# Unemployment Insurance

Unemployment insurance was initiated on a national basis in the United States as Title III and Title IX of the Social Security Act of 1935. It is a Federal-State coordinated program. Each State administers its own program within national guidelines promulgated under Federal law.

The program is designed to provide partial income replacement to regularly employed members of the labor force who become involuntarily unemployed. To be eligible for benefits a worker must register at a public employment office, must have a prescribed amount of employment and earnings during a specified base period, and be available for work and able to work. In most States, the base period is the first four quarters of the last five completed calendar quarters preceding the claim for unemployment benefits.

The amount of the weekly benefit amount a worker may receive while unemployed varies according to the benefit formula used by each State and the amount of the worker's past earnings. All States establish a ceiling on the maximum amount a worker may receive.

The number of weeks for which unemployment benefits can be paid ranges from 1 to 39 weeks. The most common duration is 26 weeks for the regular permanent program. Workers who have exhausted their unemployment benefits in the regular program may be eligible for additional payments for up to 13 weeks under a permanent program for extended benefits during periods of very high unemployment. Federal unemployment benefits have been established for several groups, including Federal military and civilian personnel.

The Department of Labor is responsible for ascertaining that the State unemployment insurance programs conform with Federal requirements. Unemployment benefits and funding for administration of the program generally are financed from taxes paid by employers on workers' earnings up to a set maximum.

## *Background*

In 1932, the State of Wisconsin established the first unemployment insurance law in the United States, which served as a forerunner for the unemployment insurance provisions of the Social Security Act of 1935. The existence of the Wisconsin law, concerns over the constitutionality of an exclusively Federal system, and uncertainties about untried aspects of administration were among the factors that led to the Federal-State character of the system (unlike the old-age insurance benefit provisions of the Social Security legislation, which are administered by the Federal Government alone).

The Social Security Act provided two inducements to the States to enact unemployment insurance laws. A uniform national tax was imposed on the payrolls of industrial and commercial employers who employed 8 or more workers in 20 or more weeks in a calendar year. Employers who paid a tax to a State with an approved unemployment insurance law could credit up to 90% of their State tax against the national tax. Thus, employers in States without an unemployment insurance law would have little advantage in competing with similar businesses in States with such a law, because they would still be subject to the Federal payroll tax. Moreover, their employees would not be eligible for benefits. As a further inducement, the Social Security Act authorized grants to States to meet the costs of administering their systems.

By July 1937, all 48 States, the then territories of Alaska and Hawaii, and the District of Columbia had passed unemployment insurance laws. Puerto Rico later established its own unemployment insurance program, which was incorporated into the Federal-State system in 1961. Similarly, a program for workers in the Virgin Islands was added in 1978.

Federal law requires State unemployment insurance programs to meet certain requirements if employers are to receive their offset against the Federal tax and if the State is to receive Federal grants for administration. These requirements are intended to assure that State systems are fairly administered and financially secure.

One of these requirements is that all contributions collected under State laws be deposited in the unemployment trust fund in the Department of the Treasury. The fund is invested as a whole, but each State has a separate account to which its deposits and its share of interest on investments are credited. A State may withdraw money from its account at any time, but only to pay benefits.

Thus, unlike the workers' compensation and temporary disability insurance benefits in the majority of States, unemployment insurance benefits are paid exclusively through a public fund. Private plans cannot be substituted for the State plan.

Aside from Federal standards, each State has major discretion regarding the content and development of its unemployment insurance law. The State itself decides the amount and duration of benefits (except for certain Federal requirements concerning Federal-State Extended Benefits); the contribution rates (within limits); and, in general, eligibility requirements and disqualification provisions. The States also directly administer their programs—collecting contributions, maintaining wage records (where applicable), taking claims, determining eligibility, and paying benefits to unemployed workers.

## Coverage

At the end of 1995, approximately 113 million workers were in jobs covered by unemployment insurance. Originally, coverage was limited to employment covered by the Federal Unemployment Tax Act (FUTA), primarily industrial and commercial workers in private industry. However, several Federal laws (such as the Employment Security Amendments of 1970 and the Unemployment Compensation Amendments of 1976) substantially increased both the number and types of workers protected under the State programs.

Private employers in industry and commerce are subject to the law if they employ one or more individuals on 1 day in each of 20 weeks during the current or preceding year, or if they paid total wages of $1,500 or more during any calendar quarter in the current or preceding year.

Agricultural workers are covered on farms with a quarterly payroll of at least $20,000 or employing 10 or more persons in 20 weeks of the year. A domestic employee in a private household is subject to FUTA if its employer paid wages of $1,000 or more in a calendar quarter. Self-employed individuals and workers employed by their own families are excluded from coverage.

Before 1976, State and local government and most nonprofit organizations were exempt from FUTA. However, most employment in these groups now must be covered by State law as a condition for securing Federal approval. Local governments and nonprofit employers have the option of making contributions as under FUTA, or of reimbursing the State for benefit expenditures actually made.

Elected officials, legislators, members of the judiciary, and the State National Guard are still excluded, as are employees of nonprofit organizations that employ fewer than four workers in 20 weeks in the current or preceding calendar year. However, many States have extended coverage beyond the minimum required by Federal legislation.

Federal civilian employees and ex-servicemembers have been brought under the unemployment insurance system through special Federal legislation. Their benefits are financed through Federal funds, but administered by the States and paid in accordance with State laws. Railroad workers are covered by a separate unemployment insurance law enacted by Congress. (This law is described in the section on programs for railroad workers.)

## *Eligibility for Benefits*

Unemployment benefits are available as a matter of right (that is, without a means test) to unemployed workers who have demonstrated their attachment to the labor force by a specified amount of recent work and/or earnings in covered employment. All workers whose employers contribute to or make payments in lieu of contributions to State unemployment funds are eligible if they become involuntarily unemployed and are able to work, available for work, and actively seeking work.

Workers must also meet the eligibility and qualifying requirements of the State law. Workers who meet these eligibility conditions may still be denied benefits if they are found to be responsible for their own unemployment.

The benefit may be reduced if the worker is receiving certain types of income—pension, back pay, or workers' compensation for temporary partial disability. Unemployment benefits are subject to Federal income taxes.

### Work Requirements

A worker's monetary benefit rights are based on his or her employment in covered work over a prior reference period, called the "base period," and these benefit rights remain fixed for a "benefit year." In most States, the base period is the first four quarters of the last five completed calendar quarters preceding the claim for benefits.

Six States specify a flat minimum amount of base period earnings, ranging from $1,000 to $2,964, to qualify. One-fourth of the States express their earnings requirements in terms of a multiple of the benefit for which the individual will qualify (such as 30 times the weekly benefit amount). Most of these jurisdictions, however, have an additional requirement that wages be earned in more than one calendar quarter or that a specified amount of wages be earned in the calendar quarter other than that in which the claimant had the most wages.

Almost half the States simply require base period wages totaling a specified multiple—commonly 1-1/2 of the claimant's high-quarter wages. Seven States require a minimum number of weeks of covered employment (minimum number of hours in one State), generally reinforced by a requirement of an average or minimum amount of wages per week.

If the unemployed worker meets the State requirements, his or her eligibility extends throughout a "benefit year," a 52-week period usually beginning on the day or the week for which the worker first filed a claim for benefits. No State permits a claimant who received benefits in one benefit year to qualify for benefits in a second benefit year unless he or she had intervening employment.

### Other Requirements

All States require that for claimants to receive benefits, they must be able to work and must be available for work—that is, they must be in the labor force and their unemployment must be due to lack of work. One evidence of ability to work is the filing of claims and registration for work at a State public employment office. Most State agencies also require that the unemployed worker make an independent job-seeking effort.

Eleven States have added a proviso that no individual who has filed a claim and has registered for work shall be considered ineligible during an uninterrupted period of unemployment because of illness or disability, so long as no work, which is considered suitable but for the illness or disability, is offered and refused after becoming ill or disabled. In Massachusetts the period during which benefits will be paid is limited to 3 weeks and in Alaska 6 consecutive weeks.

Most States have special disqualification provisions that specifically restrict the benefit rights of students who are considered not available for work while attending school. Federal law also restricts benefit eligibility of some groups of workers under specified conditions: school personnel between academic years, professional athletes between sports seasons, and aliens not present in the United States under color of law.

The major reasons for disqualification for benefits are voluntary separation from work without good cause; discharge for misconduct connected with the work; refusal, without good cause, to apply for or accept suitable work; and unemployment due to a labor dispute. In all jurisdictions, disqualification serves at least to delay receipt of benefits. The disqualification may be for a specific uniform period, for a variable period, or for the entire period of unemployment following the disqualifying act. Some States not only postpone the payment of benefits but also reduce the amount due to the claimant. However, benefit rights cannot be eliminated completely for the whole benefit year because of a disqualifying act other than discharge for misconduct, fraud, or because of disqualifying income (that is, workers' compensation, holiday pay, vacation pay, back pay, and dismissal payments). Also, no State may deny unemployment insurance benefits when a claimant undergoes training in an approved program.

The Federal Unemployment Tax Act also provides that no State can deny benefits if a claimant refuses to accept a new job under substandard labor conditions, or where required to join a company union or to resign from or refrain from joining any bona fide labor organization. However, in all States unemployment due to labor disputes results in postponing benefits, generally for an indefinite period depending on how long the unemployment lasts because of the dispute. State laws vary as to how this disqualification applies to workers not directly involved.

Under Federal law, States are required under certain conditions to reduce the weekly benefit by the amount of any governmental or other retirement or disability pension, including Social Security benefits and Railroad Retirement annuities. States may reduce benefits on a less than dollar-for-dollar basis to take into account prior contributions by the worker to the pension plan.

In nearly half the States, workers' compensation either disqualifies the worker for unemployment insurance for the week concerned, or reduces the unemployment insurance benefit by the amount of the workers' compensation. Wages in lieu of notice or dismissal payments also disqualify a worker for benefits or reduce his or her weekly benefit in half the States.

## *Types and Amounts of Benefits*

During 1995, the average weekly number of persons paid unemployment benefits under the regular programs (including State programs and programs for Federal employees and ex-servicemembers) was 2.6 million. Benefit payments totaled $21.9 billion, of which $21.3 billion was expended under State programs and $640 million to Federal employees and ex-servicemembers. The average weekly benefit was $187 and the average duration was 14.7 weeks.

Under all State laws, the amount payable for a week of total unemployment varies with the worker's past wages within minimum and maximum limits. In most of the States, the formula is designed to compensate for a fraction of the usual weekly wage (normally about 50%), subject to specified dollar maximums. The benefits provisions under State unemployment insurance laws are shown in Appendix III.

Three-fourths of the laws specify a formula that computes weekly benefits as a fraction of wages in one or more quarters of the base period—most commonly, the quarter during which wages were highest, because this quarter most nearly reflects full-time work. In most of these States, the same fraction is used at all benefit levels. The other laws provide for a weighted schedule that gives a greater proportion of high-quarter wages to lower-paid workers. Six States compute the weekly benefit amount as a percentage of annual wages, and five States base it directly on average weekly wages during a specified recent period.

Each State establishes a maximum weekly benefit, either a fixed dollar amount or a flexible ceiling. Under the latter arrangement, adopted in 35 jurisdictions, the maximum is adjusted automatically in accordance with the weekly wages of covered employees and is expressed as a percentage of the Statewide average—varying from 49.5% to 70%. Such provisions remove the need for amending the maximum as wage levels change.

The maximum weekly benefit for all States varies from $133 to $362 (excluding allowances for dependents provided by 13 jurisdictions). Because statutory increases in the maximum tend to lag behind increases in wage levels, the maximum in States with fixed amounts often reduces the benefit amounts of workers to below the 50% level. Minimum benefits—ranging from $5 to $87 a week—are provided in every State.

All States pay the full weekly benefit amount when a claimant has had some work during the week, but has earned less than a specified (relatively small) sum. In the majority of States, this amount is defined as a wage that is earned in a week of less than full-time work and that is less than the claimant's regular weekly benefit amount. All States also provide for the payment of reduced weekly benefits—partial payments—when earnings exceed that specified amount.

Twelve States and the District of Columbia provide additional allowances for certain dependents. They all include children under specified ages (16, 18, or 19 and, generally, older if incapacitated); nine States provide for a nonworking spouse; and three States cover other dependent relatives. The amount paid per dependent varies considerably by State but generally is $20 or less per week and, in the majority of States, it is the same for each dependent.

All but 11 States require a waiting period of one week of total unemployment before benefits can begin. Three States pay waiting-period benefits retroactively if unemployment reaches a certain duration or if the employee returns to work within a specified time.

All but two jurisdictions set a statutory maximum of 26 weeks of benefits in a benefit year. However, only nine jurisdictions provide the same maximum for all claimants. The remaining 44 jurisdictions vary the duration of benefits through formulas that relate potential duration to the amount of former earnings or employment—generally by limiting total benefits to a certain fraction of base period earnings or to a specified multiple of the weekly benefit amount, whichever is less.

## Extended Benefits

In the 1970's, a permanent Federal-State program of extended benefits was established for workers who exhaust their entitlement to regular State benefits during periods of high unemployment. The program is financed equally from Federal and State funds. Extended Benefits are triggered when unemployment among insured workers in an individual State averages 5% or more over a 13-week period, and is at least 20% higher than the rate for the same period in the 2 preceding years. If the insured unemployment rate reaches 6% a State may, at its discretion, disregard the 20% requirement.

Once triggered, extended benefit provisions remain in effect for at least 13 weeks. When a State's benefit period ends, extended benefits to individual workers also end, even if they have received less than their potential entitlement and are still unemployed. Further, once a State's benefit period ends, another Statewide period cannot begin for at least 13 weeks.

Most eligibility conditions for extended benefits are determined by State law (and they are payable at the same rate as the regular State weekly amount). However, under Federal law a claimant applying for extended benefits must have had 20 weeks in full-time employment (or the equivalent in insured wages) and must meet special work requirements. A worker who has exhausted regular benefits is eligible for a 50% increase in duration, to a maximum of 13 weeks of extended benefits. There is, however, an overall maximum of 39 weeks of regular and

## UI summary data, calendar year 1996 (third quarter)

[Benefits paid in millions]

| State | Regular[1] | Average weekly benefit | Average compensable duration (in weeks) |
|---|---|---|---|
| United States | $4,736,798 | $183.02 | 14.92 |
| Alabama | 51,002 | 141.40 | 10.41 |
| Alaska | 18,919 | 168.87 | 15.01 |
| Arizona | 46,806 | 147.60 | 14.31 |
| Arkansas | 38,969 | 169.32 | 12.14 |
| California | 652,690 | 152.81 | 16.97 |
| Colorado | 41,488 | 206.67 | 12.45 |
| Connecticut | 98,849 | 213.81 | 16.60 |
| Delaware | 23,866 | 230.06 | 15.58 |
| District of Columbia | 25,151 | 233.58 | 19.08 |
| Florida | 191,370 | 175.09 | 14.27 |
| Georgia | 71,448 | 164.69 | 9.59 |
| Hawaii | 47,624 | 206.58 | 16.47 |
| Idaho | 14,790 | 176.13 | 12.19 |
| Illinois | 260,999 | 204.26 | 17.20 |
| Indiana | 49,066 | 177.48 | 11.19 |
| Iowa | 32,819 | 196.45 | 12.08 |
| Kansas | 32,114 | 201.66 | 13.42 |
| Kentucky | 46,651 | 170.49 | 12.31 |
| Louisiana | 35,163 | 127.85 | 14.32 |
| Maine | 19,044 | 170.20 | 14.07 |
| Maryland | 78,946 | 193.00 | 15.77 |
| Massachusetts | 167,770 | 246.13 | 16.35 |
| Michigan | 192,969 | 133.54 | 11.45 |
| Minnesota | 59,372 | 218.51 | 14.64 |
| Mississippi | 32,312 | 140.61 | 13.64 |
| Missouri | 63,007 | 150.54 | 13.35 |
| Montana | 9,605 | 159.52 | 14.20 |
| Nebraska | 10,373 | 156.34 | 11.54 |
| Nevada | 31,910 | 192.91 | 13.85 |
| New Hampshire | 8,611 | 158.81 | 9.61 |
| New Jersey | 309,518 | 247.86 | 17.31 |
| New Mexico | 18,018 | 160.53 | 16.20 |
| New York | 445,592 | 203.73 | 19.65 |
| North Carolina | 89,526 | 194.13 | 9.22 |
| North Dakota | 4,519 | 167.21 | 12.57 |
| Ohio | 137,334 | 197.23 | 13.66 |
| Oklahoma | 24,620 | 173.92 | 12.78 |
| Oregon | 84,489 | 191.02 | 15.45 |
| Pennsylvania | 340,281 | 205.43 | 16.81 |
| Puerto Rico | 55,940 | 93.87 | 18.61 |
| Rhode Island | 40,421 | 220.59 | 15.61 |
| South Carolina | 48,328 | 166.19 | 10.94 |
| South Dakota | 2,563 | 144.42 | 10.94 |
| Tennessee | 72,653 | 155.34 | 11.88 |
| Texas | 247,676 | 187.77 | 15.69 |
| Utah | 13,892 | 196.22 | 10.74 |
| Vermont | 9,664 | 162.38 | 14.50 |
| Virginia | 41,346 | 173.29 | 10.22 |
| Virgin Islands | 1,237 | 160.74 | 15.62 |
| Washington | 174,178 | 211.67 | 18.57 |
| West Virginia | 28,395 | 174.70 | 14.86 |
| Wisconsin | 87,869 | 192.59 | 12.10 |
| Wyoming | 5,038 | 180.69 | 14.39 |

[1] Includes extended benefits of $527 million in Alaska and $8,817 million in Puerto Rico.

Source: U.S. Department of Labor, Unemployment Insurance Service, Division of Actuarial Services, *UI Data Summary, December 1996.*

extended benefits. Because of the way extended benefits were triggered, only nine jurisdictions qualified for them during the economic downturn of 1991.

The Unemployment Compensation Amendments of 1992 (P.L. 102-318), modified the permanent Extended Benefits program to provide more effective protection on an ongoing basis. Effective March 7, 1993, States had the option of amending their laws to use alternative total unemployment rate triggers, in addition to the current insured unemployment rate triggers. Under this option, extended benefits would be paid when the State's seasonally adjusted total unemployment rate for the most recent 3 months is at least 6.5%, and that rate is at least 110% of the State average total unemployment rate in the corresponding 3-month period in either of the 2 preceding years.

States triggering the extended benefits program using other triggers would provide the regular 26 weeks of unemployment benefits, in addition to 13 weeks of extended benefits (the same number provided previously). States that have opted for the total unemployment rate trigger will also amend their State laws to add an additional 7 weeks of extended benefits (for a total of 20 weeks) when the total unemployment rate is at least 8% and is 110% of the State's total unemployment rate for the same 3 months in either of the 2 preceding years.

## *Financing*

The Unemployment Trust Fund in the Federal unified budget contains a separate account for each of the States, the District of Columbia, the Virgin Islands, and Puerto Rico. These 53 jurisdictions deposit their respective unemployment taxes in their accounts and withdraw funds to cover the costs of regular State benefits and half of the extended benefits program. Three additional Federal accounts are for administration, extended benefits, and loans to States; they are funded by the Federal unemployment tax.

Effective January 1985, all employers covered by the Federal Unemployment Tax Act are charged 6.2% of the first $7,000 annually for each worker's covered wages. However, employers do not actually pay the full amount because they credit toward their Federal tax the payroll tax contributions that they paid into a State unemployment insurance program. Their credit may also include any savings on the State tax achieved under an approved experience rating plan, as described below.

The credit available to employers in a State may be reduced if the State has fallen behind on repayment of loans to the Federal Government. Many States have taken out such loans when their reserves were depleted during periods of high unemployment. These loans to States had been interest free, but beginning April 1982, interest has been payable except on certain short-term "cash flow" loans. As of January 1, 1996, no State had a loan outstanding.

Effective January 1985, the total credit may not exceed 5.4% of taxable wages. The remaining 0.8%, including a 0.2% temporary surcharge, is collected by the Federal Government. The permanent 0.6% portion is used for the expenses of administering the unemployment insurance program for the 50% share of the costs of extended benefits, and for loans to States. Any excess is distributed among the States in proportion to their taxable payrolls. The "temporary" 0.2% FUTA surcharge was added in 1977 and was extended through 1998 by a number of public laws.

All States finance unemployment benefits through employer contributions. There is no Federal tax on employees, and only three States collect employee contributions. In January 1996, 41 jurisdictions had set their tax bases higher than the $7,000 Federal base.

Most States have a standard tax rate of 5.4% of taxable payroll. However, the actual tax paid depends on the employer's record of employment stability, measured generally by benefit costs attributable to former employees. All jurisdictions use this system, called experience rating. Employers with favorable benefit cost experience are assigned lower rates than those with less favorable experience. Experience rating systems vary widely among the States. In 50 jurisdictions, the amount of benefits paid to former workers is the basic factor in measuring an employer's experience. The other jurisdictions rely on the number of separations from an employer's service, or the amount of decline in covered payrolls.

Contribution rates may also be modified according to the current balance of each State's Unemployment Trust Fund. When the balance falls below a specified level, rates are raised. In some States, it is possible for an employer with a good experience rating to be assigned a tax rate as low as 0%; the maximum in three States is 10%.

Benefits are commonly charged against all employers who paid the claimant wages during the base period, either proportionately or in inverse order of employment. However, a few States charge benefits exclusively to the separating employer. In some, benefits paid after a disqualification are not charged to any employer's account.

In 1995, the estimated national average employer contribution rate actually paid was 2.3% of taxable payroll, or 0.8% of total wages in covered work. The average contribution rate varied widely by State, however. The percent of State taxable payroll ranged from 0.6 to 4.9; the percent of total wages from 0.2 to 2.1.

Disaster Unemployment Assistance (DUA) is paid out of funds provided by the Federal Emergency Management Agency (FEMA). Benefits for former Federal civilian employees, including postal workers (and, after October 1, 1983, former members of the Armed Forces) are paid out of the Federal Employees Compensation

Account (FECA) in the Unemployment Trust Fund, subject to reimbursement by the former employing agency.

### *Administration*

States have the direct responsibility for establishing and operating their own unemployment insurance programs, while Federal unemployment insurance tax collections are used to finance expenses deemed necessary for proper and efficient administration. State unemployment insurance tax collections are used solely for the payment of benefits, and may not be used for any program administration cost, nor for training, job search, or job relocation payments. However, several States collect a supplementary tax for the administration of their unemployment insurance laws because funds appropriated each year by Congress out of the proceeds of the earmarked Federal unemployment tax for "proper and efficient administration" have not proven adequate.

Federal regulations do not specify the form of the organization administering unemployment insurance or its place in the State government. Twenty-eight States have placed their employment security agencies in the Department of Labor or under some other State agency, while the others rely on independent departments, boards, or commissions. Advisory councils have been established in all but four jurisdictions; 46 of them are mandated by law. These councils assist in formulating policy and addressing any problems related to the administration of the Employment Security Act. In most States, they include equal representation of labor and management, as well as representatives of the public interest.

State agencies operate through local full-time unemployment insurance and employment offices that process claims for unemployment insurance and also provide a range of job development and placement services. State employment offices were established by Congress in 1933 under the Wagner-Peyser Act, and thus actually antedate the unemployment insurance provisions of the Social Security Act. Federal law provides that the personnel administering the program must be appointed on a merit basis, with the exception of those in policymaking positions.

Federal law also requires that States must provide workers whose claims are denied an opportunity for a fair hearing before an impartial tribunal. Generally, there are two levels of administrative appeal: first to a referee or tribunal, and then to a board of review. Decisions of the board of review may be appealed to the State courts in all jurisdictions.

Generally, claims must be filed within 7 days after the week for which the claim is made, unless there is good cause for late filing. They must continue to be filed throughout the period of unemployment, usually biweekly and by mail. Benefits are paid on a biweekly basis in most States.

All the States have adopted interstate agreements for the payment of benefits to workers who move across State lines. They also have made special wage-combining agreements for workers who earned wages in two or more States.

The Federal functions of the unemployment insurance program are chiefly the responsibility of the Employment and Training Administration's Unemployment Insurance Service in the U.S. Department of Labor. It verifies each year that State programs conform with Federal requirements, provides technical assistance to the State agencies, and serves as a clearinghouse for statistical data. The Internal Revenue Service in the Department of the Treasury collects FUTA taxes, and the Treasury also maintains the Unemployment Insurance Trust Fund.

## Workers' Compensation

Workers' compensation was the first social insurance to develop widely in the United States. In 1908, the first workers' compensation program covering certain Federal civilian employees in hazardous work was enacted. Similar laws were passed in 1911 in some States for workers in private industry, but not until 1949 had all States established programs to furnish income-maintenance protection to workers disabled by work-related illness or injury. For the next several decades, State laws expanded coverage, raised benefits, and liberalized eligibility requirements and increased the scope of protection in other ways.

Today, such laws are in effect in all the States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. In addition, three separate programs cover longshore, harbor, and other maritime workers; Federal employees; and coal miners.

Workers' compensation laws very widely among the States with regard to the number of weeks for which benefits may be paid and the amount of benefits payable. Payments for total disability are generally based on the worker's wages at the time of injury—usually 66-2/3% of weekly wages, up to a statutory maximum.

Workers' compensation programs are almost exclusively financed by employers on the principle that the cost of work accidents is part of production expenses. Costs are influenced by the hazards of the industry and the method used to insure for liability. A few State laws contain provisions for nominal employee contributions for hospital and medical benefits.

### *Coverage*

State and Federal workers' compensation laws cover the Nation's wage and salary labor force. Common coverage exemptions are domestic service, agricultural employment, and casual