

# Operation of Experience Rating in Nebraska, 1940\*

*Provision was first made in 1940 for including in the regular statistical reporting program special reports from State agencies in which employers' contribution rates had been modified in accordance with the experience-rating provisions of their unemployment compensation laws, or in which experience-rating provisions were being administered but contribution rates had not yet been modified. This is the first of a series of analyses of experience-rating data received during 1940 from a number of State employment security agencies. Similar analyses, covering data received from other State agencies on the operation of experience-rating provisions, will be issued from time to time.*

DURING 1940, the first year of operation of the experience-rating provisions of the Nebraska unemployment compensation law, 31 percent of all employers in the State obtained rate reductions; of these, 86 percent were assigned the minimum rate of 1 percent. It was estimated that these rate reductions would reduce the yield from employers' contributions for 1940 by about 30 percent.<sup>1</sup> Collections for the year 1940, based upon 1939 pay rolls, and including the reduction in yield resulting from the \$3,000 statutory limitation on wages, were estimated at \$2.2 million. If all employers had continued to pay contributions at the 2.7 rate, i. e., without reduction for experience rating or for the \$3,000 limitation on wages, total collections would have been approximately \$3.3 million.

Experience-rating data reported by the Nebraska unemployment compensation agency show that a higher proportion of employers with large pay rolls obtained rate reductions than did employers with small pay rolls. Only one-third of the employers with pay rolls of less than \$20,000 obtained rate reductions, in contrast to over half of the firms with pay rolls between \$50,000 and \$100,000, and five-sixths of those with pay rolls in excess of \$1 million.

Virtually all the 1939 contributions and benefits may be attributed to three of the eight principal industry divisions, Employers in trade, manufacturing, and transportation were responsible for about 80 percent of all contributions and 66 percent of the benefits charged to employers' accounts. Employers in none of the other industry

divisions are attributable with as much as 9 percent of all contributions, although those in the construction group were charged with over 20 percent of all benefits.

Since modified contribution rates were assigned to employers on the basis of the ratio between benefits charged to their accounts and the amount of their contributions, industry groups which are characterized by the lowest ratios of benefits to contributions are those with the highest proportion of rate reductions. Conversely, industry groups with high ratios of benefits to contributions are those with the lowest proportionate number of rate reductions. Nevertheless, chance factors, such as credit for 1936 contributions and employers' voluntary contributions, which are not directly related to personnel practices intended to reduce employment fluctuations, have played a significant part in accounting for variations in employer contribution rates for 1940. Of the 172 employers who made voluntary contributions and also obtained rate reductions, only 19 would have obtained reduced rates without such contributions. No information is yet available which bears directly on the effect which experience rating may have on incentives for the stabilization of employment.

## ***Provisions for Rate Reductions***

Under the Nebraska law, benefits first became payable in January 1939. As of January 1, 1940, there were 3,410 subject employers (employers of 8 or more workers) in the State; recent estimates place the number of covered workers at about 145,000.

During 1940, employers' contribution rates were modified in Indiana, South Dakota, and

\*Prepared in the Research and Statistics Division, Bureau of Employment Security.

<sup>1</sup> *Third Annual Report, Nebraska Unemployment Compensation Division, 1939, p. 52.*

Wisconsin,<sup>2</sup> as well as in Nebraska. Nebraska is one of the three States which have the employer-reserve type of fund in their unemployment compensation laws; the others are Kentucky and Wisconsin. Only in Nebraska and Wisconsin, however, did a significant proportion of all subject employers obtain modified rates during 1940.

The Nebraska law authorizes the Commissioner of Labor to reduce an employer's contribution rate for the year 1940 in accordance with the balance in his reserve account. Rate reductions are to be granted to each employer whose balance amounts to "not less than five times the largest amount of compensation paid from such account within any 1 of the 3 preceding calendar years," and "not less than 7.5 percent of the total wages payable by him during the preceding calendar year."

The only direction given to the Commissioner by the statute, in connection with the determination of individual rates, is that "contributions shall only be such a per centum, not exceeding 2.7 percent, as the Commissioner finds necessary to maintain such reserve account at 7½ percent of his annual pay roll during the ensuing calendar year."

Under the State law only 1.8 percent of taxable wages had been collected for 1937, and 2.7 percent in each of the years 1938 and 1939. A total of 7.2 percent of pay rolls therefore had been credited to employers' accounts for these 3 years—assuming uniform pay rolls for the period and also no benefits charged to their accounts. This reserve balance obviously fell short of meeting the minimum 7.5-percent reserve requirement set forth in the statute. This deficiency was overcome by enactment of a State law (L. B. No. 44) during 1939,<sup>3</sup> which made it possible to credit to an employer's reserve account his contributions under the Federal act for the year 1936, which were refunded to the State by Federal legislation adopted during 1937.<sup>4</sup> If an employer's account could be credited with 0.9 percent of the pay-roll tax paid to the Federal Government for 1936, he could obtain a reserve balance of 8.1 percent of his annual pay roll.

The plan adopted by the agency for modifying contribution rates in 1940 classified employers in

<sup>1</sup> Employers' contribution rates were also modified in Wisconsin during 1939.

<sup>2</sup> See p. 23. See also *Third Annual Report*, op. cit., pp. 47-50.

<sup>3</sup> See footnote 8.

**Table 1.—Distribution of Nebraska experience-rating accounts and estimated annual pay roll, by 1940 contribution rate**

Contribution rate	Accounts <sup>1</sup>		Annual pay roll <sup>2</sup>		
	Number	Per-cent	Amount (in thousands)	Per-cent	Average (in thousands)
Total .....	3,333	100.0	\$121,476	100.0	\$36
2.7 .....	2,287	68.6	60,212	49.6	26
Reduced rate .....	1,046	31.4	61,264	50.4	57
2.5 .....	24	.7	721	.6	27
2.0 .....	39	1.2	1,183	1.0	28
1.5 .....	80	2.4	8,769	7.2	107
1.0 .....	903	27.1	50,591	41.6	55

<sup>1</sup> As of Mar. 31, 1940.

<sup>2</sup> Estimated from 1939 pay-roll data for 3,395 accounts active on Jan. 1, 1940; adjusted to exclude annual wages in excess of \$3,000 per individual, as well as railroad wages.

five groups, depending on their "disbursement ratios"—the ratio of benefits charged to their reserve accounts (as of Dec. 31, 1939) to contributions credited to such accounts.<sup>5</sup> The following schedule of disbursement ratios and contribution rates was established:

Disbursement ratio (percent)	Contribution rate (percent)
7.50 or less .....	1.0
7.51-10.50 .....	1.5
10.51-13.50 .....	2.0
13.51-16.66 .....	2.5
16.67 and over .....	2.7

Of the 3,333 accounts <sup>6</sup> subject to the State law as of December 31, 1939, the contribution rates of 2,287 or 69 percent remained at the standard rate of 2.7 percent (table 1), while the remaining 1,046 or 31 percent obtained reduced rates varying from 2.5 to 1 percent. Of those obtaining rate reductions, 86 percent were assigned the minimum rate of 1 percent. Table 1 shows the number of employers and their estimated 1940 pay roll, classified by contribution rates effective for 1940.

It was estimated that the average State-wide contribution rate for wages payable during the calendar year 1940 would be about 1.9 percent.<sup>7</sup> The total yield of contributions for the year, based upon 1939 pay rolls, was estimated as approximately \$2.2 million, a decline of \$1.1

<sup>4</sup> This plan was adopted and promulgated by the Commissioner as Rule V, "Contributions of Employers for 1940," *Third Annual Report*, op. cit., p. 62.

<sup>5</sup> The terms "experience-rating accounts" and "employers" are used interchangeably in this discussion. In accordance with the instructions supplied by the Bureau of Employment Security, the agency reported data on benefits charged and contributions credited to the 3,395 experience-rating accounts active as of Jan. 31, 1940, but supplied data on the modified contribution rates assigned to the 3,333 experience-rating accounts active as of Mar. 31, 1940. As of Jan. 1, 1940, there were 3,410 employers.

<sup>7</sup> *Third Annual Report*, op. cit., p. 52.

**Table 2.—Percentage distribution of Nebraska experience-rating accounts by 1940 contribution rate, for average annual pay-roll groups**

Average annual pay roll (1937-39)	Number of accounts	Percentage distribution of contribution rates						
		Total	2.7	Less than 2.7				
				Total	2.5	2.0	1.5	1.0
Total.....	3,333	100.0	68.0	31.4	0.7	1.2	2.4	27.1
Classified total.....	2,500	100.0	61.8	38.2	.8	1.4	2.9	33.1
Under \$5,000.....	300	100.0	65.3	34.7	.....	.5	.....	34.2
5,000-9,999.....	544	100.0	68.2	31.8	.....	1.5	1.3	28.1
10,000-19,999.....	724	100.0	67.0	33.0	1.0	1.5	1.0	28.9
20,000-29,999.....	288	100.0	60.1	39.9	1.1	1.7	3.1	34.0
30,000-39,999.....	153	100.0	57.5	42.5	.....	.7	6.2	35.9
40,000-49,999.....	109	100.0	50.5	49.5	.....	.....	8.2	41.3
50,000-99,999.....	232	100.0	47.4	52.6	1.3	3.0	6.0	42.3
100,000-999,999.....	168	100.0	47.0	52.4	1.2	1.8	8.9	40.5
1,000,000 and over.....	12	100.0	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Not classified <sup>2</sup> .....	737	100.0	62.8	7.2	.4	.3	.7	6.8

<sup>1</sup> Not computed, because base is too small. Rate of 1 percent applies to 0 accounts, 1.5 percent to 1 account, and 2.7 percent to 2 accounts.

<sup>2</sup> Represents data on newly organized accounts and irregular accounts not in operation 3 full years.

million or 33 percent from contributions in 1939. Of this decline, \$977,000, or almost 30 percent of the amount of 1939 contributions, is attributable to experience rating; the remaining \$115,000 represents the effect of the \$3,000 statutory limitation on wages.

**Relation of Contribution Rates to Size of Firm**

A greater proportion of the employers with larger pay rolls (\$40,000 or more) received reduced rates of contributions than did those with smaller pay rolls (table 2). Approximately one-third of the firms with average annual pay rolls of \$20,000 or less obtained rate reductions, in contrast to over half of all firms with pay rolls between \$50,000 and \$1 million, and five-sixths of those with pay rolls in excess of \$1 million.

It should be observed that use of the 3-year average gives a certain bias toward presenting a more favorable record of experience for accounts

classified in the various size groups than use of the preceding year's pay roll as the basis of classification would have given. The data on accounts classified by size relates only to those firms which have been in continuous existence for at least 3 years, while data on accounts which have been newly organized or have operated so irregularly as to have no pay roll for any of the years 1937, 1938, or 1939 are combined in the "unclassified" group. Since a substantial proportion of all business establishments, especially small firms, fail each year and since such firms are likely to have relatively unfavorable records in terms of benefit charges, the data for firms classified by size of pay roll relate to those which have been successful in remaining in business and therefore have the greatest stability of operation.

**Table 3.—Ratio of benefits to contributions for Nebraska experience-rating accounts classified by average 1937-39 and by 1939 pay roll, by annual pay-roll group**

Annual pay roll	1937-39 average	1939
Total.....	11.5	11.5
Under \$5,000.....	14.2	24.4
5,000-9,999.....	14.9	16.2
10,000-19,999.....	14.0	13.9
20,000-29,999.....	13.7	13.7
30,000-39,999.....	13.8	14.8
40,000-49,999.....	11.5	11.1
50,000-99,999.....	9.0	10.1
100,000-999,999.....	8.3	8.1
1,000,000 and over.....	20.8	52.0
Not classified <sup>1</sup> .....		

<sup>1</sup> See table 2, footnote 2.

**Table 4.—Percent of Nebraska experience-rating accounts with credit for 1936 contributions and with 1940 rate reductions, by average annual pay-roll group**

Average annual pay roll (1937-39)	All accounts	Accounts with 1936 credit		Percent obtaining 1940 rate reductions	
		Number	Percent of all accounts	All accounts	Accounts with 1936 credit
Total.....	3,333	1,574	47.2	31.4	51.4
Under \$5,000.....	306	82	22.4	34.7	56.1
5,000-9,999.....	544	214	39.3	31.8	53.7
10,000-19,999.....	724	431	59.5	33.0	45.2
20,000-29,999.....	288	208	72.2	39.9	50.5
30,000-39,999.....	153	116	75.8	42.5	52.0
40,000-49,999.....	109	90	82.0	49.5	57.8
50,000-99,999.....	232	206	88.8	52.6	57.8
100,000-999,999.....	168	159	91.6	52.4	54.7
1,000,000 and over.....	12	12	100.0	83.3	83.3
Not classified <sup>1</sup> .....	737	56	7.0	7.2	33.9

<sup>1</sup> See table 2, footnote 2.

This favorable bias is shown by the data presented in table 3, in which the ratios of benefits to contributions for accounts classified by their average pay roll for the years 1937-39 are compared with those for accounts classified according to their 1939 pay roll. Although the variation in experience does not appear to be markedly wide under these two classifications, it is clear that, for the group with pay rolls under \$5,000, the ratio of benefits to contributions is considerably lower for accounts which have been in existence for at least the 3 preceding years than it would be if accounts with at least 1 year's existence were so classified.

### Credit for 1936 Contributions

The 1939 law (L. B. No. 44) provided that the amount of credit offset against Federal tax collections on 1936 pay rolls refunded to Nebraska (\$1,330,836) under Federal legislation<sup>8</sup> should be credited to the reserve accounts of individual employers who were subject to the Nebraska law, as of June 2, 1939, and who submitted proof of payment of the 1936 tax to the State agency by August 2, 1939. Of the 3,333 accounts under consideration, 1,574 or 47 percent obtained credit for their 1936 contributions. As may be observed from table 4, a much higher proportion of the accounts in the higher pay-roll brackets obtained such credit. While less than 40 percent of the accounts with pay rolls under \$10,000 obtained credit, more than 70 percent of all accounts in each class over \$20,000, and more than 90 percent of accounts with pay rolls in excess of \$100,000, qualified for credit.<sup>9</sup>

It is apparent that credit for 1936 contributions was an important factor in the assignment of reduced rates for 1940. For each pay-roll group, a larger proportion of accounts with such credit obtained reduced rates than was true for all accounts receiving rate reductions. All firms with pay rolls of \$1 million or over received credit for 1936 contributions.

<sup>8</sup> Public, No. 353, 76th Cong. (50 Stat. 754), approved Aug. 24, 1937. Of the \$1,330,836 appropriated by Congress, \$1,124,937 or 84.6 percent was credited to employers' reserve accounts, and the remainder (\$205,899) was credited to the pooled fund. The latter consists of the State account, interest on delinquent contributions, and balances remaining from accounts of employers no longer subject to the law.

<sup>9</sup> Probably many of the smaller employers in the State neglected to take advantage of the opportunity because of the relatively small amount of money involved or for other reasons.

### Voluntary Contributions

Under the State law, Nebraska employers are permitted to make voluntary contributions, which are credited to their reserve accounts. Presumably such voluntary contributions have been authorized to permit employers whose reserve balances (on the basis of their contribution and benefit experience) are slightly under 7.5 percent

Table 5.—Number of Nebraska experience-rating accounts with voluntary contributions, by contribution rate which would have been assigned had no voluntary contributions been made and 1940 rate obtained through voluntary contributions

Contribution rate which would have been assigned if no voluntary contributions had been made	Number of employer accounts					
	Total	By contribution rate obtained through voluntary contributions				
		2.7	2.5	2.0	1.5	1.0
Total.....	176	4	0	7	25	140
2.7.....	157	4	0	5	21	127
2.5.....	2	0	0	1	0	1
2.0.....	2	0	0	1	1	0
1.5.....	5	0	0	0	3	2
1.0.....	10	0	0	0	0	10

of their pay rolls, to contribute an additional amount sufficient to enable them to qualify for such reductions. Of the 176 employers who made such contributions, 172 obtained reduced rates. Without these contributions, however, only 19 would have obtained reductions (table 5). A much higher proportion of employers in the higher pay-roll brackets made voluntary contributions and obtained rate reductions than did those in the lower brackets. For example, 1 out of each 5 firms with pay rolls in excess of \$100,000 made voluntary contributions, in contrast to 1 of each 20 firms with pay rolls of less than \$50,000, and 1 of each 9 firms with pay rolls between \$50,000 and \$100,000.

### Industry Groups

Employers in trade, manufacturing, transportation, and finance, insurance, and real estate were responsible for a higher proportion of all contributions than of all benefits charged in 1939 (table 6). In contrast to these, employers in the service and construction industries, and especially the latter, were charged with a higher proportion of the State's benefits than of the State's contributions.

The proportion of the accounts in manufacturing, trade, and finance which obtained reduced contribution rates was higher than for all accounts in the State (table 7); similarly, their ratios of benefits to contributions were lower than the State ratio. It will also be observed that the proportions of accounts obtaining reduced rates and of those with no benefits charged were much lower in construction than in trade and finance. The proportion of overdrawn accounts,<sup>10</sup> on the other hand, was much greater.

<sup>10</sup> An overdrawn account is one to which the aggregate amount of benefits charged exceeds the amount of contributions credited.

The variations between contribution and benefit experience noted with respect to principal industry divisions are even more apparent with respect to individual major industry groups.

*Trade.*—Wholesale and retail trade is the most important industry division in the State; it comprises more than 50 percent of all accounts and is attributable with one-third of the total 1939 contributions and more than one-fourth of all benefits charged. The ratio of benefits to contributions for all wholesale and retail accounts was 9 percent, whereas it was 12 percent for the State as a whole (table 7). In addition, 34 percent of the accounts

Table 6.—Number of Nebraska experience-rating accounts, number of covered workers, cumulative contributions and benefits, and percent of accounts with 1940 rate reductions, by industry<sup>1</sup>

Industry	Accounts <sup>1</sup>	Covered workers		Contributions collected <sup>2</sup>		Benefits charged <sup>3</sup>		Ratio (percent) of benefits to contributions <sup>4</sup>	Percent of accounts with 1940 rate reductions <sup>1</sup>
		Average monthly number (1939)	Percent	Amount	Percent	Amount	Percent		
Total.....	3,333	102,287	100.0	\$0,366,703	100.0	\$1,075,415	100.0	11.5	31.4
Agriculture, forestry, and fishery.....	13	105	.2	10,090	.1	2,753	.3	25.8	7.7
Mining.....	21	656	.7	33,334	.4	17,282	1.0	51.8	19.1
Construction.....	252	6,989	6.8	603,598	5.4	221,800	20.6	44.1	10.7
Building construction—general contractors.....	78	2,336	2.3	152,443	1.6	52,664	4.9	31.5	10.3
General contractors, other than building.....	109	3,645	3.5	202,744	2.8	147,787	13.7	50.2	10.1
Construction—special trade contractors.....	65	1,008	1.0	88,321	1.0	21,415	2.0	24.2	12.3
Manufacturing.....	470	27,053	26.4	2,827,745	30.2	315,746	29.4	11.2	31.7
Food and kindred products.....	185	19,876	18.5	1,739,762	18.0	210,581	19.0	12.1	28.5
Printing, publishing, and allied industries.....	85	3,081	3.0	389,079	4.1	19,827	1.8	6.1	58.9
Iron and steel and their products.....	18	900	.9	103,018	1.1	11,357	1.1	11.0	27.8
Machinery (except electrical).....	18	1,064	1.0	117,488	1.3	7,888	.7	6.7	27.8
All other.....	163	5,132	5.0	478,398	5.1	66,093	6.2	13.8	22.1
Transportation, communication, and other public utilities <sup>1</sup> .....	168	12,175	11.9	1,249,120	13.3	93,440	8.7	7.5	26.2
Trucking and/or warehousing for hire.....	75	1,023	1.6	130,644	1.4	20,932	2.5	20.6	8.0
Other transportation, except water transportation.....	20	1,561	1.5	139,000	1.5	13,050	1.2	9.4	25.0
Communication: Telephone, telegraph, and related services.....	33	4,809	4.7	526,561	5.6	27,905	2.6	5.3	57.6
Utilities: Electric and gas.....	19	2,644	2.6	303,915	3.2	14,172	1.3	4.7	42.1
All other.....	21	1,541	1.5	148,970	1.6	11,384	1.1	7.0	28.6
Wholesale and retail trade.....	1,751	39,828	38.9	3,373,209	36.0	305,941	28.4	9.1	33.8
Full-service and limited-function wholesalers.....	222	5,351	5.2	605,525	6.5	45,330	4.2	7.5	43.7
Wholesale distributors, other than full-service and limited-function wholesalers.....	462	6,907	6.8	702,415	7.5	57,145	5.3	8.1	32.9
Retail general merchandise.....	93	8,234	8.0	510,887	5.5	40,476	3.8	7.8	41.9
Retail food (includes liquor stores).....	115	3,580	3.5	255,053	2.7	33,035	3.1	13.0	20.9
Retail automotive.....	153	3,009	2.9	269,116	2.9	22,489	2.1	8.4	34.0
Retail apparel and accessories.....	101	2,065	2.0	171,914	1.8	13,274	1.2	7.7	33.7
Retail trade, not elsewhere classified.....	164	2,709	2.7	235,488	2.5	24,805	2.3	10.5	34.7
Other wholesale and retail trade.....	222	4,528	4.4	442,719	4.7	38,214	3.5	8.6	41.9
All other.....	219	3,445	3.4	174,122	1.9	31,173	2.9	17.9	20.1
Finance, insurance, and real estate.....	205	5,683	5.6	700,040	8.1	35,011	3.3	4.0	45.3
Insurance carriers.....	90	3,142	3.1	402,443	4.9	16,409	1.5	3.5	61.1
All other.....	175	2,541	2.5	298,107	3.2	18,602	1.8	6.2	37.1
Service industries.....	393	9,689	9.5	608,397	6.5	83,367	7.7	13.7	27.7
Hotels, rooming houses, camps, and other lodging places.....	77	3,101	3.0	130,852	1.5	31,645	2.9	23.1	13.0
Personal services.....	101	2,569	2.5	170,332	1.9	16,813	1.6	9.4	36.6
Business services, not elsewhere classified.....	59	1,163	1.2	90,310	1.0	7,904	.7	8.2	33.9
All other.....	156	2,855	2.8	195,603	2.1	27,005	2.5	13.8	26.9

<sup>1</sup> Represents all groups with 1 percent or more of State total cumulative contributions. Excludes data for interstate railroads.

<sup>2</sup> Based on data for 3,333 accounts active on Mar. 31, 1940.

<sup>3</sup> Based on data for 3,395 accounts active on Jan. 31, 1940. Excludes data on interstate railroads.

in this group obtained reduced rates, in comparison with 31 percent of all accounts in the State.

Although 2.5 percent of all accounts in the State were overdrawn as of December 31, 1939, only 1.4 percent of the accounts in wholesale and retail trade were overdrawn; they constitute 29 percent of all overdrawn accounts in the State. On the other hand, the proportion of accounts which had no benefits charged to them was 38 percent for this group, while the corresponding figure for the State as a whole was 34 percent. It thus appears clear that the experience of accounts in wholesale and retail trade was more favorable than the average State-wide experience.

Contributions of wholesalers constituted 14 percent of the State-wide total, while the benefits charged to those accounts were less than 10 percent of all benefits charged (table 6). While almost half of the wholesale accounts had no benefits charged to them (table 7), only 34 percent of all accounts were not charged with benefits.

It will be noted from table 7 that the experience of retailers as a whole was somewhat, although not markedly, less favorable than that of wholesalers. This may be due to the fact that retail merchants with typically local markets are likely to be affected by purely local employment and business changes, which do not have as pronounced an effect on wholesalers with State or Nation-wide markets. Moreover, retailers are more directly influenced by seasonal fluctuations than wholesalers.

*Manufacturing.*—Employers in manufacturing industries constituted about 14 percent of all employers in the State. They employed about one-fourth of the covered workers in the State and may be attributed with slightly higher proportions of all contributions and benefits (table 6). The proportion of manufacturing firms which obtained reduced rates is almost identical with that for the State as a whole. However, only 20 percent of all manufacturing firms had no benefits charged during 1939, compared with 34 percent for all industries combined (table 7). On the other hand, 61 percent of all manufacturing firms obtained credit for their 1938 contributions (in contrast to 47 percent of all firms in the State), and of the 61 percent, 49 percent obtained rate reductions.

The manufacture of food products is the most important manufacturing industry in the State.

It includes 40 percent of all manufacturing firms and about 62 percent of all covered workers in manufacturing. These firms made 62 percent of the contributions in the industry and were charged with 67 percent of the benefits. Meat packing, sugar-beet refining, vegetable canning, and dairy-products processing, which constitute the chief subdivisions of this group, are subject to seasonal fluctuations and, as a consequence, received a greater amount of benefit charges than did other manufacturing industries. Thus, their ratio of benefits charged to contributions credited was 12 percent (table 7), which slightly exceeded the

**Table 7.—Percent of Nebraska experience-rating accounts with 1940 rate reduction, with no benefits charged, and overdrawn, and ratio of benefits to contributions, by industry**

Industry	Percent of accounts			Ratio of benefits to contributions <sup>1</sup>
	With rate reduction <sup>2</sup>	With no benefits charged <sup>3</sup>	Overdrawn <sup>3</sup>	
Total.....	31.4	34.2	2.5	11.5
Agriculture, forestry, and fishery.....	7.7	(0)	(0)	25.8
Mining.....	19.1	(0)	(0)	51.8
Construction.....	10.7	22.7	11.5	44.1
Manufacturing.....	31.7	20.1	1.9	11.2
Food and kindred products.....	28.5	17.2	1.6	12.1
Printing, publishing, and allied industries.....	58.9	36.0	-----	5.1
Iron and steel and their products.....	27.8	10.5	-----	11.0
Machinery (except electrical).....	27.8	16.7	-----	6.7
All other.....	22.1	16.1	3.7	18.8
Transportation, communication, etc.....	26.2	30.4	2.4	7.5
Wholesale and retail trade.....	33.8	38.1	1.4	9.1
Full-service and limited-function wholesalers.....	43.7	31.7	.5	7.5
Wholesale distributors, other than above.....	32.9	56.5	1.3	8.1
Retail general merchandise.....	41.9	41.5	1.1	7.8
Retail food (includes liquor stores).....	20.9	28.3	1.7	18.0
Retail automotive.....	34.0	23.9	.7	8.4
Retail apparel and accessories.....	33.7	38.0	-----	7.7
Retail trade, not elsewhere classified.....	34.7	39.3	1.2	10.5
Other wholesale and retail trade.....	41.9	30.2	-----	8.6
All other.....	20.1	29.9	5.0	17.9
Finance, insurance, and real estate.....	45.3	54.3	.4	4.6
Service industries.....	27.7	30.6	2.5	13.7

<sup>1</sup> Based on data for 3,333 accounts active on Mar. 31, 1940.

<sup>2</sup> Based on data for 3,895 accounts active on Jan. 31, 1940.

<sup>3</sup> Not computed.

corresponding figure for all manufacturing; in addition, only 29 percent of the food-manufacturing firms obtained rate reductions, in comparison with 32 percent of all manufacturing firms.

In printing and publishing, the next most important manufacturing industry, and one with a far more stable employment pattern, nearly 60 percent of the firms obtained rate reductions. The firms in this group had a ratio of benefits to contributions of 5 percent, in contrast to 12 percent for all manufacturing industries. In addi-

tion, 36 percent of these firms had no benefits charged during 1939, and none of them had overdrawn accounts.

*Other industries.*—The construction industry, characterized by very irregular employment as a result of seasonal and other factors, had a rather unfavorable record in terms of experience-rating standards. More than 20 percent of all Nebraska benefit payments were charged to employers in this industry, who had paid only 5 percent of all contributions. It is not surprising, therefore, that the ratio of benefits to contributions in this industry was 44 percent and that only 11 percent of the firms obtained reduced rates, compared with 31 percent for all firms in the State.

The experience of firms in transportation, communication, and other public utilities was very different from that of firms in the construction

industry. The former were charged with more than 8 percent of all benefits but made 13 percent of all contributions. More than one-fourth of the firms in this group obtained reduced contribution rates. Upon more detailed analysis of the industries in this group, it appears that 58 percent of the firms in the telephone and telegraph industry and 42 percent of those in the gas and electric utilities received rate reductions.

As might be expected, there was considerable variation in the experience of firms in the service industries. While only 13 percent of the firms in the hotel and lodging-house group obtained rate reductions, 37 percent of those in the personal-service industries had their contribution rates lowered. The former group had a ratio of benefits to contributions of 23 percent, the latter a ratio of 9 percent.