State Experience With Uniform Benefit Year and Base Period

By Ruth Reticker and Margaret Dahm*

BENEFIT RIGHTS under 49 [1] of the present State unemployment compensation laws are related to the individual worker's record of employment and wages with all subject employers during a fixed period of time in the past called a "base period." The determination of those rights remains valid for a fixed period of time in the future called a "benefit year." In 16 of these States, the base periods and benefit years of all claimants are uniform calendar periods with the dates set by the law; in 31 States, they are established individually for each claimant by the date of his first claim; and in the other 2 States, individual benefit years are combined with uniform base periods.

Base periods and benefit years of some type are needed because weekly benefit amounts and total benefit rights are related to individual workers' past wages or employment. When benefits were first payable under State unemployment compensation laws in 1938, all States except Wisconsin provided individual base periods and benefit years. The benefit year was 52 weeks beginning with the first compensable week. Before the first compensable week, the claimant had to serve a waiting period; frequently, it was 3 weeks in the 13 weeks preceding the claim, or 5 weeks in 65. A claimant who was reemployed during or at the end of the waiting period would not start a benefit year, and if 13 weeks elapsed before he was again unemployed, he would have to serve new waiting-period weeks before he could serve a compensable week. The base period was the "first 8 of the last 9 completed calendar quarters" preceding the first compensable week (including, however, only quarters after January 1, 1937). If the first compensable week was in a later quarter than the initial claim, a new determination of benefit rights had to be made. In many States the base period was increased each quarter during the benefit year. Consequently, whenever a claimant in these States filed for benefits in one or more subsequent quarters within the 52 weeks, his benefit rights had to be redetermined unless the preceding determination allowed him maximum duration.

The extensible base periods had been designed to increase claimants' rights when benefits started with only part of the normal base period available. The device proved to be administratively complicated and of doubtful social value. It resulted in a peak of claims at the beginning of each quarter. Some claimants were in and out of the system; after they had drawn a few weeks' benefits at the beginning of a quarter, they might have to resort to relief until the beginning of the next quarter when some additional wage credits would become available.

In the movement for simplification of State unemployment compensation laws in 1938 and 1939, the base-period provisions particularly came in for revision. Extensible base periods of 8 or more quarters were gradually replaced in the majority of States by fixed base periods of 4 quarters, both individual and uniform.

The first State to adopt a uniform base period and benefit year was New York, which did so in April 1938, after only 3 months of benefit payments. Nine States changed to uniform periods in 1939, one in 1940, three in 1941, and two in 1943. In addition, the legislatures of two States adopted uniform base periods combined with individual benefit years—North Carolina in 1939 and Kentucky in 1940. Illinois is the only State which did not pay some benefits under an individual base-period formula before adopting a uniform base year; South Dakota is the only one which has changed back from uniform to individual periods (table 1).

Since the uniform periods were adopted as a simplification, an examination of their actual operation should be helpful in planning for potentially heavy claim loads. With this in mind, in 1943 the 19 States which have used uniform periods were asked to report the advantages and disadvantages which they had found. The more important aspects of their experience are outlined here.[2]

Base periods selected.—The uniform base period was made the calendar year in all States [3] but Oregon because of the understandability of the calendar year. Since both employers and workers are accustomed to use calendar-year earnings for measuring income-tax liability, such earnings are a convenient measure of unemployment compensation rights. In reporting their experience, several States pointed out that an increasing proportion of workers are required to file income-tax returns and have some record of their total yearly wages. Consequently, they can more easily decide whether to accept or question a determination of their benefit rights based on a calendar year's wages. If questions arise, or if wage records cannot be located, a claimant can more readily supply information as to his earnings.

In terms of the pattern of employment of a majority of workers in a State, however, the calendar year may not be the most appropriate base period. As a result of the rigidity of a uniform base period, a worker with earnings in only 2 quarters, each in a different base period, may be ineligible or eligible for less benefits than under an individual base period. No matter what uniform period is chosen, some workers will lose benefits because they cannot combine 2 consecutive quarters. Fewer workers will be adversely affected, however, if the base period includes the busy season of most industries in the State.

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*Bureau of Employment Security, Program Division.

[1] The two exceptions are Arizona and Wisconsin. Arizona is an exception only because the base period is increased each quarter during the benefit year rather than being fixed. The Wisconsin law does not use a base period or a benefit year; benefits for any week are based on past employment with a particular employer, provided the benefits are drawn within 52 weeks after the most recent week of employment with that employer.

[2] A complete report of their experience will be issued by the Bureau in a Research and Statistics Letter.

[3] Kentucky has two base periods: the calendar year for claimants filing valid claims between April 1 and September 30; and 12 months ending June 30 for other claimants.

Table 1.—*Base period, beginning date of benefit year, effective date of uniform provisions, and date benefits first payable in 19 States with uniform base periods in 1943*

State	Base period	Beginning of benefit year	Uniform provisions effective	Benefits first payable
Arkansas	Calendar year	July 1	July 1941	Jan. 1939.
Colorado	do	Apr. 1	Apr. 1941	Do.
Connecticut	do	1st Sun. in Apr	July 1941	Jan. 1938.
Illinois	do	Apr. 1	May 1939	July 1939.
Kentucky	Calendar or fiscal year.[1]	Individual: date of valid claim	Apr. 1940	Jan. 1939.
Maine	Calendar year	Apr. 1	Apr. 1939	Jan. 1938.
Maryland	do	do	do	Do.
Massachusetts	do	do	Aug. 1939	Do.
New Hampshire	do	Mar. 1	July 1939	Do.
New York	do	1st Mon. in June	Apr. 1938	Do.
North Carolina	do[2]	Individual: date of valid claim	Feb. 1939	Do.
Oregon	Oct. 1–Sept. 30	Calendar year	Apr. 1939	Do.
Pennsylvania	Calendar year	June 1	June 1943	Do.
Rhode Island	do	1st Sun. in Apr	Apr. 1938	Do.
South Dakota[3]	do	Apr. 1	July 1941	Jan. 1939.
Utah	do	1st day of 1st wk. in July	July 1939	Jan. 1938.
Vermont	do	1st Sat. in Apr	Apr. 1943	Do.
Virginia	do	May 1	Mar. 1940	Do
West Virginia	do	Apr. 1	Apr. 1939	Do.

[1] For claims filed between April 1 and September 30, base period is calendar year; for those between October 1 and March 31, fiscal year ending June 30.
[2] For benefit years beginning July 1–December 31, base period is preceding calendar year; for those beginning January–June 30, second prior calendar year.
[3] Effective April 1943, individual 4-quarter base period and individual benefit year beginning with a valid claim.

Benefit years selected.—The effects of uniform benefit years on agency operations and on benefit rights are determined, to a considerable extent, by the date on which the benefit year begins. In establishing the uniform benefit year, three methods have been utilized: (1) to begin in the period of greatest unemployment, thus making benefits first available when needed most by most claimants; (2) to begin in the period of fullest employment, thus flattening out the peak load of claims and simplifying administration; (3) to allow a certain lag after a calendar-year base period without regard to relationship with unemployment.

Oregon took the first approach and established a calendar benefit year with a base period running from October 1 to September 30. The calendar benefit year was adopted at the request of organized labor in the State. The building trades particularly wanted the benefit year to start when there was least activity in the construction field. Otherwise, they said, their members were likely to exhaust their benefit rights in partial benefits before their period of greatest unemployment. In general, the beginning of the calendar year coincides fairly well with the normal period of greatest unemployment of most groups of Oregon workers.

Connecticut and Utah took the second approach, that of beginning the benefit year at a time of full employment. Connecticut selected April, because the construction worker's, garment workers, and textile workers are all busy at that time. January 1, when the Christmas workers are unemployed, and July 1, when the garment workers are idle, were rejected because they would create heavy claim loads. Utah set its benefit year to begin July 1 for a more even distribution of the claims load (chart 1). In that State, the first quarter of the calendar year (the third quarter of the benefit year) is the period of greatest unemployment for most workers. The coal miners are the only large group whose normal off-season begins toward the end of a benefit year and continues through the first part of the succeeding benefit year, thus involving two determinations of benefit rights in one off-season.

In the other States with uniform benefit years, the benefit years were selected without relation to the potential claim load. Many States chose April 1 in order to bring the beginning of the benefit year as close as possible to the calendar-year base period. Others provided a longer lag after the base period to allow more time for wage-record processing (table 2). New York and Virginia originally chose April 1; but in New York, the lag was extended to 5 months in 1942 and in Virginia to 4 months in 1944.

Administrative Effects of Uniform Periods

State experience in administering provisions for uniform periods is particularly pertinent, because these periods were adopted for administrative reasons. The chief administrative processes affected are wage reporting, wage-record processing, experience-rating charging, and claims procedures.

Annual wage reports.—Uniform base periods and benefit years permit use of methods of employer-wage reporting and agency wage-record processing which are not practicable with individual periods. All employers in a few States and "approved" employers in some others are permitted to report wages annually or semiannually instead of at quarterly intervals (table 3).

All employers report on an annual basis in Connecticut, Pennsylvania, and Rhode Island; Pennsylvania first tried the plan for 1943 wages. With annual reporting, the work involved in obtaining complete and accurate wage reports promptly may be increased because of the greater time lapse since the wages were earned. Connecticut and Rhode Island have found annual reporting very satisfactory and have established good records with respect to delinquent reports. Both States, however, are small in area, so that all employers are readily accessible, and they have a compact and highly integrated pattern of industrial, commercial, and service employment. These agencies also have prompt and effective delinquency controls which they do not hesitate to enforce by legal action. Connecticut has found the annual reporting so much more satisfactory than wage and separation reporting which had been allowed approved employers that it has encouraged these employers to discontinue the latter.

All three of these States use wage-slip forms for employer reports of wages. With slip reporting, the employer prepares for each worker a separate slip showing his name, social security account number, and wages for the period. Annual reports include on one slip separate items for each quarter's wages during the year. The agency files these slips as the record on which benefit determinations are based. Since with annual reporting

Table 2.—*Possible lag between base period and benefit payments, 19 States with uniform base periods, and 28 States with most usual individual base period*

State	Base period	Benefit year	Possible months of lag between—			
			End of base period and initial claim		Beginning of base period and initial claim	
			Minimum	Maximum	Minimum	Maximum
New Hampshire	Jan. 1–Dec. 31	Mar.–Feb	2	Almost 14	14	Almost 20.
Colorado Connecticut Illinois Maine Maryland Massachusetts Rhode Island South Dakota Vermont West Virginia	Jan. 1–Dec. 31	Apr.–Mar	3	Almost 15	15	Almost 27.
Oregon	Oct. 1–Sept. 30	Jan.–Dec	3	Almost 15	15	Almost 27.
Virginia	Jan. 1–Dec. 31	May–Apr	4	Almost 16	16	Almost 28.
New York Pennsylvania	Jan. 1–Dec. 31	June–May	5	Almost 17	17	Almost 20.
Arkansas Utah	Jan. 1–Dec. 31	July–June	6	Almost 18	18	Almost 30.
Kentucky	Jan. 1–Dec. 31 or July 1–June 30.	Individual.[1]	3	Almost 9	15	Almost 21.
North Carolina	Jan. 1–Dec. 31	Individual.[2]	6	Almost 18	18	Almost 30.
28 States with individual base periods.	Individual.[3]	Individual—valid claim.	3	Almost 6	15	Almost 18.

[1] For valid claims filed between April 1 and September 30, base period is preceding calendar year; between October 1 and March 31, fiscal year ending preceding June 30.
[2] Between July 1 and December 31, base period is preceding calendar year; between January 1 and June 30, second prior year. For example, for valid claims filed between July 1, 1943, and June 30, 1944, the base period is the calendar year 1942.
[3] First 4 of last 5 completed calendar quarters preceding the benefit year.

there is one slip to file rather than four, filing time and space are reduced by three-fourths. The net saving to the agency is less than that, since the cost of other processes such as wage-record verification and delinquency control may be increased by annual reporting.

Approved employers who may be relied on to report properly are permitted to report annually in six States and semiannually in one. Restricted annual reporting entails procedures and forms for determining approved employers and different methods of processing annual and quarterly reports. Except for Colorado, the States which now permit annual or semiannual reporting on a selective basis favor it, though several indicate that care should be used in approving employers. Colorado found that annual reporting involved too much work during the first quarter of the year and that employers' errors were more difficult to correct.

Four of the six States with uniform base periods which permit annual reporting receive wage-slip reports. The other two, Maine and Utah, use list wage-report forms, as does Illinois, which permitted annual reporting until 1943. With list reporting, the employer submits a single list of the names of his workers, their social security account numbers, and their wages for the period. Annual reports include on one list separate items for wages for each quarter of the base period, except in Maine which is one of the few States with a benefit formula based on annual wages. From each list, the agency transfers the wage data for each worker to an individual record which is the basis for benefit determinations.

Whether annual reporting on a list form is helpful to an agency depends upon the procedures used to prepare the individual wage records. In Maine and Utah, annual reporting by approved employers was found helpful. In Maine, however, the wage data is typed on slips, and in Utah the agency has not been preparing individual records from all wage reports. The Illinois agency, on the other hand, found annual reporting so burdensome that they discontinued it in 1943. In Illinois, wage data are transferred from employer lists to punch cards; the benefit formula, like that of most States, requires information as to quarterly earnings. With their method of processing, they believe that annual reporting had no advantages and several disadvantages. Four cards had to be prepared from one annual list, rather than one card from each of four quarterly reports received throughout the year. Punching errors were increased in making four cards from one line entry, and the cards had to be prepared in such a short time that overtime and extra shifts were required, increasing the processing costs. This extra load came just before the beginning of the new benefit year, the very time when the wage-record load is already heaviest.

Wage-record processing.—With quarterly reporting, the uniform base

Table 3.—*Type and frequency of wage reports, 19 States*

State	Type of wage reports	Periods for which wage data are needed	Frequency of wage reports, 1943
Arkansas	List	Quarters	Quarterly.
Colorado	Slip	do	Quarterly; for approved employers, annually.
Connecticut	do	do	Annually, State-wide.
Illinois	List	do	Quarterly.
Kentucky [1]	Slip	Half year	Do.
Maine [1]	List	Calendar year	Quarterly; for approved employers, annually.
Maryland	do	Quarters	Quarterly.
Massachusetts	do	do	Do.
New Hampshire [1]	Slip	Calendar year	Quarterly; for approved employers, annually.
New York	List	Quarters	Quarterly.
North Carolina [1]	Slip	Calendar year	Quarterly; for approved employers, semiannually.
Oregon	List	Quarters	Quarterly.
Pennsylvania	Slip	do	Annually, State-wide.[2]
Rhode Island	do	do	Do.
South Dakota [1]	do	Calendar year	Quarterly; for approved employers, annually.
Utah	List	Quarters	Do.
Vermont	do	do	Quarterly.
Virginia	do	do	Do.
West Virginia [1]	Slip	Calendar year	Quarterly; for approved employers, annually.

[1] Annual wage benefit formula.
[2] Uniform periods and annual reporting new in 1943.
[3] Effective April 1943, individual base period and benefit year, requiring quarterly reporting.

period allows the agency more time for processing wage records between the receipt of a wage report and its use in benefit determinations than is allowed by the present individual base-period provisions. Wage reports from employers are due in the agency a month after the end of the quarter covered. In States using individual base periods and benefit years, the agencies have only 2 months each quarter between the date reports are due and the time those wage records may be needed for benefit payments. In those 2 months, wage reports must be processed, delinquent reports obtained, irregular reports cleared up, and wage records filed. An individual base period consisting of the "first 4 of the last 6 completed calendar quarters" would provide 5 months between the due date of reports and the time they are needed, and would thus allow 3 months for regular processing before the next quarter's reports are due.

Of the 19 States studied, Connecticut and Rhode Island must handle the reports for a whole year in 2 months, while Pennsylvania has 4 months. In all the others but Kentucky, the agency has 3 months—from the due date of 1 quarter's reports to the due date for the next quarter—in which to process the wage reports for each of the first 3 quarters of the base period. For the fourth-quarter reports, New Hampshire has 1 month; Arkansas, New York, North Carolina, Utah, and Virginia have 3 months, and the other 9 States have 2 months. Kentucky, with two uniform base periods, has 3 months for the first and third quarters of the calendar year, and 2 months for the second and fourth quarters.

The nine States with only 2 months for fourth-quarter wage records reported that they must work under considerable pressure to have that quarter's wage records in the files by the beginning of the benefit year. They prefer, however, to have only one rush period a year rather than four. Some States meet this annual peak by transferring local office personnel to the central office—something relatively easy to do since the claim load is normally lightest in the last quarter of the benefit year. Other States hire temporary employees for the peak period. The New York and Virginia agencies both found a 1-quarter lag too difficult and so had the laws amended to extend the lag. The New York agency finds that the longer lag eliminates the peak-processing load, and reduces late wage records—resulting in more prompt payment of benefits and fewer contested claims. In lengthening the lag, however, benefit rights of workers may be changed (see below).

Some differences in wage-record procedures from those used with individual base periods arise because the base periods and benefit years are the same for all claimants. Two sets of wage-record files are maintained—those for the past year, which are used for benefit purposes and for experience-rating charging, and those for the current year, which are being set up and will be used for benefit payments next year. The whole file becomes obsolete at the same time. In States with slip reports, quarterly clearing of the files by hand with the attendant risks of pulling the slips for the wrong quarter is thus eliminated.

States with punch-card wage-record files find that the uniform base period eliminates occasions when records for the base period are unavailable for benefit determinations because the new wage-record cards are being interfiled. It also reduces the number of wage cards collated during a year. For example, New York receives 5 million cards each quarter; to interfile the records for the 4 quarters of the uniform base period, 45 million cards a year must be run through the collator—none the first quarter, 10 million the second, 15 million the third, and 20 million the fourth. With an individual base period, the agency would have to collate 25 million cards each quarter to remove 5 million obsolete cards and interfile the 5 million new cards. This would result in collating 100 million cards a year in all—more than twice the present number.

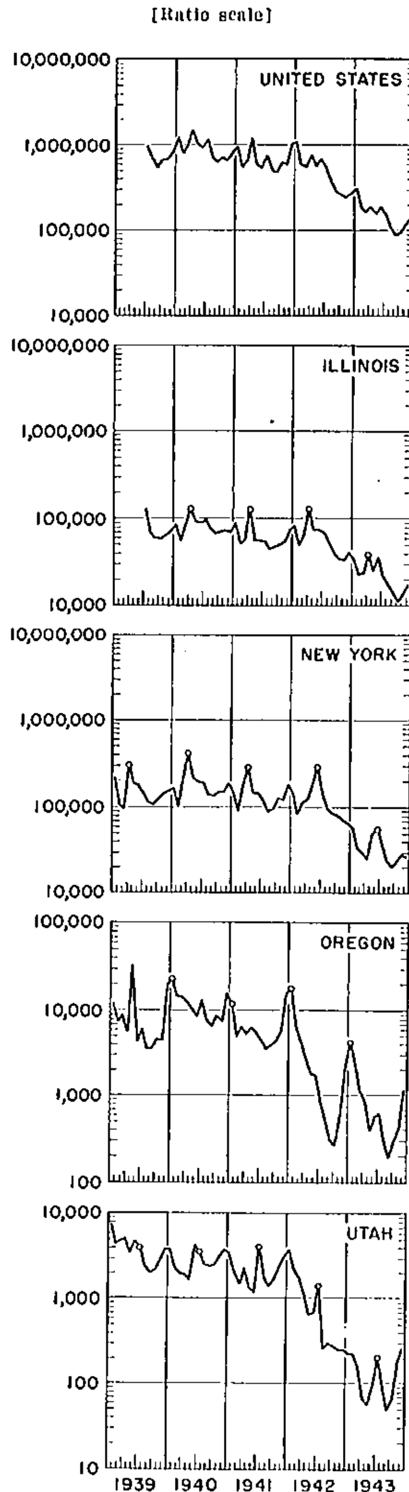
Experience-rating procedures.—The effect of the uniform benefit year on experience-rating procedures depends on the relationship between the experience-rating computation date and the date of the uniform benefit year. Benefits paid for weeks of unemployment up to the computation date are charged to employers with respect to that experience-rating year, while benefits paid for weeks after the computation date are charged with respect to the next experience-rating year. If the computation date follows very closely the beginning of the benefit year, so that few if any claimants would have exhausted their benefit rights, the job of cutting off active claims for charging purposes is huge and the amount of work involved is correspondingly great. If the computation date coincides with the end of the benefit year, there is no problem of cutting off some claims in the middle of a benefit series and charging those benefits in 2 experience years.

If, however, the experience-rating computations coincide with the peak of either the wage-record processing or the claims load, the agency is faced with two peak loads at the same time. Though the operations are performed by different sections of the agency, the simultaneous peak loads hamper the transfer of employees from one section to another. No State reported difficulties, although in some States the claims and experience-rating peaks coincide, while in others, the experience-rating load comes when the load of wage-record processing is heavy.

Claims procedures.—While the uniform periods permit spreading wage-record processing over more of the year than individual periods, they result in an annual concentration of the claim load at the beginning of the benefit year or just before it in the six States where claims for the new benefit year may be filed in the last weeks of the old benefit year (table 4). At that time, in addition to the initial claims of workers just becoming unemployed, the agency will receive initial claims from claimants in compensable status at the end of the old benefit year, from those who exhausted their benefit rights in the old benefit year and have remained unemployed, and from those who had no rights in the old benefit year but may have in the new. This concentration of initial claims creates a peak of initial determinations and benefit payments in the central office. The influence of the beginning of the uniform benefit year on initial claim loads is clearly demonstrated in New York (chart 1). In 1939, 1940, and 1941, when the uniform benefit year began

Chart 1.—*Number of initial claims by month, United States total, Illinois, New York, Oregon, and Utah, 1939–43*

[Ratio scale]



April 1, the peak of initial claims came in April; but in 1942 and 1943, after the beginning of the uniform benefit year was moved to June 1, the peak of initial claims came in June.

Chart 2 shows the difference in timing of the peak-claim loads in New Hampshire and Vermont. In New Hampshire, where a uniform benefit year beginning March 1 has been in effect since July 1939, initial claims have risen sharply in March. In Vermont, where an individual benefit year was in effect before April 1943, the peak of initial claims has come in January or December. Secondary peaks have come at approximately the same time in both States.

Several States consider the peak-claim load to be the chief administrative disadvantage of uniform benefit years. None of them, however, reported that the problems were sufficiently great to overbalance the advantages. A few States, in fact, indicated that an annual peak permitted more efficient operations than continuing loads, because benefit payments are essentially a mass-production job, which can be done more effectively on a mass basis. Since with a uniform benefit year the time of peak loads is known in advance, preparations can be made to meet the loads. Personnel from other sections may be shifted to the benefit section, or temporary employees hired. None of these States, however, has yet experienced as large a claim load as might be expected in a major depression period.

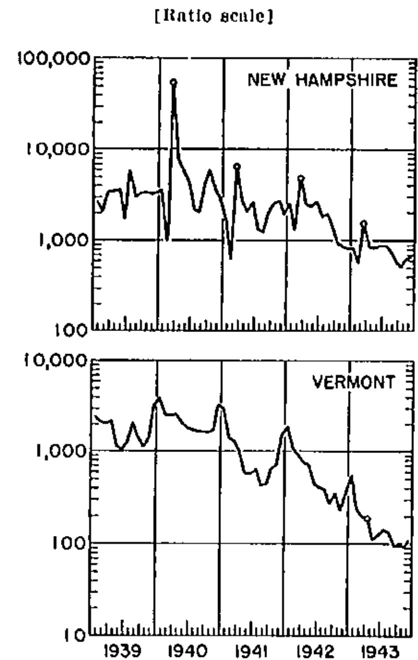
As one way of handling the peak load, Maryland and Illinois make new benefit-year determinations during the last 2 weeks of the benefit year for all claims in active status in those weeks.

Differences in Benefit Rights Under Uniform and Individual Periods

The differences in benefit rights which have resulted because a State had uniform rather than individual periods are not as clearly defined as the differences in administration. Benefit rights are so closely connected with economic conditions and with the other elements of the benefit formula that comparisons between States do not show the effects of the uniform periods. Some ways in which

Chart 2.—*Number of initial claims by month, New Hampshire and Vermont, 1939–43*

[Ratio scale]



benefit rights are affected by uniform periods, however, may be mentioned.

The uniform and individual benefit years involve different tests of the eligibility of workers for benefits. With an individual base period and benefit year, insured status is determined for each worker by his earnings' record in a period related to his unemployment. If the worker qualifies, his rights are determined for the subsequent 52-week period. If he does not qualify, he may call for another determination of his status when another quarter's wages have been added to the base period, if he is then unemployed. With a uniform base period and benefit year, insured status is determined for all workers by their earnings' records in the same 12-month period, should they be unemployed within a later prescribed 12 months. Benefit rights are not actually computed for all covered workers at the beginning of the benefit year in any State. When an unemployed worker files a claim, however, his rights are determined as of the current benefit year; if he meets the qualifying-wage requirements, he is eligible for a determined amount of benefits within the remainder of the uniform period, but if he fails to

qualify he is without protection until the beginning of the next uniform benefit year.

Uniform and individual benefit years may also have different effects on benefit amounts and duration, arising from the relation of the individual's employment and unemployment experience to the fixed dates and from the possible increased lag, with uniform periods, between the base-period wages and the date of an individual claim. A claimant who files in the first quarter of a uniform benefit year has approximately the same base period and thus the same benefit rights as he would have with an individual benefit year. With duration as short as that now provided, the fact that the period within which those benefits may be drawn is somewhat less than 52 weeks is not likely to be particularly significant. Thus, if the uniform benefit year begins in a period of heavy unemployment, the rights of a relatively small number of claimants will be affected by the fixed dates.

Oregon is the only State which intentionally begins the uniform benefit year in a period of greatest unemployment. In 1942, 45 percent of the initial claims were filed in the first month, and 72 percent in the first quarter. In all States with uniform benefit years, the average proportion of initial claims in the first quarter of the benefit year was 42 percent in 1940, 40 percent in 1941, and 36 percent in 1942. Utah, which chose a time of full employment for the beginning of the benefit year, received in 1942 only 11 percent of the initial claims in the first month and only 15 percent in the first quarter (see chart 1).

Claimants whose unemployment begins towards the end of a benefit year may have curtailed benefits, or a long-continued duration of benefits, depending on how near the end of the year they file and how recent their employment is.

Benefits curtailed by the end of the benefit year.—A worker who files his initial claim 11 weeks before the end of the benefit year can draw only 10 weeks of benefits (with a 1-week waiting period) in that benefit year, regardless of the theoretical number of weeks to which his base-period wage credits would entitle him. However, a claimant who does not draw benefits until the end of the uniform benefit year has usually been accumulating rights toward the next benefit year—unless he has been sick or self-employed or in noncovered employment. In the five States for which information on this point is available, the proportion of claimants filing active claims at the end of one benefit year whose claims for the new benefit year were denied for lack of qualifying wage credits has varied from less than 1 percent to 12.5 percent.

Increased duration of benefits.—With a uniform benefit year, claimants unemployed during the latter part of the benefit year may draw as much as twice the maximum provided for one benefit year in a continuous spell of unemployment. For example, a Connecticut worker whose earnings in 1943 and 1944 were sufficient and who became unemployed on November 20, 1944, and continued to be unemployed and eligible for benefits, could draw the maximum 18 weeks of benefits up to the first Sunday in April 1945, and then draw 18 more weeks in the next benefit year, or 36 consecutive weeks of benefits for total unemployment. The same situation could occur in any of the uniform benefit year States, with a range of 32–46 consecutive weeks of benefits. In six of these States, all eligible claimants are entitled to a uniform number of weeks of benefits within a benefit year. While long continuous duration in 2 benefit years is possible also in a State with an individual benefit year beginning with a valid claim, it is not very likely. In those States, a worker could draw *all* his benefits at the end of his benefit year only if he had established the benefit year by a valid claim, had been reemployed before he had served a compensable week, and then suffered a subsequent spell of unemployment at the end of that benefit year.

Normally, such lengthy duration is a nonrecurring situation. With a uniform benefit year, a worker may receive as much as twice the maximum benefits in one period of unemployment. If that is his only spell of unemployment in several years, he will have drawn more benefits than he could have under an individual benefit-year formula. However, if he is unemployed in successive years, he will receive the same amount of benefits under either type of benefit year. There is some evidence that under normal conditions many individuals

Table 4.—*Benefit provisions in 19 States, as of May 1, 1944*

State	Earnings requirement [1]	Weekly benefit amount			Duration			Number of waiting-period weeks [2]
		Fraction of highest quarterly earnings	Minimum amount	Maximum amount	Fraction of base-period earnings	Minimum times wba	Maximum times wba	
Arkansas	22xwba ($66)	1/26	$3	$15	1/3	4	16	1
Colorado	30xwba ($150)	1/25	5	15	1/3	10	16	2
Connecticut	$144	1/26 [3]	6	22	1/3	5	18	1
Illinois	$225	1/20	7	20	Table (49-25%)	7	18	[2] 1
Kentucky	$200	Annual table	5	16	Uniform	10	10	1
Maine	$144	Annual table	6	18	Table	9+	16	1
Maryland	30xwba ($210)	1/20	7	20	1/4	7	23	[2] 1
Massachusetts	$150	1/20	6	18	30%	5	20	1
New Hampshire	$200	Annual table	6	18	Uniform	18	18	1
New York	25xwba ($250)	1/23	10	18	Uniform	20	20	[2] 2
North Carolina	$130	Annual table	3	15	Uniform	16	16	1
Oregon	$200	6%	10	15	1/6	2	16	[2] 2
Pennsylvania	$100	1/25	8	18	Table	7	16	[2] 2
Rhode Island	$100	Table (about 1/18–1/20).	6.75	18	Table	3	20.25	[2] 1
South Dakota [4]	$126	Annual Table	7	15	Table	6	16	1
Utah	30xwba ($150)	1/20	5	20	Uniform	20	20	1
Vermont	30xwba ($180)	Table (about 1/18–1/27).	6	15	Uniform	18	18	1
Virginia	25xwba ($100) [5]	1/25	4	15	1/4	6	16	1
West Virginia	$250	Annual table	7	18	Uniform	16	16	1

[1] Minimum earnings or multiple of wba. Wba denotes weekly benefit amount. A dollar amount in parentheses is the product of the multiple of wba and the minimum weekly benefit amount.

[2] In these States, the waiting period may be served at the end of the prior benefit year. In Illinois and New York, the worker must be eligible for benefits in both years to do so.

[3] Higher fraction for weekly benefit amount of $6 and $6.50.

[4] Changed back to individual base period, effective Apr. 1, 1943.

[5] If claimant failed to receive qualifying wages corresponding to high-quarter wages, he shall be entitled to have his claim processed according to the next lower weekly benefit amount.

file claims each year. The higher the proportion of "repeaters" in a State, the less important becomes the possibility of continuous benefits in 2 benefit years. Also, in any State where the beginning of the benefit year coincides with the beginning of the period of greatest unemployment, so that the majority of workers draw their benefits at the beginning of the benefit year, consecutive duration of benefits in 2 benefit years is of little or no practical significance.

The only State where such continuous duration appears to have been a problem is South Dakota, where from July 1941 to April 1943 the law provided a calendar-year base period and a benefit year beginning April 1. Workers frequently became unemployed after November 1 and reremained unemployed through April of the next year, drawing 28 consecutive weeks of benefits for total unemployment. South Dakota employers sponsored the restoration of the individual benefit year and base period, partly because of this lengthy duration and partly because they felt that benefits paid in March 1942 should not be charged to the reserve of the employer for whom the claimant worked in January 1940.

Regardless of the significance of this problem in normal times, it may assume tremendous proportions in the near future, depending on the time that war production ends. If the end of the war comes at such a time that war workers will file claims near the end of a benefit year, many may draw twice the maximum benefits, and create a tremendous concentrated drain on the fund. Five agencies expressed concern about the effect on the solvency of their funds if the war industries close near the end of a benefit year. Connecticut officials believed that the "solvency factor" in their law, enabling them to reduce benefits when the fund falls below a certain level, will be a safeguard against disastrous results of any type of drain.

The other agencies were not disturbed by the possibility of consecutive weeks of benefits in 2 benefit years. They agreed that, in a major depression, the lengthy duration would help maintain purchasing power and would thus be socially desirable. It would seem that, if extended duration of benefits is needed in times of depression, it should be provided for all individuals by legislative action rather than merely for some individuals through the accidental character of the dates of their unemployment.

Lag between base period and payment of benefits.—When benefits are intended to bear a relation to wages, the wages used should be as nearly current as is administratively feasible. The introduction of any lag between the base period and the initial determination is likely to bring anomalies into the relationship. When wage rates are comparatively stable, a lag may be relatively unimportant except for new entrants into the covered labor market; but when wages are rising or falling, the benefits of all workers may be affected.

With the most usual individual benefit year and base period, the time between the end of the base period and an individual's initial claim for benefits is 1 completed calendar quarter plus the elapsed fraction of the current quarter, a lag of from 3 to 6 months. With uniform periods unrelated to an individual's claim, the time between the end of the base period and an individual's initial claim for benefits under the most common uniform provisions is 1 completed calendar quarter plus the elapsed portion of the benefit year, a lag of from 3 to 15 months (table 2).

Effect of lag on new entrants.—The uniformity of the base period results in a variable, and often long, interval between a worker's first entry into covered employment and his first opportunity to draw benefits. New entrants are usually young people, transferees from noncovered employment or self-employment, women suddenly deprived of the support of husband or child or parent, or, in times like the present, recruits from among marginal workers. The length of time from a worker's first covered employment until he can be eligible for benefits depends on the time within the base period at which he first earned wages, and on the amount of earnings required to qualify.

A worker who entered covered employment in the first month of the base period would have to wait from 14 to 18 months to file a valid claim (table 2). One who entered in the last quarter of the base period might never be able to file a claim on the basis of those wages. To illustrate, assume that a Colorado worker entered covered employment on October 6, 1943, and worked until March 28, 1944, at a weekly wage of $25, giving him total wages of $300 in the last quarter of 1943 and $325 in the first quarter of 1944. A claim he filed April 1, 1944, would not be valid because Colorado requires earnings in more than 1 quarter of the calendar-year base period, unless earnings in that 1 quarter are at least $450. If this worker remained unemployed throughout the rest of 1944, he would not be able to file a valid claim on April 1, 1945, the next benefit year, for the same reason. With an individual base period, such a new worker, had he continued unemployed, could have filed a valid claim on July 1, 1944, combining into one base period the last quarter of 1943 and the first quarter of 1944. Five of the 19 States with uniform benefit periods have qualifying-earnings requirements in terms of multiples of the weekly benefit amount which operate so that only those workers who earn the qualifying multiple of the maximum weekly benefit amount ($450 in 3 States, $600 in the other 2) could qualify on the basis of 1 quarter's earnings. Of the 12 States which express qualifying earnings in flat dollar amounts, 7 require earnings of $150 or less; and 5, earnings of $200 to $250 (table 4).

The effects on new workers were regarded by one agency as one of the main disadvantages of the uniform base period. The usual opinion was, however, that it is not essential that new entrants should become eligible for benefits immediately, inasmuch as such workers, not having earned enough in a uniform base period to qualify for benefits, are clearly marginal as far as their attachment to the labor market is concerned.

Some idea of the number of workers forced to wait for benefits until the next benefit year can be gained from an Oregon sample study of the number of workers who filed nonvalid claims in a year and valid claims in the next year. This study indicated that 14 percent of the claimants who

filed nonvalid claims in 1941 filed valid claims in 1942, and 7 percent of those who filed nonvalid claims in 1942 filed valid claims in the first 5 months of 1943.

Effect of lag in time of changing wage levels.—When wage levels are shifting, the time lapse between the beginning of the base period and the initial claim may distort the relationship between the weekly benefit amount and current weekly earnings. When wages and costs are increasing, benefits based on depression wages may represent for most workers much less than half the wage loss in the week, and may be inadequate to meet the needs of many workers. When wages are declining, benefits based on high wage rates of 2 years earlier may represent much more than half the current full-time wages. In some circumstances, the benefits may be as high as or higher than the current wages and may act as a deterrent to job acceptance. Consequently, benefits that are either too low or too high can hinder the unemployment compensation system in serving the purposes for which it was created.

A relationship between weekly benefit amount and earnings is a basic assumption of present formulas for the payment of benefits for partial unemployment. Under these formulas, an individual is partially unemployed if he works fewer than his customary hours and earns less than his weekly benefit amount. A long lag between base period and payment of benefits in times of rising wage levels may virtually eliminate partial benefits, because a worker with very little employment in a week may have earnings equal to his weekly benefit amount. A long lag in times of falling wage levels may permit payment of partial benefits to workers who have suffered only a slight reduction in hours of work.

If dependents' benefits are to be added to a basic amount determined from earnings, it is particularly important that the basic amount bear a valid relationship to *current* earnings, since supplementation of the benefit amount by dependents' allowances increases the probability that, when wages are falling, benefits will be as high as or higher than wages.

No State agency appeared concerned about the possibility of low benefits in a period of rising wages, since high wage levels are normally accompanied by relatively full employment and thus few claimants are affected. The possibility of high benefits in a period of low wages was also not regarded with great concern, partly because of the limitation on the maximum weekly benefit amounts. The maintenance of high benefits in time of depression was regarded by many agencies as a social advantage. Low wages indicate little demand for labor, with much unemployment and low purchasing power, so that relatively high benefits to a large number of claimants would serve to bolster purchasing power and act as a stabilizing influence at a time when especially needed.

Relation of lag to individuals who have left the labor market.—The lag also permits individuals to draw benefits after long periods of unemployment. A worker becoming unemployed at the end of July 1944 in a State with a uniform April–March benefit year could draw benefits in 1944 on the basis of his 1943 earnings. With no intervening employment, he could file again on April 1, 1945, and if he was available for work could receive possibly substantial benefits based on his earnings in the first 6 months of 1944. With an individual benefit year, this worker could not file again until August 1945, and he would have only 4 months' earnings to his credit. The difference here between the uniform and individual benefit year is that, under the former, the greater lag increases the possibility that the individual may qualify for benefits in the succeeding benefit year in spite of not having any intervening employment; with the uniform benefit year, however, the period of unemployment elapsing until the beginning of the next benefit year and the resumption of benefit payments will as a rule be shorter than with an individual benefit year. In times of mass unemployment when availability can seldom be tested by means of a job referral, it is difficult to avoid the payment of benefits to some workers who have left the labor market. If the workers have also left the State, their availability is even harder to establish.

Summary

Uniform benefit-year and base-period provisions are regarded favorably by the agencies that have used them. These agencies agree that workers find uniform periods easier to understand, and that wage-record processing can be more efficient. They agree also that the advantages outweigh the disadvantages. They do not agree, however, as to which features are advantages and which are disadvantages. To some extent, the administrative advantages depend on loads, equipment, and benefit formula.

The effect of uniform periods on workers' benefit rights is harder to determine, since it depends on economic conditions which have not been comparable from year to year. Experience in the various States is not comparable because there are too many variables in their benefit formulas and industrial composition. Probably the first real test of the effect of uniform periods on workers' benefit rights will come in the postwar period when wage rates may change, many workers may leave the labor market, and there may be widespread unemployment.

While most agencies consider the effect on new workers as either insignificant quantitatively or justifiable philosophically, one agency believes it disadvantageous. The possibility of extended duration is considered undesirable in some States, and an advantage in others. In general, the greater time lapse between employment and the computation of benefits based on it, which in effect relates benefits to wage levels of the past rather than of the present, is regarded as a social contribution in times of depression and consequent need, although one or two agencies considered high benefits in times of low wages a disadvantage of the uniform periods. It seems clear that, in periods when wage rates are not changing, the longer time lag introduced by the uniform periods is of little significance. Should wage rates fall at the end of the war, however, the longer lag period may introduce distortions into the relationships between benefits based on high wartime wages and current wage levels. This fact will be relevant only if such benefits effectively deter workers from taking jobs.