

in the top income class. On a per earner basis, however, potential beneficiaries averaged about two and a third in the low and middle income classes and declined in the upper income ranges.

11. Dependents' benefits are sometimes justified on the ground that earners with dependents require a higher benefit income than the benefit formula by itself allows. Data cited in this article suggest that the earnings of workers with dependents are generally higher than the earnings of other workers. A benefit

formula based on wages therefore yields a higher benefit for workers with dependents. The difference in the benefit amount is seldom large enough, however, to absorb the additional requirements of dependents. Dependents' benefits represent an effort to compensate for this disparity. Since the ratio of dependents to earners is relatively large in the low and middle family income classes, the payment of dependents' benefits is of maximum value to families with relatively little margin to meet emergencies.

only one is entitled to receive dependency allowances.

Allowances are payable only on behalf of three dependents, and the total amount of the allowances is limited to \$6. The maximum weekly amount of the dependency allowance is further limited to 50 percent of the weekly benefit amount payable for total unemployment. The amount paid for dependents' benefits is in addition to the regular weekly unemployment benefit and is not counted in computing the total amount payable to a claimant, on the basis of his wage record, in a benefit year.

## One Year of Dependents' Allowances in Connecticut

By David Pinsky\*

THE CONNECTICUT Employment Security Division completed a year of paying dependents' allowances on October 1, 1946. During that period the allowances, which are paid in addition to the regular unemployment benefit, totaled \$1.3 million.

Since Connecticut was one of the first States to include provision for dependents' allowances in its unemployment insurance law, a special effort was made during the first year of operation to obtain certain data that would help in evaluating the effectiveness of the provision and would answer various questions concerning its administration. In general, the information was gathered to answer the following questions:

How many individuals claim how many dependents?

How much have dependents' allowances increased the average weekly benefit amount?

How long do persons with dependents receive benefits, as compared with those without dependents?

What is the proportion of beneficiaries with dependents in each of the benefit-rate groups or income-level groups?

In what proportion of cases are there changes in the number of dependents in the course of a benefit year?

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### The Law

The Connecticut dependency allowances law<sup>1</sup> provides for the payment of \$2 a week for each of the first three dependents and limits dependents to a wife, children, and a husband, under the following qualifying conditions: (1) A wife is a dependent only if she is living in the same household as her husband or is mainly supported by him, does not earn more than \$10 during a week, and is not receiving unemployment benefits. (2) A child or stepchild under 16 years of age is a dependent of a male claimant if he is living in the household with the claimant or is wholly or mainly supported by him; he is a dependent of a female claimant if he is wholly or mainly supported by her. (3) A child or stepchild 16 years of age or over is a dependent only if he is regularly attending school or is physically or mentally incapacitated from earning and if he is wholly or mainly supported by the claimant, is unmarried, and does not earn more than \$10 a week. (4) A husband is a dependent only if he is physically or mentally incapacitated from working and is wholly or mainly supported by his wife. If both husband and wife are receiving unemployment benefits, neither can claim the other as a dependent and

<sup>1</sup>The term "dependency allowance," used in the Connecticut law, is a variant of the more general terms "dependents' benefits" or "dependents' allowances."

### Administrative Interpretations of the Law

In administering the law it became necessary to interpret several phrases, particularly "wholly or mainly supported by" and "physically or mentally incapacitated." In the case of children under 16 years of age, it was ruled that anyone earning \$10 a week or more or who was collecting unemployment benefits was not "wholly or mainly supported by" his parents and, hence, not a "dependent." In the case of children 16 years of age or over, also, it was ruled that if they collected unemployment benefits they were not to be considered dependents.

Under the law, a woman may claim a child as a dependent if she is "wholly or mainly supporting" such child. In determining whether the mother is the whole or main support, it has been ruled that, if the husband is working, is collecting unemployment benefits, or is receiving other government benefits approximately equal to what he would receive for unemployment benefits, then the husband is the main support and the wife cannot claim the child as a dependent. As a result, about the only circumstances in which a woman can receive allowances for children are when she has no living husband, or when her husband is permanently disabled for earning or is separated from her and does not contribute to the support of the children.

Husbands, and children 16 years of age or over who are not attending school, are dependents only if they are "physically or mentally incapacitated" from working. This has been construed to mean that they are more or less permanently disabled. Thus

a husband who was out of work because of influenza, a strained back, or a broken arm would not be considered a dependent. A husband in a tuberculosis sanatorium, on the other hand, even though he might have a reasonable chance to recover, would be considered a dependent because of the relatively long time it would take to cure his disability.

The provision limiting dependents' benefits to 50 percent of the weekly benefit amount has been interpreted as referring to the benefit for a week of total unemployment. Thus, a person with a weekly benefit rate of \$22 who might be receiving \$3 for partial unemployment would nevertheless be entitled to receive \$6 in dependents' allowances, provided he had three eligible dependents. A claimant whose benefit rate was \$8 and who had three eligible dependents would be limited to \$4 in additional allowances.

The main effect of these interpretations has been to exclude as a dependent anyone earning \$10 a week or collecting unemployment benefits; to permit women to claim children as dependents only in limited circumstances; and to include husbands and children 16 years of age and over (except students) as dependents only if they are permanently disabled.

#### Administering the Law

Before setting up procedures for administering dependency allowances, it had to be decided how far the agency would go in checking dependency statements and in requiring proof of such dependency. After much deliberation, it was decided that no check of dependency statements, beyond what could be verified within the agency itself, would be made and no proof of relationship required. This decision was predicated on the fact that the cost of going into the field to check the information on dependents would be far in excess of the actual payments involved, and on the assumption that the great majority of claimants are honest. There was, moreover, a strong feeling that, when it can be avoided, the administration should not pry into the personal or family affairs of claimants. The only verification that has been made thus far has been a spot check of office records to determine that

Table 1.—Claims paid for dependency allowances in Connecticut, by number of dependents and sex of beneficiary, March 1946

Number of dependents	Total			Men			Women		
	Number of claims	Percentage distribution	Cumulative percent	Number of claims	Percentage distribution	Cumulative percent	Number of claims	Percentage distribution	Cumulative percent
Total.....	127,883	100.0	.....	80,741	100.0	.....	47,142	100.0	.....
0.....	81,787	64.0	64.0	38,546	47.7	47.7	43,241	91.7	91.7
1.....	20,750	16.2	80.2	18,132	22.4	70.1	2,618	5.6	97.3
2.....	11,928	9.3	89.5	11,104	13.8	83.9	824	1.7	99.0
3.....	9,640	7.5	97.0	9,276	11.5	95.4	364	.8	99.8
4 or more.....	3,778	3.0	100.0	3,683	4.6	100.0	95	.2	100.0

wives or husbands being claimed as dependents are not themselves collecting unemployment benefits. Several hundred claims have been so checked without a single case of misstatement being uncovered.

The second problem was to determine the frequency of obtaining dependency statements. Should a statement of the number of dependents be obtained only with the first claim and revised only upon notification from the beneficiary of a change in dependency status, or should a new complete statement be required each week? In view of the requirement that dependents earn less than \$10 a week, it was felt advisable to adopt the latter procedure.

A dependency allowances form, with instructions printed thereon, is now given each claimant when he or she files an initial claim and also when each subsequent continued claim is filed. The blank is taken home, filled out, and signed by the claimant, who presents it to the local office when filing the next claim. The form gives the name of each dependent claimed, the age and school status of the children, the claimant's social security number, residence status, working status, and earnings. The claimant must also indicate on the form whether any of the dependents claimed are unable to work and whether any are receiving unemployment compensation benefits. The statement, "I certify the above statements are true and correct and that I am wholly or mainly supporting each of the persons named herein," appears above the claimant's signature.

The local office examiner reviews each form for completeness and accuracy, determines the amount to be

paid, and staples the dependency form to the continued-claim form, both of which are forwarded to the central office, where a single check is issued. The taking of an additional form has been the main operational problem in administering the dependency law.

#### Number of Claimants With Dependents

The proportion of claims paid with respect to 0, 1, 2, and 3 dependents varied little from month to month throughout the October 1945-September 1946 period.

In March 1946, which was the mid-month of the first 12 months and fairly typical of the entire period, only 36 percent of all claims paid during the month included dependency allowances; 16.2 percent had one dependent; 9.3 percent had two; and 10.5 percent had three or more (table 1). A considerably higher proportion of the claims paid to men than of those paid to women included dependency allowances—52 percent as against 8 percent. While men more often than women are responsible for the support of others, this difference was undoubtedly accentuated further by the emphasis on men's dependents in the law.

An analysis of the type of dependents was made in September 1946. Of the 1,331 men who received their first unemployment benefit check in that month, 689 had one or more dependents. Of these, 632 (286 without children and 346 with one or more children) listed a wife as a dependent. Only 57 claimed children but no wife as dependents; in most of these cases the wife was earning more than \$10 a week and hence was ineligible. In only 40 cases were

Table 2.—*Weeks compensated for male beneficiaries in Connecticut, by basic weekly benefit rate and number of dependents, March 1946*

Basic weekly benefit rate (excluding dependency allowances)	Average weekly earnings in high quarter in 1944	Percent of payments including dependency allowances	Weeks compensated					
			Total	Number of dependents				
				None	1	2	3	4 or more
All payments.....	52.3	52.3	80,741	38,546	18,132	11,104	9,276	3,683
Partial unemployment.....	54.5	54.5	1,251	569	210	222	166	84
Total unemployment.....	52.2	52.2	79,490	37,977	17,922	10,882	9,110	3,599
\$6.....	Less than \$17.00.....	54.4	57	26	11	20	0	0
7.....	Less than 17.00.....	10.0	60	54	1	0	5	0
8.....	Less than 17.00.....	9.8	358	323	17	17	0	1
9.....	17.00-18.99.....	32.1	261	176	62	2	9	12
10.....	19.00-20.99.....	12.4	427	374	30	19	3	1
11.....	21.00-22.99.....	16.6	440	367	41	13	17	2
12.....	23.00-24.99.....	32.1	679	461	103	79	10	26
13.....	25.00-26.99.....	34.3	731	480	161	55	13	22
14.....	27.00-28.99.....	24.6	1,059	798	145	68	21	27
15.....	29.00-30.99.....	28.9	1,168	831	130	101	69	37
16.....	31.00-32.99.....	30.7	1,122	777	190	92	50	13
17.....	33.00-34.99.....	24.3	1,866	1,412	267	123	37	27
18.....	35.00-36.99.....	29.4	1,925	1,359	389	101	53	23
19.....	37.00-38.99.....	35.8	1,968	1,263	344	158	161	42
20.....	39.00-40.99.....	26.7	2,502	1,835	433	127	56	51
21.....	41.00-42.99.....	40.3	2,848	1,699	613	319	149	68
22.....	43.00 or more.....	58.5	62,019	25,742	14,985	9,588	8,457	3,247

children over 16 years of age included as dependents.

Among women, only 54 of the 1,061 who received their first checks in September were paid allowances for dependents. Of these, 15 (7 with dependent children and 8 without) had disabled husbands, and 39 had dependent children without claiming husbands as dependents. Twelve of the women had children 16 years of age or over as eligible dependents.

#### Effect on Weekly Benefit Amount

From November 1945 through September 1946, \$1.3 million was paid in dependency allowances, as compared with regular unemployment compensation payments of \$23.7 million covering almost 1.2 million weeks of unemployment. Thus, dependency allowances increased from \$19.93 to \$21.01, or by \$1.08, the average weekly payment on all claims and increased total payments by 5.4 percent. Payments issued in October 1945 were not included in this comparison, since many payments issued during that month applied to benefit weeks before the effective date of the dependency provision.

The average basic benefit rates, excluding dependency allowances, of male claimants increased with the number of dependents. In March 1946, for example, the base rates of claims paid men with no dependents averaged \$20.31; with one dependent,

\$21.27; with two dependents, \$21.44; and with three dependents, \$21.65. Adding the dependency allowances to these amounts, the average rates were \$20.31, \$23.27, \$25.44, and \$27.65 for men with 0, 1, 2, and 3 dependents, respectively. The maximum rates permitted by law are \$22 for claimants without dependents and \$28 for claimants with three dependents.

#### Variations in Number of Dependents by Benefit Rate

A point of considerable interest is the relation between the basic benefit rate and the number of dependents. Do relatively more persons with high basic weekly benefit amounts receive dependents' allowances than do persons entitled to lower weekly benefit amounts?

Of the payments made in March 1946 to male beneficiaries, the highest proportion paid men with dependents was in the \$22 rate group. Almost 60 percent of the payments at the maxi-

imum rate of \$22 went to workers with dependents, as compared with 30 percent of the payments in all the lower rate groups combined (table 2). A benefit rate of \$22 indicates prior earnings in excess of \$44 a week. Of the beneficiaries in the \$21 rate group, indicating prior earnings of \$42 a week, 40 percent had one or more dependents.

Conversely, the benefit rates and prior earnings increased with the number of dependents. Of claims paid without any dependents' allowances, 68 percent were at the maximum rate; of those with an allowance for one dependent, 84 percent were at the maximum; with allowances for two dependents, 88 percent were at the maximum; and 92 percent of the claims with allowances for three dependents were at the maximum.

Among women, on the other hand, the proportion of payments made to workers with dependents averaged only 8.7 percent, and, unlike the male group, the higher proportion of beneficiaries with dependents appeared in the lowest rate groups. In the minimum rate groups, about 12 percent of the payments included dependency allowances, as compared with 8.2 percent for all the higher rate groups.

#### Benefit Duration of Beneficiaries With Dependents

One of the objections to dependency allowances that has been made is that the additional amount paid brings the total weekly unemployment insurance benefit amount to such a high level as to induce "loafing" on the part of beneficiaries. Proponents of dependency allowances counter that persons with dependents are more likely to seek employment even though their benefit amounts are increased.

Available data on this issue, while not conclusive, suggest that dependents' allowances do not encourage

Table 3.—*Percentage distribution of male beneficiaries in Connecticut, by number of dependents and duration of benefits, benefit year ended April 6, 1946*

Number of dependents	Percentage distribution of beneficiaries by weeks of benefits				Percent of beneficiaries exhausting benefit rights	Average duration of benefits (weeks)	
	Total	1-5 weeks	6-10 weeks	11-15 weeks			16-20 weeks
0.....	100.0	30.2	25.3	16.5	28.0	27.5	10.3
1.....	100.0	24.3	24.6	15.7	35.4	31.8	11.5
2.....	100.0	31.3	29.9	14.1	24.7	20.0	9.8
3.....	100.0	28.9	30.1	16.9	24.1	18.2	9.9

Table 4.—Changes in number of dependents, for 20,000 claimants, October 1, 1945–April 6, 1946

Type of dependent and reason for change	Number of changes
Total.....	126
Wives.....	81
Employment.....	70
Receipt of unemployment benefits.....	7
Death.....	1
Separation from husband.....	3
Husbands.....	2
Death.....	2
Children.....	43
Employment.....	23
Birth.....	16
Death.....	1
Left school.....	1

such "loafing." A study of the benefit duration for male beneficiaries during the benefit year ended April 6, 1946, reveals that those with one dependent (a wife in practically all cases) received benefits for a longer period than those without any dependents, while those with two or three dependents (a wife plus children) filed for shorter periods.

The average duration for beneficiaries with no dependents was 10.3 weeks; with one dependent, 11.5 weeks; with two dependents, 9.8 weeks; and with three dependents, 9.9 weeks (table 3). Exhaustion of benefits in each of the groups follows the same pattern; 27.5 percent of those without dependents exhausted benefits; 31.8 percent of those with one dependent; 20 percent, with two dependents; and 18.2 percent, with three dependents. The distribution is based only on beneficiaries who received 1 or more weeks of benefits, since the number of dependents cannot be determined for those who did not receive any benefits. The difference in duration among the dependency groups would probably have been greater had it been possible to include those who filed an initial claim but who stopped filing before they received a benefit payment.

There are, undoubtedly, other factors than the weekly benefit amount which affect the duration of benefits. These include the beneficiary's age, work experience, past earnings, and seniority, and the availability of suitable work, among others. However, on the basis of this study, it appears reasonable to assume that the increased benefit amount for dependents does not induce "loafing" in claimants with two or three depend-

ents. Whether the longer duration for claimants with one dependent is due to the additional allowance of \$2 is questionable, in view of the small amount involved. Other factors may well be responsible for the longer period.

#### Changes in Number of Dependents

The most difficult administrative problem resulting from the dependency allowance provision is the necessity of taking a special dependency form each week from those claiming dependents, in addition to the regular claim form. Considerable work could be saved if the number of dependents were ascertained and fixed at the start of an individual's benefit year. To determine the hardships or inequities that would result from fixing the number of dependents when the benefit year begins, a survey was made of 20,000 claimants and of changes in the number of dependents during the 6 months from the effective date of dependency allowances in October 1945 to the end of the benefit year in April 1946.

Of the total number, which included claimants who had no dependents, it was found that only 126 or less than 1 percent reported actual changes (table 4). Of the 126 cases with changes in number of dependents, 81 or almost two-thirds had changes in a wife's status, 43, changes in a child's status, and 2, changes in a husband's status. The section disqualifying a dependent for earnings of more than \$10 was responsible for 95 or three-fourths of the dependency changes.

#### Summary and Evaluation

In the year that the dependency allowances have been in effect, there has been little articulate expression on the subject. The main expressed objection has been that it places unemployment insurance on a "need" rather than a "rights" basis. On the other hand, at least an equal amount of approval has been expressed because the money goes to those who need it most. These opinions are not confined to any group but have arisen about equally from labor, industry, and the public. Some industrialists have expressed disapproval on the ground that it has raised the benefit amount to a level that impedes their

effort to obtain workers. Disapproval has been expressed by some labor leaders who feel that the entire rate structure should be increased in lieu of providing the dependency allowances. Claimants, naturally, approve the program, but a few have at times complained vociferously when parents, brothers, or sisters have not been allowed as dependents.

The law has met with general approval, however, and is now accepted as a matter of course. There is little or no likelihood of its being repealed by the 1947 session of the General Assembly, but some changes are being considered. These include the determination and fixing of the number of dependents at the beginning of each benefit year; the elimination of wives and of children over 16 years of age as dependents; and removing the limit on the number of children 16 years and under as dependents but retaining the limit on the amount of allowances at 50 percent of the basic benefit rate.

In its first year of operation, the law has fulfilled expectations in some respects but has fallen short in others. It had been expected that the allowances would increase the average benefit amount by from \$2 to \$3. Actual experience proved the increase to be \$1.08, an indication perhaps of the greater employment stability of workers with dependents. The number of dependents was also smaller than expected; in March 1946 only about 20 percent had two or more dependents, and 10.5 percent had three or more dependents.

The main concern as to the effect of dependency allowances, that is, that they might destroy the desire to work on the part of some claimants because of the high total amount, appears to have been dispelled. Those claimants with two and three dependents, who could receive \$4 and \$6 more than claimants without dependents, received benefits for shorter periods than those with no or only one dependent.

The actual change during the year in the number of dependents of claimants was insignificantly small, only 126 out of the 20,000 analyzed, and does not appear to warrant the amount of time and work expended in making weekly dependency determinations.