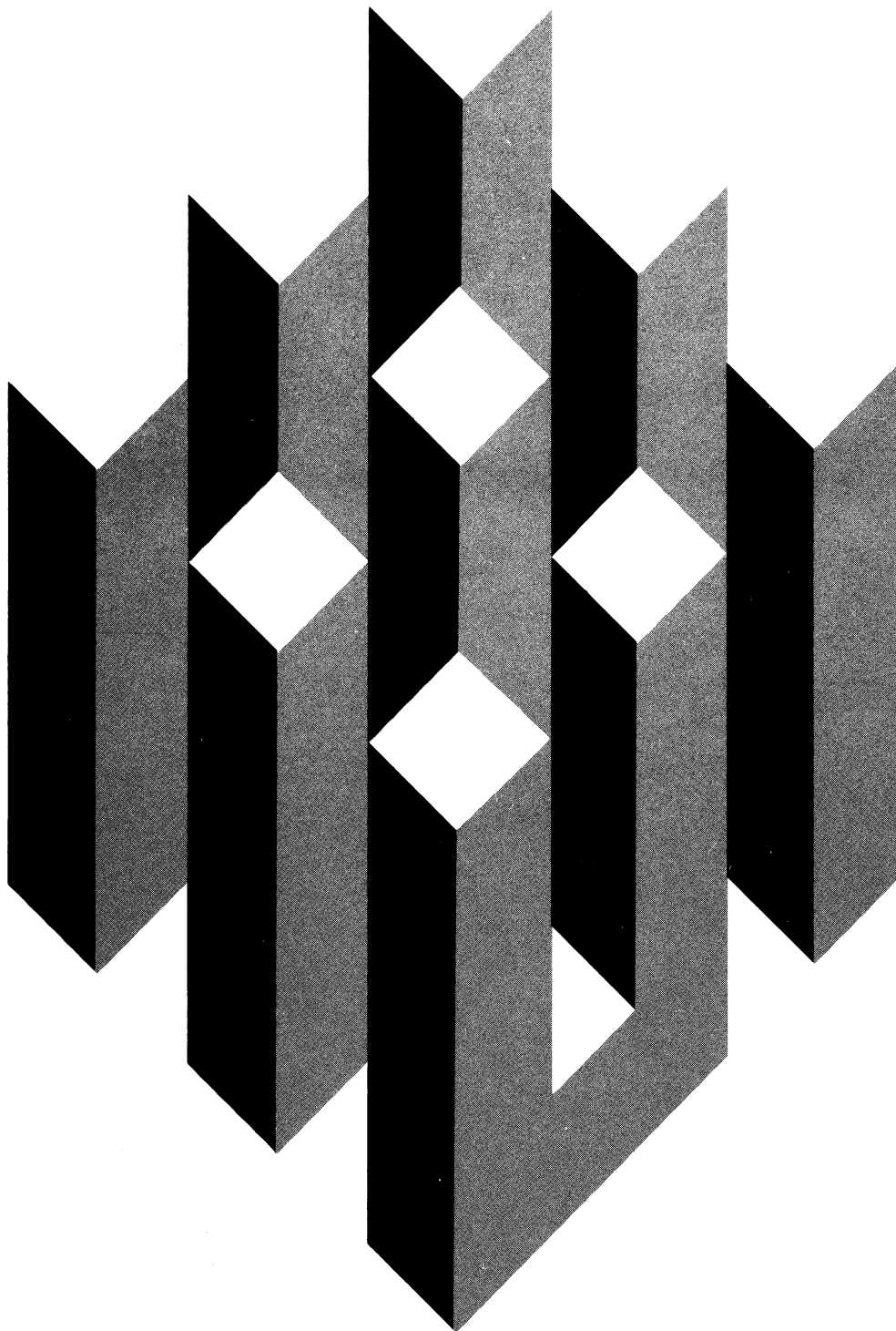


The Federal Supplemental Benefits Program: National Experience and the Impact of PL 95-19

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The Federal Supplemental Benefits Program: National Experience and the Impact of PL 95-19



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I INTRODUCTION

Public Law (PL) 95-19, which was enacted April 12, 1977, continues until January 31, 1978 the Federally financed system of emergency unemployment compensation to eligible individuals in States with unemployment levels exceeding prescribed levels. PL 95-19 was the third in a series of amendments to PL 93-572, known as the "Emergency Compensation Act of 1974," the law that created the Federal Supplemental Benefits (FSB) program.

The significance of PL 95-19 is that it introduced Federal eligibility and disqualification provisions that States must incorporate into their programs if individuals are to receive FSB payments. Prior to the enactment of the law, eligibility and disqualification provisions for those who received FSB payments were defined by each State legislature. Under the provisions of PL 95-19, the individual who filed for FSB payments must meet certain job search and job acceptance requirements, or benefits would be denied to that individual for at least the duration of the unemployment spell. These provisions superseded any State job search and job acceptance requirements that applied to FSB recipients. PL 95-19 also reduced the maximum amount of FSB entitlement from 26 weeks to 13 weeks.

The consequences of this law are expected to be reflected in changes in the behavior of the individual and in changes in the aggregate statistics of the FSB program. For the individual, PL 95-19 will increase the likelihood that he will exhaust FSB entitlement. The job search and job acceptance requirements will increase the probability that the individual will return to work before FSB payments are exhausted, or that he will be denied benefits because of failure to comply with these requirements. For some individuals the reduction in entitlement will mean that alternative sources of income will have to be found. It is to address the issues of how PL 95-19 affects FSB recipients that this report and a follow-up report are being written.

The impact of PL 95-19 on the individual will be reflected in the overall FSB statistics. For example, as individuals exhaust FSB entitlement, the sum, or aggregate, of all FSB recipients is expected to decline (if all other aspects of the economic environment remain approximately the same). Accordingly, in this first report, published and unpublished aggregate data about FSB recipients is used to evaluate the impact of the law. In the second report, data about FSB recipients that have been collected from the Unemployment Insurance Service and Employment Service (ES) files of four States will be used to present a more detailed evaluation of the impact of the law on the individual.

The objectives of this report are to:

- Provide a background to the enactment of PL 95-19.
- Summarize the major aspects of PL 95-19 and to relate it to the Emergency Compensation Act of 1974, which established the FSB program.
- Describe the national experience under the FSB program.
- Describe the characteristics of FSB recipients.
- Evaluate the impact of PL 95-19 on various aspects of the FSB program, in particular, the number of claimants, the benefits paid, and the number of denials.

This report is divided into six sections. In Section II, the principle findings of this report are summarized. In Section III, the legislative history of PL 95-19 and its relationship to the Emergency Compensation Act of 1974 is discussed. In Section IV, a summary of the history and costs of the FSB program from its inception through August 1977 is presented. In Section V, the characteristics of FSB recipients in a selected number of states are described. Finally, in Section VI, the empirical evidence of the impact of PL 95-19 is identified.

II SUMMARY

National Experience on FSB

The FSB program was enacted on December 31, 1974 and is scheduled to continue until January 31, 1978. This report evaluates various aspects of the program from its inception through August 31, 1977. During that time, approximately \$5.8 billion was paid to more than 5.7 million beneficiaries. Over 3.3 million FSB claims were exhausted and almost one-half million claims were denied.

Payments per month for FSB increased dramatically during 1975, reaching a peak level of \$355 million during December 1975. Benefit payments fell during 1976 to a low of \$147 million during September, rose slightly in the early months of 1977, and reached a level of \$74 million during July 1977, their lowest monthly total since the early months of the program.

The number of people who received a first payment during a given month closely followed the pattern for the monthly FSB expenditures. Except for a few months, the vast majority (over 80%) of all people who filed an initial claim received a first payment. For most of the life of the program more than 25% of all FSB recipients were entitled to the maximum weekly benefit amount and between 30% and 60% of all who received a first payment exhausted their entitlement.

Throughout the life of the program the number of total denials was very small. Denials were made in instances when individuals were not able to or available for work, refused suitable work, or for other reasons. Total denials reached their peak following the enactment of PL 95-19 but declined along with the decrease in total beneficiaries toward the later part of 1977.

FSB Claimant Characteristics

The recipients of FSB are more likely to be older, female, and non-white than the total employed civilian labor force and those who receive regular State UI benefits. However, when compared to the unemployed civilian labor force, the FSB recipients tend to be older but have similar percentage distributions for sex and race. The distribution of characteristics varies between those who receive at least one payment and those who are exhaustees. Nonwhites and those who are older represent a higher percentage of the exhaustees than they do of those who receive at least one payment. This finding indicates that these groups are more likely to receive FSB payments until entitlement is exhausted.

There were few differences in the percentage distributions of those who received at least one payment and those who were exhaustees among occupation and industry groups. The results suggest that in all occupations and industrial groups there is equal likelihood of becoming an exhaustee.

Impact of PL 95-19

The impact of PL 95-19 is defined as changes in the FSB program characteristics (that is, changes in such aggregate data as number of denials) as a result of the enactment of the law. To evaluate the impact, aggregate data from 13 States that were triggered on the FSB program for the entire observation period were used. To measure the impact of the law on program characteristics two types of analyses were used: (1) An index of the program characteristics in a typical month before the enactment of PL 95-19 relative to that same characteristic in a typical month after the law, and (2) a statistical procedure that looks at the impact of the law relative to the program characteristics for each month of the FSB program. This summary discusses the results of both of these analyses.

Decline in Beneficiaries and Benefits Paid

In each of the 13 States the number of beneficiaries fell relative to a similar period in 1976. The decrease was consistent with expectations and for most States the number of beneficiaries was approximately .60 of their number under conditions prevailing before PL 95-19.

Concurrent with the decline in the number of beneficiaries there was a proportionate decline in the amount of FSB payments made. The payments level in a typical month after PL 95-19 was also approximately .60 of the level in a pre-PL 95-19 month.

No Change in Initial Claims or First Payments

The analysis revealed that there were few statistically significant changes in the number of individuals who filed an initial claim or who received a first payment as a result of PL 95-19. From this result it can be concluded that in general across all 13 States PL 95-19 did not affect the number of individuals who entered the FSB program nor the number of individuals who received a first payment given the number who filed claims.

Increase in the Number of Exhaustees

The number of individuals who received a final payment (the exhaustees) relative to the number of beneficiaries increased substantially in a typical month after the enactment of the law. In most States the relative number of exhaustees increased by a factor of 1.5 or more. The increase in exhaustees was expected since the maximum entitlement was reduced. However, in some States, the relative number of exhaustees actually decreased relative to a similar period in 1976.

Denials Increased

All measures of denials and determinations showed increases as a result of PL 95-19. In perhaps the most significant findings of the report, it is shown that almost all States exhibited a major increase in (1) the total number of determinations and redeterminations, (2) the total number of denials, (3) the number of denials for not able to or available for work, and (4) denials for refusal of suitable work. The denials were measured by percent increases; these increases ranged from 78% to 287% for total denials, 76% to 228% for denials for those not able to or available for work, and 98% to 1,366% for those denied for refusal

of suitable work. In only one State was there a reduction in the number of denials. This analysis showed conclusively that denials were dramatically increased as a result of PL 95-19. Although the percentage increases were large, the actual number of denials was very small relative to the number of weeks of benefits claimed.

Impact Varied Across States

A major finding of the analysis was that the impact of the law varied across the 13 States. All States showed decreases in the number of beneficiaries and in amount of payments made although the magnitude of the impact varied. However, in the number of exhaustees and the number of denials, there was much greater variation across the States because of differences in the way States administer the various aspects of the UI program.

III PUBLIC LAW 95-19

Background

During the last quarter of 1974, changes in the major economic indicators reflected the slackening of the nation's economy. For the year as a whole, real national output dropped from \$1,233 billion in 1973 to \$1,210 billion in 1974 (see Table 1). The decline in real national output was the sharpest since 1949. Prices continued to rise as the Consumer Price Index reached an average of 147.7 in 1974, an annual increase of 11% over 1973. In the fourth quarter of 1974, durable goods expenditures declined \$14.6 billion (including an \$11.5 billion decrease in new car purchases) and business inventory investment increased by 65% over the preceding quarter. There was also a \$4.5 billion decline in personal consumption expenditures.

The effects of these adverse economic developments were reflected in the levels of employment and unemployment. As inventories rose, many industries began to lay off workers toward the end of the year. In December, the seasonally adjusted national unemployment rate stood at 7.2% (it eventually reached 8.9% in May 1975--its highest level since 1940). The rise in joblessness affected nearly all major labor force groups but hit hardest at blue-collar workers, adult women, teenagers, Black workers as a group, and veterans aged 20 to 24 years. By December 1974, there was a drop of about 440,000 in total employment relative to December 1973.*

In response to these conditions, Congress passed and President Ford signed the "Emergency Jobs and Unemployment Assistance Act of 1974" and the "Emergency Unemployment Compensation Act of 1974." The first Act

* This part of the background is taken from Manpower Report of the President, April 1975, pp. 15-17, U.S. Government Printing Office.

Table 1

SELECTED NATIONAL ECONOMIC ACTIVITY DURING THE YEARS 1972-1976

	1972	1973	1974	1975	1976
Gross national product (billions)					
Current dollars	\$1,171	\$1,306	\$1,407	\$1,516	\$1,692 ^P
Constant 1972 dollars	1,171	1,233	1,210	1,191	1,265 ^P
Civilian labor force (thousands)	86,542	88,713	91,012	92,613	94,773
Employed	81,702	84,409	85,936	84,783	87,485
Unemployed	4,840	4,304	5,076	7,830	7,288
Unemployment rate (percentage)	5.6%	4.9%	5.6%	8.5%	7.7%
Insured unemployed (thousands)	1,848	1,632	2,248	3,992	2,968
Insured unemployment rate (percentage)	3.5%	2.7%	3.5%	6.0%	4.5%
Insured unemployed as percent of total unemployed	38%	38%	44%	51%	41%

Note: p = preliminary

Source: Manpower Report of the President, 1977, U.S. Government
Printing Office

increased funding for public service jobs and created the Special Unemployment Assistance (SUA) program. The second Act, PL 93-572, created the Federal Supplemental Benefits (FSB) program.

Emergency Unemployment Compensation Act of 1974

Under the provisions of the Emergency Unemployment Compensation Act of 1974 (PL 93-572), payments of emergency compensation may be made to individuals if the following conditions are met:

- By the State
 - The State must enter into an agreement with the Secretary of Labor to provide FSB payments.
 - The State must be providing extended benefit (EB) payments under the Federal-State Extended Unemployment Act of 1970 (PL 91-373).
 - The State must be in an "emergency on" period, a period triggered on if the insured unemployment rate (IUR) for the State equals or exceeds 4%, and if the IUR for a 13-week period equals or exceeds 120% of the two preceding years. Under certain conditions the 120% rule may be waived.
 - The State may provide FSB payments if there is a national EB trigger on. Such a trigger is indicated by a national IUR of 4.5% or, at State option, payments may be made if the national IUR is 4.0%.
 - Once in effect, the emergency benefit payment period must last for 26 continuous weeks.
- By the Individual
 - The individual has exhausted all entitlement to regular unemployment insurance (UI) compensation.
 - The individual has exhausted all entitlement to EB compensation.
 - The individual is otherwise eligible under State law.

Entitlement and Funding of Payments

The emergency compensation entitlement was to be the lesser of 50% of the total amount of regular compensation (including dependents' allowances), or 13 times the average weekly benefit amount (WBA).

The maximum duration in weeks of benefits for the regular State UI program varies from 20 to 34 weeks, but 26 weeks is the most frequent

maximum duration. The total entitlement from regular UI and EB was not to exceed 39 weeks and the total entitlement from regular UI, EB, and FSB was not to exceed 52 weeks. The emergency compensation payments were to begin for weeks of unemployment after December 31, 1974 with initial claims being taken until December 31, 1976. There would then be a three-month phaseout of the program with no FSB payments being made after March 31, 1977.

The FSB compensation paid to individuals was to be funded from the extended unemployment compensation account (as established by Section 905 of the Social Security Act) of the Unemployment Trust Fund. The Federal taxing provisions for the FSB program are in the Federal Unemployment Tax Act, Chapter 23 of the Internal Revenue Code. PL 93-572 provided that the extended unemployment compensation account was to be provided funds, as repayable advances, for whatever FSB payments were made.

Amendments to PL 93-572

In response to changes in the economy, several amendments to the original legislation were enacted during the three years of the FSB program. One amendment was enacted during times that the economy worsened, with unemployment rates increasing above the levels in late 1974. Other amendments were enacted in reaction to declines in the unemployment rate.

PL 94-12, enacted March 29, 1975, increased the amount of entitlement to 26 times the WBA (or 26 weeks), up to a maximum of 65 weeks of benefits for the combined UI, EB, and FSB entitlement. This part of the legislation was effective with the enactment of the law. Because the national EB trigger was on, this legislation enabled all States (including Washington, D.C. and Puerto Rico) to pay up to 26 weeks of FSB benefits.

PL 94-45, enacted June 30, 1975, made the maximum entitlement a function of the IUR in each State. The effective date of this legislation was January 1, 1976 and as of that date the national EB trigger did not automatically trigger all States on the FSB program. Thirteen weeks of FSB entitlement would be available to individuals in those States in

which the IUR for the most recent 13-week period was equal to or greater than 5%, but less than 6%. The maximum combined entitlement for regular UI, EB, and FSB in such States was 52 weeks. When the IUR equalled or exceeded 6% in a State, that State could make FSB payments to an individual up to 26 weeks for a maximum combined entitlement for regular UI, EB, and FSB of 65 weeks.

Provisions of PL 95-19

PL 95-19 brought about several significant changes in the FSB program. These changes and the expected impacts on FSB claimants are summarized below. These expected impacts depend on the assumption that the FSB program will continue in all other respects except for the changes induced by the law. For example, it may be expected that the number of beneficiaries will decrease because of the reduction in maximum entitlement, but an actual increase in beneficiaries may occur because of a sudden change in economic conditions. The suggested impact described here does not take such unexpected events into account. Later in the report the impacts will be examined more closely.

Thirteen-Week Maximum

Under the law, the maximum entitlement is set at the lesser of 50% of the regular compensation or 13 times the WBA. The combined maximum duration of benefits is set at 52 weeks. In addition, the emergency benefit payment period is reduced from no less than 26 continuous weeks to no less than 13 continuous weeks.

This part of the law applied to all emergency compensation for weeks ending after April 30, 1977. All individuals who had received 13 times or more of their WBA would not be entitled to further emergency compensation payments. The reduction in entitlement brought about by this law is expected to: (1) reduce the number of beneficiaries; (2) reduce the costs of FSB over an interval of time; (3) increase the number of exhaustees; and (4) reduce the number of weeks that an individual receives FSB payments.

Financing of FSB from General Funds

Payments made to States as part of the supplemental benefits provided by this law are to come from general funds. These payments are not to be treated as repayable advances as was provided by the Emergency Compensation Act of 1974. This part of the amendment is not expected to have any impact on the claimant.

Eligibility Requirements

The law introduced Federal eligibility requirements for receipt of emergency compensation payments. Previously, all eligibility conditions were specified in State law. The law declared that emergency compensation shall not be paid for any week during which the individual: (i.) "fails to accept any offer of suitable work or to apply for any suitable work to which he was referred by the State agency (Employment Service)," or (ii.) "fails to actively engage in seeking work."

The impact on the FSB claimant of these eligibility provisions is likely to vary across the States depending on what the existing State eligibility requirements are. For example, in those States in which the existing eligibility provisions are very similar to the provisions of PL 95-19, it is likely that the impact of PL 95-19 will be small. All States require that the individual accept suitable work if any UI payments (including FSB) are to continue. However, the definition of what constitutes suitable work varies across the States and within a given State it is likely to vary with the economic condition of the local area and with the length of time that an individual has been unemployed. PL 95-19 made the definition of suitable work uniform for all FSB claimants (see below).

Thirty-four States require active search as a condition for the receipt of regular State UI payments. The remaining 18 States have no such requirements. The active search requirements of the various States were imposed on EB and FSB recipients, but PL 95-19 supersedes the State provision for FSB recipients. As part of the requirement for active

search for FSB claimants, the individual must provide tangible evidence of having spent time searching.*

Disqualification Provisions

The law requires that the claimant who is declared ineligible under the "suitable work" or "actively seeking work" provisions will remain ineligible until that claimant has become employed for at least four weeks, and the individual's earnings in that period equal or exceed at least four times the individual's previous WBA. Only 19 States impose the duration of unemployment postponement on their regular UI claimants; 16 States postpone benefits for a fixed number of weeks; and 20 States postpone benefits for variable lengths of time.[†] As a consequence of PL 95-19, all States impose uniform penalties on FSB beneficiaries who perform these disqualifying acts. Because the law imposes requirements that are more stringent than the requirements of most (if not all) States, it is likely that there will be an increased number of individuals who are denied benefits for refusing suitable work or for not actively seeking work.

Definition of Suitable Work

The law defines a suitable work offer, for purposes of receiving FSB payments, as that offer which (i.) is presented in writing and listed with the Employment Service of that State; and (ii.) pays at least as much as the average weekly benefit amount; or (iii.) pays at least the minimum Federal wage, or any applicable State or local minimum wage.

An exception to these requirements is made if the individual furnishes evidence that his prospects for immediately returning to work in his customary occupation are good. These provisions are expected to

*"Comparison of State Unemployment Insurance Laws," U.S. Department of Labor, Unemployment Insurance Service, revision of January 6, 1975, Table 400.

[†]Some States impose more than one type of disqualification penalty.

lead to an increase in the number of individuals who accept job offers before their FSB entitlement is exhausted.

A summary of the major aspects of the Unemployment Compensation Act of 1974 and its subsequent amendments are shown in Table 2 and illustrated in Figure 1.

Table 2

COMPARISON OF CHANGES IN FSB PROVISIONS

	PL 93-572 December 31, 1974	PL 94-12 March 29, 1975	PL 94-45 June 30, 1975	PL 95-19 April 12, 1977
Duration of emergency benefit payment period	No less than 26 consecutive weeks	No change	No emergency period that began prior to January 1, 1976 can end before January 1, 1976 or after less than 26 weeks IUR equals or exceeds 5%	No less than 13 consecutive weeks
Trigger On State	IUR equals or exceeds 120% of the average of such rates for the corresponding 13-week period ending in the preceding calendar year; and if it equals or exceeds 4%	No change	No change	No change
National (EB trigger)	IUR equals or exceeds 4.5% for all states. This may be waived by the State if IUR equals or exceeds 4%.	No change	No national trigger	No change
Eligibility requirements	Applicable State law	No change	No change	(a) Ineligible if the individual fails to accept any offer of suitable work referred by State agency (b) Ineligible if the individual fails to actively engage in seeking work
Disqualification provisions	Applicable State law	No change		If declared ineligible, then ineligibility shall continue for duration of unemployment plus employment for 4 weeks during which four times WBA was earned

Table 2 (Concluded)

COMPARISON OF CHANGES IN FSB PROVISIONS

	PL 93-572 December 31, 1974	PL 94-12 March 29, 1975	PL 94-45 June 30, 1975	PL 95-19 April 12, 1977
Amount of entitlement	Lesser of: 50% of regular compensation (including dependents' allowances); or 13 times WBA	Lesser of: 50% of regular compensation (including dependents' allowances); or 13 times WBA Lesser of: 100% of regular compensation (including dependents' allowances); or 26 times WBA for weeks of unemployment that began before July 1, 1975	Lesser of: 50% of regular compensation (including dependents' allowances); or 13 times WBA if the IUR is equal to or greater than 5% but less than 6% for weeks of unemployment that began after January 1, 1976 Lesser of: 100% of regular compensation (including dependents' allowances) or 26 times WBA if the IUR is equal to or greater than 6% for weeks of unemployment that began after January 1, 1976	Lesser of: 50% of regular compensation (including dependents' allowances); or 13 times WBA
Start of entitlement	Whichever is latest: (a) First week after December 31, 1974 (b) Week after agreement with Secretary (c) First week after enactment	No change	No change	Weeks of unemployment ending after April 30, 1977
End of entitlement	December 31, 1976 (for initial claims) March 31, 1977 (for continued claims)	No change	March 31, 1977 for all claimants	October 31, 1977 (for initial claims) January 31, 1978 (for continued claims)
Training requirements	Benefits are not denied if individual is in an approved job training program	None	Participation in training required if State determines there is a need for skill upgrading and there is such a program within reasonable distance	No change

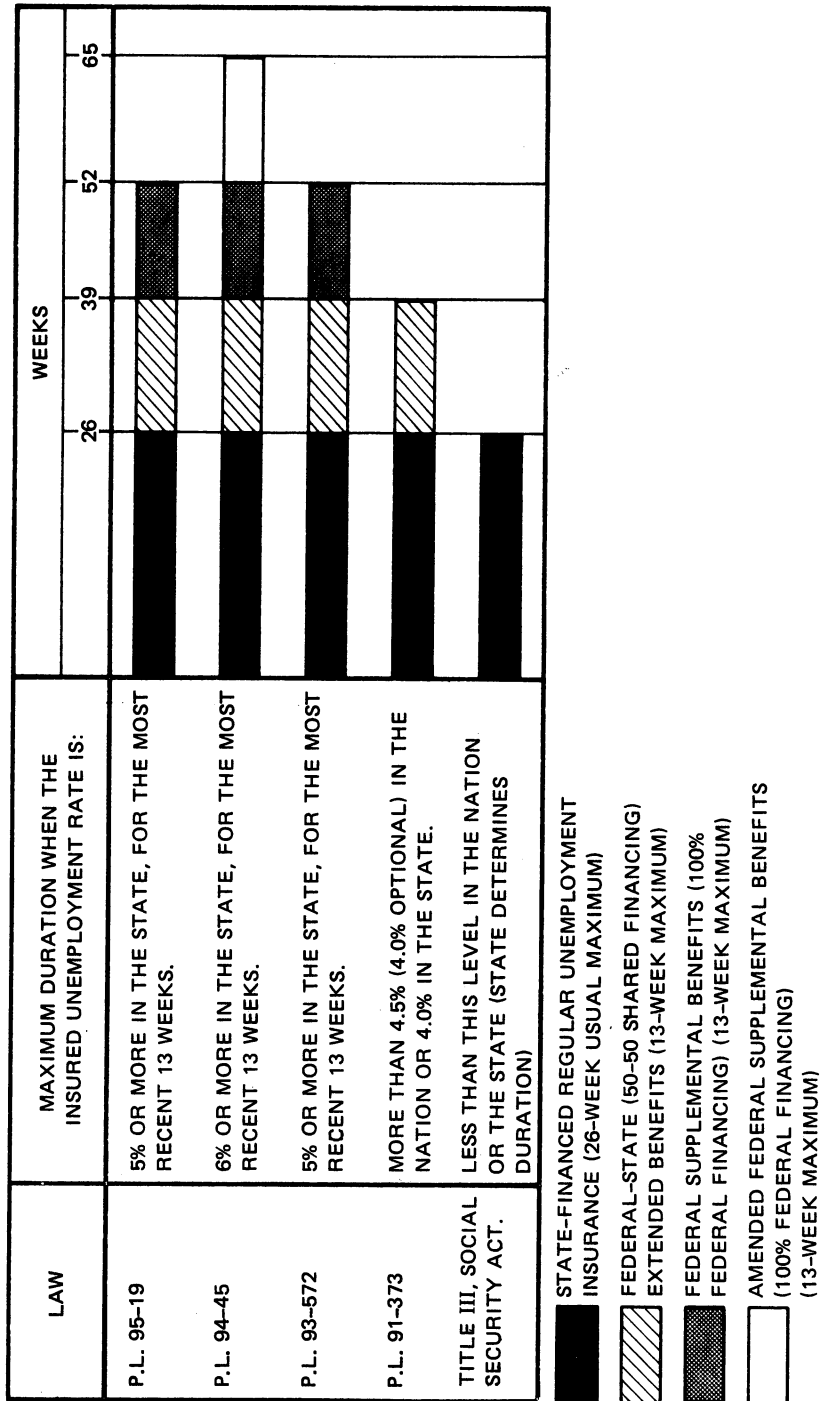


FIGURE 1 COMPARISON OF UNEMPLOYMENT COMPENSATION PROGRAMS

IV THE FSB PROGRAM

Introduction

An evaluation of the impact of PL 95-19, which covers the period from April through August 1977,* is best understood in the light of the entire FSB experience. The FSB period that is evaluated in this report is the period between January 1975 and August 1977, a total of 32 months. If the FSB program expires on January 31, 1978, as current legislation provides, it will have lasted a total of 37 months, 9 of them under the provisions of PL 95-19.

Thirteen states were triggered on the FSB program under the provisions of PL 93-572 during the first week of 1975. A rising national EB trigger rate led to all states being triggered on EB and therefore on FSB for the week beginning February 23, 1975. The national EB trigger was to stay on until the week of May 29, 1976, but under the provisions of PL 94-45, the States triggered on FSB individually as of January 1, 1976. All States made FSB payments to claimants between the period February 23, 1975 to December 31, 1975. Between the week January 1, 1976 and March 31, 1977 a variety of states paid entitlement of either 26 weeks or 13 weeks depending on their IUR trigger rates. When PL 95-19 went into effect, 31 States were making FSB payments; by August 1977, only 13 of these States were continuing to make payments.

In the following sections, the Federal and selected State experiences with the FSB program will be examined, starting with the inception of the program in January 1975. The aggregate data used in this report come from:

*The entitlement provisions are effective for weeks of unemployment after April 30, 1977, while the disqualification provisions are effective after the enactment of the law. The month of April is a transition month but it will be treated here as part of the prelaw period. There were no data available after August 1977 so this report only covers 4 months of the PL 95-19 period.

- Published data in the series, Unemployment Insurance Statistics
- Published data in the series, Employment and Earnings
- Unpublished data supplied by the Unemployment Insurance Service.

When the data are inconsistent or missing, attempts were made to correct or disregard the missing data items. When these adjustments could not be accomplished the nature of the problem is indicated in the text or a footnote. In each instance unless noted otherwise, the data will report on the FSB statistics under the UI program. Unemployment Compensation for Federal Employees (UCFE) or former military personnel (UCX) will not be taken into account.

Costs

During 1975, the first year of the FSB program, approximately \$2.1 billion were paid to more than 2.6 million beneficiaries. These figures increased in 1976 to \$2.8 billion paid to 2.2 million beneficiaries. During the first eight months of 1977, about \$900 million have been paid to one million beneficiaries.* Thus, in two years and eight months of operation, FSB payments to individuals have exceeded \$5.8 billion and have been received by more than 5.7 million recipients. During the period January 1975 through August 1977, over 3.3 million FSB claims have been exhausted and almost one-half million claims have been denied.†

While these FSB payments were being made, \$11.7 billion in regular State UI payments were made along with \$2.5 billion in extended benefits. Total payments in 1975 for all three programs were \$16.4 billion. In 1976, payments for all three programs totaled \$14.0 billion, while for the first eight months of 1977, \$7.2 billion have been paid for the combined programs. Selected statistics for the three programs are presented in Table 3.

*A precise count of the individuals who received FSB payments in 1976 and 1977 is not available. What is reported here are the first payments in those years.

†Parts of 1976 and 1977 data are preliminary.

Table 3
SUMMARY OF UNEMPLOYMENT INSURANCE ACTIVITY DURING THE CALENDAR YEARS 1972-1977

	1972		1973		1974	
	Regular State UI	Federal-State Extended Benefits ^a	Regular State UI	Federal-State Extended Benefits	Regular State UI	Federal-State Extended Benefits
Benefits paid (\$000)	\$4,471,034	\$481,523	\$4,007,562	\$141,461	\$5,974,922	\$538,844
Weeks compensated	81,302,802	9,218,182	71,215,731	1,428,103	97,803,299	8,390,350
Average weekly benefit	\$55.82	\$52.24	\$59.00	\$98.36 ^c	\$64.25	\$64.22 ^c
Number of first payments	5,786,921	1,086,903	5,328,605	160,407	7,729,953	915,181
Claimants exhausting benefits	1,813,444	532,544	1,494,753	135,725	1,926,147	467,140
Exhaustion rate ^b	28.9	NA	27.6	NA	31.0	NA
Average actual duration of benefits (in weeks), all beneficiaries	14.0	NA	13.4	NA	12.7	NA

Table 3 (Concluded)

SUMMARY OF UNEMPLOYMENT INSURANCE ACTIVITY DURING THE CALENDAR YEARS 1972-1977

	1975 d,e			1976 d,e			1977 (8 months) d,e		
	Regular State UI	Federal-State Extended Benefits	Federal Supplemental Benefits	Regular State UI	Federal-State Extended Benefits	Federal Supplemental Benefits	Regular State UI	Federal-State Extended Benefits	Federal Supplemental Benefits
Benefits paid (\$000)	\$11,754,685	\$2,555,536	\$2,124,003	\$8,974,546	\$2,308,607 ^f	\$2,828,769	\$6,316,137	\$1,173,553	\$948,399 ⁱ
Weeks compensated	175,332,134	37,788,750	34,248,292	127,745,723	32,926,886	39,319,228	77,469,918	15,914,341	10,196,750 ^h
Average weekly benefit	\$70.23	\$67.63	NA	\$75.16	\$70.48	NA	\$77.05 ^h	\$72.52	\$63.54
Number of first payments	11,160,042	3,967,224	2,568,868	8,576,994	3,253,381	2,218,257	13,290,139	1,719,096	1,000,145 ⁱ
Claimants exhausting benefits	4,195,023	2,385,916	1,119,664	3,270,042	2,405,641	1,578,691	2,041,917	1,165,017	645,449 ^j
Exhaustion rate ^b	37.8	NA	NA	37.8	NA	NA	NA	NA	NA
Average actual duration of benefits (in weeks), all beneficiaries	15.7	9.3	NA	14.9	10.1	NA	NA	9.6	NA

Notes: ^aUnder Public Law 91-373.^bExhaustion rate is calculated dividing the number of total exhaustees in the year by the number of first payments in the fiscal year--this provides a six-month lag.^cCalculated as the ratio of total benefits to weeks compensated.^dPreliminary.^eSource: U.S. Department of Labor, Unemployment Insurance Service.^fExcludes Louisiana.^gBased on first seven months only.^hBased on first five months only.ⁱMissing data: Maryland, January.^jMissing data: Maryland, January, and New Hampshire, February.

Source: Unemployment Insurance Statistics, various editions; and unpublished data supplied by the Unemployment Insurance Service

Description of FSB Program on National Level

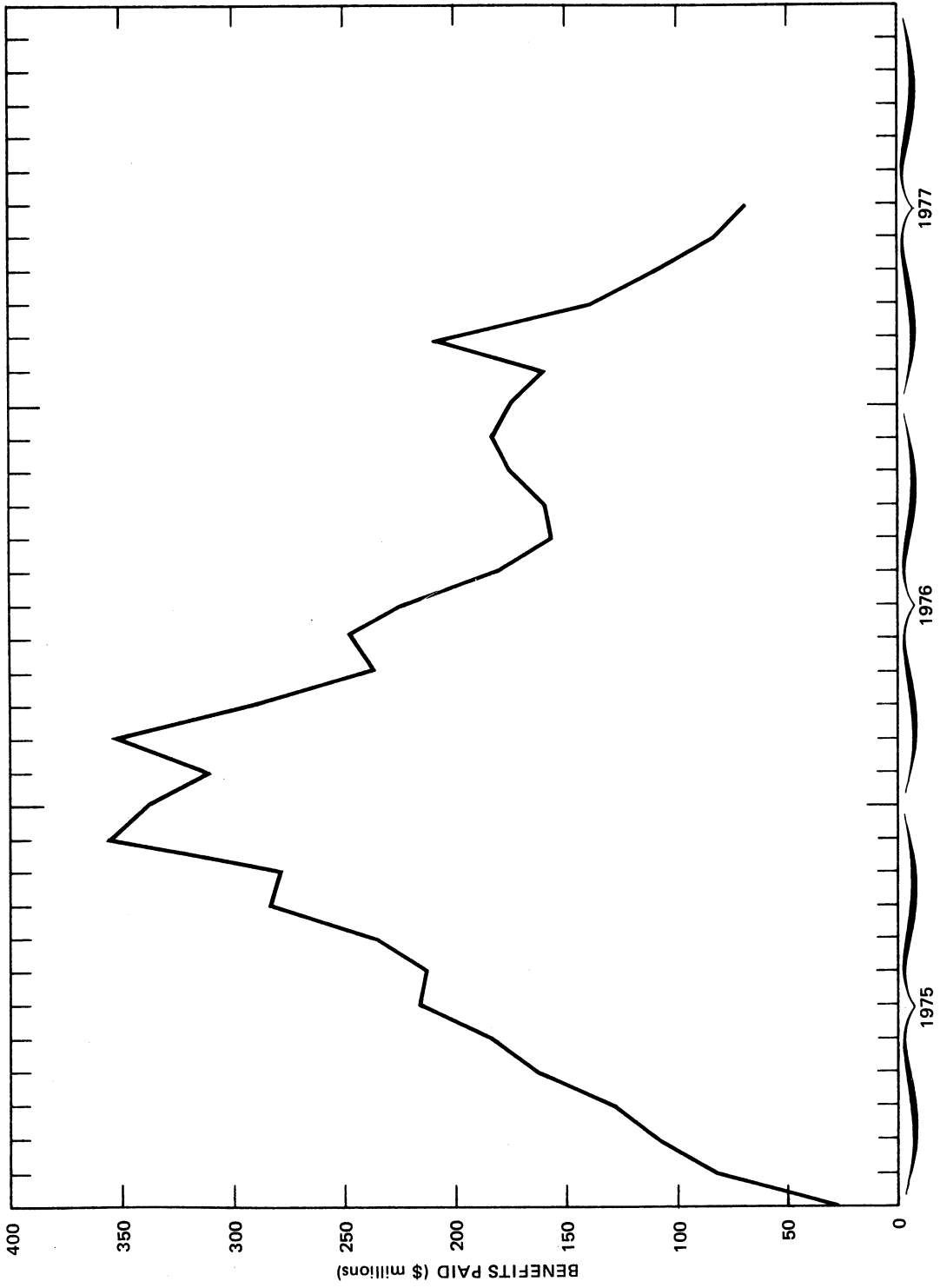
To portray the national effects of the FSB program, graphs have been drawn that depict the total amount of FSB payments, the total number of claimants, and the total number of denials for each month of the FSB program since January 1975. These graphs are broadly described as payment series, claimant series, and denial series. The payment series shows the relationship of payments to time and to the regular UI and EB programs. The claimant series describes the number of initial claimants, the number of first and final payments, and the number of claimants who are entitled to the maximum WBA. The denial series plots two aspects of the number of individuals who are denied benefits in each month of the FSB program.

Payment Series

FSB Payments

The amount of FSB benefits paid monthly rose very steeply through the first seven months of 1975 to a level of \$203 million during the month of July, slowing somewhat during August, but then continuing to a peak of \$355 million during December 1975 (see Figure 2). The EB national on trigger combined with the payment of up to 26 weeks of benefits for each eligible claimant greatly contributed to this steep rise in the monthly payments.

Payments for FSB fell sharply during 1976, reaching a monthly low of \$147 million during September 1976. There was a major increase in benefits during March 1977 when benefits of \$199 million were paid. Following this last increase, benefit payments fell sharply in July 1977 to \$74 million--their lowest monthly total since the earliest months of the FSB program. Part of the reduction in the monthly FSB payment series resulted from the fall in the insured unemployment rate, causing some States to cease making FSB payments; however; part may be attributed to changes brought about by PL 95-19.



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977.

FIGURE 2 TOTAL FSB BENEFITS PAID

Differences in the Regular UI and FSB Payments Series

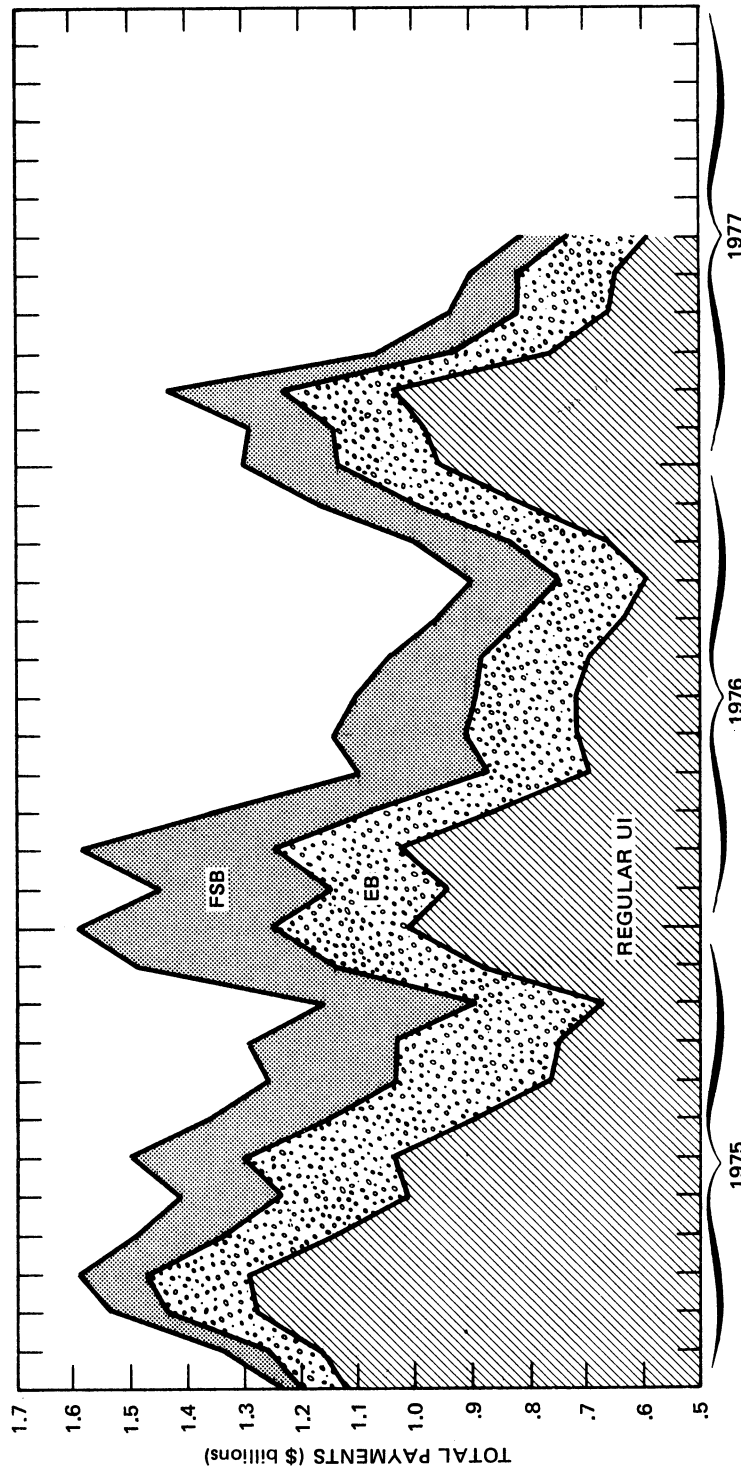
This section describes the monthly totals of UI payments for regular UI, EB, and FSB which show how the costs of the three programs vary over time and how the seasonal patterns for regular UI, EB, and FSB vary. The seasonal patterns of the regular UI and EB payments series are also included, only to show their contrast with the FSB payments series shown in Figure 2.

The monthly, regular UI benefits paid reached a maximum monthly level of \$1,148 million during April 1975 as is evident in Figure 3.* After this April peak, regular UI declined almost continuously until November 1975 when an upturn in the regular UI payments started. This reached a peak during January 1976, when \$1,018 million in benefits were paid. The divergence in the two benefit series reflects the lag in the receipt of FSB relative to the receipt of regular UI, decreases in the rate of unemployment, and seasonality in employment and unemployment.

The contrasts in the peak payment periods may be best understood in the light of how an individual recipient reacts to a long period of unemployment. As the recipient exhausts his regular UI entitlement, he is likely to be eligible for up to 13 weeks of EB payments if his State is triggered on EB. If he exhausts his entitlement to EB, the individual may be eligible for as many as 13 weeks of FSB payments. The start of FSB payments for this individual lags behind the start of regular UI payments by about nine months. If there is a dramatic rise in the number of individuals who start receiving regular UI, then the maximum and minimum total payments to individuals of the regular UI series should occur about nine months before the maximum and minimum payments to individuals of the FSB program.

The regular UI total payment series exhibits a large amount of seasonality, with the peak payment periods usually occurring during the

*The regular UI payments represent the bottom curve in Figure 3. To derive the EB or the FSB curve, plot the difference between the EB and the UI curves or the FSB and the EB curves.



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977; unpublished data from Unemployment Insurance Service.

FIGURE 3 COMBINED COSTS OF REGULAR, EB, AND FSB PROGRAMS

first three months of the year and the low payment periods usually occurring in the late fall. The FSB monthly payment series for 1976 and 1977 do not exhibit such regularity but more closely follow the changes in the IUR. As the IUR in the State goes up sufficiently high, the FSB trigger goes on and payments increase. As the economy improves, as it has during the last half of 1977, the FSB payments decrease. Because of the trigger rates, the anticyclical impact of the FSB program has been directed toward those States that experience the largest increases in unemployment.

Claimants Series

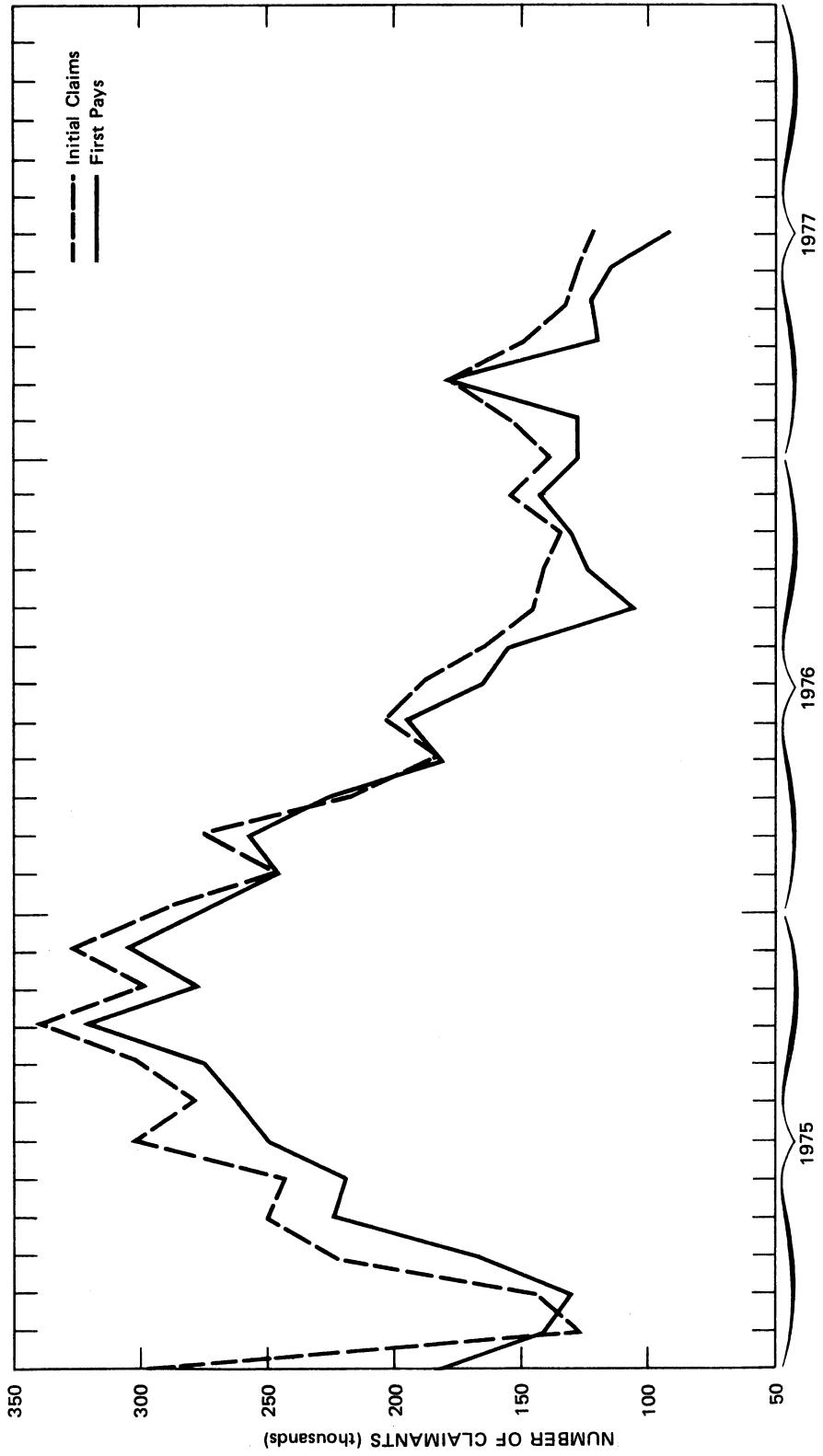
Number of Claimants

Figure 4 shows the number of claimants and the number of individuals who received a first FSB payment over the period January 1975 to August 1977.* As expected, the two series are very close, indicating that most FSB claimants became beneficiaries. In this illustration, the shape of the curve of the number of initial claimants who receive at least one payment is a close approximation to the shape of the benefits payment curve. From a low of 125,194 individuals who received their first payments in March 1975, the number increases to a program high of 312,864 individuals who received their first payments during October 1975. The number of first payments declines sharply to the level of 103,174 individuals during September 1976. By July 1977, the number of individuals receiving their first payment has been reduced to 90,322.

Because of the manner in which the data were tabulated in some States,† it is possible that the published number of individuals receiving

* Note that at the beginning of the FSB program there was some lag between filing an initial claim and receiving a first payment. Part of the lag was due to the delay in establishing the FSB machinery by various States.

† States were first required to report on the second 13-week entitlement as if it were a separate program. Once the procedures had been established for this method of report many States continued to treat the second 13 weeks as a separate program.



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977.

FIGURE 4 FSB INITIAL CLAIMS AND FIRST PAYOUTS

a first (and last) payment may be seriously inflated. In some States, a person was counted as having received a first payment (first pays) when he received the first of the 13-week supplemental benefit. If the State was triggered on at the 6% level, the individual was counted again as a first pays if he received a first check at the beginning of the second 13-week entitlement. The same counting procedure prevailed for those who received a final payment (the exhaustees). For these reasons, the data on the first and final payments must be interpreted cautiously.

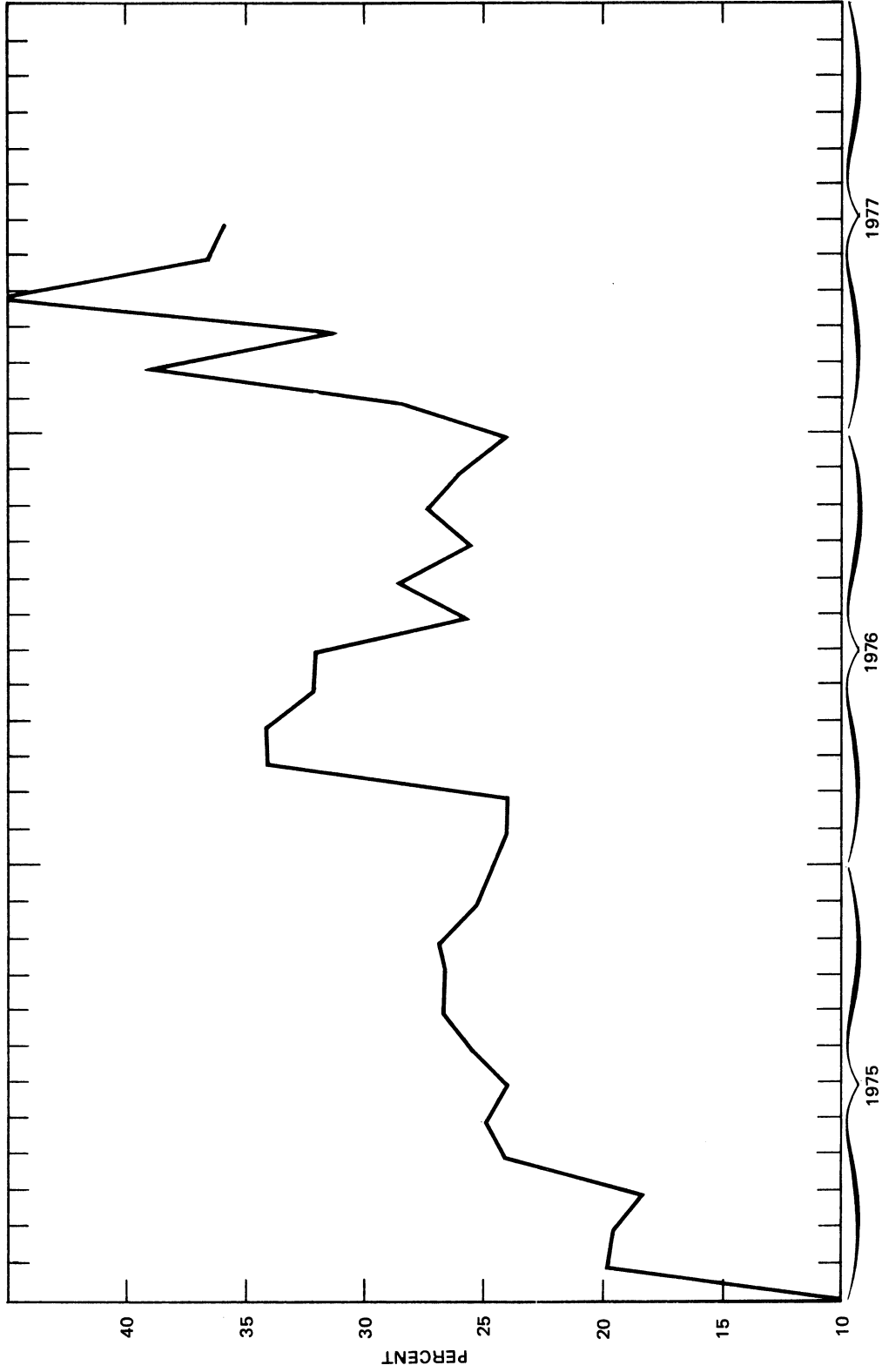
Entitlement to the Maximum Weekly Benefit Amount

The WBA under FSB is the same for an eligible claimant as his WBA under the regular UI program.* The WBA is a function of earnings during a base period or during a high wage quarter. As such, the WBA is an indicator of the level of past earnings of FSB recipients.

Figure 5 shows the percentage of the FSB claimants entitled to the maximum WBA as a percentage of new initial claims. The WBA, calculated as a percentage of previous earnings, remains constant for any benefit year, regardless of the program under which the individual is paid. During the first year of the FSB program, the highest monthly percentage of those entitled to the maximum benefit amount was slightly more than 25%. This contrasts with the 39% of initial claimants who were entitled to the maximum WBA during 1975[†] under the regular UI program. By April 1976, however, the percentage entitled to the maximum WBA had increased to 34% and at its peak, during May 1977, 44% of all FSB claimants were entitled to the maximum WBA. The high percent of FSB claimants who were entitled to the maximum is somewhat surprising since this percentage approximates the percentage entitled to the maximum under regular

*The WBA under regular UI may change if the State maximum changes. The States would then calculate the FSB/WBA entitlement using an averaging procedure.

[†]See "Unemployment Insurance Statistics," Table 7, November - December, 1975. U.S. Department of Labor, U.S. Government Printing Office.



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977.

FIGURE 5 FSB CLAIMANTS ENTITLED TO THE MAXIMUM WBA
AS A PERCENT OF INITIAL FSB CLAIMS

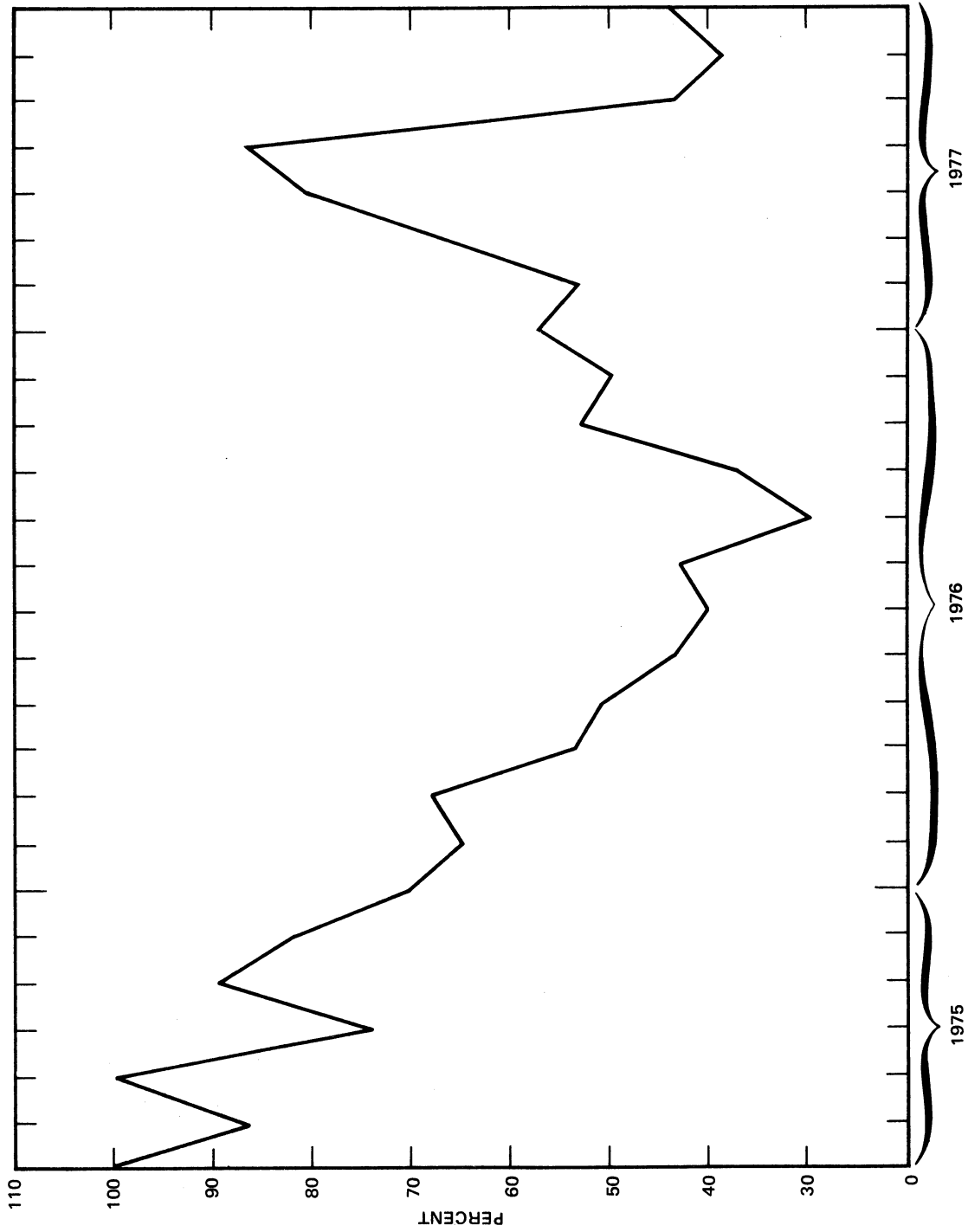
UI. It is expected that those who receive FSB, on the average, have been unemployed for a considerably longer period than have the regular UI claimants. If that is true, then it is reasonable to assume that those who receive FSB are the long-term unemployed, and as such may have had lower pre-unemployment wages. Hence, the percent of claimants who receive the maximum WBA should be higher for the regular UI claimants than for the FSB claimants. But, this is not the case. The findings of similar percentages of individuals at the maximum WBA is consistent with a labor market condition that almost randomly determines who will be among the long-term unemployed. This finding is also consistent with FSB claimants having a firm prior attachment to the labor force and at a previously high wage.

Exhaustees

Figure 6 shows the ratio of FSB exhaustees to the number of FSB claimants with a first payment six months prior.* This percentage approximates the number of a cohort of FSB recipients who will exhaust their benefits. However, the States were paying benefits for a 13-week maximum during part of the time considered on the graph. Also, in some States the same individual could become an exhaustee by receiving payments representing the thirteenth and the twenty-sixth weeks of his entitlement, which results in double counting. Nevertheless, the graph shows that over the life of the FSB program at least 30% of all individuals who received one FSB payment would receive the full entitlement.

If the first few months of 1975 and the period from March through August of 1977 when the statutory maximum entitlement was 13 times the weekly benefit amount is ignored, then an average of 30 to 60% of all first pays were exhausting their entitlement. This suggests that during much of the life of the FSB program few of the FSB beneficiaries were

*The first payments are lagged by six months because that is the maximum duration of FSB payments. Ideally, individual observations would determine what percentage of first payments becomes exhaustees. In the absence of such data, this approximation is used.



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977.

FIGURE 6 FSB EXHAUSTEES AS PERCENT OF LAGGED FSB FIRST PAYMENTS

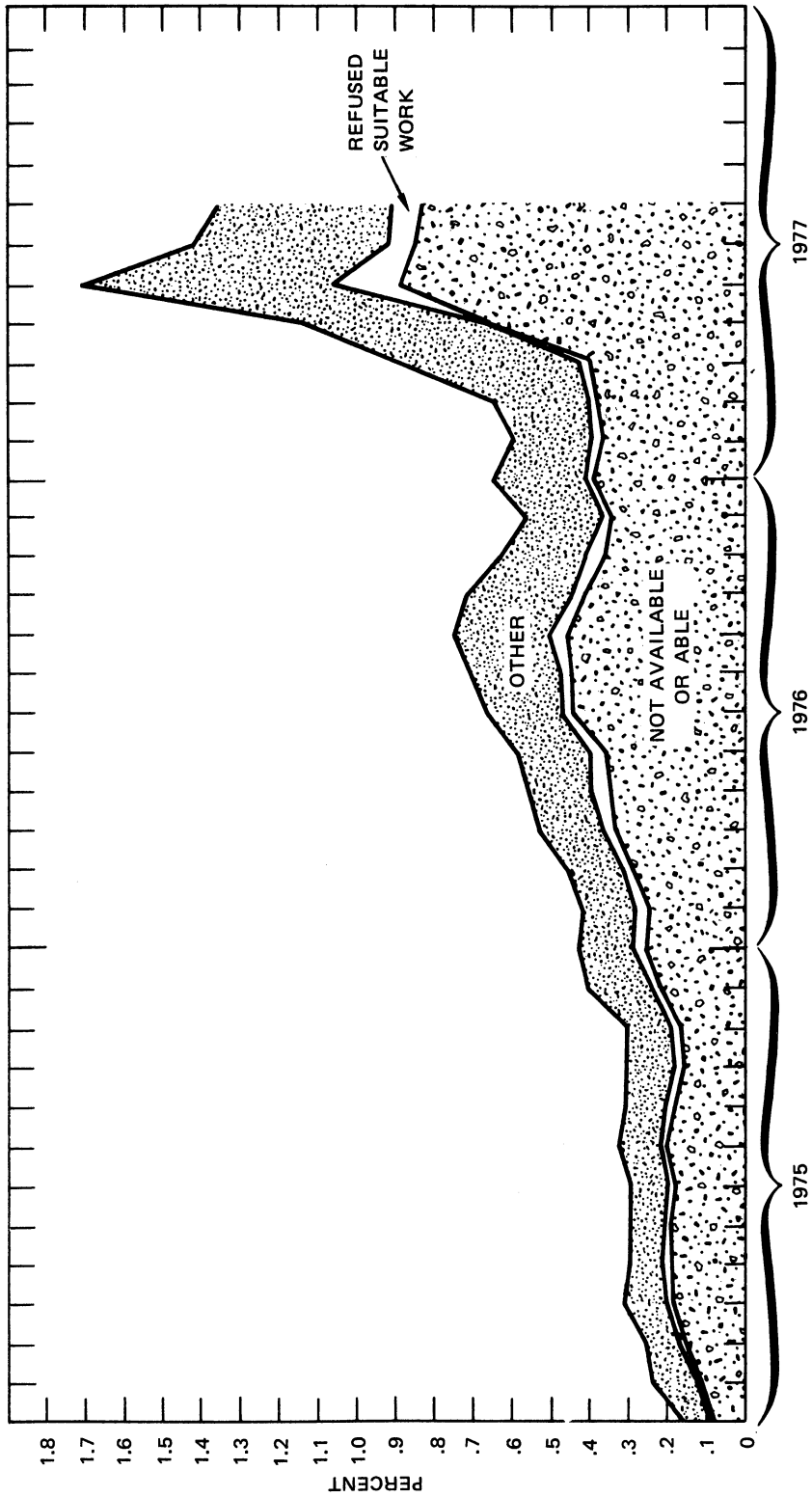
taking jobs or dropping out of the labor force and stopping their FSB payments. This observation is consistent with the notion that many of the FSB recipients were very long-term unemployed* and that the strains of the economic recession made jobs less available for all workers.

Denial Series

In Figures 7 and 8 national FSB total denials are shown as a percentage of weeks of unemployment claimed and as a percentage of the average weekly number of beneficiaries. Throughout the FSB period, individuals have been denied benefits for a variety of reasons. The aggregate data lists the denial reasons as: (1) not being able or available for employment; (2) refusing an offer of suitable work; and (3) other reasons. "Other reasons" include such actions as being denied benefits because of quitting without good cause and discharge for misconduct. Denial of benefits under FSB can occur at the time the claimant files a claim (as with those who are not able or available) or it may occur after the claimant has received one or more payments (as with those who are denied benefits for refusing suitable work).

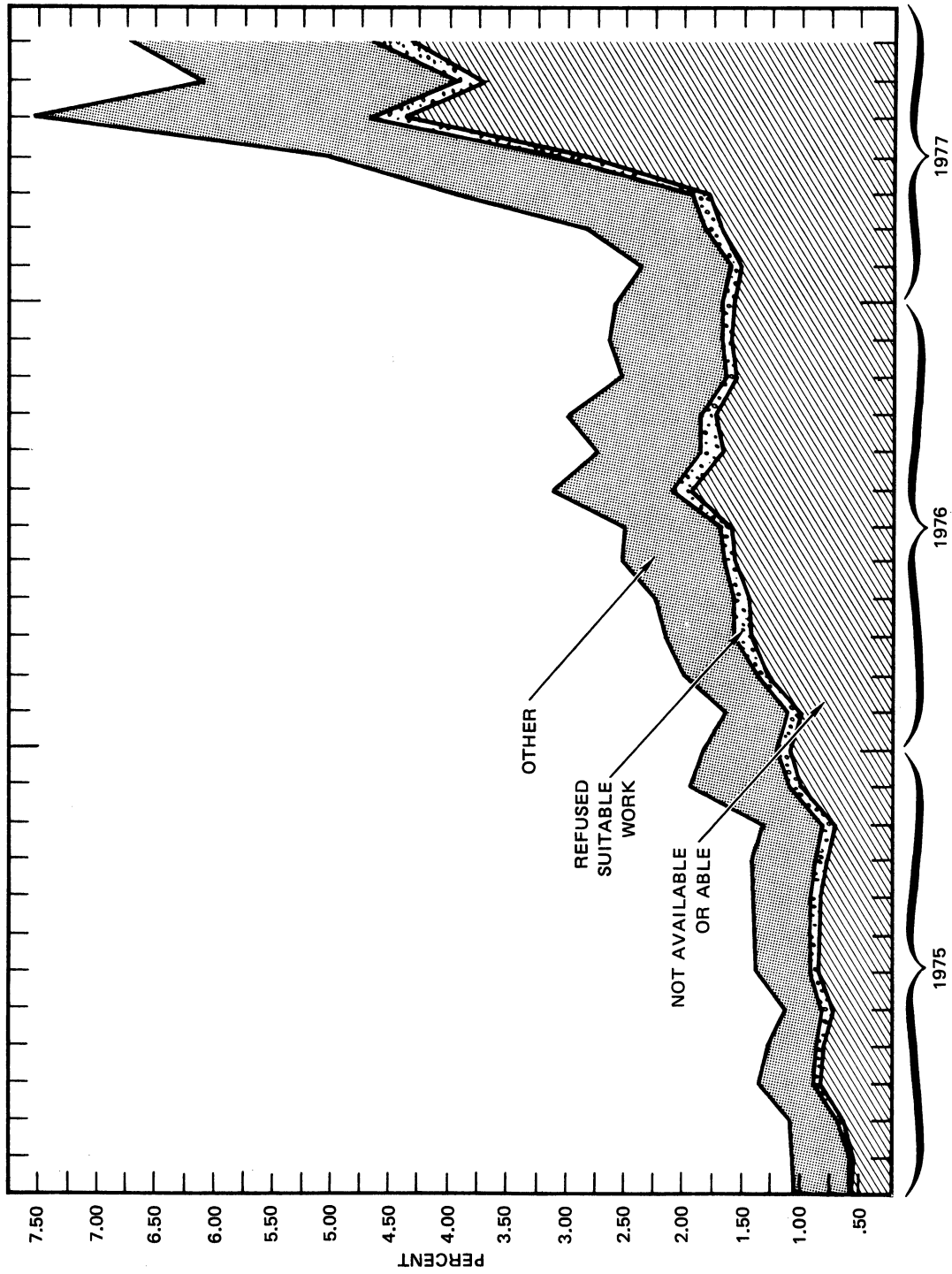
The two series show a steady increase in the percentage of individuals who were denied benefits, but the total number of benefit denials was very small. For example, in August 1975 for each 1,000 weeks of payments claimed, there were only three claims denied; by August 1976, that number increased to about seven denials per 1,000 weeks claimed. By June 1977, when the disqualification provisions of the law were being implemented, denials had increased to approximately 17 denials per 1,000 weeks claimed. Although the percentage had increased, the size of total denials remained very small relative to the total number of weeks of benefits claimed. The percentage of denials to the average weekly number of beneficiaries reached 5.0% in May and increased to 7.5% in June 1977, the

* During 1976, 8.8% of all the unemployed were unemployed for 52 weeks or over. This was a large increase over the 5.3% who were unemployed 52 weeks or longer during 1975. See Employment and Earnings, 1977, Table 15, p. 149.



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977.

FIGURE 7 FSB DENIALS AS A PERCENT OF WEEKS OF UNEMPLOYMENT CLAIMED



SOURCE: Unemployment Insurance Statistics, March 1975-July 1977.

FIGURE 8 FSB DENIALS AS A PERCENT OF AVERAGE WEEKLY NUMBER OF BENEFICIARIES

height of the number of total denials. The number of denials for refusal of suitable work remains a very small portion of the total denials, even with changes in the FSB disqualification provisions for refusing suitable work.

Experience of a Selected Number of States

Although the national data on FSB show the FSB experience across the entire nation, the information ignores the differing experiences of the separate States. During the period from January 1975 to August 1977, many States did not have an IUR rate that triggered on the FSB program; instead those States paid FSB only during 1975 when the national EB trigger was on. Other States were triggered on FSB for the entire length of the program.

Thirteen States were triggered on FSB from the early months of the program in 1975 through the first four months of the provisions of PL 95-19.* These States are: Alaska, California, Connecticut, Maine, Michigan, New Jersey, New York, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Vermont, and Washington. With the exception of Michigan, they are located on the eastern or western seaboard. As of April 1977, they represented 36.9% of the civilian labor force but 46.1% of the total employed (see Table 4). Collectively, their total unemployment rate was 44.5% higher than that of the other 39 States.† During April 1977, the IURs of each of these States were higher than the national average. With the exception of Pennsylvania, the total unemployment rate was also higher in these States than in the national average.

For this set of States, the distribution of nonagricultural employees among the various industries was very similar to the national distribution (see Table 5). Almost 50% of all such employees were employed in the

* Oregon triggered off for one week in 1976, but FSB payments continued because of the requirement that payment continue for three weeks after a State has triggered off.

† The economic data for Puerto Rico were not available for this report.

Table 4

SELECTED ECONOMIC ACTIVITY FOR FSB STATES

APRIL 1977

	Civilian Labor Force (000)	Per-centage ^a	Employed (000)	Per-centage ^a	Unemployed (000)	Per-centage ^a	Unemploy-ment Rate Percentage	Insured Unemploy-ment Rate Percentage
Total United States	95,288	100.00	89,079	100.00	6,209	100.00	7.0	4.1
Non-FSB states	60,123	63.10	56,776	63.74	3,347	53.91	5.6	NA
FSB states	35,165	36.90	32,303	36.26	2,862	46.09	8.1	NA
Alaska	153.4	0.16	131.6	0.15	21.8	0.35	14.2	17.6
California	9,812.7	9.92	9,038.2	10.15	774.5	12.47	7.9	4.8
Connecticut	1,459.8	1.48	1,345.1	1.51	114.7	1.85	7.9	4.8
Maine	476.1	0.48	432.1	0.49	44.0	0.71	9.2	6.8
Michigan	4,017.5	4.06	3,715.9	4.17	301.6	4.86	7.5	4.9
New Jersey	3,284.9	3.32	2,975.8	3.34	309.1	4.98	9.4	6.3
New York	7,558.4	7.64	6,875.0	7.72	683.4	11.01	9.0	5.3
Oregon	1,078.9	1.09	983.2	1.10	95.7	1.54	8.9	5.7
Pennsylvania	5,074.4	5.13	4,725.9	5.31	348.5	5.61	6.9	5.8
Puerto Rico	NA	NA	NA	NA	NA	NA	NA	NA
Rhode Island	430.0	0.43	399.6	0.45	30.4	0.49	7.1	6.1
Vermont	215.0	0.22	197.7	0.22	17.3	0.28	8.0	6.3
Washington	1,604.2	1.62	1,483.4	1.67	120.8	1.95	7.5	6.8

Note: a May not sum due to rounding.

NA = Not available.

Table 5

PERCENT OF EMPLOYEES ON NONAGRICULTURAL PAYROLLS BY STATE,
APRIL 1977

	Total (000)	Mining	Contract Construction	Manufacturing	Transportation and Public Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	Government
Total United States	81,686	1.04%	4.70%	23.91%	5.60%	22.28%	5.46%	18.59%	18.42%
Non-FSB states	51,485	1.42	5.36	23.71	5.58	22.71	5.14	18.03	18.18
FSB states	30,201	0.38	3.59	24.48	5.64	21.56	6.01	19.53	18.81
Alaska	154.1	3.24	12.26	6.62	9.54	17.13	4.74	16.48	29.98
California	8,382.4	0.42	4.12	19.90	5.62	22.83	5.81	20.03	21.27
Connecticut	1,247.1	^a	2.98	31.88	4.24	20.65	7.13	18.85	14.27
Maine	378.0	^b	4.97	27.32	4.63	21.24	3.94	17.01	20.87
Michigan	3,356.2	0.35	3.41	32.36	4.31	20.42	4.10	16.80	18.25
New Jersey	2,765.2	0.10 ^c	3.24	27.14	6.34	22.65	5.14	18.04	17.32
New York	6,720.7	0.10 ^c	2.55	21.43	6.28	20.70	8.56	21.98	18.41
Oregon	888.9	0.16 ^c	4.00	21.50	5.96	23.88	6.10	17.39	21.00
Pennsylvania	4,502.6	1.09 ^c	3.92	29.65	5.56	20.30	4.75	18.94	15.79
Puerto Rico		NA	NA	NA	NA	NA	NA	NA	NA
Rhode Island	370.0	^b	3.20	33.46	3.73	20.14	4.92	19.20	15.38
Vermont	170.3	0.41	4.29	24.72	4.93	20.61	4.05	22.67	18.38
Washington ^d	1,265.4	0.16 ^c	4.58	19.63	5.92	23.24	5.56	18.67	22.25

Notes: ^aMining combined with construction.^bMining combined with services.^cMining combined with services in some areas.^dBased on 1967 Standard Industrial Classification.

NA = Not available.

Source: Employment and Earnings, June, 1977

manufacturing and trade industries. Another 39% were employed in service industries and various government units.

These States accounted for 52.5% of all regular UI benefits paid in the United States during the first eight months of 1977. They also accounted for about 50% of all individuals receiving a first regular UI payment and about 50% of all beneficiaries receiving a last regular UI payment (see Table 6).

However, as will be seen later, these 13 States dominated the FSB statistics. Nationally, during 1977, they accounted for 82% of all FSB benefits paid, 71% of all first payments, 78% of all exhaustees, and 77% of the average number of beneficiaries in a given week. Thus, from the point of view of the national, economic, and UI statistics, these 13 States are representative of the national FSB experience.

It is also appropriate to evaluate the States' experience under PL 95-19 using only these 13 States. Even though all 52 States participated in the FSB program prior to the enactment of PL 95-19, not all States participated in the FSB program under the provisions of PL 95-19. Therefore, an evaluation of the impact of that law on these 13 States will be representative of the national experience as if all States had triggered on under the provisions of PL 95-19. Tables 7 and 8 summarize some of the FSB program characteristics of these States for 1975 and 1976. From this point on, only these 13 States will be discussed.

Table 6
SELECTED UNEMPLOYMENT INSURANCE ACTIVITY DURING JANUARY-AUGUST 1977 (REGULAR UI)

	Benefits Paid (000)	Percent	Weeks Compensated	Percent	Average Weekly Benefits Paid	Percent	Number of First Payments	Percent	Claims Exhausting Benefits	Percent
Total United States	\$6,316,137	100.00	77,469,918	100.00	\$182,336,534	100.00	13,290,139	100.00	2,041,917 ^b	100.00
Nonstudy states	3,000,105	47.50	34,324,910	44.31	86,608,127	47.50	6,670,442	50.19	1,020,122	49.96
Study states	3,316,032	52.50 ^a	43,145,008	55.69 ^a	95,728,407	52.50 ^a	6,619,697	49.81 ^a	1,021,795	50.04 ^a
Alaska	59,883	0.95	690,351	0.89	1,728,746	0.95	55,288	0.42	9,789	0.48
California	743,888	11.78	10,200,000 ^b	13.17	21,474,819	11.78	1,725,628	12.98	280,268 ^b	13.73
Connecticut	151,751	2.40	1,857,381	2.40	4,380,800	2.40	249,816	1.88	38,358	1.88
Maine	39,388	0.62	596,185	0.77	1,137,079	0.62	132,306	1.00	16,240	0.80
Michigan	326,724	5.17	3,668,827	4.74	9,431,973	5.17	747,292	5.62	114,338	5.60
New Jersey	372,149	5.89	4,566,600	5.89	10,743,327	5.89	506,312	3.81	131,938	6.46
New York	674,743	10.68	9,508,909	12.27	19,478,712	10.68	1,252,635	9.43	188,074	9.21
Oregon	80,184	1.27	1,122,273	1.45	2,314,779	1.27	201,522	1.52	20,411	1.00
Pennsylvania	612,725	9.70	7,088,438	9.15	17,688,368	9.70	1,100,858	8.28	98,923	4.84
Puerto Rico	57,223	0.91	1,264,293	1.63	1,651,941	0.91	174,290	1.31	60,382	2.96
Rhode Island	46,710	0.74	635,863	0.82	1,348,427	0.74	105,727	0.80	16,260	0.80
Vermont	16,237	0.26	231,267	0.30	468,727	0.26	28,634	0.22	3,788	0.19
Washington	134,428	2.13	1,714,621	2.21	3,880,709	2.13	339,389	2.55	43,026	2.11

Notes: ^aSum may not agree with given total due to rounding

^bContains data from previous reporting periods

Source: Unemployment Insurance Statistics, April-June, 1977, and unpublished data supplied by the Unemployment Insurance Service

Table 7

SUMMARY OF SELECTED FSB DATA,
JANUARY - DECEMBER 1975

	Initial Claims	Weeks of Benefits Claimed	Benefits Paid	Average Weekly Beneficiaries	First Payments	Final Payments	Percent Final to First Pays	Number Entitled to Maximum WBA	Percent Max. WBA to First Pays
Alaska	1,356	11,383	\$ 1,115,895 ^a	425 ^a	1,126 ^a	213 ^a	18.92%	NA	NA
California	351,528	3,057,822	188,173,039	57,184	330,540	192,165	58.14	69,402	21.00
Connecticut	69,836	768,642	52,957,053 ^b	12,852 ^a	48,300 ^c	4,747 ^a	9.83	NA	NA
Maine	19,305	153,407	7,902,064	3,061	19,778	9,013	45.57	1,092	5.52
Michigan	296,929	3,236,738	212,474,837	62,916	236,127	142,918	60.53	113,359	48.01
New Jersey	251,072	2,592,731	191,002,046	49,007	182,099 ^c	126,002	69.19	74,653 ^b	41.00
New York	310,484	5,553,696	414,441,874	114,902	345,806	110,517	31.96	102,379	29.61
Oregon	27,294	304,754	17,087,821	5,421	21,682	9,752	44.98	5,562	25.65
Pennsylvania	130,706	1,699,688	117,006,121	30,123	127,058	36,755 ^c	28.93	38,097	29.98
Puerto Rico	56,922	644,615	21,288,116	10,454	63,496	32,129	50.60	16,664	26.24
Rhode Island	77,540	784,513	48,628,327	15,088	62,328	59,622	95.66	15,134	24.28
Vermont	6,723	90,319	5,909,836	1,844	7,609	4,165	54.74	1,122	14.75
Washington	106,690	1,042,660	59,073,783	18,490	82,708	48,461	58.59	31,285	37.83

Notes: ^aBased on 9 months of data.^bBased on 10 months of data.^cBased on 11 months of data.

NA = Not available.

Source: Unemployment Insurance Statistics, October 1975

Table 8

SUMMARY OF SELECTED FSB DATA,

JANUARY - DECEMBER 1976

	Initial Claims	Weeks of Benefits Claimed	Benefits Paid	Average Weekly Beneficiaries	First Payments	Final Payments	Percent Final to First Pays	Number Entitled to Maximum WBA	Percent Max. WBA to First Pays
Alaska	2,588	26,694	\$ 3,003,676	818	2,676	281	10.50	720 ^a	26.91%
California	476,167	4,465,952	329,570,738	95,345	442,549 ^b	320,576	72.44	10,756 ^c	2.43
Connecticut	74,629	1,375,019	90,314,246 ^d	25,544	57,712 ^e	24,677 ^e	42.76	NA	NA
Maine	19,116	183,396	10,442,487	3,658	12,449 ^d	7,934	63.73	986 ^d	7.92
Michigan	180,000	3,573,516	281,961,040	68,799	158,718	121,280	76.41	116,207	73.22
New Jersey	161,256	3,259,174	250,591,461	64,446	127,151	106,274	83.58	71,194	55.99
New York	245,391	6,398,794	497,551,648	132,284	250,580	177,749	70.94	92,319	36.84
Oregon	23,362	378,238	21,851,938	7,003	16,992	11,982	70.52	6,227	36.65
Pennsylvania	149,049	2,885,727	242,783,240	57,492	141,761	81,831	57.72	39,643	27.96
Puerto Rico	73,993	1,148,475	45,182,928	21,358	93,570	74,998	80.15	21,638	23.12
Rhode Island	21,226	395,190	29,167,804	7,809	15,945	17,514	109.84	6,495	40.73
Vermont	4,647	109,230	7,632,284	2,250	5,425	3,337	61.51	4,128	76.09
Washington	57,514	868,502	54,026,228	15,262	46,105	28,312	61.41	18,091	39.24

Notes: ^aBased on 8 months of data.^bBased on 11 months of data.^cBased on 6 months of data.^dBased on 10 months of data.^eBased on 9 months of data.

NA = Not available.

Source: Unemployment Insurance Statistics, March-April 1977

V CHARACTERISTICS OF 1977 FSB CLAIMANTS

In this section, the race, sex, age, industry, and occupational characteristics of FSB recipients who received their first and final payments during the first eight months of 1977 are examined. Where the data permit, these characteristics are compared with the regular UI recipients or with the insured unemployed population. This description will permit a better insight into the groups who receive FSB and who are affected by PL 95-19.

Demographic Distribution

Tables 9 and 10 show the demographic characteristics of those who received a first and a final payment during the period January through August 1977 in the 13 States that are being observed. In Table 11, these characteristics are presented for the civilian labor force, regular UI recipients, and the total FSB claimants in the 13 States. The data from these tables will be used to compare the likelihood of various groups leaving unemployment.

Sex Differences

By a large margin, more males than females receive both regular UI and FSB payments. On average, 57% of all FSB first payments are male and 43% are female; but 55% of the exhaustees are male and 45% of the exhaustees are female. This supports the conclusion that there are some differences in the sex distribution of the first payments and exhaustees and that males are leaving FSB at a faster rate than are females. However, the percent differences in the distribution are so small that the finding of males leaving FSB at a faster rate is at best a tentative one. These results are more certain for Alaska and Maine where the percentages of male beneficiaries are reduced by a very large percent.

Table 9

FSB CLAIMANT CHARACTERISTICS OF FIRST PAYMENTS, JANUARY - AUGUST 1977

	Total	<u>Sex</u>		<u>Race</u>		<u>Age</u>			
		Male	Female	White	OTW	Under 22	22-44	45-64	65 or Over
Alaska	1,202	64.64%	35.36%	NA	NA	3.74%	66.44%	24.64%	5.18%
California	200,350	54.40	45.60	86.27%	13.73%	8.26	60.97	26.80	3.97
Connecticut	34,715	55.47	44.53	91.04	8.96	12.49	45.54	29.35	12.62
Maine ^a	6,591	46.53	53.47	99.89	.11	10.38	59.57	24.41	5.64
Michigan	81,595	54.94	45.06	84.68	15.32	18.30	52.61	24.51	4.59
New Jersey	63,795	54.66	45.34	79.67	20.33	10.96	50.22	29.52	9.30
New York	197,027	58.36	41.64	85.67	14.33	9.82	52.33	30.86	6.99
Oregon	8,134	53.45	46.55	99.18	.82	4.23	63.55	25.33	6.90
Pennsylvania	67,808	60.24	39.76	NA	NA	17.87	36.83	24.48	20.81
Puerto Rico	39,713	72.71	27.29	NA	NA	15.16	42.31	42.10	.43
Rhode Island	10,332	57.79	42.21	94.46	5.54	8.58	42.68	32.65	16.10
Vermont	2,635	59.01	40.99	99.62	.38	6.98	58.41	26.53	8.08
Washington	20,561	53.31	46.69	98.03	1.97	15.26	57.58	22.58	4.57

Notes: NA = Not available.

OTW = Other than white.

^aInformation not available for January or February.

Source: Unpublished data supplied by the Unemployment Insurance Service

Table 10

FSB CLAIMANT CHARACTERISTICS OF EXHAUSTEES, JANUARY - AUGUST 1977

	Total	Sex		Race		Age			
		Male	Female	White	OTW	Under 22	22-44	45-64	65 or Over
Alaska ^a	128	52.34%	47.66%	NA	NA	4.76%	56.35%	31.75%	7.14%
California	147,968	54.78	45.22	85.11	14.89	7.68	58.70	27.76	5.86
Connecticut	17,266	58.72	41.28	90.27	9.73	13.05	45.42	30.38	11.14
Maine	5,310	41.68	58.32	99.89	.11	7.98	57.97	27.34	6.70
Michigan	70,417	53.41	46.59	84.30	15.70	13.78	53.38	26.95	5.90
New Jersey	64,987	54.00	46.00	78.84	21.16	10.26	49.40	29.85	10.49
New York	98,205	55.00	45.00	84.12	15.88	8.03	49.76	31.99	10.22
Oregon	4,741	51.51	48.49	98.92	1.08	3.04	58.13	28.20	10.63
Pennsylvania	26,892	58.03	41.97	NA	NA	19.57	30.61	25.86	23.96
Puerto Ricob	15,192	70.95	29.05	NA	NA	14.44	44.32	40.85	.39
Rhode Island	8,865	58.38	41.62	94.46	5.54	6.15	37.18	36.40	20.28
Vermont	873	57.16	42.84	99.31	.69	5.27	52.23	29.90	12.60
Washington	12,006	53.27	46.73	98.03	1.97	12.94	56.62	24.63	5.81

Notes: NA = Not available.

OTW = Other than white

^aInformation not available for February.^bInformation not available for January or August.

Source: Unpublished data supplied by the Unemployment Insurance Service

Table 11

DISTRIBUTION OF DEMOGRAPHIC CHARACTERISTICS
OF THE CIVILIAN LABOR FORCE,
REGULAR UI RECIPIENTS, AND FSB RECIPIENTS,
JANUARY-AUGUST 1977*

	Civilian Labor Force		Regular UI	FSB	
	Employed	Unemployed	Insured Unemployed	First Pays	Exhaustees
Sex					
Male	59.6%	53.7%	62.7%	55.8%	54.5%
Female	<u>40.4</u>	<u>46.3</u>	<u>37.3</u>	<u>44.3</u>	<u>45.5</u>
	100.0	100.0	100.0	100.1	100.0
Race					
Male					
White	90.2	80.0	86.4	85.3	83.3
OTW	<u>9.8</u>	<u>20.0</u>	<u>13.6</u>	<u>14.7</u>	<u>16.7</u>
	100.0	100.0	100.0	100.0	100.0
Female					
White	87.7	78.0	84.0	87.7	86.9
OTW	<u>12.3</u>	<u>22.0</u>	<u>16.0</u>	<u>12.3</u>	<u>13.1</u>
	100.0	100.0	100.0	100.0	100.0
Age					
16-21	14.2	34.6	9.5	11.6	10.1
22-44	52.7	47.0	58.5	52.6	51.9
45-64	30.1	16.4	27.4	28.6	29.3
65 and over	<u>3.0</u>	<u>2.1</u>	<u>4.5</u>	<u>7.2</u>	<u>8.7</u>
	100.0	100.1	99.9	100.0	100.0

Notes: * Regular UI data for January-July 1977.

OTW = Other than white.

Columns may not sum to 100% due to rounding.

FSB data based on 13 study States.

Differences between the sex distribution of all insured unemployed and FSB first payments occur in the states of Alaska, California, and Puerto Rico. In Alaska and Puerto Rico, males constitute a much larger percentage of the FSB first pays than they do of the insured unemployed. This finding combined with the earlier finding that males leave FSB sooner than do females suggests that males are more likely than females to receive FSB but do not receive benefits for as long a time. In California, males are less likely than females to stay unemployed long enough to draw FSB.

The major conclusion regarding the distribution of males and females in the FSB recipient population is that a larger percentage of females receive FSB than receive regular UI and a larger percentage of females receive FSB than are part of the employed labor force. However, the percentages are very similar for the categories of the total unemployed and the FSB recipients.

Race Difference

Of the insured unemployed, 87% were white, but 86.4% of the first payments and 84.9% of the exhaustees were white. These numbers suggest that whites who are unemployed are less likely than nonwhites to remain unemployed long enough to receive FSB payments before they exhaust benefits. However, as was observed for the sex variable, the differences in the percentages are not very large. These observations are consistent with the hypothesis that nonwhites remain unemployed longer than whites and are more likely to become exhaustees.

The distribution of whites and nonwhites by first payments and exhaustees is very uniform in all States. In no State is there a large change in the white and nonwhite percentages. Instead, in several States the changes are sufficiently large to change the percentage over the entire group of study states. This is seen in the national FSB totals. There, nonwhites constitute a higher percentage than do whites among those who become exhaustees.

Age Differences

Approximately 11% of all FSB recipients in the study states during the first eight months of 1977 were under 22, 52% were between the ages of 22-44, 28% were between the ages of 45-64, and 7% were over 65 years old. There are no apparent differences in the age distribution of first pays and exhaustees, although there are widely varying age distributions among the various states.

The age distribution for FSB recipients is very different than that of the employed population. Among all unemployed, over 39% are in the under 22 age group. By contrast, less than 3% of the unemployed are in the over 65 age group. As a group, the FSB recipients tend to be older than both the group of all unemployed and the insured unemployed.

FSB recipients are older than the total unemployed population because of the nature of the UI system. New entrants (mostly the young) are not eligible for UI, and hence are not eligible for FSB payments. The large percentage of FSB recipients who are 65 or over, especially in states like Pennsylvania, Rhode Island, and Connecticut, is somewhat surprising. The concentration of FSB recipients aged 65 or over increases for the exhaustees. The older FSB recipients are less likely to leave unemployment than are the younger age groups, but once the older worker is separated from a job the separation is more likely to be final.

Occupational Distribution

In Tables 12 and 13 are listed the distribution of the last occupation (for a selected set of occupations) for FSB recipients who received first and final payments. These data are not available for the civilian labor force. Among the occupations listed, the professional and clerical occupations represent about 30% of all FSB beneficiaries. The concentration of these two occupations ranges from a high of about 40% in Oregon to a low of 16% in Rhode Island. As expected, the agricultural occupations represent only a fraction of all FSB recipients. About 20% of the recipients are from the craft occupations. There are no major differences in the occupational distributions of the recipients who receive a first

Table 12

FBS CLAIMANT CHARACTERISTICS OF FIRST PAYMENTS BY SELECTED OCCUPATION, JANUARY - AUGUST 1977

	Total	Percent of Total ^a							
		Professional, Technical, and Managerial	Clerical, Sales	Service	Agriculture, Fisheries, and Forestry	Processing	Machine Trades	Bench Work	Structural Work
Alaska	1,202	7.57%	16.14%	15.31%	3.08%	6.82%	3.74%	.83%	31.70%
California	200,350	11.24	17.79	9.00	1.78	7.54	4.26	4.80	8.10
Connecticut	34,715	12.85	24.95	8.47	.56	1.89	8.99	6.04	9.47
Maine	6,591	6.71	18.69	11.76	1.23	5.28	6.34	8.85	14.66
Michigan	81,595	10.32	24.05	15.10	1.02	4.41	10.05	5.69	16.52
New Jersey	63,795	9.08	17.71	17.38	.53	9.24	12.26	9.06	11.31
New York	197,027	12.46	22.68	11.00	.27	NA	NA	NA	NA
Oregon	8,134	13.89	26.24	13.50	1.38	4.73	8.36	4.57	12.75
Pennsylvania	67,808	NA	NA	NA	NA	NA	NA	NA	NA
Puerto Rico	39,713	5.05	10.90	7.48	15.12	3.79	4.95	13.98	26.56
Rhode Island	10,332	12.89	15.70	7.41	.92	2.80	4.98	5.60	6.82
Vermont	2,635	10.28	18.82	13.02	.83	2.24	9.91	8.35	15.71
Washington	20,561	7.11	18.94	13.36	2.92	6.74	4.30	1.92	8.55

Notes: NA = Not available.

^aPercentages may not total to 100% due to missing information.

Source: Unpublished data supplied by the Unemployment Insurance Service

Table 13
FSB CLAIMANT CHARACTERISTICS OF EXHAUSTEES BY SELECTED OCCUPATION, JANUARY - AUGUST 1977

	Total	Professional, Technical, and Managerial	Clerical, Sales	Service	Agriculture, Fisheries, and Forestry	Processing	Machine Trades	Bench Work	Structural Work	
		<u>Percent of Total</u> ^a								
Alaska	128	11.72%	23.44%	17.97%	1.56%	5.47%	3.91%	0.00%	18.75%	
California	147,968	11.58	18.87	9.47	1.66	6.43	4.56	5.13	8.18	
Connecticut	17,266	11.48	17.62	6.20	.53	1.62	9.10	5.17	10.22	
Maine	5,310	6.85	22.13	12.22	1.49	5.39	6.16	9.87	12.00	
Michigan	70,417	9.15	23.84	14.77	.85	4.59	10.45	5.97	14.83	
New Jersey	64,987	8.92	17.94	16.76	.71	8.86	12.91	9.26	10.29	
New York	98,205	14.55	26.54	12.11	.21	NA	NA	NA	NA	
Oregon	4,741	12.53	26.37	14.55	.97	4.60	9.60	5.25	11.20	
Pennsylvania	26,892	NA	NA	NA	NA	NA	NA	NA	NA	
Puerto Rico	15,192	5.70	12.44	8.19	7.46	3.91	5.42	13.49	31.08	
Rhode Island	8,865	18.97	13.20	5.38	.43	2.49	4.35	4.20	4.76	
Vermont	873	9.16	22.11	13.06	.80	1.37	8.71	8.13	15.01	
Washington	12,006	8.35	21.96	13.78	2.76	5.51	4.87	2.17	7.63	

Notes: NA = Not available.

^a Percentages may not total to 100% due to missing information

Source: Unpublished data supplied by the Unemployment Insurance Service.

payment and those who become exhaustees in the group as a whole and few differences in the individual states (see Alaska's statistics for an exception).

Industrial Distribution

Tables 14 and 15 show the distribution of the last industry worked in by FSB recipients. Table 16 shows the percentages for the civilian labor force, the regular State UI recipient, and the totals for the 13 States. It is not surprising that the manufacturing, trade, and services groups dominate the industry grouping with 74% of all FSB recipients. Because the UCFE (Federal employees) and UCX (former servicemen) groups are excluded from the tables, the FSB recipients in the government group represent only a fraction of the industry totals. Except for slight differences between the first payments and exhaustees in the percent distributions in some states, there are no major differences across all the states. Thus, the likelihood of leaving unemployment does not vary across industries for FSB recipients. The percentage distributions for the FSB recipients more closely resemble the distribution of the civilian labor force than the distribution of the regular UI recipient.

In this section, we have described the various characteristics of 1977 FSB recipients using aggregate data. From these data the likelihood of leaving unemployment (or of not receiving further FSB payments) by different groups cannot be determined with much accuracy. A more detailed evaluation of the characteristics of FSB recipients will be done when the second report is prepared. In that report, it will be possible to use multivariate regression analysis to predict the likelihood of leaving unemployment. Many of the issues raised in this section regarding who gets FSB and for how long will be more satisfactorily answered then.

Table 14

FSB CLAIMANT CHARACTERISTICS OF FIRST PAYMENTS BY INDUSTRY, JANUARY - AUGUST 1977

	Total ^a	Mining	Contract Construction	Manufacturing	Transportation and Public Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	Government
		Percent of Total ^b							
Alaska	1,202	6.07%	29.95%	11.40%	12.31%	14.64%	3.58%	16.64%	NA
California	200,350	.28	6.75	33.26	4.03	24.80	4.37	22.31	.17
Connecticut	34,715	.17	9.07	39.06	3.60	20.28	6.15	16.70	4.53
Maine ^c	6,591	.14	14.05	34.96	3.23	21.00	2.76	15.04	.68
Michigan	81,595	.66	9.50	30.60	3.40	23.31	3.59	19.26	2.10
New Jersey	63,795	.22	12.09	35.79	5.07	15.19	5.20	15.25	1.61
New York	197,027	.29	11.84	30.95	3.94	23.68	5.34	19.31	.57
Oregon	8,134	.16	6.36	30.99	3.68	26.01	4.09	15.42	10.67
Pennsylvania	67,808	1.29	12.77	30.27	6.33	26.80	3.92	15.87	.18
Puerto Rico	39,713	.23	26.67	29.67	2.92	7.60	1.32	8.07	7.47
Rhode Island	10,332	.16	5.97	22.55	2.25	11.98	2.24	9.49	2.85
Vermont	2,635	.68	11.35	30.06	2.96	21.02	2.54	17.99	.04
Washington	20,561	.18	7.67	29.98	4.15	28.28	4.49	16.47	4.20

Notes: NA = Not available

^aIncludes miscellaneous and missing information.^bPercentages may not total to 100% due to missing information.^cInformation not available for January or February.

Source: Unpublished data supplied by the Unemployment Insurance Service

Table 15

FSB CLAIMANT CHARACTERISTICS OF EXHAUSTEES BY INDUSTRY, JANUARY - AUGUST 1977

	Total ^a	Mining	Contract Construction	Manufacturing	Transportation and Public Utilities	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services	Government
					Percent of Total ^b				
Alaska ^c	128	10.16%	21.09%	8.59%	9.38%	23.44%	3.91%	17.19%	NA
California	147,968	.26	6.38	33.24	3.85	24.92	4.51	22.98	.32
Connecticut	17,266	.14	10.65	41.66	3.11	19.08	5.75	15.38	3.48
Maine	5,310	.21	11.09	35.76	3.03	24.11	2.71	14.60	.70
Michigan	70,417	.90	8.40	32.24	3.09	22.76	3.55	16.57	3.01
New Jersey	64,987	.20	11.13	36.95	5.09	15.72	5.29	14.69	1.55
New York	98,205	.14	10.69	26.28	4.05	24.61	6.74	23.08	.69
Oregon	4,741	.27	5.34	32.29	3.44	25.71	4.22	15.23	9.93
Pennsylvania	26,892	1.25	11.65	34.59	6.96	25.17	3.70	14.26	.18
Puerto Rico ^d	15,192	.28	32.10	30.17	2.82	8.46	1.55	8.87	4.95
Rhode Island	8,865	.09	5.36	28.96	2.38	14.46	2.77	11.10	1.33
Vermont	873	.46	10.31	30.47	2.18	22.34	2.86	18.56	.46
Washington	12,006	.14	6.49	32.28	4.21	28.49	4.89	16.07	4.33

Notes: NA = Not available.

^aIncludes miscellaneous and missing information.^bPercentages may not total to 100% due to missing information.^cInformation not available for February.^dInformation not available for January or August.

Source: Unpublished data supplied by the Unemployment Insurance Service

Table 16

INDUSTRIAL DISTRIBUTION OF THE CIVILIAN LABOR FORCE,
REGULAR UI RECIPIENTS, AND FSB RECIPIENTS,
JANUARY-AUGUST 1977*

	Civilian Labor Force		Regular UI Insured Unemployed	FSB	
	Employed	Unemployed ^a		First Pays	Exhaustees
Mining	0.9%	0.6%	1.0%	0.4%	0.4%
Contract construction	6.0	10.6	16.5	10.8	9.6
Manufacturing	22.8	24.7	31.4	32.1	32.3
Transportation and public utilities	6.5	4.0	3.7	4.1	4.3
Wholesale and Retail Trade	20.6	24.7	17.4	22.4	22.4
Finance, Insurance, and Real Estate	5.6	3.0	2.6	4.4	4.8
Services	28.4	17.1	13.2	18.4	19.1
Other	<u>9.1</u>	<u>15.3</u>	<u>14.2</u>	<u>7.4</u>	<u>7.4</u>
	99.9%	100.0%	100.0%	100.0%	100.3%

Notes: Columns may not sum to 100% due to rounding.
FSB data based on 13 study states.

* Regular UI Data based on January-July 1977.

^a Excludes "no previous work experience."

VI EMPIRICAL EVIDENCE OF THE IMPACT OF PL 95-19

Introduction

The impact of PL 95-15 is defined as: (1) the changes in the job search and job acceptance behavior of the individual; and (2) changes in the FSB program characteristics as a result of the enactment of the law.

The impact of the law on the individual may be measured by changes in the job search behavior of the individual, including the hours per week that he spends in the search and the wage offers that he is willing to accept. Other impacts may be reflected in changes in the expected duration of unemployment of the worker. For example, those workers who are denied further FSB benefits during a particular spell of unemployment may return to work at a faster rate than they would have had a denial not occurred. The measurement of the impact of PL 95-19 on the individual FSB recipient will be discussed in the second report of this series as sufficient data are not now available.

The impact of PL 95-19 on program characteristics may be measured by such factors as changes in the number of beneficiaries, changes in the total number of denials, and changes in the total number of determinations. One way to measure these changes is to observe the program characteristics during a period before and then after the enactment of PL 95-19. Another procedure involves a statistical comparison of how the various program characteristics have changed over many time periods in the life of the FSB program with emphasis placed on the changes introduced by PL 95-19. In this report both procedures are used. The procedure that compares program characteristics for two time periods is called the "short-run analysis." The procedure that compares program characteristics for many time periods is called the "time-series analysis."

The provisions of PL 95-19 are expected to have the following effects.

- (1) Reduce the number of average weekly beneficiaries--This reduction reflects the reduction in the maximum entitlement from 26 weeks to 13 weeks. The rate at which people are exhausting benefits will increase and the stock of individuals who remain on the program will decline.
- (2) Reduce the amount of total benefits paid--The reduction in total benefits paid is expected to be coincident with the reduction in the number of average weekly beneficiaries.
- (3) Reduce the number of first payments--First payments are expected to decline as fewer individuals are expected to meet the increased stringency of the job search and job acceptance requirements.
- (4) Increase the number of final payments--The requirement that all beneficiaries who had received at least 13 times the average weekly amount be denied further entitlement is expected to lead to a sudden increase in the number of exhaustees during the months of April and May. In subsequent months, the average number of exhaustees is expected to increase relative to the period when there was entitlement of 26 times the average weekly benefit amount, but at a lower rate than the increases of April and May. Before the enactment of PL 95-19, there were individuals who stopped receiving FSB benefits after 13 weeks but before exhausting benefits. Under the provisions of PL 95-19 these types of individuals are expected to become exhaustees.
- (5) Increase the number of denials--Denials are expected to increase as individuals decline job offers or do not actively seek work. The number of denials is expected to take a sudden increase in April and May but decline after that period. The final levels of denials should be higher than the pre-PL 95-19 levels.

To assess whether these expected effects are valid, aggregate data on the FSB program are used; such data are the sum of all individual experiences. However, several assumptions underlie the use of the aggregate data, including the constancy of the economic environment. In the short-run analysis, changes in the economic environment such as changes in the IUR are not included, but in the time-series analysis, these factors are explicitly taken into account.

Short-Run Analysis

The short-run analysis focuses on changes in a selected number of program characteristics before and after the enactment of PL 95-19. In Table 17, selected FSB activity statistics for the 13 States and the United States for the period January - July 1977 are presented.

PL 95-19 produced many immediate changes in the program characteristics and statistics. However, a simple comparison of the statistics before and after the enactment of the law will obscure differences induced by seasonality and by the improving economy. The short-run analysis involves a comparison of average monthly program characteristics and statistics for each of the 13 States for the periods before and after the enactment of the law. By comparing the 1977 data with comparable 1976 data, an index of changes occurring in 1977 because of PL 95-19, relative to changes in 1976, can be developed.

Program Characteristics Index

The index for the i^{th} State and the j^{th} program characteristic is defined for an "average" month, that is, a simple average of the data for the four months of January through April and the four months of May through August. The index is calculated by the formula:

$$I = \frac{MA_{77}^{ij} / JA_{77}^{ij}}{MA_{76}^{ij} / JA_{76}^{ij}}$$

where

I = program index

MA = average monthly program characteristics for period May to August

JA = average monthly program characteristics for period January to April

76 = program characteristics for 1976

77 = program characteristics for 1977

i = State

j = program characteristics.

Table 17

SELECTED FSB ACTIVITIES FOR STUDY STATES FOR JANUARY - JULY 1977

	Benefits Paid (\$000)	Per-cent ^a	Number of First Payments	Per-cent ^a	Beneficiaries Exhausting Benefits	Per-cent ^a	Average Weekly Number of Beneficiaries	Per-cent ^a
Total United States	\$948,399 ^b	100.00%	1,000,145 ^b	100.00%	645,449 ^c	100.00%	396,127	100.00%
Nonstudy states	167,052 ^b	17.61	289,847 ^b	28.98	141,492 ^c	21.92	90,589	22.87
Study states	781,347	82.39	710,298	71.02	503,957	78.08	305,538	77.13
Alaska	2,235	.24	2,279	.23	249	.03	845	.21
California	134,086	14.14	209,550	20.95	147,945	22.92	55,845	14.10
Connecticut	36,034	3.80	37,080	3.71	18,351	2.84	15,579	3.93
Maine	5,151	.54	6,913	.69	5,556	.86	2,547	.64
Michigan	116,908	12.33	87,017	8.70	75,284	11.66	40,979	10.34
New Jersey	114,990	12.12	74,515	7.45	68,457	10.61	40,570	10.24
New York	198,625	20.94	137,041	13.70	110,278	17.09	79,628	20.10
Oregon	10,036	1.06	9,020	.90	5,393	.84	4,291	1.08
Pennsylvania	106,243	11.20	71,722	7.17	28,690	4.44	36,398	9.19
Puerto Rico	21,496	2.27	40,249	4.02	21,073	3.26	14,737	3.72
Rhode Island	12,064	1.27	10,332	1.03	8,865	1.37	4,550	1.15
Vermont	3,102	.33	2,949	.29	996	.15	1,363	.34
Washington	20,377	2.15	21,631	2.16	12,820	1.99	8,206	2.07

Table 17 (Concluded)

SELECTED FSB ACTIVITIES FOR STUDY STATES FOR JANUARY - JULY 1977

	Number Entitled to Maximum WBA	Per- ^a cent	Percent Entitled to Maximum WBA (relative to no. of first payments)	Denials					
				Total	Per- ^a cent	Not Able or Available	Per- ^a cent	Refused Suitable Work	Per- ^a cent
Total United States	380,909 ^e	100.00 %	38.09 %	132,692 ^f	100.00%	76,649 ^f	100.00%	5,474 ^e	100.00%
Nonstudy states	140,470 ^f	36.88	48.46	35,215 ^f	26.54	17,129 ^f	22.35	1,902 ^f	34.75
Study states	250,439	63.12	33.85	97,477	73.46	59,520	77.65	3,572	65.25
Alaska	2,291	.60	100.00	1,793	1.35	1,587	2.07	91	1.66
California	33,337	8.75	15.91	23,595	17.78	14,967	19.53	1,058	19.33
Connecticut	NA	NA	NA	3,727	2.81	1,514 ^g	1.98	346 ^g	6.31
Maine	699 ^d	.18	10.11 ^d	1,409	1.06	712	.93	186	3.40
Michigan	67,276	17.66	77.31	15,054	11.35	11,056	14.42	295	5.39
New Jersey	41,684	10.94	55.94	13,742	10.36	8,912	11.63	458	8.37
New York	52,738	13.85	47.82	23,115	17.42	14,995	19.56	245	4.48
Oregon	3,175	.83	35.20	1,899	1.43	789	1.03	248	4.53
Pennsylvania	17,648	4.63	24.61	8,015	6.04	2,099	2.74	479	8.75
Puerto Rico	10,356	2.71	25.73	1,422	1.07	791	1.03	54	.99
Rhode Island	2,728	.72	26.40	383	.29	233	.30	24	.44
Vermont	488	.13	16.55	191	.14	47	.06	32	.58
Washington	8,019	2.11	37.07	3,132	2.36	1,818	2.37	56	1.02

^aMay not total to 100% when summed individually, due to rounding

^bMissing data: Maryland, January

^cMissing data: Maryland, January and New Hampshire, February

^dWBA = Weekly benefit amount based on 6 months of data, January and February not available

^eMissing data: Kansas, July; Maryland, January; Delaware, Ohio, Virginia, all months

^fMissing data: Texas, June and Wyoming, all months

^gBased on 7 months of data

NA = Not available

The numerator in the index is the ratio of an "average" monthly program characteristic after the law and an "average" monthly program characteristic before the law. The denominator is the ratio of the same program characteristics for the same period of time in 1976. The denominator partially adjusts for seasonality by relating the changes to the pattern of the program characteristics for 1976. Thus, the index will equal 1 if the pattern of change in 1977 is the same as the pattern of change in 1976.

Interpreting the Index

The ratio MA_{77}/JA_{77} shows the program characteristics in an average month after the law compared to the same program characteristics in an average month before the law. If the index is greater than 1, there is a proportionally greater increase than over the same period in 1976. Similarly, an index less than 1 means a proportionally smaller change; an index equal to 1 indicates a proportional change. An index of 2 means that the ratio of the May-August/January-April program characteristics is twice that of the same period for 1976. However, the program characteristic may change because of seasonal patterns. The ratio MA_{76}/JA_{76} shows the "normal" ratio of the program characteristics in a year in which the law did not change. The index determines whether program characteristics changed in 1977 in accordance with the pattern of 1976. For the period covered by the indices, all the States were at the 6% trigger rates (except for Oregon during the month of August 1976) up to the enactment of PL 95-19. Whenever data were missing for a given month, the index was recomputed, reducing each of the remaining elements in the index by one. Thus, all averages for an index are based on the same months.

Claimant and Benefit Payments Indices

Table 18 shows the monthly averages of the number of beneficiaries, the amount of benefits paid, and the number who received a first payment for the months of January through April 1977, which is defined as the

Table 18

INDICES OF PROGRAM CHARACTERISTICS BEFORE AND AFTER PL 95-19

	Monthly Average of Average Weekly Number of Beneficiaries		Index Relative to 1976		Monthly Average of Benefits Paid		Index Relative to 1976		Monthly Average of First Payments		Index Relative to 1976	
	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug
Alaska	1,087	603	.59		\$348,340	\$210,444	.61		279	290	.99	
California	74,868	36,775	.60		22,166,063	11,355,504	.62		33,220	19,167	.74	
Connecticut	21,795	9,362	.48		7,611,450 ^a	3,299,979	NA		5,064	4,205	NA	
Maine ^b	3,623	1,521	.60		885,784	406,878	.61		1,555 ^c	1,025	.90	
Michigan	53,838	28,120	.65		18,959,120	10,267,973	.64		11,273	10,480	1.10	
New Jersey	53,986	27,153	.65		18,874,864	9,872,711	.82		10,847	7,781	.81	
New York	112,614	46,641	.53		34,805,180	14,851,032	.55		18,101	16,159	1.11	
Oregon	6,460	2,121	.43		1,846,946	662,019	.46		1,338	916	.96	
Pennsylvania	51,726	21,069	.55		18,575,006	7,985,775	.58		10,172	7,757	1.02	
Puerto Rico	17,195	12,279	.89		3,091,020	2,282,937	.87		5,248	4,814	1.91	
Rhode Island	5,992	3,107	.68		1,963,397	1,052,643	.67		1,287	1,296	1.13	
Vermont	1,935	791	.53		539,946	235,573	.57		448	288	.97	
Washington	12,008	4,403	.48		3,644,510	1,449,810	.50		3,090	2,317	1.01	

Notes: NA = Information not sufficient to calculate index.

^aExcludes month of March for Connecticut.^bBased on three-month periods: January-March, June-August.^cExcludes months of January and February.^dIndex excludes January and February 1976 and March 1977 for Connecticut.^eExcludes January, February, and March 1976 for Connecticut and January and February, 1977 for Maine.

pre-PL 95-19 period, and for the months May through August 1977, which is defined as the post-PL 95-19 period. This table also shows the indices for each of these program descriptions.

Average Number of Beneficiaries

In the first section of Table 18 the average number of beneficiaries in a typical week in the first four months of 1977 and the second four months of 1977 is listed. The number of individuals who were receiving FSB payments during a typical week fell sharply after the enactment of PL 95-19. For example, in California the number receiving FSB in a typical week went from 74,868 in the period January through April to 36,775 in the period May through August. Similar reductions occurred in each of the 12 other States. The biggest numerical drop occurred in New York, which went from 112,614 during the first period to 46,641 during the second period. From the table it is clear that there was a decrease in the number of beneficiaries by approximately one half.

The indices indicate that relative to the same time period in 1976 there was approximately a .60 reduction in the number of beneficiaries in California, a .53 reduction in New York, a .43 reduction in Oregon, and a .89 reduction in Puerto Rico, to cite a few examples. Other States had similar reductions in the number of beneficiaries. The reductions were not uniform across the States and it is likely that they were affected by the economic conditions within each State.

It is not surprising that the number of beneficiaries declined after the enactment of the law because a major consequence of the reduction in entitlement was a reduction in the absolute number of beneficiaries. Although part of the reduction may be attributable to improving economic conditions, it is clear that a major cause of the reduction was the reduced entitlement.

Benefits Paid

In each of the States, the reduction in benefits was closely tied to the reduction in the number of beneficiaries. In an average month, during the pre-PL 95-19 period \$133 million was paid in FSB benefits in all 13 States; after PL 95-19 \$55 million in FSB benefits were paid in an average month to all the 13 States. Among the States, the changes went from \$22 million to \$11 million in California, from \$18 million to \$10 million in Michigan, from \$34 million to \$14 million in New York, from \$18 million to \$8 million in Pennsylvania, and from \$539,946 to \$235,573 in Vermont.

The indices, which show the reduction relative to the same period of 1976, indicate that the decrease in benefits paid was more proportional to the 1976 period. As was true of the number of beneficiaries, a consequence of PL 95-19 was the reduction in benefits paid. The payment reductions were similar in scope to the reductions observed in the number of beneficiaries. The indices range in value from .46 in Oregon to .87 in Puerto Rico. For the 13 States as a whole, there was a reduction of about .62 relative to the same period in 1976. From these comparisons it is evident that the enactment of PL 95-19 dramatically reduced the amount of benefits paid FSB recipients.

Number of First Payments

The enactment of the law should not have had any impact on the number of individuals who received a first payment, except that which was induced by the increased job search and job acceptance requirements. Individuals may react to the law by refusing to accept these requirements and be disqualified, or by refusing to return to the claims office. Either action would lead to a reduction in the number of people who receive a first payment (if all other conditions remain the same). For the 13 States, there were 101,922 first payments in a typical month during the pre-PL 95-19 period but 76,495 first payments in a typical month during the post-PL 95-19 period. However, the index is close to 1.00, which indicates that the reduction in the number of first payments is

comparable to a similar reduction for the same period of 1976. Thus, the data suggest there were no significant changes in the number of first payments as a result of PL 95-19. However, there was some variation among the 13 States, with California, Maine, and New Jersey showing large reductions in the number of first payments, and Puerto Rico, Rhode Island, New York, and Michigan showing large increases in the number of first payments. The other States had indices close to 1.0; that is, there was no change in the pattern of first payments.

This series demonstrates that PL 95-19 had the consequences that were expected. The average number of beneficiaries declined as entitlement was cut in half; the amount paid to FSB beneficiaries declined in proportion to the fall in the number of beneficiaries, but PL 95-19 had little or no impact on the number of people who received a first payment.

Exhaustees

The provisions of PL 95-19 that reduced FSB entitlement from 26 weeks to 13 weeks are expected to lead to an increase in the number of people who exhaust their FSB entitlement. However, the number of exhaustees relative to the number of beneficiaries and relative to the number of people who receive a first payment are also examined since they provide information regarding the impact of PL 95-19 that is not available by looking only at the number of exhaustees. In Table 19 are presented three measures of the number of exhaustees in typical months in the pre-PL 95-19 period and the post-PL 95-19 period.

Number of Exhaustees

There were 74,259 exhaustees in the pre-PL 95-19 period in the 13 States; during the post-PL 95-19 period this number had declined to 54,031. In California, Connecticut, New York, Oregon, Pennsylvania, Puerto Rico, and Washington, the absolute number of exhaustees decreased, while in the remaining six States, the number of exhaustees increased. For California, part of the decline in the number of exhaustees may be attributed to the way that the data were collected. In the other 12 States, half had an increase and half had a decrease in the number of

Table 19

INDICES OF FINAL PAYMENTS BEFORE AND AFTER PL 95-19

	Monthly Average of Final Payments		Index Relative to 1976		Monthly Average of Final Payments as a Percent of Average Weekly Beneficiaries		Index Relative to 1976		Monthly Average of Final Payments as a Percentage of Lagged First Payments		Index Relative to 1976	
	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug
Alaska	22	39	2.13		2.06%	6.87%	3.87		10.04	15.44	3.01	
California	25,042	11,944	.74		33.51	31.11	1.21		79.43 ^a	36.16	1.41	
Connecticut	2,495	2,092	NA		11.47	22.99	NA		41.69	43.23	NA	
Maine ^b	1,172	528	.68		32.48	34.53	1.13		132.61 ^c	130.46	1.34	
Michigan	8,035	10,785	1.50		14.91	36.49	2.20		68.38	94.34	1.20	
New Jersey	7,863	9,250	1.43		14.66	32.71	2.11		85.02	88.78	1.02	
New York	17,077	10,492	.58		15.83	22.08	1.04		90.51	61.28	.64	
Oregon	884	463	.63		13.71	22.37	1.50		100.61	36.66	.47	
Pennsylvania	5,385	1,787	.31		10.50	8.62	.57		50.66	20.93	.49	
Puerto Rico	3,422	1,845	.86		19.80	14.98	.98		67.86	37.60	1.19	
Rhode Island	928	1,288	1.91		15.21	38.13	2.61		73.33	94.09	.87	
Vermont	79	169	2.45		4.40	23.38	4.67		26.52	40.25	1.68	
Washington	1,855	1,349	.93		15.43	30.05	1.89		53.32	44.47	1.00	

Notes: NA = Information not sufficient to calculate index.

^aExcludes month of March.^bBased on three-month periods: January-March, June-August.^cAverage represents month of March.^dExcludes January-March 1976 for Connecticut.^eExcludes January-August 1976 for Connecticut, March 1977 for California, and January, February, and April 1976 for Maine.

exhaustees between the pre- and post-PL 95-19 periods. An examination of the indices shows that only five States had an index greater than 1 (indicating an increase in exhaustees relative to the same period in 1976).

The figures on the exhaustees are difficult to interpret because the number of exhaustees is related to the timing of the first payments and the number of average beneficiaries. In addition, since beneficiaries may receive less than the average weekly entitlement, the number of exhaustees may come several weeks after the usual 13-week or 26-week entitlement period. The indices do not permit a clear statement regarding the overall impact of PL 95-19 so an alternative evaluation of the number of exhaustees must be done.

Exhaustees as Percent of Beneficiaries

The second series of indices in this section relates the number of exhaustees to the average number of beneficiaries. Ideally, it would be desirable to evaluate the rate that beneficiaries become exhaustees. However, this is not possible with the aggregate data so this index and the one that follows are designed to approximate the rate of becoming an exhaustee.

Relative to 1976 there have been substantial increases in this measure of exhaustees. In California, for example, the index of 1.21 indicates that there was an increase of 1.21 times the 1976 ratio in the number of exhaustees per beneficiaries. For Michigan, there was an increase of 2.20 times the 1976 ratio in the number of exhaustees per beneficiaries; in New Jersey, there was an increase of 2.11 times the 1976 ratio; and in New York there was an increase of 1.04 times the 1976 ratio. Only in Pennsylvania was there a large drop in the ratio of exhaustees to beneficiaries. These results show clearly that PL 95-19 had the consequence of sharply increasing the number of exhaustees per beneficiaries in 10 of the 13 states. However, the magnitude of the increase varied from state to state.

Exhaustees Relative to First Payments

This series of indices measures changes in the ratio of the number of exhaustees to the number of individuals who received a first payment 26 weeks before (13 weeks for the post-95-19 period). The ratio follows a group of first payments and seeks to determine how many of them became exhaustees. The ratios only approximate the proportion of first payments who become exhaustees.

As a ratio of lagged first payments, the number of exhaustees increased in 7 of the 13 States as a result of PL 95-19. Except for the Alaska index, the increases in exhaustees relative to lagged first payments were somewhat modest. California had an increase of 1.41 times the comparable ratio for 1976; Michigan had an increase of 1.20 times the ratio of 1976; and New Jersey had an increase of 1.02 times the ratio of 1976. Conversely, New York had an index of .64 while Pennsylvania had an index of .49--both showing decreases in the ratio relative to 1976. In all, indices range from .49 to 3.01. The variation in the indices reflects the variation in the length of FSB entitlement as well as the different impacts of PL 95-19.

The evidence from these three series of indices suggest that for most of the States the number of exhaustees increased as a result of the enactment of PL 95-19. This increase is detected only by relating the number of exhaustees to the number of beneficiaries and to the number of lagged first payments. The change in exhaustees is not uniform across the States but varies with some States showing a relative decrease in exhaustees while other States showed an increase.

Denials

Under the provision of PL 95-19, the individual may be denied benefits as a result of not actively seeking work or for refusing a suitable work offer. Other reasons for a denial are provided under the provisions of each State. In this section, the total number of denials, the denials for not able to or not available for work, and the denials for refusal of

suitable work are analyzed. These denials are measured for the pre-PL 95-19 period and the post-PL 95-19 period and are related to the number of weeks of benefits claimed. The denial percentages and the indices are presented in Table 20.

Overall, the number of individuals denied benefits represents a very small fraction of the weeks of benefits claimed. Except for Alaska, where the number of observations is small, there are at most 1.03 total denials for every 100 weeks of benefits claimed during the pre-PL 95-19 and 2.71 total denials for every 100 weeks of benefits claimed during the post-PL 95-19 period. The number of denials for not able or not available to work and for refusal of suitable work are much smaller during both the pre- and post-PL 95-19 periods. Very few FSB claimants were denied benefits during 1977.

Total Denials

Total denials, as a percentage of weeks of benefits claimed, increased in 10 out of the 13 States. In Alaska, California, and Puerto Rico, the number of denials decreased, relative to the same period in 1976. Among the States that had increases, Pennsylvania had the largest gain in denials with an increase of 2.51 times the comparable ratio in 1976. There was an increase of 1.55 times the 1976 ratio in Connecticut, an increase of 1.92 times the ratio of 1976 for Michigan, an increase of 1.16 times the ratio of 1976 for New York, and an increase of 1.51 times the ratio of 1976 for Washington. The indices reflect the slight variance in total denials across the States. In this series, the indices suggest that PL 95-19 increased the relative number of total denials and the magnitude of the impact was similar across most of the States.

Denials for Unable or Unavailable

Before PL 95-19 the ratio of individuals denied benefits as a result of being unable to or unavailable for work was very small. After PL 95-19 there were increases in the relative number of this type of

Table 20

INDICES OF DENIALS BEFORE AND AFTER PL 95-19

	Monthly Average of Denials as a Percentage of Weeks of Benefits Claimed		Index Relative to 1976		Monthly Average of Unable or Not Available for Work as a Percentage of Weeks of Benefits Claimed		Index Relative to 1976		Monthly Average of Refusal of Suitable Work as a Percent of Weeks of Benefits Claimed		Index Relative to 1976	
	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug	Jan-Apr	May-Aug
Alaska	15.65	4.32	.19		14.53	2.69	.10		.79	.21	.19	
California	.93	2.23	.65		.60	1.38	.65		.03	.13	1.10	
Connecticut	.37	1.05	1.55		.13	.36	1.74		.03	.03	.72	
Maine ^a	1.03	2.71	1.85		.49	1.46	1.74		.10	.45	4.21	
Michigan	.66	1.65	1.92		.48	1.23	1.95		.01	.03	1.99	
New Jersey	.81	1.48	1.02		.59	.83	.89		.03	.05	2.00	
New York	.77	1.33	1.16		.48	.89	1.26		.01	.02	1.54	
Oregon	.81	2.53	2.35		.35	.99	2.27		.05	.49	10.32	
Pennsylvania	.39	1.27	2.51		.11	.33	2.53		.03	.06	2.08	
Puerto Rico	.26	.25	.77		.15	.14	.73		.01	.00	.19	
Rhode Island	.19	.37	1.35		.09	.28	2.21		.01	.03	1.57	
Vermont	.49	.49	1.08		.14	.08	.84		.08	.11	3.68	
Washington	.94	1.32	1.51		.56	.72	1.45		.02	.02	1.07	

Note: ^aBased on three month periods: January-March, June-August.

denial in 8 of the 13 States, but they remained a small percentage of all beneficiaries. In the other five States the number of denials actually declined relative to the same period in 1976. Once again, the data revealed differences across States in the impact of the law.

Denials for Refusing Suitable Work

The number of individuals denied FSB benefits for refusing suitable work is very small in both the pre- and post-PL 95-19 periods. In the post-PL 95-19 period Oregon had the most denials for refusing suitable work per weeks of benefits claimed. For every 100 weeks of FSB claimed, .49 individuals in Oregon were denied benefits for refusal of suitable work. For California there were .13 denials for every 100 weeks claimed; in Michigan there were .03 denials per 100 weeks claimed; in New York there were .02 denials; in Pennsylvania there were .06 denials; and in Washington there were .02 denials per 100 weeks claimed.

Denials for refusal of suitable work increased in 10 of the 13 States relative to the comparable period in 1976. In Oregon, the index is 10.32, which suggests that there was an increase of 10.32 times the change in a comparable period of 1976. This high index occurs in part because of the small number of actual denials. In the other States, the indices range in value from .19 in Puerto Rico to 4.21 in Maine. These indices suggest that PL 95-19 had the impact of increasing the number of denials for refusal of suitable work.

Time Series Analysis

The short-run analysis presents a novel way of determining the impact of PL 95-19 on various FSB program characteristics. The indices that were developed gave evidence that the law had impacts in the anticipated direction. The indices also demonstrated that the magnitude of the impact across the States varied extensively.

The indices are constructed on the basis that 1976 was a normal year in the FSB program. Because of this the indices are limited in their ability to explain the impact of PL 95-19. To supplement this method, a

statistical procedure can be used to estimate the impact of PL 95-19 on: (1) the number of initial claims for FSB, (2) the number of first payments, (3) total nonmonetary determinations and redeterminations, (4) total denials, (5) denials for not being able to and available for work, and (6) denials for refusal of suitable work. An ordinary least squares time series regression procedure which treats each month as a separate observation was used. This statistical procedure permits a more explicit accounting of other factors that may affect these program characteristics. The time series procedure used data from April 1975, when all the States in the analysis were making FSB payments, until August 1977. The exact specification of each model is given in the footnotes of the tables.

Initial Claimants and First Payments

Table 21 presents the results of several estimated regression models for initial claims and first payments under FSB. The sample periods have been chosen to avoid periods when data are missing or that appeared to have extraordinary values. For each of the models the reported numbers are the coefficient of a dummy variable designed to capture the effects of PL 95-19. The other coefficients used in the analysis are not presented. This variable has a value of one in the period when PL 95-19 is effective (May 1977 to the end of the observation period, July 1977) and zero otherwise. In Model 1 the logarithm of initial claims is the dependent variable, and the independent variables are the dummy variable for PL 95-19, the logarithm of EB exhaustees, and the States IUR. Model 2 is the same as Model 1 with two additional variables: the logarithm of average weekly FSB beneficiaries in the preceding month and the logarithm of total insured unemployment. Since the dependent variable is in logarithmic form, the coefficients in the table can be loosely interpreted as percentage effects of PL 95-19. A significant positive coefficient means that PL 95-19 increased the program characteristic, while a negative coefficient means PL 95-19 decreased the program characteristic.

Models 3 and 4 attempt to determine if there is an effect of PL 95-19 on first payments, after allowing for the estimated effects of PL 95-19

Table 21
 THE EFFECTS OF PL 95-19 ON INITIAL CLAIMS
 AND FIRST PAYMENTS FOR FSB

State	Sample Period (Models)	Dependent Variable					
		Initial Claims		First Payments			
		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Alaska	75-6 to 77-7 excluding 77-5 (1-6)	-.174 (.187)	-.131 (.157)	-.165 (.209)	-.269 (.236)	-.320 (.260)	-.381 (.262)
California	--	--	--	--	--	--	--
Connecticut	75-75 to 77-7 (1,2) 75-5 to 75-10, 76-4, 77-7 (3-6)	-.304* (.161)	-.298* (.151)	-.019 (.019)	.012 (.018)	-.289* (.153)	-.065 (.187)
Maine	75-4 to 77-7 (1,2) 75-4 to 76-10, 77-3, 77-5 to 77-7 (3-6)	-.426** (.132)	-.217 (.157)	.441*** (.137)	.329** (.142)	.094 (.141)	.034 (.192)
Michigan	75-2 to 77-7 (1-6)	.091 (.189)	.181 (.221)	-.542 (.059)	-.094 (.069)	.026 (.176)	.068 (.208)
New Jersey	75-3 to 77-7 (1-6)	-.118 (.140)	-.162 (.138)	-.162** (.061)	-.243*** (.065)	-.259* (.129)	-.376*** (.129)
New York	75-2 to 77-7 (1-6)	-.017 (.034)	-.069** (.031)	.065 (.048)	-.024 (.046)	.031 (.084)	-.119* (.059)
Oregon	75-2 to 77-7 (1-6)	-.202*** (.037)	-.204*** (.045)	.256 * (.135)	.178 (.146)	.011 (.102)	-.067 (.118)
Pennsylvania	75-4 to 77-7 (1-6)	-.013 (.082)	-.005 (.085)	-.005 (.051)	-.008 (.059)	-.009 (.055)	-.010 (.062)
Puerto Rico	75-6 to 77-7 (1,2) Same but exclude 75-10, 75-12, 76-2, 76-3 (3-6)	.083 (.107)	.160 (.107)	-.151 (.198)	.018 (.222)	-.088 (.207)	.116 (.203)
Rhode Island	76-1 to 77-7 (1-6)	-.008 (.026)	.064 (.041)	.034 (.116)	-.096 (.212)	.028 (.113)	-.118 (.187)
Vermont	75-2 to 77-7 excluding 75-10 (1-6)	.013 (.062)	-.008 (.069)	-.023 (.052)	-.038 (.056)	-.015 (.063)	-.039 (.076)
Washington	75-8 to 77-7 (1-6)	-.241*** (.065)	-.062 (.071)	.051 (.081)	.106 (.087)	-.144* (.080)	(.090) (.023)

Note: The dependent variables are in logarithms. In Models 1 and 5 the independent variables are a dummy variable for the period after PL 95-19 became effective (May 1977 to the end of the observation period, July 1977), the insured unemployment rate, and the logarithm of Extended Benefit exhaustees. Models 2 and 6 contain the variables in Model 1 as well as the logarithms of average FSB beneficiaries in the previous month and total insured unemployment. Models 3 and 4 contain the same variables as Models 1 and 2, respectively, with the addition of the logarithm of initial claims for FSB. The numbers in the table are the coefficients of the dummy variable for PL 95-19; standard errors are in parentheses.

*Significant at the 10% level.
 **Significant at the 5% level.
 ***Significant at the 1% level.

on initial claims. Models 3 and 4 are similar to Models 1 and 2 except that the variable that is being explained is the logarithm of first payments and the logarithm of initial claims is included among the independent variables. Significant effects are estimated for these models in only two States, Maine and New Jersey. In Maine the number of claimants who received a first payment increased by about 44%; in New Jersey it decreased by about 16%.

In order to assess if there is any total effect on first payments Models 5 and 6 have been estimated. The results for these models generally indicate that under the most unrestricted assumptions there were no effects of PL 95-19 on the number of first payments. Only for New Jersey do both models indicate that PL 95-19 has reduced the number of first payments. For Connecticut, New York, and Washington a negative effect is significant in one of the models but not the other.

These six models, taken collectively, lead to the conclusions that PL 95-19 had minimal effects on either the number of initial claimants or the number of claimants who received a first payment.

Redeterminations and Denials

In this section, the results of the time series analysis of the effects of PL 95-19 on nonmonetary determinations and redeterminations, total denials, denials for not being able to or available for work, and denials for refusal of suitable work are presented. Model 1 relates the ratio of the dependent variable (that is, the number of determinations, the number of total denials, the number of denials for not being able or available, or the number of denials for refusal of work) to average beneficiaries to a dummy variable for PL 95-19 (the dummy variable equals one for observations for the period from May 1977 to August 1977 and zero otherwise) and the States' IUR. Model 2 relates the logarithm of the dependent variable to the dummy variable for PL 95-19, the logarithm of average beneficiaries, and the IUR. Model 3 is the same as Model 2 except for the addition of the logarithm of initial claims for FSB as an independent variable. The numbers reported in the tables that follow are the coefficients of the dummy variable for PL 95-19. The other coefficients are not reported. The actual percentage effects are also presented.

Table 22

ESTIMATED EFFECTS OF PL 95-19 ON NONMONETARY DETERMINATIONS AND REDETERMINATIONS

State	Sample Period	Model 1		Model 2		Model 3	
		Coefficient	% Effect	Coefficient	% Effect	Coefficient	% Effect
Alaska	75-5 to 77-8 except 77-5	1.602*** (.263)	396.3	1.754*** (.246)	477.8	1.951*** (.277)	603.6
California	75-10 to 77-8	.887*** (.157)	142.8	-.212 (.203)	-19.1	-.243 (.229)	-21.6
Connecticut	75-5 to 77-8 except 75-11, 75-12, 77-5	.631** (.297)	87.9	.955* (.517)	159.9	1.145** (.477)	214.2
Maine	75-5 to 77-8	.352 (.232)	42.2	.036 (.152)	3.7	.219 (.173)	24.5
Michigan	75-8 to 77-8	1.077*** (.143)	193.6	.453** (.168)	57.3	.782*** (.211)	118.6
New Jersey	75-11 to 77-8	.520 (.312)	68.2	-.738* (.389)	-52.2	-.292 (.504)	-25.3
New York	75-2 to 77-8	.548*** (.125)	73.0	.120 (.248)	12.8	.212 (.231)	23.6
Oregon	75-7 to 77-8	1.085*** (.199)	195.9	.067 (.433)	6.9	.032 (.305)	3.3
Pennsylvania	75-8 to 77-8	1.250*** (.176)	249.0	.674** (.309)	96.2	.639** (.266)	89.5
Puerto Rico	76-4 to 77-8 except 75-12	-.501*** (.094)	-39.4	-.489*** (.146)	-38.7	-.522*** (.159)	-40.7
Rhode Island	75-6 to 77-8 except 75-12	1.038* (.601)	182.4	.489 (.865)	63.1	.453 (1.435)	57.3
Vermont	75-8 to 77-8	.284 (.207)	32.8	-.519 (.303)	-40.5	-.383 (.370)	-31.8
Washington	75-8 to 77-8	.758*** (.126)	113.4	.025 (.145)	2.5	.008 (.182)	.8

Note: In Model 1 the dependent variable is the logarithm of nonmonetary determinations and redeterminations minus the logarithm of average beneficiaries, and the independent variables are a dummy variable for the period in which 95-19 is effective (May 1977 to the end of the sample period, August 1977) and the insured unemployment rate.

In Model 2 the dependent variable is the logarithm of nonmonetary determinations and redeterminations and the independent variables are those in Model 1 plus the logarithm of average beneficiaries.

Model 3 is the same as Model 2 except that the logarithm of initial claims for FSB is an additional independent variable. For Rhode Island, the logarithm of initial claims is allowed to have a different coefficient in the period from April 1975 to December 1975.

Standard errors are in parentheses. The numbers in the table are the coefficients of the dummy variable for PL 95-19. The % effects are $100(e^{\alpha} - 1)$ where α is the coefficient.

* Significant at the 10% level.

** Significant at the 5% level.

*** Significant at the 1% level.

Table 23
ESTIMATED EFFECTS OF PL 95-19 on TOTAL DENIALS

State	Sample Period	Model 1		Model 2		Model 3	
		Coefficient	% Effect	Coefficient	% Effect	Coefficient	% Effect
Alaska	75-5 to 77-8 except 77-5	1.016 (.599)	176.2	1.410** (.537)	309.6	1.785*** (.612)	496.0
California	75-10 to 77-8	.916*** (.156)	149.9	-.159 (.209)	-14.7	-.126 (.236)	-11.8
Connecticut	75-5 to 77-8 except 77-11, 75-12, 77-5	.954*** (.336)	159.6	1.082* (.593)	195.1	1.278** (.561)	259.0
Maine	75-5 to 77-8	.461** (.218)	58.6	.149 (.130)	16.1	.323** (.144)	38.1
Michigan	75-8 to 77-8	.907*** (.135)	147.7	.315* (.159)	37.0	.431* (.221)	53.9
New Jersey	75-11 to 77-8	.580* (.312)	78.6	-.966*** (.286)	-61.9	-.703* (.377)	-50.5
New York	75-2 to 77-8	.514*** (.121)	67.2	.026 (.233)	2.63	.106 (.221)	11.2
Oregon	75-7 to 77-8	1.278*** (.208)	258.9	.382 (.472)	46.5	.350 (.389)	41.9
Pennsylvania	75-8 to 77-8	1.355*** (.201)	287.7	.891** (.371)	143.8	.849** (.322)	133.7
Puerto Rico	76-4 to 77-8	-.326** (.126)	-27.8	-.312 (.197)	-26.8	-.276 (.215)	-24.1
Rhode Island	75-6 to 77-8 except 75-12	1.030** (.499)	180.1	.332 (.702)	39.4	.170 (1.162)	18.5
Vermont	75-8 to 77-8	.515* (.261)	67.4	-.681* (.341)	-49.4	-.434 (.410)	-35.2
Washington	75-8 to 77-8	.609*** (.166)	83.9	.336 (.307)	39.9	.290 (.384)	33.6

Note: In Model 1 the dependent variable is the logarithm of total denials minus the logarithm of average beneficiaries and the independent variables are a dummy variable for the period in which PL 95-19 is effective (May 1977 to the end of the sample period, August 1977) and the insured unemployment rate.

In Model 2 the dependent variable is the logarithm of denials, not available and the independent variables are those in Model 1 plus the logarithm of average beneficiaries.

Model 3 is the same as Model 2 except that the logarithm of initial claims for FSB is an additional dependent variable. For Rhode Island, the logarithm of initial claims is allowed to have a different coefficient in the period from April 1975 to December 1975.

Standard errors are in parentheses. The numbers in the table are the coefficients of the dummy variable for PL 95-19. The % effects are $100(e^{\alpha} - 1)$ where α is the coefficient.

* Significant at the 10% level.

** Significant at the 5% level.

*** Significant at the 1% level.

Table 24
ESTIMATED EFFECTS OF PL 95-19 ON DENIALS, NOT AVAILABLE

State	Sample Period	Model 1		Model 2		Model 3	
		Coefficient	% Effect	Coefficient	% Effect	Coefficient	% Effect
Alaska	75-5 to 77-8 except 77-5	1.255 (.738)	250.8	1.610** (.718)	400.3	1.711* (.846)	453.5
California	75-10 to 77-8	.859*** (.156)	136.1	-.118 (.240)	-11.1	-.063 (.270)	-6.1
Connecticut	75-5 to 77-8 except 75-11, 75-12, 77-5	.903** (.336)	146.7	1.484** (.573)	341.1	1.701*** (.524)	447.9
Maine	75-5 to 77-8	.651*** (.223)	91.8	.324** (.125)	38.3	.419*** (.149)	52.0
Michigan	75-8 to 77-8	.963*** (.187)	162.0	.169 (.227)	18.4	.468 (.305)	59.7
New Jersey	75-11 to 77-8	.231 (.342)	26.0	-1.168** (.420)	-68.9	-.379 (.493)	-31.6
New York	75-2 to 77-8	.565*** (.128)	75.9	.116 (.254)	12.3	.218 (.232)	24.4
Oregon	75-7 to 77-8	1.137*** (.170)	211.7	.398 (.384)	48.9	.386 (.377)	47.1
Pennsylvania	75-8 to 77-8	1.114*** (.178)	204.7	.678* (.327)	97.0	.633** (.253)	88.3
Puerto Rico	76-4 to 77-8	-.389** (.138)	-32.2	-.398* (.214)	-32.8	-.369 (.235)	-30.9
Rhode Island	75-6 to 77-8 except 75-12	1.189** (.434)	228.4	.657 (.616)	92.9	.757 (1.019)	113.2
Vermont	75-8 to 77-8	.331 (.529)	39.2	-.138 (.938)	-12.9	1.384 (.987)	299.1
Washington	75-8 to 77-8	.756** (.288)	113.0	.429 (.539)	53.6	.849 (.657)	133.7

Note: In Model 1 the dependent variable is the logarithm of denials, not available minus the logarithm of average beneficiaries and the independent variables are a dummy variable for the period in which PL 95-19 is effective (May 1977 to the end of the sample period, August 1977) and the insured unemployment rate.

In Model 2 the dependent variable is the logarithm of denials, not available and the independent variables are those in Model 1 plus the logarithm of average beneficiaries.

Model 3 is the same as Model 2 except that the logarithm of initial claims for FSB is an additional dependent variable. For Rhode Island, the logarithm of initial claims is allowed to have a different coefficient in the period from April 1975 to December 1975.

Standard errors are in parentheses. The numbers in the table are the coefficients of the dummy variable for PL 95-19. The % Effects are $100(e^{\alpha} - 1)$ where α is the coefficient.

* Significant at the 10% level.

** Significant at the 5% level.

*** Significant at the 1% level.

Table 25

ESTIMATED EFFECTS OF PL 95-19 ON DENIALS, REFUSED SUITABLE WORK

State	Sample Period	Model 1		Model 2		Model 3	
		Coefficient	% Effect	Coefficient	% Effect	Coefficient	% Effect
Alaska	75-5 to 77-8 except 77-5	.156 (.487)	16.9	.228 (.510)	25.6	.458 (.594)	58.1
California	75-10 to 77-8	1.380*** (.182)	297.5	.279 (.288)	32.2	.165 (.320)	17.9
Connecticut	75-5 to 77-8 except 75-11, 75-12, 77-5	-.296 (.451)	-25.6	.357 (.777)	42.9	.372 (.808)	45.1
Maine	77-5 to 77-8	.682** (.313)	97.8	.375 (.278)	45.5	.785* (.301)	119.2
Michigan	75-8 to 77-8	.716*** (.205)	104.6	-.071 (.269)	-6.9	.029 (.378)	2.9
New Jersey	75-11 to 77-8	.833* (.430)	130.0	-.415 (.644)	-34.0	.249 (.842)	28.3
New York	75-2 to 77-8	.269 (.177)	30.9	.482 (.372)	61.9	.597 (.359)	81.7
Oregon	75-7 to 77-8	2.685*** (.356)	1365.8	1.883** (.862)	557.3	1.863** (.863)	544.3
Pennsylvania	75-8 to 77-8	.416* (.241)	51.6	.470 (.467)	60.0	.423 (.422)	52.7
Puerto Rico	76-4 to 77-8	-1.889*** (.250)	-84.9	-1.942*** (.389)	-85.7	-1.728*** (.386)	-82.2
Rhode Island	75-6 to 77-8 except 75-12	.049 (.359)	5.0	.296 (.520)	34.5	.570 (.851)	44.8
Vermont	75-8 to 77-8	1.433** (.527)	319.1	-.080 (.854)	-7.7	-.447 (1.045)	-36.1
Washington	75-8 to 77-8	.007 (.293)	0.7	.043 (.557)	4.4	-.034 (.698)	-3.3

Note: In Model 1 the dependent variable is the logarithm of denials, refused suitable work minus the logarithm of average beneficiaries and the independent variables are a dummy variable for the period in which PL 95-19 is effective (May 1977 to the end of our sample period, August 1977) and the insured unemployment rate.

In Model 2 the dependent variable is the logarithm of denials, refused suitable work and the independent variables are those in Model 1 plus the logarithm of average beneficiaries.

Model 3 is the same as Model 2 except that the logarithm of initial claims for FSB is an additional dependent variable. For Rhode Island, the logarithm of initial claims is allowed to have a different coefficient in the period from April 1975 to December 1975.

Standard errors are in parentheses.

* Significant at the 10% level.

** Significant at the 5% level.

*** Significant at the 1% level.

Model 1 is based on the idea that the dependent variable is a constant fraction of average beneficiaries after allowing for the effects of the IUR. Denial rates are expected to be negatively related to the IUR since there may be less valid reasons for refusing job offers or for not actively seeking work when the unemployment rate is low and more jobs are available.

Model 2 suggests that the dependent variable is not a constant fraction of the number of beneficiaries but that the number of denials may be affected by the number of FSB claimants who file continued claims. If, for example, the number of FSB claimants increases rapidly, the UI staff in the local office may be forced to spend less time with redetermination referrals. Under these conditions the number of denials, as a percentage of the number of claimants, may fall.

Model 3 relates the number of denials to the number of initial claimants. Here the assumption is made that denials may vary with the number filing an initial claim. If the number of initial claims increases rapidly, the urgency of providing benefit payments may cause the claimant staff to reduce the percentage of claims that are referred for adjudication. The three models examine the denials under three separate assumptions about the operation of the FSB program.

Determinations

The results for nonmonetary determinations and redeterminations are presented in Table 22. The estimates indicate significant positive effects in 9 of the 13 States. The results may be interpreted to mean that in Alaska there was a 396% increase in the number of nonmonetary determinations and redeterminations as a result of the enactment of PL 95-19. In California, there was a 143% increase in the nonmonetary determinations and redeterminations. Connecticut had an 88% increase; Michigan had a 194% increase; New York had a 74% increase; Oregon had a 196% increase; Pennsylvania had a 249% increase; Rhode Island had a 182%

increase; and Washington had a 113% increase in nonmonetary determinations. In Maine, New Jersey, and Vermont the enactment of PL 95-19 had no significant impact on the number of nonmonetary determinations.

Models 2 and 3 do not show nearly as many significant effects of PL 95-19. Thus, when determinations are viewed as a constant fraction of the number of beneficiaries, there is the greatest evidence that PL 95-19 causes a dramatic increase in the number of nonmonetary determinations. Although the percent increase varied across the States, the conclusion of a positive impact is unmistakable.

Total Denials

The regression results for the impact of PL 95-19 on total denials are presented in Table 23. Model 1, in which the number of total denials is viewed as a constant fraction of the number of FSB beneficiaries, provides the greatest number of significant coefficients for the PL 95-19 variable. Eleven of the 13 States have significant positive coefficients and one State, Puerto Rico, has a significant negative coefficient. The variable for PL 95-15 is not significant as often in Models 2 and 3 and the direction of the impact is often different (see New Jersey for an example of a State in which the law seems to have a positive or negative impact depending on the model). If total denials are regarded as some percentage of all FSB beneficiaries (Model 1), then PL 95-19 caused total denials to rise sharply in 11 of the 13 States. The percent increase in denials ranged from a low of 59% in Maine to a high of 288% in Pennsylvania.

As was true of the impact of PL 95-19 on determinations, the magnitude of the impact of PL 95-19 on total denials varied from State to State. It is not known what factors are responsible for such variance, although it is likely that the administrative procedures of the State affected the implementation of the law. The magnitude of the impact also may have been affected by the rate of denials before PL 95-19 was enacted.

Denials for Not Able to or Available for Work

The estimated effects of PL 95-19 on the number of denials for not being able or available are given in Table 24. Model 1 has a significant negative effect in Puerto Rico and significant positive effects in 9 States. Significant positive effects range from a 76% increase in denials in New York to a 228% increase in denials in Rhode Island. Most of the significant increases are greater than 100%, which means that, after accounting for the number of beneficiaries, the number of denials more than doubled. Models 2 and 3 continue to provide conflicting evidence regarding the impact of PL 95-19. There are fewer significant coefficients, more negative coefficients, and the magnitude of the impact varies with those observed in Model 1.

Denials for Refusal of Suitable Work

The results of the impact of PL 95-19 on denials for refusal of suitable work are presented in Table 25. When denials for refusal of suitable work are regarded as a constant function of the number of FSB beneficiaries (Model 1), the impact of PL 95-19 is seen to be most often significant. Significant positive results are observed for 7 of the 13 States and the results are negative for Puerto Rico. The range of values for the percentage increase is greater for this measure of denials than for any of the other measures, primarily because of the small number of denials and the fact that a small increase in the number of denials for refusal of suitable work could lead to a large percentage increase in the impact of PL 95-19. This is certainly what happens in this instance.

Models 2 and 3 do not provide as many significant effects of the law as does Model 1. In all the States in which there are significant effects the result is at least a doubling of the total number of denials. In California, there is a 248% increase in denials; in Michigan there is a 105% increase; and Oregon an unusually high 366% increase resulted from a sharp decline in the number of FSB beneficiaries coupled with a large rise in the number of denials for refusing suitable work.

The regression results for nonmonetary determinations and redeterminations, total denials, denials for not being able to and available for

work, and denials for refusal of suitable work are somewhat conclusive. For all four variables the estimated effects in Model 1 indicate a strong positive effect of PL 95-19. The percentage effects are largest on denials for refusal of suitable work. This is consistent with the fact that PL 95-19 made the most significant changes for this category of denials.

For Models 2 and 3 the results are somewhat ambiguous. However, even in these models the estimated effects are generally positive. Significant positive effects outnumber significant negative effects (all but one of the significant negative effects appear in either New Jersey or Puerto Rico). These Models confirm a positive effect of PL 95-19 but not with the same robustness of Model 1.

Thus, the results indicate that PL 95-19 did have a positive effect on nonmonetary determinations and redeterminations, total denials, denials for not being able to and available for work, and denials for refusal of suitable work. The strength of this conclusion does depend on which model is used. The evidence is strongest using the simplest and most restrictive model. Using the less restricted models the evidence is more ambiguous but still points toward the conclusion of a positive effect of PL 95-19.

Summary

The short-run analysis and time-series analysis provide alternative views of measuring the impact of the law. In both approaches it was clear that PL 95-19 had the impact that was expected:

- The number of individuals who received FSB during an average week was reduced to almost one-half the totals of the period preceding the enactment of the law.
- The number of people who filed an initial claim and the number of people who received a first payment were not significantly affected. Thus, PL 95-19 did not restrict access to the FSB program.
- The number of denials increased sharply as a result of PL 95-19. Almost all States has increases in some measure of the number of denials.
- The impact of PL 95-19 varied considerable across the States.

This report does not, however, go into the individual component of the impact of PL 95-19. Behind the statistics on reduced entitlement, fewer beneficiaries, and increased denials are individuals who were directly affected by the enactment of the law. The impact of the law on the individual as well as a more complete description of the FSB population will be the subject of the second report of this series.