alabama, Florida, Georgia, Illinois, Iowa, Kansas, Maryland, Minnesota, Missouri, Ohio, Oklahoma, and Wisconsin). See the *Bulletin*, September 1946, pp. 9–15.

Table 1.—*Average employer and employee contribution rates, 1941–45*

Year	Average contribution rate (percent)					
	All States			Experience-rating States		
	Combined employer-employee	Employer	Employee[1]	Combined employer-employee	Employer	Employee[1]
1941	2.72	2.58	1.00	2.50	2.17	1.00
1942	2.32	2.17	1.00	2.04	1.81	1.00
1943 [2]	2.18	2.04	.93	1.97	1.77	.95
1944 [2]	1.93	1.79	.92	1.75	1.59	.94
1945 [2,3]	1.8	1.7	.9	1.8	1.6	.9

[1] Average rates for States with employee contributions.
[2] Excludes effects of war-risk contribution provisions.
[3] Preliminary; excludes voluntary contributions made during year.

rate.[2] For all 51 States, including the 6 without experience rating, the average effective employer contribution rate for 1945 is estimated at 1.7 percent; employer contributions for the Nation were about 39 percent below contributions collectible at the standard rate (table 2).

Employees were taxed in only 4 States—at a rate of 0.2 percent, on the average, in Alabama, 0.5 percent in Rhode Island, and 1.0 percent in both California and New Jersey. Including the employee tax in these States, contributions made to the unemployment trust fund during 1945 averaged about 1.8 percent for both the 45 experience-rating States and for all States.

During 1945, experience-rating provisions were in effect in all but six States (Alaska, Mississippi, Montana, Rhode Island, Utah, and Washington). In 1945, experience-rating provisions became effective for the first time in Louisiana, Nevada, and New York. Louisiana adopted a reserve-ratio plan for rate variations, and Nevada introduced a benefit-ratio plan. New York enacted a method for modifying employer contribution rates that differs from all other systems in every important feature. This plan, which is explained below in some detail, measures an employer's experience with the risk of unemployment on the basis of pay-roll variations and age of firm.

[2] The standard rate is the contribution rate which all new employers are required to pay until their "experience" with the risk of unemployment is sufficient to serve as a basis for rate modification under the experience-rating provisions of State laws. It is 2.7 percent in all States except Michigan, where it is 3.0 percent. In 1946, rates in excess of the standard rate were assigned in only 16 of the 45 experience-rating States.

Experience Rating, 1941–45

The consistently downward trend in the national average employer-employee contribution rate during past years carried over into 1945. The average rate dropped to 1.8 percent in 1945 from 1.93 percent in 1944 and 2.72 percent in 1941. Employer contributions declined from 1.79 percent in 1944 to 1.7 percent in 1945 because of an increase in the number of States with experience rating and the continuance of favorable employment levels throughout 1944. Employee contributions for the 3 years 1943–45 in the States with such contributions remained at an average effective rate of 0.9 percent. The average employer tax rate in the experience-rating States in 1945 varied from 0.4 percent in the District of Columbia and 0.6 percent in Delaware to 2.3 percent in Tennessee and 2.4 percent in Louisiana and Nevada. There was, however, an increasing concentration at the lower rates. In 1945, employers in 7 States, as compared with 3 in 1944, contributed at an average rate of less than 1.0 percent. One State in 1944, but none in 1945, had an average rate above 2.5 percent. The increase from 12 to 14 in the number of States with average rates of 2.0–2.4 percent resulted mainly from the relatively high average rates in 3 States where experience-rating provisions became effective late in 1945.

Table 2.—*Effect of experience rating*[1] *on employer contributions, 1941–45*

Year	Number	States with experience rating			All States, reduction in revenue as percent of contributions at standard rate
		Average employer contribution rate	Reduction in revenue		
			Amount (in millions)	As percent of contributions at standard rate	
1941	17	2.17	$54	20	5
1942	34	1.81	269	34	20
1943 [1]	40	1.77	404	35	25
1944 [1]	42	1.59	567	42	34
1945 [1,2]	45	1.6	620	41	39

[1] Excludes effect of war-risk contribution provisions.
[2] Preliminary; excludes voluntary contributions made during year.

Average employer contribution rate (percent)	Number of States				
	1941	1942	1943	1944	1945
Total	17	34	40	42	45
Less than 1.00	0	1	1	3	7
1.00–1.49	2	1	7	10	11
1.50–1.99	4	18	15	16	13
2.00–2.49	8	12	14	12	14
2.50 or more	3	2	3	1	0

The average employer rate in experience-rating States fell from 2.17 percent in 1941 to 1.59 percent in 1944 and remained near that level—1.6 percent—in 1945 (table 2). The percentage reduction in employer contributions below what would have been due at the standard rate more than doubled between 1941 and 1945; in 1941, revenue was reduced 20 percent, while in 1945 the reduction amounted to 41 percent. From 1938, when Wisconsin instituted the first experience-rating plan, through 1945, employer contributions have been cut approximately $1.9 billion, or 22 percent below the amount that would have been paid at the standard rates.

Rates assigned during 1945 were based largely on conditions during the war, when employment was very high and unemployment insurance payments were very low. Rates were below the 1943 and 1944 levels in almost all States, but especially in the benefit-wage-ratio States and the benefit-ratio States and also in most of the States using the reserve-ratio plan. In the last group, although pay rolls increased, the reserves rose more rapidly than the average pay roll used in computing the reserve ratio, with the result that reserve ratios rose and tax rates assigned to employers declined.

The average tax rate for employers in experience-rating States did not fall below the 1944 rate primarily because abnormally high rates in Louisiana, Nevada, and New York increased the average rate for all States with experience-rating provisions. In Louisiana, employer taxes remained at 2.7 percent until October, when the rate reductions first became effective. In Nevada and New York, employers contributed at the standard 2.7-percent rate until July, when the rates were reduced in Nevada and credit allowances became available in New York. If the experience-rating provisions had been in operation for the full year in these three States, their average rates, and therefore the average for all experience-rating States, would have declined.

For the country as a whole the reduction in revenue as a result of experience rating was, on a percentage basis, nearly eight times as great as it was in 1941. Contributions then were only 5 percent below the amount collectible at the standard rate, while

Table 3.—*Selected experience-rating data, by type of plan*[1] *and State, 1941–45*

[Data reported by State agencies; corrected to May 1946]

State	Date experience rating became effective	Maximum rate (percent)	Minimum rate (percent)	Percent of rated accounts with reduced rates					Average employer contribution rate (percent)[2]					Reduction in revenue (percent)[3]				
				1941 17 States	1942 34 States	1943 40 States	1944 42 States	1945 45 States	1941 17 States	1942 34 States	1943 40 States	1944 42 States	1945 45 States	1941 17 States	1942 34 States	1943 40 States	1944 42 States	1945 45 States
Total				54.9	67.4	74.7	84.5	91.0	2.17	1.81	1.77	1.59	1.6	20	34	35	42	41
Reserve-ratio plan:																		
Arizona	Jan. 1942	3.6	1.0	------	42.7	55.7	71.5	83.4	------	2.51	2.33	2.12	1.9	------	7	14	22	30
Arkansas	Apr. 1942	2.7	1.0	------	51.5	70.4	79.8	86.8	------	2.47	2.16	2.06	2.1	------	9	20	24	22
California	Jan. 1941	2.7	1.0	28.0	29.6	37.0	50.8	62.0	2.48	2.45	2.28	2.17	2.1	8	9	16	20	22
Colorado[4]	Jan. 1942	3.6	.9	------	67.9	72.1	81.7	88.9	------	1.98	1.92	1.70	1.6	------	26	29	37	41
District of Columbia	July 1943	2.7	.1	------	------	90.0	91.6	94.7	------	------	1.71	.50	.4	------	------	37	82	85
Georgia	Jan. 1942	2.7	1.0	------	80.3	80.4	86.5	93.2	------	2.07	2.11	1.98	[5] 1.9	------	23	22	27	[5] 30
Hawaii	Apr. 1941	2.7	0	70.3	97.5	97.6	97.8	98.8	1.65	1.54	1.38	1.21	1.1	39	43	49	55	59
Idaho	July 1943	2.7	1.5	------	------	65.6	47.8	83.9	------	------	2.53	2.43	2.2	------	------	6	10	18
Indiana[4]	Jan. 1940	2.7	.135	36.6	57.4	66.0	82.8	86.1	2.29	1.91	1.97	1.85	1.6	15	29	27	32	41
Iowa[4]	Jan. 1942	3.6	.9	------	65.9	72.6	82.6	89.2	------	1.85	[5] 1.92	[5] 1.68	[5] 1.4	------	31	[5] 29	[5] 38	[5] 48
Kansas	Jan. 1941	2.7	.9	49.1	42.3	72.0	83.8	92.9	2.07	2.20	2.09	2.10	[5] 2.1	23	19	23	22	[5] 22
Kentucky[4]	do	2.7	0	16.4	36.6	72.7	77.1	76.4	2.68	2.32	2.18	2.08	1.9	1	14	19	23	30
Louisiana	Oct. 1945	2.7	.9	------	------	------	------	86.2	------	------	------	------	2.4	------	------	------	------	11
Maine	July 1943	2.7	1.5	------	------	78.2	71.9	90.2	------	------	2.50	2.28	2.2	------	------	7	15	18
Missouri[4]	Jan. 1942	4.1	0	------	81.5	81.6	84.6	89.3	------	1.52	[5] 1.57	[5] 1.73	[5] 1.5	------	44	[5] 42	[5] 36	[5] 44
Nebraska[4]	Jan. 1940	2.7	.5	51.8	63.6	66.6	84.4	92.5	1.38	1.56	2.02	1.74	1.3	49	42	25	35	52
New Hampshire	Jan. 1941	2.7	.5	46.5	61.2	66.9	76.2	86.1	2.54	2.38	2.21	1.81	1.7	6	12	18	33	37
New Jersey	Jan. 1942	3.6	.9	------	70.5	68.1	75.3	83.1	------	1.64	1.87	1.85	1.7	------	39	31	32	37
New Mexico	do	3.6	.9	------	58.0	60.6	72.7	84.7	------	2.17	2.17	1.97	1.9	------	19	20	27	30
North Carolina[4]	Jan. 1943	2.7	.27	------	------	24.6	53.0	72.9	------	------	2.65	2.44	2.1	------	------	2	10	22
North Dakota	Jan. 1942	2.7	[6] .5	------	67.7	74.7	82.8	90.4	------	1.95	1.86	1.64	1.5	------	28	31	39	44
Ohio[4]	do	3.5	.7	------	90.2	92.7	95.9	98.1	------	1.25	1.48	[5] 1.49	[5] 1.4	------	54	45	[5] 45	[5] 48
Oregon	July 1941	[7] 4.0	1.0	33.7	45.3	60.7	74.1	85.4	2.65	2.41	2.31	2.23	2.0	2	11	14	17	26
South Carolina[4]	Jan. 1942	3.0	.9	------	68.0	75.7	83.2	93.3	------	1.98	1.74	1.86	1.5	------	27	36	31	44
Tennessee	July 1944	3.3	1.0	------	------	------	[8] 73.3	82.2	------	------	------	2.60	2.3	------	------	------	4	15
West Virginia	Jan. 1941	2.7	.5	53.8	64.6	85.6	91.3	94.7	2.42	2.14	1.76	1.62	1.4	10	21	35	40	48
Wisconsin[4]	Jan. 1938	4.0	0	65.1	64.8	66.8	75.2	75.9	1.49	1.55	[5] 1.78	[5] 1.83	[5] 1.0	45	43	[5] 34	[5] 32	[5] 63
Benefit-wage-ratio plan:																		
Alabama	Apr. 1941	2.7	.5	79.4	87.1	95.2	99.2	99.9	2.08	1.59	[5] 1.25	[5] 1.00	[5] .8	23	41	[5] 54	[5] 63	[5] 70
Delaware	Jan. 1942	3.0	.5	------	95.2	96.8	98.6	100.0	------	.98	.79	.68	.6	------	64	71	75	78
Illinois	Jan. 1943	3.6	.5	------	------	80.2	83.8	89.9	------	------	[5] 1.36	[5] 1.16	[5] 1.0	------	------	[5] 50	[5] 57	[5] 63
Massachusetts	Jan. 1942	2.7	.5	------	75.1	79.5	91.5	96.0	------	1.52	1.28	.94	.9	------	44	53	65	67
Oklahoma	do	2.7	.5	------	75.3	80.1	91.4	98.1	------	1.69	[5] 1.58	[5] 1.37	[5] .8	------	37	[5] 41	[5] 49	[5] 70
Pennsylvania	Jan. 1944	2.7	1.0	------	------	------	98.1	99.2	------	------	------	1.21	1.4	------	------	------	55	48
Texas	Jan. 1941	2.7	.5	80.7	87.0	94.1	97.8	99.1	1.60	1.56	1.42	1.24	.9	41	42	47	54	67
Virginia	do	2.7	1.0	90.0	88.4	92.6	98.3	99.8	1.75	1.59	1.50	1.21	1.1	35	41	44	55	59
Benefit-ratio plan:																		
Florida	Jan. 1942	2.7	[9] .7	------	68.5	70.9	84.5	94.6	------	2.27	[5] 2.24	[5] 2.10	[5] 2.0	------	16	[5] 17	[5] 22	[5] 26
Maryland	July 1943	2.7	.9	------	------	[10] 84.5	[10] 92.4	96.2	------	------	[5] 2.01	[5] 1.51	[5] 1.4	------	------	[5] 26	[5] 44	[5] 48
Michigan[11]	Jan. 1942	4.0	1.0	------	87.5	88.9	94.5	80.5	------	1.69	1.57	1.17	2.1	------	44	58	61	30
Minnesota[4]	Jan. 1941	3.25	.5	59.6	57.3	77.3	77.1	80.3	2.05	1.95	[5] 1.56	[5] 1.61	[5] 1.6	24	28	[5] 42	[5] 40	[5] 41
Nevada	July 1945	4.5	1.0	------	------	------	------	88.9	------	------	------	------	2.4	------	------	------	------	11
Wyoming	Jan. 1942	3.5	.5	------	39.2	65.6	82.5	95.9	------	2.66	1.93	1.67	1.4	------	2	29	38	48
Combined reserve-ratio and benefit-ratio plan:																		
South Dakota[4]	Jan. 1940	2.7	0	36.3	59.1	72.4	72.3	84.0	1.65	1.57	1.16	1.01	.9	39	42	57	63	67
Vermont	Jan. 1941	2.7	1.5	34.8	50.5	54.0	77.5	84.4	2.46	2.10	2.38	2.01	1.8	9	22	12	25	33
Compensable-separations plan: Connecticut	Apr. 1941	2.7	1.5	83.3	84.8	85.5	84.8	88.8	2.29	2.09	2.09	2.12	2.1	15	23	23	21	22
Pay-roll-variations plan: New York	July 1945	2.7	0	------	------	------	------	99.9	------	------	------	------	2.0	------	------	------	------	26

[1] States classified by type of plan in effect as of computation date of 1945 rates.

[2] Preliminary estimates for 1945; 1945 data do not include effect of voluntary contributions from employers collected during the year. Effect of special war-risk contribution provisions also excluded from rates for 1943, 1944, and 1945; rates may be materially affected in States which provide for war-risk contributions. See footnotes 4 and 5.

[3] Preliminary estimates for 1945. Percent shown for States represents difference between estimated yields at the average rate and at the standard rate as a percent of estimated yield at the standard rate. Excludes effect of additional revenue under war-risk provisions.

[4] State law provides for voluntary contributions.

[5] State law provides for war-risk contributions.

[6] Minimum rate was 1.0 percent until June 30, 1945, when it was changed to 0.5 percent.

[7] Maximum rate paid for 1945 was 2.7 percent.

[8] Excludes 1,980 accounts with insufficient experience to be eligible for rate reduction; these accounts received either standard or increased rates.

[9] Minimum rate was 1.7 percent until June 30, 1945, when it was changed to 0.7 percent.

[10] Estimated.

[11] In Michigan the standard rate is 3.0 percent; in all other States it is 2.7 percent.

in 1945 they were about 39 percent below. The sharp decrease was due to the increase in the number of States enacting experience-rating provisions, to changes in existing experience-rating provisions eliminating rates above the standard, and to the low level of unemployment during the war years.

Variation in Rates Among States, 1945

The average effective employer contribution rates in the eight States using the benefit-wage-ratio system were, in general, lower than those assigned in other States, ranging from 0.6 percent in Delaware to 1.4 percent in Pennsylvania (table 3). Only three of the eight had average rates in excess of 1.0 percent; consequently,

Table 4.—*Percentage distribution of active accounts eligible for rate modification, by employer contribution rate,[1] for each type of experience-rating plan and State, rate years beginning in 1945*

[Data reported by State agencies; corrected to May 1946]

Type of plan and State [2]	Total number of active accounts [3]	Active accounts eligible for rate modification											
		Number	Percent of all active accounts	Percentage distribution by employer contribution rate									
				Rate below standard [4]	Standard rate [4]	Rate above standard [4]	Rate in specified interval						
							0.0	0.1–0.9	1.0–1.8	1.9–2.6	[4] 2.7	2.75–3.6	3.7–4.5
Total, 45 States	830,514	[5] 539,099	64.9	91.0	7.1	1.9	1.9	28.1	49.0	[6] 12.0	[7] 7.1	[8] 1.9	0.1
Reserve-ratio plan	311,380	220,949	71.0	84.3	14.4	1.3	4.4	30.6	39.4	9.9	14.4	1.3	.1
Arizona	4,156	2,758	66.4	83.4	13.2	3.4			49.2	34.3	13.2	3.4	
Arkansas	18,153	10,145	55.9	86.8	13.2				57.4	29.4	13.2		
California	50,701	33,027	65.1	62.0	38.0				42.2	19.8	38.0		
Colorado [9]	3,958	2,884	72.9	88.9	8.0	3.1		65.8	23.1		8.0	3.1	
District of Columbia	15,731	10,446	66.4	94.7	5.3			92.7	1.6	.4	5.3		
Georgia [10]	8,695	5,872	67.5	93.2	6.8				77.9	15.3	6.8		
Hawaii	5,738	3,110	54.2	98.8	1.2		29.4	35.9	31.1	2.5	1.2		
Idaho	7,433	4,568	61.5	83.9	16.1				38.4	45.6	16.1		
Indiana [9]	11,366	9,866	86.8	86.1	13.9			63.5	22.6		13.9		
Iowa [9] [10]	7,628	5,808	76.1	89.2	7.1	3.7		63.5	25.7		7.1	3.7	
Kansas [10]	5,273	3,742	71.0	92.9	7.1			23.8	63.0	6.0	7.1		
Kentucky [9]	8,826	6,510	73.8	76.4	23.6		26.1		50.3		23.6		
Louisiana	11,870	8,586	72.3	85.2	14.8			70.9	11.3	2.9	14.8		
Maine	3,538	2,653	75.0	90.2	9.8				71.4	18.8	9.8		
Missouri [9] [10]	14,378	9,209	64.0	89.3	6.6	4.0	17.0	49.3	23.1		6.6	4.0	0
Nebraska [9]	4,263	3,407	79.9	92.5	7.5			67.7	14.3	10.5	7.5		
New Hampshire	3,999	2,999	75.0	86.1	13.9			25.4	53.8	6.9	13.9		
New Jersey	18,515	14,886	80.4	83.1	12.8	4.0		54.8	28.4		12.8	4.0	
New Mexico	5,885	3,167	53.8	84.7	12.0	3.3		52.5	32.2		12.0	3.3	
North Carolina [9]	8,479	6,887	81.2	72.9	27.1			8.4	40.1	24.4	27.1		
North Dakota	1,531	1,137	74.3	90.4	9.6				69.0	21.5	9.6		
Ohio [9] [10]	50,470	37,183	73.7	98.1	.8	1.1		44.4	49.0	4.7	.8	1.1	
Oregon	9,815	7,138	72.7	85.4	[11] 14.6	[11] 0			56.3	29.1	[11] 14.6	0	0
South Carolina [9]	4,335	2,930	67.6	93.3	5.1	1.6		58.1	32.5	2.7	5.1	1.6	
Tennessee	7,290	5,469	75.0	82.2	7.2	10.5			66.0	16.3	7.2	10.5	
West Virginia	4,492	3,069	68.3	94.7	5.3			58.2	33.0	3.5	5.3		
Wisconsin [9] [10]	14,864	13,493	90.8	75.9	20.9	3.2	41.0		35.0		20.9	2.2	1.0
Benefit-wage-ratio plan	291,452	159,514	54.7	97.0	1.2	1.9		40.5	53.9	2.5	1.2	1.9	
Alabama [10]	6,179	4,290	69.4	99.9	.1			95.3	4.1	.5	.1		
Delaware	4,551	3,711	81.5	100.0		(12)		99.4	.6	0		(12)	
Illinois [10]	40,236	29,549	73.4	89.9		10.1		62.0	21.5	6.4		10.1	
Massachusetts	73,737	27,151	36.8	96.0	4.0			82.2	10.9	2.9	4.0		
Oklahoma [10]	6,474	4,775	73.8	98.1	1.9			73.9	19.9	4.3	1.9		
Pennsylvania	132,219	69,714	52.7	99.2	.8				97.7	1.5	.8		
Texas	19,357	13,500	69.7	99.1	.9			93.4	5.1	.6	.9		
Virginia	8,699	6,824	78.4	99.8	.2				99.3	.5	.2		
Benefit-ratio plan	70,209	[5] 51,979	74.0	85.6	5.9	8.5		35.6	42.8	[6] 7.3	[7] 5.9	[8] 7.7	.8
Florida [10]	7,975	4,865	61.0	94.6	5.4				91.9	2.6	5.4		
Maryland [10]	12,628	[5] 9,513	75.3	96.2	3.8			88.1	6.8	1.4	3.8		
Michigan [4]	18,679	14,669	78.5	80.5	16.1	3.4			78.5	[6] 2.0	[7] 16.1	[8] .9	2.5
Minnesota [9] [10]	24,001	18,879	78.7	80.3		19.7		53.6	12.4	14.3		19.7	
Nevada	2,902	1,588	54.7	88.9	5.4	5.8			63.6	25.3	5.4	4.1	1.7
Wyoming	4,084	2,465	60.4	95.9		4.1		0	90.9	5.0	0	4.1	
Combined reserve-ratio and benefit-ratio plan	3,353	2,620	78.1	84.2	15.8		14.5	29.6	38.1	2.0	15.8		
South Dakota [9]	1,776	1,391	78.3	84.0	16.0		27.3	55.8	.9	.1	16.0		
Vermont	1,577	1,229	77.9	84.4	15.6				80.2	4.1	15.6		
Compensable-separations plan: Connecticut	12,456	9,432	75.7	88.8	11.2				72.0	16.8	11.2		
Pay-roll-variations plan: New York	141,604	94,605	66.8	99.9	.1				64.5	35.4	.1		

[1] Assigned for rate years beginning in 1945, as of computation date for 1945 rates. Stated as percent of taxable pay roll. Excludes effect of war-risk contributions in 12 States. See footnote 10.

[2] Classified by type of plan in effect as of computation date for 1945 rates.

[3] All rated and unrated accounts; excludes accounts newly subject after computation date for 1945 rates.

[4] Standard rate is 2.7 percent in all States except Michigan, where it is 3.0 percent.

[5] Excludes 1,196 Maryland accounts assigned standard rate under war-risk provisions of State law.

[6] Includes accounts assigned 2.8-percent rate in Michigan. See footnote 4.

[7] Includes accounts assigned 3.0-percent rate in Michigan. See footnote 4.

[8] Excludes accounts assigned 2.8-percent and 3.0-percent rate in Michigan. See footnote 4.

[9] Excludes voluntary contributions.

[10] Data do not include effect of special war-risk contribution provisions in effect in State.

[11] Maximum statutory contribution rate under experience rating is 4.0 percent. No rate in excess of 2.7 percent assigned for 1945, however, because of size of balance in State unemployment compensation trust fund.

[12] Less than 0.05 percent.

reductions in revenue ranged from about half to three-fourths of the amount that would have been due at the standard rate.

Rate reductions among the 27 reporting States using the reserve-ratio plan were less pronounced than those in the benefit-wage-ratio States. Only the District of Columbia, with 0.4 percent, had an average rate of less than 1 percent. In 17 States the averages ranged from 1.0 to 1.9 percent, and in 9 States they were 2.0 percent or more. Nine reserve-ratio States experienced revenue reductions of 19–30 percent below the amount due at the standard rate, and in 10 States the reductions were 30–50 percent.

Of the 830,514 active accounts in the 45 experience-rating States for the rate years beginning in 1945, 539,099, or 64.9 percent, were eligible for rate modification (table 4). Almost all (91.0 percent) of the rated accounts—that is, accounts whose tax rate may be varied—paid taxes below the standard rate; 7.1 percent were taxed at the standard rate, and only 1.9 percent were assigned penalty rates higher than the standard.

As in the past, States using the benefit-wage-ratio system assigned reduced rates to the largest proportion of rated accounts. In these eight States, nearly 100 percent of the accounts eligible for rate modification were assigned rates below the standard. Seven of them assigned reduced rates for at least 96 percent of all rated accounts; in the eighth State, the proportion was almost 90 percent.

States with reserve-ratio systems assigned reduced rates to a smaller proportion of rated firms than did benefit-ratio States. Only 10 of the 27 reserve-ratio States granted tax reductions to 90 percent or more of the rated accounts. An additional 13 States reduced rates for 80–90 percent, and 4 for less than 80 percent of their rated accounts.

During 1945, despite the fact that rate computations were based on the favorable pay-roll and benefit levels of the war years, Michigan employers contributed to the unemployment trust fund at an average rate that was considerably higher than the rate for 1944—2.1 percent as compared with 1.17 percent. This increase was the first since experience-rating provisions became effective in the State in 1942 and was caused entirely by a 1945 amendment to the taxing provisions that increased the tax rates for many employers.

This amendment required employers to contribute at a tax rate of at least 3 percent for 1945 and 1946 if their reserve ratios on September 30, 1944, with respect to 1945 rates, and/or their reserve ratios on September 30, 1945, with respect to 1946 rates, were less than 5 percent. The increase affected not only firms with relatively heavy benefit charges against their accounts but also those whose pay rolls had increased at a very rapid rate. Where such pay-roll increases were greater, proportionately, than increases in a firm's reserve account, the reserve ratio may have declined to less than 5 percent.

The effect of this provision, however, will be substantially offset by another amendment passed in 1946. Under this amendment, certain employers whose tax rates were increased by the 1945 amendment will be entitled to tax-credit allowances against their contributions for 1946, 1947, or probably no later than 1948. It provides, in part, that amounts paid by employers in accordance with the first amendment are to be considered

Table 5.—*Active and rated accounts by industry and employer contribution rates assigned under experience-rating provisions, 45 States, rate years beginning in 1945*

[Data reported by State agencies; corrected to May 1946]

Employer contribution rate [1]	Total	Mining	Contract construction	Manufacturing	Transportation, communication, and other public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service industries	Miscellaneous [2]
	Number of accounts								
Active accounts	830,514	15,156	61,386	155,042	33,327	342,587	65,277	149,913	7,826
Rated accounts	539,099	9,286	35,308	106,844	21,671	225,511	46,619	91,153	2,707
Rated as percent of active	*64.9*	*61.3*	*57.5*	*68.9*	*65.0*	*65.8*	*71.4*	*60.8*	*34.6*
Number with reduced rates [3]	490,458	7,478	26,596	96,469	20,095	209,658	44,721	83,455	1,986
Percent of rated accounts with reduced rates [3]	*91.0*	*80.5*	*75.3*	*90.3*	*92.7*	*93.0*	*95.9*	*91.6*	*73.4*
Rate assigned:									
0.0	10,091	8.6	556	1,798	277	4,889	1,177	1,252	56
0.1–0.9	151,463	2,443	6,139	26,299	6,706	68,680	16,385	24,347	534
1.0–1.8	264,003	4,129	13,092	52,655	10,917	112,060	23,567	46,526	1,057
1.9–2.6 [3]	64,851	819	6,802	15,774	2,194	24,008	3,588	11,327	339
2.7 [4]	35,944	1,216	5,444	7,662	1,263	12,515	1,473	5,840	531
2.75–3.6	12,209	564	3,152	2,610	293	3,243	418	1,752	177
3.7–4.5	638	29	123	116	21	116	11	109	13
	Percentage distribution of rated accounts by industry division								
Rate assigned:									
0.0	100.0	0.9	5.5	17.8	2.7	48.4	11.7	12.4	0.6
0.1–0.9	100.0	1.6	4.1	17.3	4.4	45.3	10.8	16.1	.4
1.0–1.8	100.0	1.6	5.0	19.9	4.1	42.4	8.9	17.6	.4
1.9–2.6 [3]	100.0	1.3	10.5	24.3	3.4	37.0	5.5	17.5	.5
2.7 [4]	100.0	3.4	15.1	21.3	3.5	34.8	4.1	16.2	1.5
2.75–3.6	100.0	4.6	25.8	21.4	2.4	26.6	3.4	14.4	1.4
3.7–4.5	100.0	5.4	22.9	21.6	3.9	21.6	2.0	20.3	2.4
	Percentage distribution of rated accounts by rate								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Rate assigned:									
0.0	1.9	.9	1.6	1.7	1.3	2.2	2.5	1.4	2.1
0.1–0.9	28.1	26.3	17.4	24.5	30.9	30.5	35.1	26.7	19.7
1.0–1.8	49.0	44.5	37.1	49.3	50.4	49.7	50.6	51.0	39.0
1.9–2.6 [3]	12.0	8.8	19.3	14.8	10.1	10.6	7.7	12.4	12.5
2.7 [4]	6.7	13.1	15.4	7.2	5.8	5.5	3.2	6.4	19.6
2.75–3.6	2.3	6.1	8.9	2.4	1.4	1.4	.9	1.9	6.5
3.7–4.5	.1	.3	.3	.1	.1	.1	(5)	.1	.5

[1] Percent of taxable pay roll.
[2] Agriculture, forestry and fishing, and establishments not elsewhere classified.
[3] Includes Michigan accounts assigned 2.8-percent rate. See footnote 4.
[4] Standard rate for all States except Michigan, where it is 3.0 percent.
[5] Less than 0.05 percent.

voluntary contributions. Furthermore, these employers are to receive credits against future contributions equal to the difference between (1) that amount of contributions which increased their reserve ratio above the required 5-percent level and (2) the amount they would have paid under the regular experience-rating provisions. In addition, the 1946 amendment permits employers to make voluntary contributions which, if made before January 31, 1947, may be credited to their accounts as of the computation date for 1945 rates or 1946 rates, as specified by the employers. This provision will be of particular importance to the employer whose reserve ratio was only a little less than 5 percent, and whose extra contributions at the 3.0-percent rate are offset by benefit charges so that there would be no increase in his reserve ratio. The employer can now make a voluntary payment, however, which will be credited retroactively to his account and in this way increase his reserve ratio as of the computation date for the 1945 or 1946 rate to the 5-percent level. He would then be entitled to a credit allowance of the amount by which the 3.0-percent contribution exceeds the contribution he would have made under the regular experience-rating provisions. The following hypothetical example illustrates the effect of the 1946 amendment:

Item	September 30, 1945	Calendar year 1946
Taxable pay roll	$100,000	$100,000
Reserve account	$4,900	
Reserve ratio	4.9%	
Voluntary contributions	$100	
New reserve ratio	5.0%	
Tax rate:		
1945 amendments		3.0%
Experience rating		1.6%
Contributions:		
1945 amendments		$3,000
Experience rating		−$1,600
Voluntary contributions		−$100
Credit allowance		$1,300

In New York the rate-variations system began its first year of operation in July 1945. During this first year, all but one-tenth of 1 percent of the rated accounts were entitled to credit allowances which would result in an effective tax rate below the standard rate. This high proportion results both from the provisions of the law and from economic conditions during 1942–44, the period during which a firm's experience largely determined its eligibility for credit allowances. The law provides that, if there is a surplus in the unemployment trust fund, an employer account would be entitled to a credit allowance if the sum of percentage declines in the quarterly total pay roll of the account did not exceed 300 percent. During the war, only a few firms would have been unable to meet this requirement.

Rate Modification and Industry

As in previous years, employers in industries which by their very nature are not subject to seasonal changes in employment or pay rolls and have little labor turn-over benefited more from experience rating than did employers in other industries (table 5). The finance, insurance, and real estate industry division is an example of an industry with highly favorable experience. More than 70 percent of the firms in this industry division were eligible for rate modification—a higher proportion than in any other division—and 95.9 percent of the eligible firms were assigned rates below the standard—again relatively more than in any other industry division. Firms in the usually erratic contract construction division had the lowest proportion of active accounts eligible for rate modification (57.5 percent) and the smallest percent of eligible accounts assigned reduced rates (75.3 percent) of any industry division except the miscellaneous group.

In each of three industry divisions—manufacturing, public utilities, and trade—two-thirds of all active accounts were eligible for rate modification. The mining and service industry divisions ranked just above the construction division, with about 61 percent of all accounts eligible for rate modification.

Reduced rates were assigned to at least 9 out of every 10 rated firms in each of the industry divisions except mining and construction. In the public utilities and trade divisions, about 93 percent of the rated accounts were taxed at rates lower than the standard.

The finance, insurance, and real estate division, in addition to being eligible for and receiving rate reductions most frequently, also had the highest proportion of accounts—about 38 percent—with tax rates of less than 1.0 percent. At the other extreme, only 19 percent of the rated accounts in the contract construction division had tax rates below 1.0 percent.

Rate Modification and Size of Firm

Twenty States submitted information on the relationship between tax rates assigned for rate years beginning in 1945 and average annual pay roll (tables 6 and 7). The use of taxable wages as a measure of a firm's size is limited in that a worker's wages in excess of $3,000 are excluded, and as a result the size of large firms is disproportionately reduced, since wages in excess of the first $3,000 generally constitute a greater proportion of total wages in these firms than in smaller firms.

The data in table 7 reveal little relationship between tax rate and size of firm. The average rate[3] for all rated accounts in the 20 States was 1.20 percent, ranging from 1.12 percent for firms with pay rolls below $5,000 to 1.22 percent for firms with pay rolls of $5,000–9,999 and of $100,000–999,999.

The percent of rated accounts taxed below the standard rate increased, however, as the pay roll increased and the percent assigned rates above the standard rate decreased: 86.4 percent of all rated accounts were assigned rates below, and 2.3 percent rates above, the standard 2.7-percent rate; 85 percent of the firms with less than a $5,000 taxable pay roll were assigned below-standard rates, and 5 percent, above-standard rates. Among firms with pay rolls ranging from $20,000–49,999, 90 percent were taxed at rates below and 1 percent at rates above 2.7 percent; 92 percent of the firms with pay rolls of $1 million

[3] Computed by weighting the different rates by number of accounts assigned specific rates; differs from the average rate discussed earlier in this article, which was computed by using amount of taxable wages at each rate as weights. The average rates used in this section assign equal importance to all employers, regardless of size, and represent the rate of the average employer. The rates discussed earlier represent over-all revenue rates.

or more were assigned rates below the standard, while 0.4 percent had above-standard rates.

The data contained in tables 6 and 7 exclude unrated firms, all of which are taxed at 2.7 percent. Unrated firms are largely those which have not been in business long enough to qualify for rate variation under the experience-rating provisions. Since business births and deaths are much more frequent in small firms than in large, relatively more of the former are usually assigned the 2.7-percent rate as unrated firms. It is likely, therefore, that with respect to all firms—rated and unrated—small firms are taxed at higher rates than large firms.

The relationship between average tax rates and size of firm varies considerably from State to State. In some States the smaller firms, in others the larger firms, were assigned the lower average rates. In more than half the States, however, the proportion of accounts in each pay-roll class taxed at a rate less than 2.7 percent was greater for larger firms. In some States, both the average rate and the proportion of accounts with reduced rates increased as pay rolls increased. The probable explanation for these seemingly contradictory movements is that the small firms receiving rate reductions in these States had sharper reductions, on the average, than those granted the larger firms.

A more stable relationship between tax rate and size of firm might be revealed if experience-rating accounts were cross-classified by tax rates, size of firm, and also by industry. If the data were available for this type of tabulation, it would then be possible to isolate the two major factors affecting employment and wages within a specified firm—size of pay roll and industry.

Of the 20 reporting States, only 8 provided for penalty rates in their tax schedules. In Minnesota, 20 percent of the rated accounts were taxed at penalty rates. This proportion decreased from 21 percent of firms with pay rolls of less than $5,000 and 23 percent among the firms with pay rolls of $5,000–9,999 to 9 percent of the firms with pay rolls of at least $1 million. Conversely, the proportions assigned rates below 2.7 percent increased from 79 percent of firms with pay rolls below $5,000 and 77 percent for the firms with pay rolls of $5,000–9,999 to 91 percent for firms with pay rolls of $1 million or more.

In Delaware, less than 0.05 percent of the rated accounts were taxed at rates in excess of 2.7 percent. All those firms assigned penalty rates had average annual pay rolls of less than $5,000; all with pay rolls of $5,000 or more received rates below 2.7 percent; and the average rate for the State was about 0.5 percent in each pay-roll class. Other States which taxed almost all rated accounts at less than 2.7 percent in each size-of-pay-roll class were Alabama, Ohio, Texas, and Wyoming.

Table 6.—*Percent of rated experience-rating accounts with 1945 employer contribution rates below and above 2.7 percent,*[1] *by average annual taxable pay roll, 20 States*[2]

[Based on data reported by State agencies; corrected to May 1946]

State	All rated accounts		Accounts with pay rolls of—													
			Less than $5,000		$5,000–9,999		$10,000–19,999		$20,000–49,999		$50,000–99,999		$100,000–999,999		$1,000,000 or more	
	Below	Above	Below	Above	Below	Above	Below	Above	Below	Above	Below	Above	Below	Above	Below	Above
Total, 20 States	86.4	2.3	85.1	4.9	86.3	2.0	88.8	1.2	90.0	1.0	89.9	0.9	90.2	0.7	91.7	0.4
States with maximum rate above 2.7 percent:																
Colorado	88.9	3.1	85.4	6.4	89.8	1.7	90.3	1.8	91.5	2.6	91.9	1.8	80.5	5.2	84.0	4.0
Delaware	100.0	(3)	100.0	(3)	100.0	0	100.0	0	100.0	0	100.0	0	100.0	0	100.0	0
Iowa	89.2	[4] 3.7	90.8	-------	92.0	-------	93.0	-------	93.1	-------	91.8	-------	93.7	-------	100.0	-------
Minnesota	80.3	[5] 19.7	78.8	21.2	76.7	23.3	82.5	17.5	84.1	15.9	85.7	14.3	90.9	9.1	91.3	8.7
Ohio	98.1	1.1	95.9	2.4	98.2	1.0	98.7	.7	99.0	.7	99.1	.5	99.0	.6	100.0	0
South Carolina	93.3	[6] 1.6	87.9	3.0	95.7	.2	96.3	.6	94.4	.9	90.0	1.2	92.2	1.0	98.4	0
Wisconsin	75.9	[7] 3.2	74.8	3.4	78.6	1.6	82.7	1.0	85.5	1.1	84.9	1.6	87.5	.8	87.3	.5
Wyoming	95.9	4.1	94.7	5.3	97.1	2.9	98.5	1.5	96.8	3.2	98.4	1.6	100.0	0	100.0	0
States with 2.7-percent maximum rate:																
Alabama	99.9	-------	99.5	-------	99.7	-------	99.9	-------	100.0	-------	99.8	-------	100.0	-------	100.0	-------
Arkansas	86.8	-------	84.1	-------	91.8	-------	93.9	-------	91.6	-------	91.8	-------	86.7	-------	83.3	-------
California	[8] 62.0	-------	50.4	-------	60.3	-------	69.2	-------	72.2	-------	73.9	-------	76.0	-------	79.1	-------
District of Columbia	94.7	-------	91.6	-------	97.1	-------	98.4	-------	99.9	-------	99.1	-------	99.2	-------	100.0	-------
Georgia	93.2	-------	92.4	-------	92.9	-------	95.1	-------	94.2	-------	90.1	-------	91.0	-------	91.2	-------
Indiana	86.1	-------	79.0	-------	83.8	-------	87.8	-------	87.9	-------	86.5	-------	84.4	-------	81.7	-------
Massachusetts	96.0	-------	89.0	-------	97.2	-------	98.3	-------	98.5	-------	98.1	-------	98.1	-------	99.7	-------
New Hampshire	86.1	-------	82.8	-------	88.8	-------	87.3	-------	89.1	-------	89.2	-------	78.5	-------	90.0	-------
North Carolina	72.9	-------	62.2	-------	63.2	-------	72.7	-------	79.5	-------	80.1	-------	74.7	-------	67.8	-------
Oregon	85.4	-------	79.8	-------	84.3	-------	87.0	-------	88.1	-------	86.3	-------	85.6	-------	89.1	-------
Texas	[9] 99.1	-------	97.5	-------	99.4	-------	99.8	-------	99.8	-------	99.9	-------	99.9	-------	100.0	-------
Vermont	[10] 84.4	-------	80.2	-------	79.8	-------	87.8	-------	85.9	-------	86.4	-------	91.7	-------	90.0	-------

[1] Standard rate in all States except Michigan, where it is 3.0 percent.
[2] Data available for only 20 States since reporting of average annual pay roll of experience-rating accounts was on a voluntary basis during the war.
[3] Less than 0.05 percent.
[4] Includes 214 rated accounts assigned rates above 2.7 percent but not classified by average annual pay roll.
[5] Includes 14 rated accounts assigned rates above 2.7 percent but not classified by average annual pay roll.
[6] Includes 19 rated accounts assigned rates above 2.7 percent but not classified by average annual pay roll.
[7] Includes 1,010 rated accounts assigned varying rates but not classified by average annual pay roll.
[8] Includes 2,420 rated accounts assigned 2.7 percent but not classified by average annual pay roll.
[9] Includes 376 rated accounts assigned various rates but not classified by average annual pay roll.
[10] Includes 13 rated accounts assigned 2.7 percent but not classified by size of pay roll.

In New York, if the average tax credit is related to 1944 taxable wages, the larger firms profited more under experience rating than did the smaller firms. Firms with an annual taxable pay roll of about $3,700 paid at a 2.0-percent rate. However, firms with pay rolls of about $37,000 to $370,000 contributed at an average tax rate of 1.8 percent, while the largest firms, those with taxable pay rolls of about $3.7 million or more, were taxed at a rate of 1.7 percent.

Rate Variations by Industry and State

Employers in the same industry paid taxes at average rates that varied widely from State to State. For the 13 selected States for which data are shown in table 8, the average firm in the construction industry paid taxes at the highest contribution rate[4] (2.1 percent), while at the other extreme the average firm in the finance, insurance, and real estate industry contributed at the lowest rate (1.6 percent). In Texas, firms in the construction industry were taxed at an average 1.4-percent rate, while the average in Tennessee and Illinois was 2.5 percent. Similarly, the finance, real estate, and insurance industry—with stable employment and wage levels—also showed sharp differences in average rates as among States. The averages ranged from a minimum of 0.7 percent in Indiana to a maximum of 2.0 percent in Massachusetts. Such wide differences in tax rates for employers in the same industry are due in large part to differences in the various types of experience-rating plans, although they may be partly explained by differences in economic conditions in the States. Local conditions probably account for some variations among widely separated firms in the same industry. Differences locally in labor-market conditions, supplies of raw materials, demands for goods, and so on may cause some fluctuations in employment and affect the contribution rate, but they probably would not result in such extreme fluctuations in tax rates for employers in the same industry.

[4] See footnote 3.

Effect of War-Risk Provisions, 1944

In 1944, provisions for war-risk taxes became effective in Ohio, thus making 10 States in which such provisions were in operation during that year. These States levied the special taxes on 11.0 percent of all active accounts[5] (table 10). The effect of the war-risk provisions was to increase the contribution rate for 1944 from 1.43 percent (assuming there had been no war-risk taxes) to 1.90 percent in these States (table 9). For all experience-rating States combined, the additional war-risk contributions increased the effective average employer contribution rate for 1944 from 1.59 to 1.74 percent; for the country as a whole, including States without experience rating, the average rate was raised from 1.79 to 1.92 percent. War-risk contributions were greater in 1944 than in 1943 for several reasons: the special tax provisions went into effect in Ohio in 1944; war-risk taxes were in effect throughout 1944 in 10 States but in only 2 throughout 1943; and rising pay rolls increased both the number of liable firms and the pay-roll base to which the special tax was applied.

War-risk contributions in 1944 increased the revenue in the 10 States by about one-third above the amount due under the normal experience-rating provisions. The additional revenue amounted to $75 million, or more than twice the 1943 increase. Without this increase, 1944 contributions in the war-risk States would have fallen 46 percent below the amount due at the standard rate. With the war-risk contributions, however, the revenue reduction was only 29 percent.

The greatest increase in tax rates occurred in Wisconsin, the only State in which the war-risk revenue at least equaled the reduction in revenue due to experience rating. In this State, chiefly because of the special postwar reserve tax of 0.5 percent imposed on all firms, the average tax rate increased from 1.83 to 3.08 percent. The additional revenue collected under the war-risk provisions amounted to $17.2 million, or 69 percent of the contributions due under the normal experience-rating provisions, and yielded a surplus of $5.2 million, 14 percent

[5] Excludes Missouri; data not available.

Table 7.—*Average employer contribution rates*[1] *for rated experience-rating accounts by average annual taxable pay roll, 20 States,*[2] *1945*

[Based on data reported by State agencies; corrected to May 1946]

State	All rated accounts	Accounts with pay rolls of— Less than $5,000	$5,000–9,999	$10,000–19,999	$20,000–49,999	$50,000–99,999	$100,000–999,999	$1,000,000 or more
Total, 20 States	1.20	1.12	1.22	1.18	1.17	1.19	1.22	1.21
States with maximum rate above 2.7 percent:								
Colorado	1.33	1.32	1.27	1.29	1.30	1.33	1.61	1.48
Delaware	.50	.51	.50	.50	.50	.50	.50	.50
Iowa	[3] 1.36	1.28	1.28	1.28	1.26	1.27	1.27	1.17
Minnesota	[4] 1.32	1.12	1.40	1.50	1.66	1.73	1.71	1.64
Ohio	1.15	1.17	1.16	1.13	1.12	1.14	1.20	1.28
South Carolina	[5] 1.28	1.33	1.23	1.19	1.25	1.38	1.40	1.27
Wisconsin	[6] 1.02	.97	.93	.87	.80	.86	.77	.79
Wyoming	1.10	1.22	1.17	1.13	1.16	1.11	1.10	1.00
States with 2.7-percent maximum rate:								
Alabama	.54	.58	.54	.53	.52	.54	.53	.51
Arkansas	1.52	1.53	1.51	1.46	1.47	1.48	1.60	1.50
California [7]	1.95	2.05	1.97	1.86	1.84	1.84	1.81	1.77
District of Columbia	.26	.35	.20	.16	.12	.14	.14	.12
Georgia	1.49	1.42	1.50	1.45	1.46	1.55	1.62	1.65
Indiana	1.07	1.05	1.05	1.03	1.03	1.08	1.18	1.41
Massachusetts	.71	.92	.70	.64	.63	.63	.64	.57
New Hampshire	1.38	1.35	1.35	1.37	1.34	1.39	1.64	1.60
North Carolina	1.90	1.86	1.98	1.88	1.82	1.88	2.06	2.13
Oregon	1.67	1.62	1.67	1.66	1.68	1.72	1.79	1.69
Texas [8]	.56	.64	.58	.54	.53	.53	.51	.52
Vermont [9]	1.71	1.76	1.77	1.68	1.69	1.68	1.61	1.60

[1] Computed by weighting the different rates by number of accounts assigned these rates and differs from the average rates in table 3, which were computed by using amount of taxable wages at each rate as weights. The average rates used in this table assign equal importance to all employers, regardless of size, and represent the rate of the average employer. The rates in table 3 represent over-all revenue rates.

[2] See footnote 2, table 6.
[3] See footnote 4, table 6.
[4] See footnote 5, table 6.
[5] See footnote 6, table 6.
[6] See footnote 7, table 6.
[7] See footnote 8, table 6.
[8] See footnote 9, table 6.
[9] See footnote 10, table 6.

more than the amount collectible at the standard rate.

In Maryland the rate was increased from 1.51 to 2.28 percent, and, as a consequence, contributions were 51 percent above those due under the normal tax provisions. Iowa's increase in the average rate from 1.68 to 2.40 percent resulted in an increase in revenue of 43 percent above the amount collectible under the normal tax provisions. In Alabama the average increased from 1 percent to 1.31 percent, and revenue rose 31 percent above the normal contributions. In Oklahoma, where the rate increase was the smallest, the tax rose from 1.37 to 1.45 percent, and the increase amounted to only 6 percent of the amount collectible at the normal rate.

Effect of the Reconversion on Tax Rates

Although the end of the war had no effect on 1945 contribution rates and little on 1946 rates, it will have a pronounced effect on rates assigned for 1947 and later years. The degree and direction in which tax rates will change in any one State, however, depend on legal as well as economic factors.

The date at which new rates are computed and become effective will postpone for varying periods the effect of changes in the wage and employment levels. Changes in rates due to the war's end will be delayed in some States as much as 17 months after the end of hostilities. The special war-risk provisions were ineffective at the close of 1945 in about half the States that had such provisions in effect at the beginning of the year. In the others, fewer firms are likely to be liable for the extra tax because of declines in pay rolls. The rates will therefore tend to decline in those States unless other factors counterbalance the disappearance of war-risk taxes.

Changes in pay rolls will affect employer contribution rates significantly. In all experience-rating

Table 8.—*Average employer contribution rate,*[1] *by industry division, 13 States, 1945*

[Based on data reported by State agencies; corrected to May 1946]

State	Total, all industries	Industry division: Mining	Contract construction	Manufacturing	Transportation, communication, and other public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Service industries
Total, 13 States	1.8	1.9	2.1	1.7	1.7	1.7	1.6	1.8
Alabama	1.2	1.4	1.5	1.2	1.3	1.1	.8	1.3
California	2.2	2.1	2.4	2.2	2.1	2.2	1.9	2.2
Illinois	1.5	2.4	2.5	1.4	1.3	1.4	1.1	1.5
Indiana	1.3	2.0	2.1	1.3	1.3	1.1	.7	1.3
Kentucky	1.8	2.3	2.2	1.8	2.1	1.7	1.3	1.9
Maryland	1.4	1.7	1.9	1.4	1.4	1.4	1.2	1.4
Massachusetts	1.9	1.4	2.1	1.5	1.9	1.9	2.0	2.3
Minnesota	1.6	2.1	2.4	1.8	1.7	1.6	1.3	1.4
New Jersey	1.7	1.4	2.2	1.9	1.6	1.5	1.4	1.7
Ohio	1.6	2.0	2.0	1.5	1.6	1.5	1.2	1.6
Pennsylvania	1.8	2.0	2.0	1.7	1.9	1.8	1.7	1.8
Tennessee	2.0	2.3	2.5	2.2	2.1	1.9	1.4	2.0
Texas	1.2	1.1	1.4	1.1	1.2	1.2	1.0	1.3

[1] Computed by weighting the different rates by number of accounts assigned these rates and differs from the average rates in table 3, which were computed by using amount of taxable wages at each rate as weights. The average rates used in this table assign equal importance to all employers, regardless of size, and represent the rate of the average employer. The rates in table 3 represent over-all revenue rates.

Table 9.—*Effect of war-risk provisions on employer contribution rates and revenue, by State, 1943 and 1944*

[Based on data reported by State agencies; corrected to May 1946]

State	Effective date of war-risk provisions	Average employer contribution rate (percent): Excluding war-risk contributions[1], 1943	Excluding, 1944	Including war-risk contributions, 1943	Including, 1944	Reduction in revenue under "normal" experience-rating provisions: Amount (in thousands), 1943	Amount, 1944	Percent, 1943	Percent, 1944	Additional revenue from war-risk contributions[2]: Amount (in thousands), 1943	Amount, 1944	As percent of contributions under "normal" experience-rating provisions, 1943	As percent, 1944	Net reduction in revenue: Amount (in thousands), 1943	Amount, 1944	Percent, 1943	Percent, 1944
All States		2.04	1.79	2.09	1.92	$403,778	$566,887	25	34	$32,549	$75,265	3	7	$371,229	$491,622	23	30
All experience-rating States		1.77	1.59	1.85	1.74	403,778	566,887	35	42	32.549	75,265	4	10	371,229	491,622	32	37
All war-risk States		1.59	1.43	1.86	1.90	122,220	197,604	41	46	32,549	75,265	19	33	89,671	122,339	30	29
Alabama	Apr. 1943	1.25	1.00	1.42	1.31	9,475	11,768	54	63	1,116	2,131	14	31	8,359	9,637	47	52
Florida	July 1943	2.24	[3]2.10	2.33	2.25	2,632	[3]3,650	17	[3]22	523	[3]914	4	[3]7	2,109	[3]2,736	14	[3]17
Illinois	do	1.36	1.16	1.53	1.66	57,695	72,559	50	57	7,142	23,558	12	43	50,553	49,001	43	38
Iowa	do	1.92	1.68	2.20	2.40	3,786	5,203	29	38	1,385	3,672	15	43	2,401	1,531	18	11
Maryland	do	2.01	1.51	2.49	2.28	7,799	12,581	26	44	5,487	8,160	24	51	2,312	4,421	8	16
Minnesota	Jan. 1943	1.56	1.61	2.29	2.33	9,296	9,286	42	40	5,961	6,124	47	45	3,335	3,162	15	14
Missouri	July 1943	1.57	1.73	1.68	2.02	14,241	12,601	42	36	1,400	3,750	7	17	12,841	8,851	38	25
Ohio	Jan. 1944		1.49		1.71		51,449		45		9,355		15		42,094		37
Oklahoma	Jan. 1943	1.58	1.37	1.80	1.45	5,400	6,571	41	49	1,052	429	14	6	4,348	6,142	33	46
Wisconsin	July 1943	1.78	1.83	[4]2.44	[4]3.08	11,896	11,936	34	32	[4]8,453	[4]17,172	[4]37	[4]69	[4]3,413	[4] [5]*(5,236)*	[4]10	[4] [5]*(14)*

[1] Average employer contribution rate excluding war-risk contributions represents actual ratio (percent) of employer contributions to taxable wages reported by State agency and adjusted to exclude estimated additional contributions from war-risk provisions.

[2] Estimated increase in revenue over amount collectible on 1943 taxable wages in absence of war-risk contribution provisions.

[3] Preliminary estimate.

[4] Includes effect of special "postwar reserve" contribution of 0.5 percent.

[5] Represents an increase over revenue due at the standard rate.

Table 10.—*Number of active and war-risk accounts, 10 States, 1943–44*

[Based on data reported by State agencies; corrected to May 1946]

State	1943			1944 [1]		
	All active accounts	War-risk accounts		All active accounts	War-risk accounts	
		Number	Percent of active accounts		Number	Percent of active accounts
All war-risk States	137,343	7,636	5.6	169,737	18,646	11.0
Alabama	6,146	236	3.8	6,753	192	2.8
Florida	7,470	693	9.3	7,483	1,203	16.1
Illinois	42,356	689	1.6	39,717	2,551	6.4
Iowa	7,832	326	4.2	7,498	575	7.7
Maryland	14,591	2,999	20.6	12,836	3,382	26.3
Minnesota	26,423	297	1.1	24,650	274	1.1
Missouri	12,939	647	5.0	(1)	(1)	(1)
Ohio	------	------	------	50,245	7,969	15.9
Oklahoma	6,155	249	4.0	6,514	592	9.1
Wisconsin [2]	13,432	1,500	11.2	14,041	1,908	13.6

[1] Excludes Missouri; war-risk data not available.
[2] Excludes accounts subject only to the 0.5-percent special postwar reserve tax (this tax applicable to all accounts).

plans the amount of pay roll is an important element in the index used to measure an employer's experience. Changes in rates caused by changes in pay rolls will vary with the type of experience-rating plan. As explained below, with given pay-roll fluctuations, rates tend to rise under some plans and fall under others.

Regardless of pay-roll movements, in many States war firms whose pay rolls have declined during reconversion will pay at increased rates because of their less favorable employment experience during 1945 and 1946. However, this increase may not occur in all cases in reserve-ratio States or in States which imposed special war-risk taxes. In such States, rates may decline as pay rolls decline.

For a considerable majority of the experience-rating States, one of the determining factors in setting tax rates is the amount of accumulated reserves, which is strongly related to the amount of benefits charged in previous periods.

The substitution of new employer accounts for what are now surplus war-employer accounts will also result in changes in rates. Firms which were established before or during the war and have qualified for reduced rates may find it necessary to dissolve, and the new firms taking their place will be taxed at the standard rate. This condition will tend to push rates upward. In terms of net effect on the average rate in a State, the dissolution of war-born firms will probably be more important than the appearance of new firms. The former are probably large establishments, whose pay roll constitutes a substantial portion of the pay roll in the State, whereas the new firms are likely to have considerably smaller pay rolls.

During the war, both the firms producing for the military market and those producing for the civilian market found it necessary and profitable to maintain full production for a much larger part of the year than they had done before the war. After the war, however, except for the first months of feverish activity to catch up with war-induced shortages, a return to the prewar pattern of seasonal employment may be reasonably expected. Thus, even if the coming years are periods of high employment, seasonal lay-offs may be expected to increase claims loads and to raise employers' contribution rates.

The most important single factor that determines how rates vary under given economic conditions is the general type of experience-rating system in operation in a State. Therefore, in the following discussion of possible changes in the level of average rates, the reconversion impact is analyzed separately in terms of each of the existing plans for modifying contribution rates.

States With Reserve-Ratio Plan

Under the reserve-ratio method for determining employer contribution rates, in use in 27 States, rates are varied in accordance with the ratio between the amount in the employer's reserve account, which usually consists of the excess of accumulated past employer contributions over the sum of the past benefits paid from his account, and his average annual pay roll. As this ratio increases, the employer becomes eligible for lower rates and, conversely, as the ratio decreases, he becomes liable for higher rates.

Under the reserve-ratio system, the effect of sudden changes in any 1 year is cushioned by the very nature of the method used in determining rates. The use of cumulated contributions and benefits and average annual pay roll lessens the sensitivity of the ratio to sudden fluctuations in employment and wage levels. Thus, during the first stages of declines or rises in such levels, there may be little or no change in the reserve ratio, and therefore in the rates assigned. For these reasons, rates determined under reserve-ratio plans may be slower to react to changing conditions than rates assigned under any other plan, except the pay-roll-variations plan.

If, however, there is a decrease in average pay roll and (1) the employer's reserve account increases (contributions in the past year are greater than benefits in the same year), or (2) the employer's reserve account remains the same (contributions equal benefits during the past year), or (3) the employer's reserve account decreases (contributions are less than benefits during the past year) but by a smaller percent than does the average annual pay roll, then the employer's reserve ratio goes up and a lower rate is assigned.

This situation has probably occurred during the early phases of reconversion. Total pay rolls and employment have declined, and benefit payments increased, but for a short time the drop in rates assigned to employers will probably continue. In the following period, however, when smaller contributions and greater benefit payments than during the war years may be expected, it is probable that tax rates will be stabilized, after a slight increase.

States With Benefit-Wage-Ratio Plan

In eight States an employer's contribution rate is based on his benefit-wage ratio modified by the "State experience factor." The benefit-wage ratio for an employer is the ratio between the amount of benefit wages—that is, base-period wages—earned with this employer by all workers who receive unemployment insurance payments during the corresponding benefit year and the total amount of wages he pays. Benefit wages for a particular worker are counted only once regardless of the number of payments he receives during the given benefit year. To compute the employer's tax rate, his benefit-wage ratio is multiplied by the "State experience factor," which is the percent that total benefit payments are of total benefit wages in the State for the past 3 years.

The benefit-wage ratio reacts very quickly to changes in employment and wage levels, since under given conditions the two components of the ratio change in opposite directions. As a result of declines in pay rolls and increases in the total amount of benefit wages connected with the rise in the number of beneficiaries during the reconversion, the ratio between benefit wages and total wages has undoubtedly increased and will result in a higher tax rate for the average employer in 1947.

In addition, increases in the State experience factor undoubtedly occurred and will tend to increase the tax rates still further. During the war, duration of benefits was very short. As a result the ratio between benefits and benefit wages was held down, and the State experience factor was unusually low. With the end of hostilities, duration of benefits lengthened, and increases in the State experience factor will follow.

Rates assigned during 1946 in some of the benefit-wage-ratio States will undoubtedly be lower than those for 1945. The 1945 rates were based on experience with employment and benefit payments in 1942, 1943, and 1944; rates for 1946 will be based on experience during 1943, 1944, and 1945. In 1945, in some of these States, the ratio of benefit payments to pay rolls was lower than for 1942, and therefore substituting the more favorable year (1945) for the less favorable year (1942) will result in lower tax rates. The benefit-wage-ratio plan is designed to replenish the unemployment trust fund by the amount of benefits withdrawn in the preceding year. Replenishment, however, does not actually take place, primarily because the rate structure is too heavily weighted with low rates. The maximum tax rate prevents collections from some employers from equaling benefit payments to their employees; the revenue lost as a result of this feature is generally greater than the amount made up by taxing other employers at the minimum rate, where a minimum rate above zero is provided for.

At the same time, in States where the ratio of benefits to pay rolls increased in 1945, the rates for 1946 will probably rise above those assigned for 1945. Nevertheless, the plan will also push rates upward in 1947 and 1948, as the years 1946 and 1947 replace the years 1943 and 1944 in the base period which determines the tax rate. In 1946 and 1947, both the number of persons receiving benefits and the duration of the benefits will have increased well over those in the war years, while pay rolls may decrease from wartime peaks; tax rates must therefore rise in order to replenish even partially the withdrawals from the fund.

In summary, as a result of experience during the reconversion period, the benefit-wage ratio and the State experience factor will increase and thus result in increases in the contribution rate beginning with the 1947 rate year. The reaction to changing conditions in these States will occur much more quickly and to a greater degree than in the reserve-ratio States.

States With Benefit-Ratio Plan

In 1945 the benefit-ratio formula was used without major modification in six States. According to the provisions of this system, the ratio between benefits charged to a particular account over the preceding 3-year period and the total taxable wages of the account for the same period are directly converted into a contribution rate.

This type of index is more sensitive to fluctuation in wages, employment, and so on than any of the other indexes used to determine contribution rates. Like the benefit-wage-ratio method, the benefit ratio is so composed that there are no offsetting factors that would prevent sudden changes in the assigned rates as employment conditions change. As the numerator (benefits) increases, the denominator (wages) decreases, so that the ratio and the rate go up. In addition, the benefit ratio is directly influenced by changes in the duration of benefit payments. Under this type of ratio the wage decline in the reconversion period, combined with the increase in benefits, raised the benefit ratio and therefore the rates that will be assigned to employers for 1947.

States With Combined Reserve-Ratio and Benefit-Ratio Plan

In only two States—South Dakota and Vermont—are the potentially wide fluctuations due to the use of the benefit-ratio formula modified by combination with a reserve-ratio requirement.

In South Dakota, if, among other conditions, an employer's reserve account is not less than 7.5 percent of his average pay roll for the 3 preceding years, the employer is eligible for rate reductions based on his benefit ratio, in accordance with a schedule established by the Unemployment Compensation Commission. If, however, the reserve ratio is at least 10 percent, the contribution rate is set at zero. Thus, if an employer's reserve ratio remains within the range of 7.5–10 percent, his contribution rate will fluctuate with his benefit ratio.

If, however, pay rolls decrease more rapidly than reserves, employers' reserve ratios may rise to 10 percent and their contribution rates drop to zero. Thus, the tendency for rates to rise as benefits increase and pay rolls decline will be wholly or partly offset by the decline to zero in the tax rates of employers whose reserve ratios rise.

Under the Vermont law, an employer is eligible for rate reductions if, in addition to other factors, his reserve ratio is at least 2.5 percent of pay rolls for the last 3 preceding calendar years or 7.5 percent of pay rolls in the last preceding calendar year, whichever is higher. Reduced rates are then assigned on the basis of the employer's benefit ratio in accordance with a schedule established by the Unemployment Compensation Commission. Thus, for qualified Vermont employers, characteristics of the benefit-ratio plan discussed above will generally prevail.

However, changes in the over-all average tax rate will be more or less marked in Vermont than in benefit-ratio States, depending on the relationship between employer pay rolls and reserves. For example, an upward movement in contribution rates will be diminished if employer reserves fall less rapidly than pay rolls, since more employers will meet the 7.5-percent reserve requirement and become eligible for reduced rates. An upward tendency will be accelerated, however, if reserves fall more rapidly than pay rolls; in this case, fewer employers will qualify for rate reductions and in this way will push the average rate upward.

State With Compensable-Separations-Ratio Plan

One State, Connecticut, uses compensable separations to measure an employer's experience with unemployment. However, the individual employer's tax rate is determined by comparing his experience with that of all other employers and is therefore affected by their experience as well as his own. Rate variations from year to year can occur only for individual firms, since employers are ranked each year by the size of their compensable-separations ratio and rates are assigned so as to maintain a constant average rate for the State as a whole from year to year.

The compensable-separations ratio is defined as total wages for the 3 most recently completed years, divided by the sum of 1 week's benefit payments to former workers who received benefits during those years. Employers with the highest ratios are assigned the lowest contribution rates. Tax rates for 1946 undoubtedly increased for employers in such industries as shipbuilding, where the end of the war brought drastic curtailment of operations. Although many of the workers found new jobs in a very short time, the Connecticut plan does not take into account directly the duration of benefits, and therefore, even if these workers received only one benefit check, the experience rating of their former employers was adversely affected. Employers in the iron and steel industry and manufacturers of chemical and allied products were similarly affected by the war's end and therefore were probably assigned higher rates in 1946.

Employers in the service industries, in general, increased their employment after the war was over, and their 1946 contribution rates are likely to be lower than their rates for 1945 and earlier years. Among the construction firms, too, employment increased above wartime levels, and as a consequence tax rates will be based on more favorable conditions. Manufacturers of textiles and wearing apparel maintained relatively stable employment levels during reconversion and probably benefited at the cost of employers whose pay rolls declined.

State With Pay-Roll-Variations Plan

In July 1945 the pay-roll-variations plan became effective in New York. This plan, which differs in many respects from the other experience-rating systems, provides that an employer's experience with unemployment shall be measured on the basis of three factors: year-to-year percentage declines in taxable pay roll; quarter-to-quarter percentage declines in total pay roll; and number of years the employer has been liable for contributions. The greatest weight is assigned the first factor, and the last carries the least weight.

In effect, the provisions specify that an employer who has had the smallest yearly and quarterly percentage declines in pay roll and who has been subject to contributions for the longest time, as compared with all other employers, shall be entitled to the largest reduction in his contribution rate. The rate reduction is effected by granting the employer a credit allowance on his contributions for the current rate year. This credit is a proportion (based on his experience as measured above) of the surplus amount in the unemployment trust fund as of the beginning of the current rate year. The surplus is defined as that amount which is in excess of 10.8 percent of taxable wages for the preceding year; 60 percent of this surplus may be distributed as credit allowances. None of the surplus will be distributed, however, unless it is at least 10 percent of the base amount.

Since the provisions were effective as of July 1945, the result in the immediate reconversion period has been to reduce rates below the 2.7-percent rate effective in preceding years. This reduction occurred regardless of changes in levels of employment, unemployment, and wages. The average rate in the State for the following years also may be expected to fall below 2.7 percent. Not only will the 40 percent of the previous year's surplus be applied to the 1946 rate year, but even though benefits increase and thereby reduce the fund, taxable wages will also fall and thereby reduce the amount required before a surplus can be declared.

From the point of view of the individual employer, however, the prospects for rate reductions vary with the firm's own postwar progress. For the firms whose plant and pay rolls were swollen by war orders, rates will not fall (after July 1946) as much as for other firms. Firms whose employment and production were held down or even decreased during and because of the war will expand to meet the demands for consumer goods. These plants will not experience pay-roll declines and therefore will gain, at the expense of the war firms, with respect to credit allowances and rate reductions.

Conclusion

Employer contribution rates will react most quickly to changes due to reconversion in States with benefit-ratio, combined benefit and reserve-ratio, and benefit-wage-ratio plans. Average rates in these States may be expected to increase in the first year in which rates are based on a substantial amount of the employer's postwar experience. In the reserve-ratio States, rates will react more slowly; during the first years after reconversion, they may even continue to decline but are likely to be stabilized shortly.

In New York the mere fact that the system became effective in July 1945 makes a fall in rates inevitable. In Connecticut, because of the provisions in the law, the average State-wide rate will be unchanged though there will, of course, be considerable shuffling up and down the rate scale among individual employers.

For the United States as a whole

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42, Oct. 1946, pp. 274–278. $3 a year.

Criticizes the Wagner-Murray-Dingell health bill and shows how a voluntary health insurance program would be more effective.

HAYES, JOHN H. "Hospitals and Compulsory Health Insurance." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 3, Aug.–Sept. 1946, pp. 17–24. $1 a year.

Opposes compulsory health insurance because of the control over the hospitals which it would give the Federal Government.

HERRINGSHAW, HAZEL. "Nursing in Prepayment Medical Care Plans." *American Journal of Nursing*, New York, Vol. 46, Sept. 1946, pp. 596–600. 35 cents.

Information on the amount of nursing service now provided through prepayment plans, and discussion of the implications for the profession.

KLEM, MARGARET C. "Voluntary Health Insurance—Its Growth and Coverage." *Public Affairs*, Halifax, Nova Scotia, Vol. 9, Sept. 1946, pp. 239–244. 30 cents.

Reviews the development of prepayment plans and comments on the limitations of voluntary health insurance.

MEADOWS, CLARENCE W. "Medical Care: Whose Responsibility?" *West Virginia Medical Journal*, Charleston, Vol. 42, Oct. 1946, pp. 241–243.

The Governor of West Virginia outlines the responsibility of the State for providing public health services and medical care for the indigent and the mentally and physically handicapped.

"The New Disability Annuity Provisions." *Monthly Review* (Railroad Retirement Board), Chicago, Vol. 7, Oct. 1946, pp. 191–194.

Explains the eligibility requirements for occupational disability annuities as well as changes in the total disability requirements.

NEW ZEALAND. DEPARTMENT OF HEALTH. *Annual Report of the Director-General of Health.* Wellington: E. V. Paul, Govt. Printer, 1946. 30 pp. 6 d.

Includes statistics on expenditures for medical benefits for 1945–46.

PETERS, CLARENCE A. Compiler. *Free Medical Care.* New York: H. W. Wilson, 1946. 378 pp. (The Reference Shelf, Vol. 19, No. 3.) $1.25.

A compilation of statements for and against health insurance.

SALMON, PETER J., and SPAR, HARRY J. "A Glimpse at Recent Developments in Vocational Rehabilitation Work for the Blind." *Outlook for the Blind*, New York, Vol. 40, Sept. 1946, pp. 189–194. 25 cents.

"Sickness Unemployment Benefits." *California Medicine*, San Francisco, Vol. 65, July 1946, pp. 39–40. 50 cents.

Information on the recently enacted California disability insurance act, which stresses the obligations of the physician in certifying a patient's disability.

SIMPSON, HERBERT D. *Health Protection: A Study of Pre-payment Medical Service Plans.* Chicago: The National Physicians Committee for the Extension of Medical Service, 1946. 78 pp.

A study of plans in California, Massachusetts, Michigan, New Jersey, Oregon, and Washington, which concludes with some general considerations as to the problems and future of medical service plans.

STROW, CARL W. "State Plans for Disability Compensation." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 3, Aug.–Sept. 1946, pp. 12–16. $1 a year.

Comments on the experience in Rhode Island and considers the objectives of a disability compensation program.

U. S. PUBLIC HEALTH SERVICE. *Health Service Areas: Requirements for General Hospitals and Health Centers.* Washington: U. S. Govt. Print. Off., 1945. 67 pp. (Public Health Bulletin No. 292.) 25 cents.

A projected plan, with numerous charts and tables, of an integrated system of hospitals and related facilities.

WARBASSE, JAMES PETER. *Cooperative Medicine.* Chicago: Cooperative League of the U. S. A., 1946. 4th ed. 63 pp. 25 cents.

Exposition, with examples, of the principles and practice of consumer-cooperative hospital and medical service plans.

WHITEHALL, ALBERT V., and JOHNSON, BREMEN I. "Putting S. 191 to Work as Public Law 725." *Hospitals*, Chicago, Vol. 20, Sept. 1946, pp. 35–38. 30 cents.

Information on the Hospital Survey and Construction Act; a table of preliminary fund allocations is included.

WILSON, ELIZABETH W. "British National Health Insurance — The Workers' Pride." *Journal of Gerontology*, Springfield, Ill., Vol. 1, July 1946, pp. 374–382. $1.50.

Stresses the shortcomings of the system and compares it with the German program.

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amount than in either of the 2 preceding quarters. Despite the third-quarter drop, awards for the first 9 months of 1946 exceeded by almost a third the total number awarded in the same period of 1945. An estimated 36.3 million workers received taxable wages of $17.6 billion during the second quarter of this year. Both the number of workers and the total amount of taxable wages were greater than in the first quarter, as was the estimated average taxable wage of $485. The number of employees reporting these wages—almost 2.5 million—was the largest in any quarter on record.

DURING SEPTEMBER, New York raised its average monthly payments for aid to dependent children by $9 per family, and Delaware and the District of Columbia raised theirs by more than $6. In the country as a whole, the average payment per family rose to $55.41, from $54.07 in August. Smaller increases occurred in each of the other programs. Some of the increases in the special programs occurred in response to increases in Federal financial participation under the public assistance amendments, effective in October. Total expenditures for assistance were $99 million in September.

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the 1946 average employer contribution rate will fall below the 1945 level because: rates for 1946 will be determined, even more than those for 1945, by the favorable conditions of the war years; experience-rating systems in Louisiana, Nevada, and New York will be in operation for a full year; lower minimum rates will go into effect in some States; and some war-risk States will no longer have these provisions in effect.

In 1947, however, except for some reserve-ratio States, and Connecticut and New York, rates will very likely increase.

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