Table 7.—*Effect of war-risk provisions on employer contribution rates and revenue, by State, 1943*

[Based on data reported by State agencies, corrected to Mar. 31, 1945]

State	Effective date of war-risk contribution provisions	Average employer contribution rate (percent)		Reduction in revenue under normal experience-rating provisions		Additional revenue from war-risk contributions [2]		Net reduction in revenue	
		Excluding war-risk contributions [1]	Including war-risk contributions	Amount (in thousands)	Percent	Amount (in thousands)	Percent	Amount (in thousands)	Percent
Total, 9 States [3]		1.59	1.87	$122,053	41	$31,281	18	$90,772	30
Alabama	Apr. 1943	1.25	1.42	9,475	54	1,116	14	8,359	47
Florida	July 1943	2.24	2.33	2,632	17	523	4	2,109	14
Illinois	July 1943	1.36	1.53	57,695	50	7,142	12	50,553	43
Iowa	July 1943	1.92	2.20	3,786	29	1,385	15	2,401	18
Maryland	July 1943	2.01	2.49	7,799	26	5,487	24	2,312	8
Minnesota	Jan. 1943	1.56	2.29	9,296	42	5,961	47	3,335	15
Missouri	July 1943	1.57	1.68	14,241	42	1,400	7	12,841	38
Oklahoma	Jan. 1943	1.58	1.80	5,400	41	1,052	14	4,348	33
Wisconsin	July 1943	1.79	[4] 2.53	11,729	34	[4] 7,215	[4] 31	[4] 4,514	[4] 13

[1] Average employer contribution rate excluding war-risk contributions represents actual ratio of employer contributions to taxable wages (in percent) reported by State agency and adjusted to exclude estimated additional contributions from war-risk provisions.

[2] Estimated increase in revenue over amount collectible on 1943 taxable wages in absence of war-risk contribution provisions.

[3] War-risk provision became effective in tenth State (Ohio), January 1944.

[4] Includes effect of special "postwar reserve" contribution of 0.5 percent.

rated employers in the State with average annual pay rolls of $50,000 or more received reduced rates.

Although the data indicate that no rated employers in the $1 million class received rate reduction in Maryland, this is attributable to the fact that the Maryland data exclude 3,382 accounts to which a war-risk rate of 2.7 percent was assigned. It is likely that a large proportion of these employers had average annual pay rolls of $1 million or more and would have been entitled to a reduced rate but for the State's war-risk provisions.

War-Risk Contributions in 1943 [7]

During 1943, 10 States, recognizing that increased wartime pay rolls foreshadowed greater future benefit liabilities and that tax rates were being reduced just when it was easiest for employers to absorb higher rates, adopted special war-risk provisions. New employers and those whose pay rolls had increased sharply over prewar levels were taxed at higher rates under these provisions than they would have been under the normal experience-rating provisions. Although data on the effects of the war-risk provisions are not yet available for 1944, estimates for 1943 may serve to give some indication of the probable effect in 1944.

The war-risk provisions raised an estimated $31.3 million additional revenue on 1943 wages in the nine States in which the provisions were in effect at some time during 1943 (table 7). The estimated relative increase in revenue resulting from these provisions ranged from 4 percent in Florida to 47 percent in Minnesota; for the nine war-risk States combined, the revenue was 18 percent more than the amount which would have been collected in the absence of the war-risk provisions. The combined average employer contribution rate for the nine States under the "normal" experience-rating provisions (excluding war-risk contributions) was an estimated 1.59 percent; the corresponding figure including war-risk contributions was 1.87 percent. For the country as a whole, the additional revenues collected under the war-risk provisions raised the average employer contribution rate in 1943 from 2.04 to 2.09 percent.

[7] For discussion of war-risk contribution provisions, see the *Bulletin*, May 1944, pp. 2–8.

Tripartite Hearings on Benefit Determinations

By James G. Bryant*

THE CALIFORNIA unemployment compensation law permits (sec. 67) reconsideration of an initial determination on benefit rights before an appeal is taken to the referee, the first appeal authority. The Chief of the Division of Public Employment Offices and Benefit Payments (more commonly known as the Benefits Division) has recently instituted a new procedure for handling this readjustment process by means of tripartite committee hearings on benefit determinations before the appeals process begins. While this procedure is still in a developmental stage, the agency believes that the preliminary results of its operation are encouraging, that wider use of tripartite hearings committees will result in considerable reduction in the volume of appeals, and that appeals from the tripartite hearings committee can be taken directly to the highest appeals authority. The use of these tripartite hearings committees should serve to acquaint interested employers and labor groups in the community with problems with which the agency deals daily, which will become even more difficult as the country switches from a war to a peacetime economy.

The Chief of the Benefits Division, who is responsible for the payment of benefits under the California Unemployment Insurance Act, asked local labor organizations and trade and business organizations to submit names of individuals who would be willing to assist the Department of Employment in reviewing disputed determinations at the local office level. As a result, panels composed of an equal number of representatives of labor and management have been established in several California cities. Hearing committees (consisting of either three or five members) will be selected equally from the labor panel and the management panel. The third or fifth member of the committee will be a representative of the Department and the committee will be known as the Tripartite Hearing Committee.

In each city where labor and man-

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agement panels are to be established a meeting has been held to discuss and explain the program for tripartite hearings and to secure community support and cooperation for the project. After these meetings an equal number of interested representatives of management and labor have been officially appointed as panel members. Each member received a letter like the following:

"You have been appointed a member of the tripartite labor-management-Department of Employment panel being established in_____
_____.
(name of city)

"Individuals will be selected from this panel to asist the Department in conducting an administrative review of disputed benefit cases. This program will expedite determinations of claimants' eligibility to receive unemployment insurance, and in no way will it interfere with any employers' or claimants' right of appeal if either party is not satisfied with the results of the administrative review.

"As a member of this panel you will be furnished at an early date a copy of the Act and the procedure for hearings before the Tripartite Committee. Other pertinent material will be forwarded to you from time to time.

"In order that you may secure some desirable background information, it is planned to hold an all-day training meeting to be scheduled in the near future. At that time the basic provisions of the California Unemployment Insurance Act will be discussed and the use of the Precedent Manual explained.

"I wish to thank you for your cooperation in this project which will unquestionably improve the program of unemployment insurance."

An all-day training meeting on the broad aspects of the unemployment insurance program has been provided for panel members if they can afford the time. Although this training is desirable, it is not always possible to arrange such meetings, since the high caliber of the members selected limits the amount of time they can give to this activity. Many panel members are willing to serve because of their interest in the program and definite assurances from the Department that no panel member will be called too frequently.

The tripartite hearing procedure is relatively simple after the panels have been established. When a claimant or an employer indicates dissatisfaction with a determination on a claim, he is advised that the issue can be reviewed by an impartial committee representing management, labor, and the Department. The advantage to the claimant of such a review is that it may considerably expedite the payment of benefits, and in no event does he lose any of his regular appeal rights. For the employers also it provides prompt determinations through a relatively informal procedure.

The date of the hearing must be set within 5 days after the request is made by a claimant or an employer. The local office representative of the Department selects a committee from the panel members on a rotational basis. Any member of the panel who has an interest in a particular case is disqualified. An alternate also is selected from each panel in case the regular member is unable to appear at the hearing or his interest is challenged at the hearing. All selected members, including the alternate, are notified by telephone, and the hearing date is scheduled on the basis of their availability. If a selected member cannot attend the hearing, another is substituted. After the date is chosen the tripartite hearing committee, the appellant, and all interested parties to the determination are notified of the hearing date by the chairman.

The committee hearings are conducted informally and in the way deemed most suitable to ascertain the facts and to determine the substantial rights of all the parties. Before the hearing begins the chairman explains briefly to the committee the purpose of the hearing, related provisions of the law, rules and regulations pertaining to the type of disqualification involved, Department policy as set forth in the Precedent Manual, the factors to be considered, the relevancy of the testimony, and the authority, duties, and responsibilities of the committee.

After these preliminaries the chairman opens the hearing with necessary introductions (omitting the names and affiliation of committee members) and a statement of the case and the nature of the hearing. The claims examiner who issued the disputed determination is then asked to state the grounds for his determination. The appellant or other interested party then has an opportunity to rebut the statements of the claims examiner, after which the committee can cross-examine the claims examiner, the appellant, and any interested parties. Any interested parties present also have the right of cross-examination.

The chairman records all the facts brought out during the hearing which may have a bearing on the decision.

When the committee has completed its examination, all the interested parties are temporarily excused while the committee discusses, deliberates, and reaches a decision. The chairman participates in the discussion and deliberation, but he does not vote. The interested parties are recalled, and the decision is announced before all participants in the hearing. The written decision is prepared immediately, and copies are subsequently mailed to all interested parties by the chairman. The written decision contains advice to the effect that each interested party has 7 days from the date of the receipt of the written decision to appeal the case if the decision is not acceptable. The chairman makes a full and complete written report of each hearing to the chief of the Benefits Division. A copy of the report and the record of the hearing as taken by the chairman is maintained by the local office.

If a claimant wishes to withdraw his request for a hearing before the tripartite hearing committee, the members of the committee are notified by telephone of the cancellation and the interested parties are advised that the original determination has been reaffirmed and that an appeal may be filed within 7 days from the receipt of this second notice.

The outstanding fact brought out in the hearings to date has been the effort of the committee members to do a good job. The members on each committee have been sincere, honest, and highly cooperative. Their primary objective has been to get the facts and make sound determinations. It was interesting to note that unanimous decisions were reached in 13 of the first 15 cases. Only in 2 cases was there any question between the management and labor representatives on the committee as to whether benefits should be paid or denied, and these were decided by the California Unemployment Insurance Appeal Board.

The biggest problem facing the committee is its ability to determine whether it is getting the facts. On the basis of limited experience it is believed that a five-man committee provides a greater possibility of obtaining the facts than the three-man committee.

Several of the major immediate ad-

vantages of committee hearings are: the appreciation, on the part of labor and management, of the problems faced by the Department in making determinations of eligibility; the opportunity of the Department's representative to obtain management's and labor's interpretation of the Unemployment Insurance Act; the prompt manner in which adequate determinations can be reached where the initial determination of a claims examiner has been disputed; and the elimination of many appeals.

The California agency believes that tripartite hearing committees will prove of great value in assisting in the adjustments necessary when the demands for current wartime skills decline. Many trade and service workers who have been attracted to war jobs by high wages or patriotic motives may be reluctant to return to their former work, usually at considerably lower salaries, even though the possibility of their utilizing their wartime skills may be remote. The question of what constitutes "suitable employment" for this type of worker will present many serious problems, the solution of which can best be found in the local community, where the decision should logically be made. This inevitable readjustment will confront nearly all communities, and representatives of labor and management are in the most advantageous position to assist in the solution.

(*Continued from page 2*)

sented to the Senate on May 7 and referred to the Committee on Finance, urged the President and Congress "to enact such amendments to the Social Security Act as will insure that ownership and occupancy of a home will not be considered income or resources of recipients of old-age assistance or of aid to the blind." The legislature based its resolution on the argument that the amount which must now be deducted from the assistance to which the recipient would otherwise be entitled is "a comparatively small sum, so that the amount of public money withheld from recipients for this reason is lost to the States and the United States Government by the increased cost of administration resulting from investigation and accounting to establish the amount of the deductions." It also declared that "consideration of the occupancy value of homes of recipients as income or resources discourages thrift leading to home ownership."

Legislation "to provide wage credits on the social security accounts of members of the armed forces during their period of service" was requested in a memorial from the Wisconsin legislature, presented to Congress on May 4 and referred to the Ways and Means Committee.

A National Health Service for South Africa

The National Health Services Commission, appointed by the Government of South Africa to inquire into all aspects of national health, has reported its recommendations for a complete program of free personal health services as a "citizen right" for all. The proposed plan of the Commission parallels in large part the recommendations made earlier by the Federal Council of the Medical Association of South Africa (see the May 1944 BULLETIN, pp. 18–21).

The Commission recommends that the service should be nationally controlled and directed by a Minister of Health, responsible to Parliament. The Minister would be advised by a National Health Council, composed of representatives of taxpayers, voluntary organizations in the health field, and professional and technical interests in the service. The Council would be responsible for general policy. Actual administration would be placed in a National Health Board of three or five members.

For decentralized administration, the country would be divided into some 20 regions, within which health centers would be set up. The 400 or so health centers would be staffed by general practitioners, dentists, and auxiliary personnel, all working together as a team and on salary. The public would have choice of doctor from among the staff of the center, and the doctor so chosen would be primarily responsible for the health of the entire family. Private practice is not banned, but no citizen would be exempted from payment of national health taxes on the ground that he preferred not to use the service.

Advisory bodies, consisting of democratically constituted councils, would be set up at both regional and health center levels. A National Health Congress would provide opportunities for the staff of the health service to express their views on technical and scientific matters and on service conditions, while a Health Service Personnel Commission of three members would deal with appointments to the service and other relevant matters.

All hospitals—and the Commission contemplates a wide variety of types—would be nationally controlled and completely integrated with the other medical services. Until other arrangements can be made to satisfy the demand for free hospital care, private hospitals would remain, financially assisted, supervised, and inspected by the national health authority.

The preventive aspects of public health would be stressed. The majority of the Commission would leave administration of the nonpersonal public health services with the four Provinces but would have the Provinces turn over to the National Health Service the control and financial responsibility for all personal health services hitherto maintained by them. Two members of the Commission, in a minority report, opposed the severance of personal and nonpersonal health services and would leave administration of both with the Provinces; they would, however, center direction of policy in the National Health Service.

The Commission would finance the program partly from general revenue but to a large extent by a special health tax, levied on all income groups. The feeling seems to be prevalent throughout the country that the new service should not be thought of as a charity and that every one should contribute toward it, even if only a small amount. Cost of the new program is estimated at more than £20 million.