

Table 4.—*Credit unions in the United States, 1953*

Item	Total	State-chartered	Federal
Number in operation.....	13, 673	7, 096	6, 578
Members.....	6, 635, 543	3, 380, 121	3, 255, 422
Amount of loans outstanding.....	\$1, 307, 502, 648	\$733, 529, 119	\$573, 973, 529
Paid-in share capital.....	1, 638, 007, 350	870, 436, 258	767, 571, 092
Reserves.....	75, 053, 792	48, 874, 892	26, 178, 900
Total assets.....	1, 895, 106, 600	1, 040, 874, 593	854, 232, 007
Net earnings.....	69, 609, 060	36, 199, 982	33, 409, 078
Dividends paid on shares.....	47, 294, 099	24, 716, 669	22, 577, 430

adopted. The basic purposes of the two kinds of credit unions are, of course, essentially the same. In most States, therefore, a group interested in the organization of a credit union can make a choice based on relatively minor differences in the State and Federal laws.

Table 4 presents a comparative

summary of selected data pertaining to Federal and State-chartered credit unions at the end of 1953.² The combination of the data for the two types of association gives a clearer picture

² For the most recent data on Federal credit unions see *Report of Federal Credit Union Operations for 1953* (Bureau of Federal Credit Unions, 1954).

Notes and Brief Reports

Federal Unemployment Insurance Legislation, 1954*

In 1954 Congress passed, and President Eisenhower approved, legislation extending the coverage of the unemployment insurance system to about 3.7 million workers and 270,000 employers. The new law provided the first significant change in the coverage provisions of the Federal Unemployment Tax Act during the 19 years since that law was adopted. A change in the provisions for financing the administration of the unemployment insurance system and a revision of the District of Columbia law were also enacted during the second session of the Eighty-third Congress.

Public Law No. 567.—The first of these three laws to receive Presidential approval was Public Law No. 567, the "Employment Security Administrative Financing Act of 1954," which was signed on August 5, 1954. This law provides that, beginning with the fiscal year ended June 30, 1954, the excess of collections from the Federal

unemployment tax over employment security administrative expenses is to be used to establish and maintain a reserve of \$200 million in the Federal unemployment account. This reserve is to be available for loans to States with depleted reserve accounts, to assist them in the financing of their unemployment benefit payments; the loans are to be repaid, without interest. Any amount in excess of the \$200 million is to be returned to the States, to be used for benefit payments or administrative expenses.

The provision makes possible greater assurance of the solvency of benefit funds. Federal unemployment tax collections will be used only for employment security purposes. The reserve of \$200 million that is to be built up and maintained will enable States whose payment funds fall to dangerously low levels to obtain loans. Any excess funds in addition to those needed to maintain the loan fund are to be allocated to the State accounts (in the Federal unemployment trust fund) in the proportion that their taxable payrolls bear to the aggregate taxable payrolls of all States. The amounts thus allocated are to be used for benefit payments or, under specified conditions, to supplement the

than is otherwise possible of the progress of the whole credit union movement. As the table shows, at the end of 1953 more than 13,000 credit unions were in operation in the United States; they had about 6.6 million members and total assets of more than \$1.9 billion. These totals all represent advances from the totals in 1952, when there were more than 12,000 credit unions in operation that had slightly less than 6.0 million members and total assets of a little over \$1.5 billion.

California, with a total of \$186.5 million, led all other States in the amount of assets held by Federal and State-chartered credit unions; Illinois was second with \$181.8 million; and Michigan was third with \$144.1 million.

funds granted to the States for administrative expenditures. Congress will continue to appropriate funds annually to finance the administrative expenditures of the Federal-State employment security program.

The act thus makes permanent the earlier temporary measures for Federal financial assistance to States. It replaces legislation, enacted in 1944 and amended in subsequent years, that provided for a special account in the Federal unemployment trust fund. The excess of Federal unemployment tax collections over appropriations for employment security administration could be appropriated to this account, and from it loans—repayable but not bearing interest—could be made to States whose unemployment reserve funds were near exhaustion.

Under the new law, any State whose reserve account on the last day of any quarter is less than the amount of benefits paid in the 12 months ending on that day is eligible for a loan. The maximum amount that a State may borrow in any quarter is the largest amount of benefits paid by it in any one of the four preceding quarters. The loan is to be repaid either by a transfer of funds from the State's trust account to the Federal unemployment account or by a reduction in the allowable credit of 90 percent against the 3-percent Federal tax.

* Prepared in the Department of Labor, Bureau of Employment Security, Division of Program Policy and Legislation.

Public Law No. 721.—The amendments to the District of Columbia unemployment insurance law were signed by the President on August 31, 1954. The maximum weekly benefit amount is raised from \$20 to \$30, and the maximum duration, formerly 20 weeks, is extended to 26 weeks. The new law also increases the disqualification penalties imposed for voluntary leaving, refusal of suitable work without good cause, and misconduct. Under the old law the disqualification period for voluntary leaving and for refusal of suitable work was the week of occurrence plus 3 weeks; for misconduct it was the week of occurrence, plus 1-4 weeks. The disqualification period under the new law, for each of the three disqualifying acts listed, is the week of occurrence, plus 4-9 weeks. In addition, the amended law calls for a reduction of benefits for each of these disqualifying acts by an amount equal to the weekly benefit amount multiplied by the number of weeks of disqualification.

Public Law No. 767.—The legislation "extending and improving the unemployment compensation program" was signed on September 1, 1954. This new law amends the Federal Unemployment Tax Act by extending the application of that act, effective January 1, 1956, to employers of four or more workers in 20 or more weeks (instead of eight or more workers in 20 weeks, as provided under the former law).

Public Law No. 767 also extends coverage under the State unemployment insurance laws to substantially all Federal civilian employees, effective January 1, 1955. Unemployment benefits to a Federal employee will in most cases be paid by the State in which he had his last Federal employment. The benefits will be payable in the same amount, on the same terms, and subject to the same conditions as are the benefits for other employees in the

State. An individual who receives a lump-sum payment for annual leave at the time of his separation from Federal service is considered, however, to be in Federal service during the period with respect to which he receives such payment, and such payment is considered to be "Federal wages." The Federal Government will advance to each State an amount equal to the additional cost of the payments made to the Federal workers, or the State will be reimbursed.

Under the new law, the States may grant experience-rating tax reductions to new and newly covered employers after they have had at least

1 year of unemployment experience under the State law (instead of 3); the provision is effective January 1, 1955. The privilege of paying the Federal unemployment tax in quarterly installments is eliminated, beginning with the 1955 taxable year.

About 3.9 million workers and 270,000 employers will be added to coverage under State unemployment insurance laws by Public Law No. 767; an estimated 1.4 million workers will be covered by the extension to firms with four or more employees, and 2.5 million employees by the coverage of Federal service. Twenty-six States will be affected by the extension of coverage to employers with four or more workers in 20 or more weeks, as shown in table 1. All the States, including Alaska, Hawaii, and the District of Columbia, will be affected by the coverage of Federal civilian employees. Listed below are the 12 States that, as of March 1954, had more than 50,000 Federal employees.

Table 1.—Estimated number of workers and reporting units added by extension of coverage to employers of 4 or more employees, 26 States, March 1951¹

State	Workers	Reporting units
Total ²	1,368,000	270,000
Alabama	46,000	9,000
Colorado	33,000	6,000
Florida	76,000	15,000
Georgia	62,000	12,000
Illinois	105,000	24,000
Indiana	79,000	15,000
Iowa	57,000	11,000
Kansas	44,000	9,000
Kentucky	(³)	(³)
Maine	18,000	4,000
Michigan	127,000	25,000
Minnesota	32,000	6,000
Mississippi	30,000	6,000
Missouri	85,000	16,000
Nebraska	30,000	6,000
North Carolina	67,000	13,000
North Dakota	11,000	2,000
Oklahoma	45,000	9,000
South Carolina	34,000	6,000
South Dakota	13,000	3,000
Tennessee	55,000	11,000
Texas	178,000	34,000
Vermont	8,000	2,000
Virginia	59,000	11,000
West Virginia	32,000	6,000
Wisconsin	41,000	9,000

¹ Estimates based on data furnished by the Bureau of Old-Age and Survivors Insurance. Data do not take account of added minimum weeks-of-employment or payroll requirements for coverage. Present coverage under State law: In Illinois and Wisconsin, employers of 6 or more workers; in Minnesota, 8 or more, except in cities of 10,000, where employers of 1 or more are covered; in all other States, 8 or more.

² Excludes Kentucky, which covers employers of 4 or more workers in each of 3 quarters.

³ Not available.

California	232,000
District of Columbia (metropolitan area)	228,000
New York	190,000
Pennsylvania	138,000
Texas	107,000
Illinois	103,000
Ohio	93,000
Virginia (excluding D. C. metropolitan area)	72,000
Massachusetts	65,000
Washington	57,000
Georgia	54,000
New Jersey	52,000

More than 10 million workers are still excluded from coverage under the Federal-State unemployment insurance programs. They are largely the employees of firms with one to three workers, persons engaged in agricultural and agricultural processing work and in domestic service in a private home, and employees of nonprofit organizations and of State and local governments.