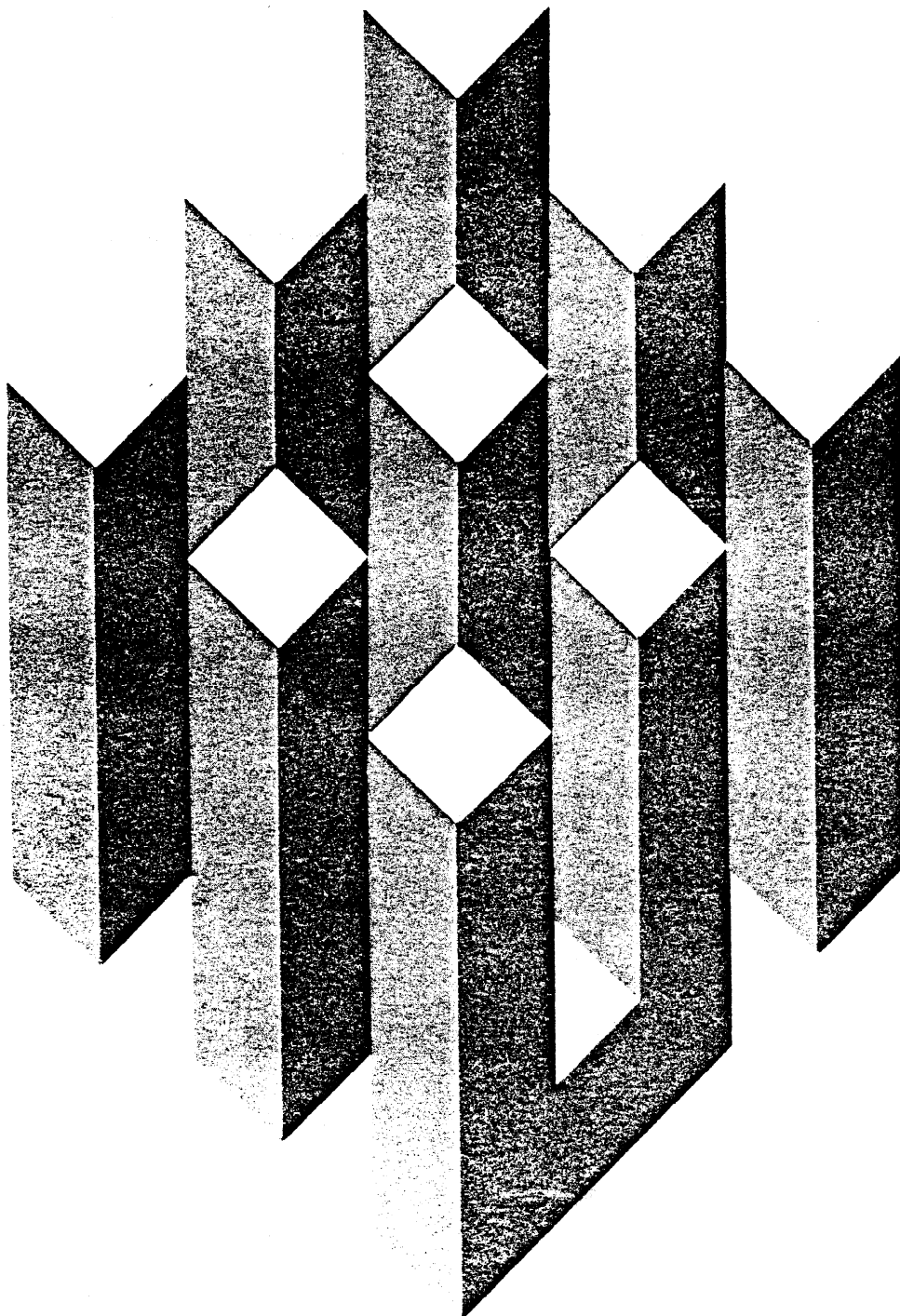


# Unemployment Insurance and Proliferation of Other Income Protection Programs for Experienced Workers



Unemployment Insurance  
Occasional Paper 80-1

U.S. Department of Labor  
Employment and Training Administration



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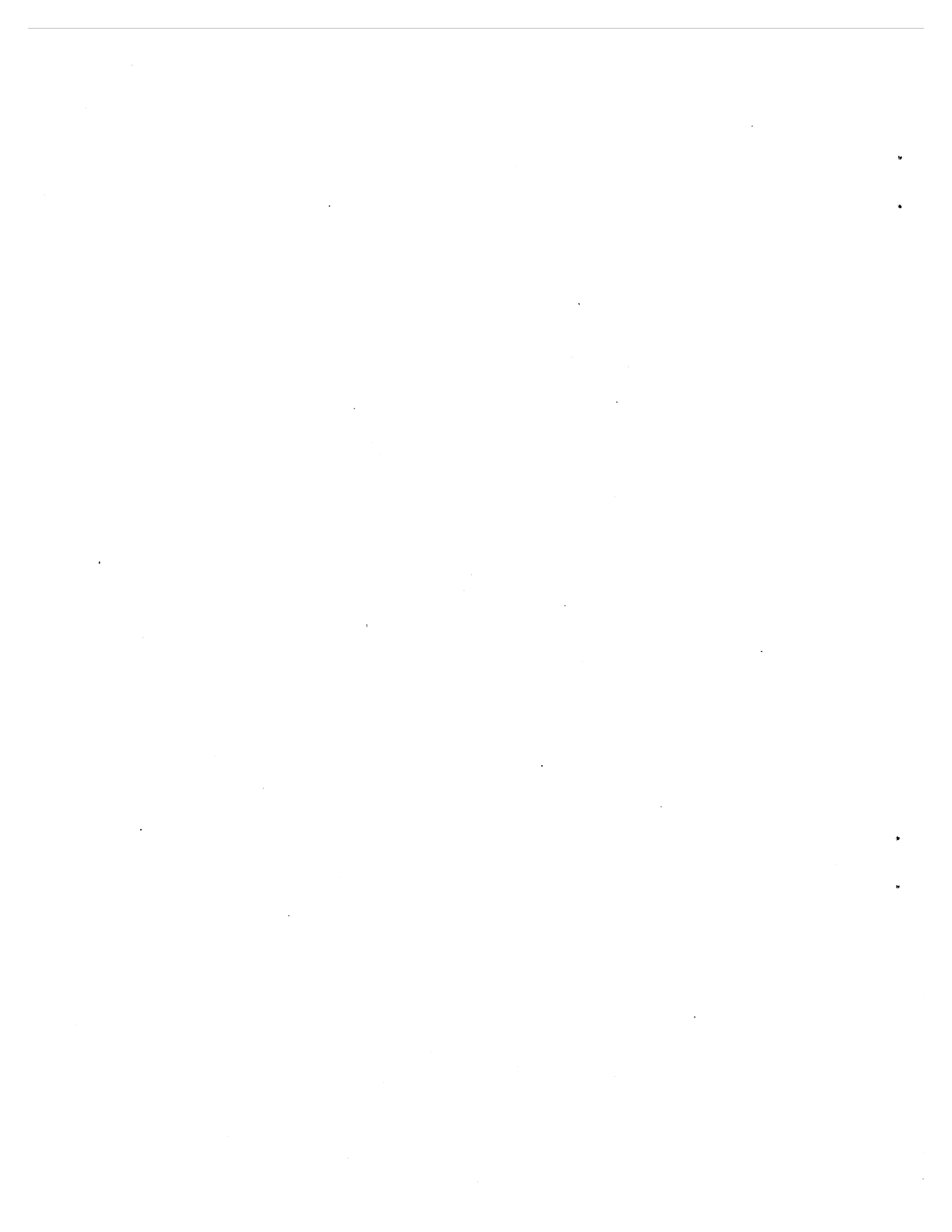


Unemployment Insurance  
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U.S. Department of Labor  
Ray Marshall, Secretary  
Employment and Training Administration  
Ernest G. Green  
Assistant Secretary for Employment and Training  
Unemployment Insurance Service  
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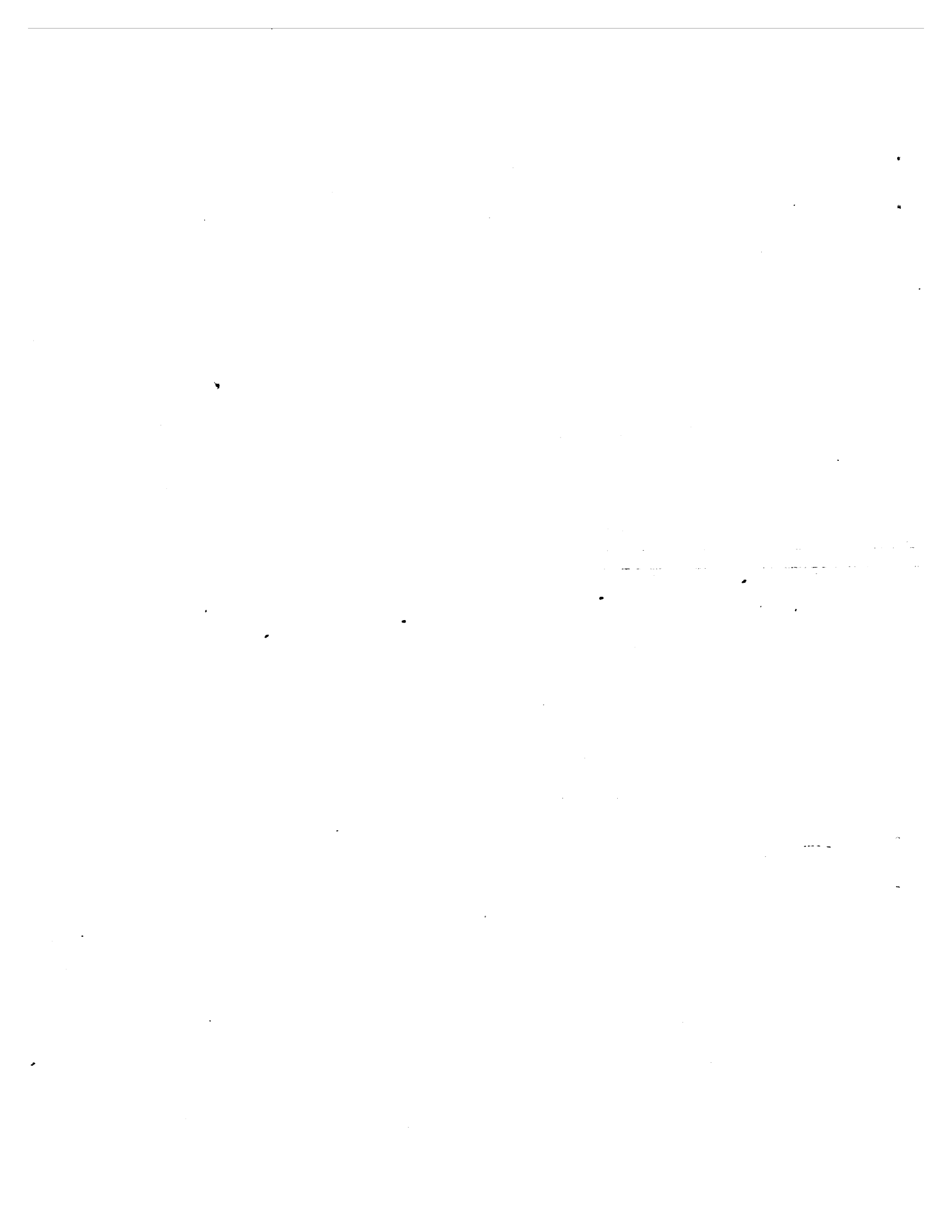
This paper was written by Mamoru Ishikawa, Economist, Unemployment Insurance Service, U.S. Department of Labor. The author benefited from discussions on the subject with Sammie Bryant, Robert Gillham, Neal McCloskey, and Howard Whitney of the Unemployment Insurance Service. Special thanks are due to Helen Manheimer for her patient editorial help. Patricia Ramey and Dolores Gray provided valuable clerical assistance at various stages of the preparation of this paper. The views expressed in this paper do not necessarily reflect the official position of the U.S. Department of Labor.

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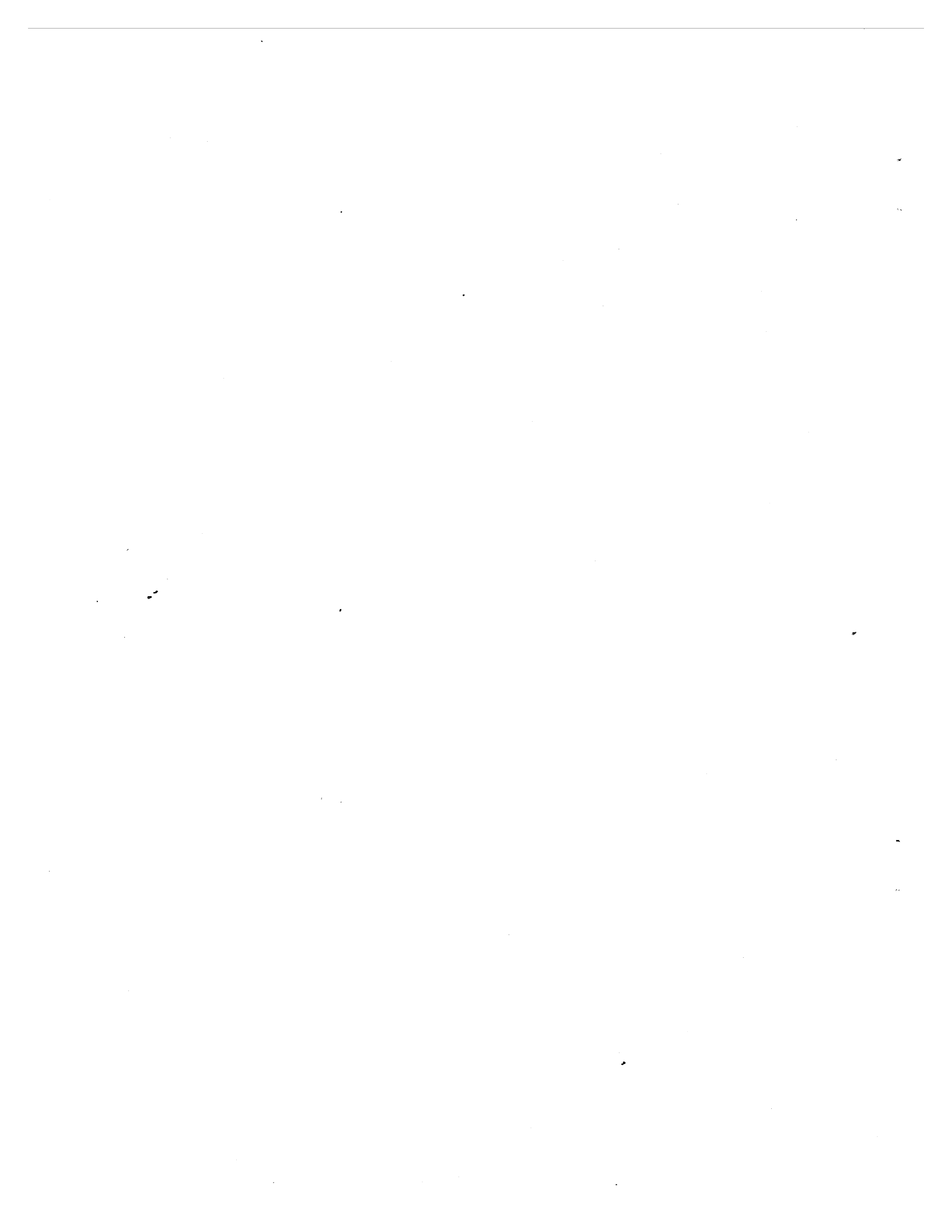
## Abstract

This paper discusses the conceptual and operational issues involved in the proliferation of income protection programs for experienced workers, to the extent mainly that they are related to the UI program. First, the rationale for income protection to be provided to workers who are adversely affected by government actions or by disasters is examined. From this emerges the concept of loss compensation to be distinguished from temporary income support of the UI type. Second, given the objective of loss compensation, what one would expect to be the characteristics of a loss compensation program are enumerated. Third, the legislative backgrounds of the existing income protection programs are traced after the programs are identified. Fourth, an attempt is made to compare the characteristics of the programs that are deduced from the objectives with the actual characteristics of the existing programs. Fifth, because TRA is by far the largest of the income protection programs other than UI, a close examination is made of how this program interacts with UI under the existing law and of the implications of this interaction. Many of these implications are applicable to the relationship of other income protection programs to UI.

The conclusions of this paper are the following:

- (1) The objectives of an income support program must be clearly defined either as temporary income support or loss compensation.
- (2) Because of the fundamental difference in the objectives, UI and loss compensation should be conceptually separated.
- (3) For equity and efficiency, various loss compensation programs should be brought under a single comprehensive program.
- (4) The existing UI system may be utilized as the delivery mechanism of loss compensation benefits; and, to facilitate its operational efficiency, the common characteristics between UI and loss compensation programs should be identified.
- (5) Further study is needed to formulate in detail the most desirable structure of loss compensation programs and to delineate their relation to UI.

This paper concludes by offering the outline of a possible loss compensation program which flows from the conclusions of the analysis.



UNEMPLOYMENT INSURANCE AND PROLIFERATION OF OTHER  
INCOME PROTECTION PROGRAMS FOR EXPERIENCED WORKERS

INTRODUCTION

The enactment of the Airline Deregulation Act of 1978 added yet another worker income protection program to the already existing group of income protection programs. With this proliferation of income protection programs specifically designed for individual sectors and sub-sectors of the worker population, questions have been raised about the equity, economic efficiency, and administrative complexity involved in such a fragmented approach to the problem.

The purpose of this paper is to analyze each of the existing income protection programs in light of what one conceptualizes to be the objectives of such a program, to define the facets of the program that logically flow therefrom and to identify the issues and problems in the existing structure of income protection programs.

I. OBJECTIVE OF INCOME PROTECTION PROGRAMS

There are a number of programs designed to provide income protection to people among which are Social Security, various retirement plans, Workers' Compensation, disability insurance plans and public assistance programs. This paper focuses on the programs designed for workers with work experience. They include, besides UI, Trade



Adjustment Assistance, Disaster Unemployment Assistance, Redwood Employee Protection Program, Airline Employee Protection Program and various railroad employee protection programs. Among these income protection programs, one common characteristic is that each provides benefits only to workers who have had work experience in the recent past (i.e., experienced workers). This distinguishes them from income protection programs such as the diverse welfare programs and various employment and training allowance programs (e.g., CETA, WIN, MDTA, etc.). The objective of experienced worker income protection may be the provision of temporary income support, the compensation for capital loss due to career disruption or a combination of both objectives.

A. Temporary Income Support.

Temporary income support for experienced workers may be intended for guaranteeing the unemployed workers' minimum subsistence, or it may have a more specific goal of helping those unemployed experienced workers with a reasonable expectation of returning to their accustomed jobs during a period of temporary joblessness. The former would be no different from welfare programs requiring a means test of each claimant (i.e., a test of financial capability to maintain a socially accepted minimum subsistence level). The latter characterizes the unemployment insurance program in this country in which benefits are based on wage loss replacement and the suitable job provision affords beneficiaries the opportunity to regain their accustomed jobs. The cyclically unemployed, whether or not they are actually employer attached, usually have a good possibility of reemployment when the trough is over. For many of these workers, joblessness is strictly a short-term phenomenon; and, especially because an upward readjustment in job status is very difficult once downgrading in job acceptance occurs, there is an understandable reluctance on the part of these workers to accept just any job during a brief spell of unemployment. Furthermore, from the social standpoint, it is not necessarily desirable for workers to accept just any jobs. When it is evident that their accustomed jobs will be available when the trough is over, there is a basis for justifying temporary income support from the standpoint of human resource preservation and guaranteeing a stable work force for employers.

B. Compensation for Career Investment Loss.

In most instances, the occupational position a worker holds is the culmination of his/her schooling, training and on-the-job experiences. Thus, the skills and qualifications one possesses embody the investment made in one's career. Further, such an investment is often made not only to achieve the current position and earnings but also to attain a certain level of earnings for the entire career span. Disruption of career progress due to displacement, therefore, is likely to result in an irrecoverable loss in this human capital. Such career disruption may occur as a result of the working of the market mechanism. So-called structural unemployment frequently brings about career disruption of this type. Or, major disasters or adoption of certain government policies may cause a sudden career disruption. When a worker is displaced in such a circumstance in his/her mid-career, he/she is obliged to accept less favorable terms than those that the accustomed job had provided. Clearly, therefore, the disruption in career progress compounded by the probability of being unable to find suitable jobs implies a reduction in the lifetime income a worker can expect. This represents a loss of the investment these workers had made through schooling, training and on-the-job experience. Thus, there is a fundamental difference between this type of unemployment and the short-term unemployment of the type described in the preceding section.

The career disruption caused by non-market forces such as government policies and disasters would raise the social concern for minimizing the loss incurred by the workers. Some of the workers who are involved, no doubt, are able to make a smooth and expeditious transition with a minimum of career loss. At the same time, for others who are disadvantaged in occupational and personal characteristics in their pursuit of new employment opportunities, the question of loss compensation is quite relevant.

The variation in probability of reemployment reflects the adaptability of the displaced workers' skills to the requirements in other industries and occupations, the demand for the type of skills they possess and the outlook for their employers' future business. Some skills are so highly specialized that they are useful only in narrowly defined tasks; some skills may pertain strictly to jobs in industries and

firms that are adversely affected; and, other skills embody human capital that can readily be transferred from one productive activity to another with little required additional training or occupational downgrading. Combined with the cessation of productive activities or the unfavorable long-term demand outlook for products of their former employers caused by government policies or disasters, the workers with inflexible qualifications would suffer the greatest losses in career investment.

It follows, then, that, when government policies result in the vanishing of jobs apart from that arising out of market forces, a concomitant policy should be taken to minimize the losses in career investment, on the one hand, and to compensate for the losses actually incurred, on the other. The former would call for various job service measures including aggressive employment referrals, retraining, where appropriate, and counseling. The latter would imply the payment of compensation, which obviously is distinct from the income support payment for a temporary expenditure need.

## II. PROGRAM CHARACTERISTICS THAT SHOULD FOLLOW FROM THE OBJECTIVES

Given the objectives of the programs as identified in the preceding section, what distinguishing characteristics of temporary income support programs and loss compensation programs flow from them? Needless to say, these characteristics portray the ideal form of each program, and the actual specification of a given program is likely to deviate from such conceptual formulation.

### A. Specific Provisions.

#### 1. Qualifying Requirements.

The fact that a temporary income support program is intended for the protection of experienced workers

during a short period of unemployment presumes that the workers are firmly attached to the labor force while receiving benefits. Thus, the basic qualifying requirement for temporary income support, such as UI benefits, is that the claimants demonstrate their attachment to the labor force. While the crucial point is that the labor force attachment required is at the time of claims filing, in practice in UI the past (i.e., base period) attachment, measured by the number of weeks worked or by the amount of wages earned, is used as the indicator of current attachment.

In comparison, the qualification for loss compensation is the demonstration that a career investment in specific occupational areas has been made and that these areas are adversely affected by government actions or by major disasters. While it is difficult to determine the amount of such investment, in practice, one's attachment to the adversely affected employers in the immediate past attests to the investment that has been made. As in the case of a temporary income support program, attachment to the labor force is also a required condition. This is because compensation for career loss presumes that the human capital embodied in the adversely affected workers would otherwise continue to be used for productive purposes. In other words, unless the workers intend to pursue their work life, there is no would-be earnings loss for which this type of program is designed to compensate.

## 2. Mode of Benefit Payment.

Notwithstanding the potentiality for a work disincentive effect, the weekly payment of benefits is consistent with the objective of income support of experienced workers for a short duration of unemployment. Disincentives that may emerge because the beneficiaries are aware of the availability of benefit income in the coming weeks when they do not work may in part be reduced by an effective application of the labor force attachment requirement, with the constraint that beneficiaries are required to accept only suitable jobs, and a benefit amount just sufficient to help individuals maintain their accustomed level of living. In the case of cyclical unemployment, the general scarcity of job opportunities often makes the disincentive issue moot.

In contrast, the rationale for the weekly payment

approach for a loss compensation payment is not as obvious. On the one hand, an argument can be made that, in the absence of any definitive method to determine the loss in life time earnings, weekly payments act as an automatic determiner of loss for the beneficiaries who do not exhaust benefits. The amount of capital loss to be compensated depends on, in addition to the anticipated life time income, the ease of obtaining alternative employment at suitable work; and, this in turn, depends on the transferability of one's skill. These, however, are not quantities that can easily be evaluated a priori. Thus, if the timing of reemployment at suitable jobs is free of forces such as the disincentive effect, payment of benefits on a weekly basis would result in total actual payments proportional to the workers' capital losses. While the actual losses may not be determined by this approach, at least the distribution of payments among the workers is made proportional to their losses.

On the other hand, there is a basis for paying loss compensation in a lump sum. With the high wage loss replacement that is likely when the total capital loss is to be paid in a limited benefit period (e.g., two years under the TAA program), benefits paid in weekly installments are likely to create disincentive to work. Given beneficiaries' ability and willingness to work were it not for the adverse incentive effect of benefits, payment in a lump sum at the outset of loss compensation might prevent unnecessary prolongation of unemployment and the concomitant waste of human resources. If the loss incurred could be assessed accurately for individual workers, there would be no reason that the compensation should be spread over time.1/

### 3. Continued Eligibility.

Because the temporary income support programs under question, such as UI, are designed for the maintenance of experienced workers during a short period of joblessness, an essential precondition for eligibility for each week of benefits is current attachment to the labor force. In order to ascertain labor force attachment, therefore, the beneficiaries are required to demonstrate their ability and willingness to accept offers of suitable work in the sense of employment not drastically unfavorable relative to their accustomed jobs.

If loss compensation is paid in weekly installments, the same requirement for week-to-week eligibility for benefits is necessary -- but, for reasons that are different from those for UI benefits. In the case of workers receiving loss compensation benefits, every week in which they are jobless and able and willing to accept jobs at a level to which they had previously been accustomed signifies foregone earnings, hence loss, due to the initial displacement. Thus, each week for which a worker is able and willing to work and without a job indicates that he/she is incurring losses, hence is entitled to compensation.

#### 4. Benefit Amount.

The weekly benefit amounts for temporary income support programs to be provided for the purpose of helping maintain the workers' standard of living, as contrasted with the minimum acceptable level of living, are expected to vary because such standard of living is uniquely determined by such factors as one's income and asset position. For this reason, there is a rationale for gearing the weekly benefit payments to the beneficiaries' usual weekly wages as a proxy for all of the relevant factors. The wage loss replacement principle of unemployment insurance benefits reflects this rationale. This criterion, however, has to be balanced by the concern for minimizing the disincentive effect of the weekly benefits for job search. For, whenever there is a reduction in the cost of joblessness such as in the case of the receipt of unemployment benefits, there may be a reduction in motivation to work.

With the goal of providing income support for a "temporary" period of joblessness, the total entitlement of income support benefits should be a multiple of the weekly benefit amount with the number of weeks corresponding to the "temporary" period. The critical problem is the determination of the "temporary" period. Clearly, the duration of a temporary period of unemployment after which workers have a reasonable chance of returning to suitable jobs varies among workers with diverse characteristics. This is because the intertemporal

variation in the demand for labor relative to its supply and the interregional and interpersonal variation in supply characteristics of labor determine the ease with which workers can return to work. Taking these factors into consideration, the anticipated duration of short-term unemployment may be assessed for specific groups of workers. The spirit of an experienced worker's income support program would be served by weekly benefits made available for such anticipated duration.<sup>2/</sup>

The total entitlement under loss compensation programs clearly must be the amount of reduction in life time income suffered by the workers. As indicated earlier, if such a loss can be calculated accurately at the outset of unemployment, a lump sum payment of the entire benefit is appropriate. However, because the kind of work a worker can do in his/her new career and the earnings from it can frequently not be determined precisely, it is very difficult to assess career loss a priori. Such a loss can be evaluated only after the fact when a worker is reemployed. This is the basis of the argument for a weekly payment of the loss compensation benefit.

Regardless of which mode of payment is found the best, the total amount of loss compensated should be, at the minimum, the present value of the life-time earnings, if the career had not been disrupted, less the present value of the life-time earnings from the alternative job the worker can pursue. This is the minimum because, with the change in career course, there are likely to be some non-pecuniary losses that can never be recovered. An example may be the loss in seniority with the concomitant disadvantage in attaining leadership positions in an organization. Such a loss is especially serious for workers in middle to upper age groups.

##### 5. Benefit Duration.

The potential benefit duration for beneficiaries of temporary income support programs of the UI type should be the period of unemployment during which the individual beneficiaries have a reasonable prospect of returning to "suitable" jobs. While a program of this type would be targeted largely at short-term joblessness typified by cyclical unemployment, there can be individual variations in unemployment duration due to the beneficiaries' characteristics -- i.e., a short-term slack in demand can affect individual workers in different ways. Thus, from the standpoint of regarding a program like UI as providing short-term income protection, a strong argument can be made for determining potential benefit duration by the

anticipated average unemployment duration among all jobless workers at the time adjusted only by the variation in their characteristics that systematically explain the variation in unemployment duration. From such a standpoint therefore, a question can be raised about the basis of variable duration formulas which gear potential benefit duration to a claimant's past work experience. A similar observation can be made about the rationale of the one year benefit period.

If the loss compensation payments are to be made in weekly (or, monthly) installments, they should extend over the duration of unemployment provided that sufficient measures are taken to prevent the occurrence of a disincentive effect. Such measures may include a rigorous "able-and-available" test.

#### 6. Job Services.

Job services would include governmental measures to provide employment services, payments for retraining, job search, relocation and readjustment expenses, and any other services and benefits to assist unemployed workers in finding new jobs. Since income protection of the UI type is provided for short-term unemployment largely due to cyclical demand fluctuation, many beneficiaries have a reasonable prospect of regaining suitable employment when the troughs are over. In other words, when slack demand is the principal cause of unemployment, increased occupational and geographical mobility through job services can do little to increase employment. In this sense, for many UI claimants job services are not likely to be productive. However, prolonged joblessness is likely to reduce the employability of even the initially short-term unemployed workers; and, moreover, the rate of employability deterioration varies among UI beneficiaries of different characteristics and in different areas. Thus, job services become relevant even to UI claimants, once their unemployment begins to persist, to the extent that these services will ensure these claimants eventually obtaining jobs that enable them to maintain the customary standard of living -- the basic goal of UI and employment security as a whole. The alternative would be for these claimants to be chronically unemployed or to be compelled to downgrade their job acceptance level.



Table 1: Taxonomy of Income Protection Programs

| <u>Characteristic</u>    | <u>Program Type</u>   |   |
|--------------------------|---|---|
|                          | <u>Temporary Income Support</u>   | <u>Loss Compensation</u>  |
| 1. Objective             | Maintaining living level of short-term unemployed workers with reasonable prospect of returning to suitable jobs. | Compensation for loss in lifetime income due to career disruption caused by government actions or by major disasters. |
| 2. Eligibility           | Labor force attachment in immediate past and present.   | Attachment to the affected employer and current labor force attachment.   |
| 3. Banefit Amount        | Geared to accustomed living standard approximated by a fraction of usual wage.                                    | Anticipated lifetime earnings on affected job less anticipated lifetime earnings in new career.                       |
| 4. Benefit Payment       | Weekly.   | Lump Sum/Weekly.  |
| 5. Duration              | Anticipated duration of short-term unemployment.  | Duration of joblessness - with weekly payment.  |
| 6. Continued Eligibility | Current labor force attachment (able and available).  | Current labor force attachment.   |
| 7. Job Service Need      | No (except for prolonged unemployment).   | Yes.  |
| 8. Type of Beneficiary   | Cyclical and other short-term unemployed.   | Dislocation due to specific government actions or major disasters.  |

In the case of loss compensation programs, job services are an indispensable part of employee benefits. The presumption underlying these programs is that the claimants are jobless because their particular positions became extinct or their occupations have vanished. Thus, in order to maximize the use of human resources and to enable these workers to continue productive careers, assistance in job search, relocation and readjustment is vital.

B. Relationship Between UI and Loss Compensation Programs -- Implications of the Objectives and Specific Provisions.

The preceding discussions point to conceptual delineation of the relationship between loss compensation programs and the UI program. What are the implications that flow from them with respect to the specific provisions of the programs?

1. Consolidation of Loss Compensation Programs.

Both the underlying principle of loss compensation programs and concern for administrative efficiency provide a strong argument for combining the separate programs in a comprehensive program designed to deal with compensation for career loss caused by Federal policies. First, the principle of career loss compensation is the same for any industry; and, while the amount of loss may differ depending on industry and occupation, the method of assessing the loss and, most importantly, the formula for compensation should be uniform among all sectors of the economy. A comprehensive program would ensure consistency in income protection as well as equity among the workers involved. Second, creation of separate programs usually calls for costly establishment of administrative and delivery machinery that is frequently redundant. It includes creation of separate Federal regulations and certifying and appeal processes, and even software packages to handle claims processing. The greater the complexity, the greater the chances of error and the inefficiency of delivery; therefore, streamlining of the system under a single program would reduce errors and delays in payment.

## 2. Separation of UI Benefits from Loss Compensation Benefits.

Once it is clearly established that a worker is entitled to loss compensation, his/her benefits should be determined entirely independently of the UI program. Under the current laws, claimants for TRA, DUA, CETA, REPP and AEPP benefits are to draw UI benefits, whenever they are eligible for them, supplemented by benefits from the respective programs to bring the total amount to the level specified in each program. This arrangement, in effect, makes UI benefits, which are designed for the short-term unemployed workers, a part of the compensation paid to adversely affected workers. This, in turn, raises two questions: (1) Is the unemployment of these workers "insurable" by unemployment insurance? (2) Should the employer tax financed UI system pay for benefits when unemployment is traceable to specific Federal policies or to major disasters which are obviously unrelated to the performance of employers? These questions are, in fact, not unrelated; however, we will address ourselves to them separately and focus on the second question in the next sub-section.

While the unemployment insured by the unemployment insurance program is of a temporary nature with a reasonable expectation of the claimants returning to accustomed jobs and is employer performance related, the joblessness faced by workers protected by loss compensation programs has little to do with the employers' behavior and can easily turn into long duration unemployment unless the workers are willing to accept jobs below their accustomed level of work. This is what would frequently happen to workers who are displaced in their mid-career; and, the likely persistence of joblessness which results is due to the unfavorable labor market characteristics of these workers such as age, lack of mobility and narrow qualifications. More importantly, because they possess these unfavorable characteristics, their difficulty in reemployment at suitable jobs can often be foreseen at the outset of joblessness. Thus, the kind of unemployment envisioned to come under the protection of loss compensation programs falls in the category of unemployment which Haber and Murray, agreeing with Eveline M. Burns, considered better suited for some program other than UI:

..... there are types of long-duration unemployment for which other kinds of programs are better suited. These types include (1) long-duration unemployment due to a permanent decline in demand for the skill or occupation of the worker, such as unemployment in depressed areas or in jobs that have become extinct due to technological change; (2) long-duration unemployment in a prolonged recession; and (3) long period unemployment resulting from the characteristics of certain workers which make it difficult to secure employment except in periods of high demand.3/

Thus, on two counts there is a reason to differentiate conceptually loss compensation benefits from UI benefits, if all or a part of the benefits of loss compensation programs are to be paid weekly.

### 3. Employer Tax vs. General Revenue Financing.

The presumption under the employer tax financed UI program is that employer performance is somehow related to the incidence of their employees' joblessness. Then, there is a certain amount of unfairness in requiring the employer sector to assume the burden of paying for the benefits of workers whose unemployment is unrelated to employer actions. For individual employers, this requirement can be an especially severe hardship under the experience rating system when the costs of benefits paid to adversely affected workers are charged to individual employers' accounts and ultimately reflected in higher UI tax rates. In the situations in which loss compensation payments are made to workers, it is reasonable to assume that the employers themselves are suffering some losses -- be it from intensive foreign competition or from disasters. Then, it seems that their having to pay for the UI benefits of the displaced workers creates double suffering for the employers. This problem is further compounded by the interstate variation in State UI provisions which leads to an unequal burden on similar employers in similar circumstances depending on the state in which they are located. Accordingly, a strong argument can be made for financing 100 percent of

benefits, including the portion currently paid as UI benefits, provided to the adversely affected workers by general revenue funds and for separating completely the income protection of adversely affected workers and the UI type unemployed workers.

#### 4. Delivery System.

While the above discussion points to the need of separating UI from loss compensation programs in benefit determination as well as in financing, the commonality between the two types of programs can be exploited in order to take advantage of the existing benefit payment network and overhead and the staff expertise of the unemployment insurance system. For example, the capability of obtaining the workers' employment and wage records which is an integral part of UI operations can readily be utilized for eligibility and benefit determination in loss compensation programs. There can even be some provisions of the laws that are common between the programs so that the existing UI mechanism may be used for administration of both. For example, continued eligibility for weekly benefits requires similar, if not identical, conditions in UI and in loss compensation programs -- namely, ability and willingness to accept a suitable job. The present employment security system, including the unemployment insurance system and employment service, if it assumes the function of administering the test of ability and willingness to work and the test of the suitability of offered jobs, would obviate the need for setting up a duplicate mechanism for loss compensation programs. A close scrutiny of the laws for the two types of programs would enable us to identify these commonalities that would facilitate savings in administrative costs.

### III. ACTUAL CHARACTERISTICS OF EXISTING PROGRAMS

#### A. Identification of Programs and Their Legislative Background.

Besides unemployment insurance (including unemployment compensation for Federal employees, UCFE, and unemployment compensation to ex-servicemen, UCX) there are at present the following seven income protection programs for experienced workers:

1. Trade Adjustment Assistance.
2. Disaster Unemployment Assistance.
3. Redwood Employee Protection Program.
4. Railroad Employee Protection Programs.
  - (a) Amtrak.
  - (b) Conrail.
5. Urban Mass Transportation Employee Protection.
6. Airline Employee Protection Program.

In addition, the Public Works and Economic Development Act (PWEDA) provided for income protection for workers adversely affected by "rising unemployment", "economic adjustment problems" and "long-term economic deterioration"; but, the benefit program under this law has never been implemented.

1. Trade Adjustment Assistance.

The Trade Expansion Act of 1962 first created a program of income protection specifically designed for workers who were adversely affected by increased imports. Underlying this legislation was the belief that the Federal Government should take responsibility in aiding workers adversely affected by the Federal policy of encouraging foreign trade. The income protection program under this law remained relatively dormant for a number of years with

TABLE 2  
BENEFITS PAID, CALENDAR YEAR 1978

|                | First Payment        |         | Weeks Compensated      |           | Total Benefits Paid |             |
|----------------|----------------------|---------|------------------------|-----------|---------------------|-------------|
|                | UI,UCFE              | TRA     | UI,UCFE                | TRA       | UI,UCFE             | TRA         |
|                | UCX                  |         | UCX                    |           | UCX                 |             |
| U.S.           | 7,852,516            | 155,802 | 94,574,372             | 3,865,500 | 8,637,872,203       | 276,776,926 |
| Alabama        | 158,949              | 8,457   | 1,475,194              | 133,105   | 115,206,463         | 7,139,263   |
| Alaska         | -----                | -----   | -----                  | -----     | -----               | -----       |
| Arizona        | 40,161               | 8,115   | 450,822                | 133,165   | 37,909,967          | 19,526,738  |
| Arkansas       | 83,927               | 1,602   | 755,820                | 43,202    | 61,213,447          | 2,340,099   |
| California     | 1,174,601            | 7,412   | 13,575,917             | 120,056   | 1,115,349,930       | 16,927,787  |
| Colorado       | 55,577               | 1,580   | 544,286                | 24,705    | 57,506,416          | 2,669,970   |
| Connecticut    | 162,254              | 2,258   | 1,554,507              | 343,767   | 150,850,128         | 8,637,838   |
| Delaware       | 26,020               | 626     | 313,706                | 16,722    | 32,882,499          | 888,391     |
| D.C.           | 35,404               | 1       | 524,358                | 8         | 70,600,112          | 544         |
| Florida        | 158,197              | 687     | 1,837,475              | 12,166    | 128,846,615         | 733,964     |
| Georgia        | 189,391              | 5,342   | 1,442,260              | 63,225    | 120,482,623         | 3,026,974   |
| Guam           | -----                | -----   | -----                  | -----     | -----               | -----       |
| Hawaii         | 30,772               | 219     | 417,321                | 8,613     | 45,652,868          | 1,178,263   |
| Idaho          | 35,780               | 23      | 301,167                | 9,493     | 30,424,251          | 39,051      |
| Illinois       | 378,444              | 8,034   | 6,398,632              | 161,989   | 652,332,386         | 10,951,449  |
| Indiana        | 139,919              | 3,870   | 1,310,925              | 105,917   | 104,683,729         | 9,364,857   |
| Iowa           | 83,921               | 1,614   | 984,022                | 46,004    | 116,019,372         | 1,253,145   |
| Kansas         | 47,515               | 3       | 532,422                | 91        | 50,320,629          | 7,765       |
| Kentucky       | 124,862              | 2,418   | 1,264,934              | 51,171    | 112,903,593         | 2,174,098   |
| Louisiana      | 101,951              | 259     | 1,383,474              | 11,288    | 140,648,025         | 641,714     |
| Maine          | 63,146               | 1,670   | 563,813                | 36,586    | 46,821,095          | 1,704,556   |
| Maryland       | 115,542              | 4,783   | 1,298,216              | 71,102    | 107,011,855         | 7,491,084   |
| Massachusetts  | 241,005              | 7,154   | 3,180,290              | 168,648   | 294,656,013         | 9,068,904   |
| Michigan       | 460,543              | 3,668   | 4,440,934              | 65,091    | 433,973,750         | 8,154,529   |
| Minnesota      | 108,751              | 2,141   | 1,379,464              | 30,946    | 142,601,939         | 2,619,643   |
| Mississippi    | 60,215               | 1,110   | 635,478                | 22,217    | 41,821,889          | 1,794,313   |
| Missouri       | 175,133              | 5,954   | 1,628,860              | 163,918   | 137,524,531         | 15,008,212  |
| Montana        | 30,571               | 581     | 306,951                | 14,860    | 31,253,251          | 1,757,015   |
| Nebraska       | 31,774               | 439     | 304,789                | 6,680     | 25,723,906          | 342,090     |
| Nevada         | 30,135               | 689     | 331,996                | 20,715    | 30,891,576          | 2,586,940   |
| New Hampshire  | 27,357               | 609     | 160,697                | 16,192    | 13,512,837          | 926,874     |
| New Jersey     | 345,000              | 7,186   | 5,782,800              | 172,220   | 536,841,052         | 7,798,990   |
| New Mexico     | 21,726               | 153     | 295,817                | 3,317     | 23,341,997          | 439,168     |
| New York       | 630,269              | 10,419  | 11,004,617             | 346,484   | 984,406,492         | 27,621,230  |
| North Carolina | 168,682              | 205     | 1,316,595              | 6,640     | 109,140,999         | 323,403     |
| North Dakota   | 19,337               | 0       | 244,921                | 0         | 23,450,395          | 0           |
| Ohio           | 277,155              | 8,767   | 3,430,047              | 242,968   | 370,523,541         | 28,051,447  |
| Oklahoma       | 40,776               | 0       | 422,018                | 0         | 34,928,740          | 0           |
| Oregon         | 97,543               | 333     | 1,162,862              | 4,988     | 103,783,846         | 368,625     |
| Pennsylvania   | 612,027              | 30,405  | 7,449,626              | 664,471   | 808,836,059         | 43,698,049  |
| Puerto Rico    | -----                | -----   | -----                  | -----     | -----               | -----       |
| Rhode Island   | 101,241              | 986     | 830,723                | 22,220    | 70,851,704          | 1,575,298   |
| South Carolina | 80,390               | 2,620   | 809,719                | 45,306    | 67,680,831          | 3,134,444   |
| South Dakota   | 14,041               | 201     | 125,212                | 6,620     | 11,527,993          | 213,489     |
| Tennessee      | 152,230 <sup>p</sup> | 2,040   | 1,464,740 <sup>p</sup> | 76,812    | 119,280,546         | 5,142,436   |
| Texas          | 183,469              | 1,451   | 2,095,087              | 43,012    | 162,841,032         | 3,024,927   |
| Utah           | 37,291               | 256     | 387,500                | 5,341     | 39,476,634          | 504,965     |
| Vermont        | 19,754               | 43      | 239,294                | 690       | 20,120,117          | 26,965      |
| Virginia       | 104,057              | 2,524   | 1,037,704              | 37,781    | 102,332,839         | 1,576,944   |
| Virgin Islands | -----                | -----   | -----                  | -----     | -----               | -----       |
| Washington     | 136,279              | 439     | 1,638,059              | 10,288    | 160,131,905         | 726,427     |
| West Virginia  | 95,512               | 1,570   | 903,589                | 41,017    | 75,952,287          | 2,795,696   |
| Wisconsin      | 173,031              | 3,304   | 1,751,084              | 112,667   | 188,851,219         | 9,054,414   |
| Wyoming        | 7,305                | 2       | 65,679                 | 14        | 6,581,543           | 2,068       |

only 54,000 workers certified, and fewer actually receiving benefits due to the time lapse in processing petitions before 1975. This was due to (a) "difficult criteria for granting assistance", (b) "the elaborate administrative procedures for passing on petitions for assistance" and (c) "a reluctance by the Tariff Commission to take a step that might encourage more escape clause petitions for tariff relief".4/

The Trade Act of 1974 (Public Law 93-618), under which the current Trade Adjustment Assistance (TAA) program operates, reduced many of these problems although still, due to the delays in petition filing by workers and delays in processing and certifying petitions, over 70 percent of claimants are reemployed or out of the labor force by the time they are determined eligible for benefits. Nevertheless, as discussed in Section V, considerably larger amounts of benefits have been paid since 1974. (See Table 2.)

The following excerpt from the previously cited Department of Labor paper succinctly describes the process of certification of a Trade Act petition:

Under the provisions of Section 222 of the Trade Act, a petition for a certification of eligibility to apply for adjustment assistance may be filed with the Secretary of Labor by a group of workers or by their authorized representative. After an investigation is completed, the Secretary, under the provisions of Section 222, certifies a group of workers as eligible to apply for adjustment assistance if he determines (1) that a significant number of the workers in the workers' firm or an appropriate subdivision of the firm have become totally or partially separated or are threatened to become totally or partially separated; (2) that sales or production, or both, of the firm or subdivision have decreased absolutely; and (3) that increases of imports have contributed significantly to separations and to a decline in sales or production. 5/



In addition to the weekly income support payments, under the Trade Adjustment Assistance program the following are provided to workers: 6/

- (a) Weekly payment while the claimants are receiving training, to a maximum of 78 weeks.
- (b) Personal expense of taking training.
- (c) Job search allowance paying 80 percent of necessary transportation and living expenses up to \$500.
- (d) Relocation allowance paying 80 percent of the moving expenses plus a lump sum equal to three times the claimant's former average weekly wage up to \$500.

The TAA program activity is mandated by law to be financed by the Adjustment Assistance Trust Fund with the general revenue as its source 7/; but, the fund has in fact never been established. The following is the breakdown of the funding source for TAA activities:

- (a) Federal Unemployment Benefits Allowance (FUBA), with general revenue as its source, for TRA benefits.
- (b) UI Grants, from Federal Unemployment Tax Account (FUTA) with employer tax as its source, for administration by the UI system.
- (c) Employment Service (ES) Grants, from FUTA and partly from general revenue as the source, for ES administration of TAA related activities.
- (d) CETA Title III, Discretionary Fund, for training, job search and relocation allowances plus the administrative costs for these allowances.

## 2. Disaster Unemployment Assistance.

The Disaster Unemployment Assistance (DUA) program was created by Section 12 of the Disaster Relief Act of 1969, superceded by Section 407 of the Disaster Relief Act

of 1974, to provide income protection to workers displaced because of major disasters declared by the President. This program provides weekly benefits to unemployed workers or unemployed self-employed individuals in the amount of "the weekly amount of compensation the individual would have been paid as regular (UI) compensation, as computed under the provisions of the applicable State (UI) law". 8/

The DUA benefits are financed by general revenue funds. However, whenever claimants are eligible for UI benefits, they are required to draw UI benefits supplemented by DUA benefits when, though very rarely, the benefits under DUA would be greater than UI benefits. This implies, then, that the joblessness due to a disaster may to a large extent be compensated by benefits financed out of UI trust funds when the displaced workers meet the criteria for UI benefit eligibility. Thus, in effect, a large part of the cost of unemployment benefits in a disaster area is financed by the employer taxed UI funds. It is this writer's understanding that these benefits are charged, with a few exceptions, directly to the accounts of the former employers thus ultimately affecting their experience rated UI taxes. The Federal regulation permits the individual State UI agencies to charge the UI benefits paid under a disaster condition to a special non-chargeable benefit account; but only a few States follow this route. The upshot of this UI-DUA interaction is that a large part of the DUA benefit costs per se is in fact attributable to the payments to the self-employed workers.

### 3. Redwood Employee Protection Program.

The Redwood Employee Protection Program (REPP) was established by Public Law 95-250 of March 27, 1978 which amended the Redwood National Park Act of 1968. This program provides income protection to workers laid off by employers adversely affected, due to the expansion of the Redwood National Park, during the period between May 31, 1977 and September 30, 1984.

In addition to weekly benefit payments, REPP provides the following:

- (a) Vacation replacement benefits -- benefits designed for seasonal workers which equal to the vacation pay and vacation pay increments that workers would have been eligible to receive had they continued working.
- (b) Severance payments.
- (c) Health and welfare coverage.
- (d) Accrual of pension rights and credits.
- (e) Retraining and job search assistance.
- (f) Relocation allowance.
- (g) Preferential hiring opportunities.
- (h) Reimbursement for loss incurred in the sale of principal residence in order to relocate.

. Under this program also, the claimants eligible for UI are to draw UI benefits. The weekly benefit amount under REPP is reduced by the amount of UI benefits, Social Security payments received and Federal income tax.

#### 4. Railroad Employee Protection Programs.

a. Amtrak: The Rail Passenger Service Act of 1970 created the National Railroad Passenger Corporation (Amtrak) to provide inter-city rail passenger service. Protection of workers who might be affected adversely by this organizational change was provided in Section 405 of the law. As in the case of the Conrail protection program, to be discussed below, the purpose of the plan is to preserve the total real life-time income of workers by ensuring against worsening of their employment and income status. 9/ The basic intent clearly is compensation for career loss rather than temporary wage loss compensation of the UI type.

b. Conrail: The employee protection plan prescribed in Title V of Regional Rail Reorganization Act of 1973 (Conrail) has behind it a long history of the evolution of a railroad employee protection plan including the

Emergency Rail Transportation Act of 1933, the Washington Job Protection Agreement of 1936, the Transportation Act of 1940 and the Rail Passenger Service Act of 1970.

The unique principle underlying railroad employee protection distinguishing it from UI, TAA, and DUA is expressed in the following excerpt from the 1973 law:

A protected employee whose employment is governed by a collective bargaining agreement will not, . . . , be placed in a worse position with respect to compensation, fringe benefits, rules, working conditions, and rights and privileges pertaining thereto, . . . . 10/

In other words, unlike the unemployment insurance program which is designed to provide partial wage loss compensation to help beneficiaries meet temporary expenditure need, railroad employee protection explicitly purports to ensure full life-time income, taking into account earning changes resulting from career progress. In view of the potentially permanent nature of displacement from the accustomed work in this industry, concern for human capital loss compensation is expected as a characteristic of this income protection plan.

While railroad employee protection has a long history, the immediate impetus for the plan under the 1973 law was the restructuring of the rail system in the Northeast and Midwest, prompted by the financial and operational difficulty faced by various railroads. The law created the Consolidated Rail Corporation (Conrail) for operation of the restructured system and, in Title V, spelled out the protection plan for workers who would be adversely affected by the change.

The plan is administered by the corporation and, it is financed by general revenue funds. The following excerpt from Section 509, Title V, of the law describes the mechanism:

The Corporation, the Association (where applicable), replacement operators, and acquiring railroads, as the case may be,

shall be responsible for the actual payment of all allowances, expenses, and costs provided protected employees ..... The Corporation .... shall then be reimbursed from a separate account maintained in the Treasury of the United States .....11/

5. Urban Mass Transportation Employee Protection (UMTA).

With an increasing awareness of the need for preserving urban mass transportation, Congress in 1964 passed the Urban Mass Transportation Act of 1964 to provide funds for improving mass transportation facilities, services and equipment. The workers' concern about potential career disruption as a result of federally funded technological and organizational changes is recognized by the provision of the law, as amended by the Federal Public Transportation Assistance Act of 1978, that spells out the requirement for worker protection:

(c) It shall be a condition of any assistance under section 3 of this Act that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall include ... (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise;...12/

It is clear that the underlying principle of this worker protection is, as in case of the Amtrak and Conrail employee protection programs, loss compensation for career disruption. The benefits are paid by the involved State and local bodies which are the recipients of the Federal financial assistance under this law with funding made as grants from the general revenue up to 80 percent of the net project cost. 13/

6. Airline Employee Protection Program.

The Airline Employee Protection Program was created by the Airline Deregulation Act of 1978. This followed the long held policy of the Civil Aeronautics Board since 1950 approving mergers conditioned upon the carriers' acceptance of employee protection arrangements.

The program is to be carried out by State agencies acting as agents pursuant to agreements with the Secretary of Labor. Funding is to be from general revenue. The specific provisions of the program are still pending final regulations of the Secretary of Labor; thus, the program has, at the time of this writing, not gone into effect.

B. Major Provisions of Existing Programs.

The following describes individual income protection programs with respect to each facet of an income protection plan:

1. Qualifying Requirements.

a. Trade Adjustment Assistance: Upon group certification, an individual must have had at least 26 weeks of employment at wages of \$30 or more in the same adversely affected firm or an adversely affected subdivision of a single firm during the 52-week period before separation or job reduction.

b. Disaster Unemployment Assistance: As a result of the major disaster, an individual;

- (i) no longer has a job;
- (ii) is unable to reach the place of work;
- (iii) while scheduled to begin work, no longer has the job or is unable to reach the job;
- (iv) was made the family breadwinner due to the death of the household head; or,
- (v) is unable to work due to the disaster incurred injury.

c. Redwood Employee Protection Program: An individual must have:

- (i) Immediate employment with affected employers; and,
- (ii) Seniority under a collective bargaining agreement with affected employers as of May 31, 1977; and,
- (iii) At least 12 months of employment with affected employers except when the service is broken for 3 consecutive years for reasons other than (1) employment in other affected employers, (2) service in the Armed Forces and (3) disability compensated by workers' compensation, UI or disability benefit under Social Security; and,
- (iv) Employment with one or more affected employers on or after January 1, 1977; or,
- (v) Performance of work for one or more affected employers for at least 1,000 hours from January 1, 1977 through March 27, 1978; and,
- (vi) Continuing employment relationship as of March 27, 1978.

d. Airlines Employee Protection Program: An individual must have four years' employment with an air carrier holding a certificate issued under Section 401 of the Federal Aviation Act of 1958 and must have become unemployed or experienced reduced earnings due to a qualifying dislocation determined by the Civil Aeronautic Board.

e. Amtrak: An individual must be an employee of a railroad affected by discontinuances of intercity rail passenger service subject to section 405 of the Rail Passenger Act of 1970.

f. Conrail: An individual must be an adversely affected employee with three or more years of service; or, protected employee placed on furlough status after February 26, 1975.

g. Urban Mass Transportation Employee Protection Program: Any adversely affected employee is qualified.

2. Benefits -- Total Entitlement, Weekly and Monthly Benefit Amounts, Duration and Benefit Period.

a. Trade Adjustment Assistance:

(i) Weekly Benefit Amount -- Weekly benefits are to be 70 percent of the beneficiary's average weekly wage, up to the national average weekly manufacturing wage, less 50 percent of earnings in any week, the amount of UI benefits to which the individual is entitled or the amount by which the combined benefits of TRA, UI, and training allowance exceed 80 percent of the beneficiary's average weekly wage or 130 percent of the national average weekly manufacturing wage.

(ii) Potential Benefit Duration -- The weekly benefits are to be paid for not more than 52 weeks in a two-year benefit period. An additional 26 weeks in a three-year period are provided if a beneficiary is completing training or is 60 years of age or older at the time of lay-off.

b. Disaster Unemployment Assistance:

(i) Weekly Benefit Amount -- The weekly benefit amount for the regular State UI program is provided except all wages in covered and noncovered employment are included in the base period wage computation.

(ii) Potential Benefit Duration -- The length of potential duration is a uniformly determined disaster period for each disaster up to 52 weeks.

c. Redwood Employee Protection Program:

(i) Weekly Benefit Amount -- A weekly benefit is paid equivalent to earnings at the previous job with the last affected employer less (1) the full amount of earnings from working in the industry or from employment opportunities provided for under the Act (i.e., Park Service and other public and private jobs), (2) 50 percent of earnings from other employment and (3) the full amount of UI benefits.

(ii) Potential Benefit Duration -- The potential duration is not quantitatively defined with weekly



benefits continuing to be paid until the first of the following dates:

the date the employee accepts a lump sum severance payment; or,

period equal to the employee's creditable service is exhausted. 14/; or,

the 65th birthday of the employee; or, September 30, 1984.\*

(\*In the case of an employee who becomes 60 years of age before September 30, 1984, the benefit duration would be extended until the exemployee reaches the 65th birthday.)

d. Airline Employee Protection Program:

(i) Monthly Benefit Amount: (proposed) 70 percent of employee's average monthly wage after taxes not to exceed \$1,200 per month for a displaced employee. The amount is to be reduced by: (1) UI benefits, (2) 50 percent of outside earnings and (3) Social Security payments, disability benefits or other pension.

(ii) Potential Benefit Duration: 72 months or until the individual obtains reasonably comparable employment.

(iii) Other Benefits: (1) moving expenses, (2) reimbursement for loss on sale of residence from relocation, (3) preemployment interview expenses.

e. Amtrak:

(i) Monthly Benefit Amount -- 100 percent of compensation in the past 12 months net of taxes less UI benefits received and 100 percent of any earnings.

(ii) Potential Benefit Duration -- 72 months.

(iii) Other Benefits -- 100 percent of relocation expenses plus reimbursement for loss in the sale of residence.

f. Conrail:

(i) Monthly Benefit Amount -- Amount equal to the average monthly wage less any current railroad earnings, UI benefits and 50 percent of outside earnings not to exceed \$2,500 per month.

(ii) Potential Benefit Duration -- Until age 65 for employees with 5 or more years of service, for others duration equal to prior service.

(iii) Other Benefits -- (1) Separation allowance up to a \$20,000 lump sum; 270 days' pay for 3-5 years of service, for over 5 years of service, determined by day's pay, age and last position. (2) Termination pay for employees terminated with less than 3 years of service as of January 2, 1974, lump sum based on time, position held and day's pay.

g. Urban Mass Transportation Employee Protection Program:

(i) Benefit Amount -- Protection against worsening of position with respect to employment.

(ii) Benefit Duration -- Equal to period of prior employment.

C. Extent of Program Activities.

Of the existing income support programs besides UI, the Trade Adjustment Assistance is by far the largest program, having paid during calendar year 1978 about \$276.8 million in benefits compensating 3,865,500 weeks of unemployment. These figures compare with about \$8.6 billion of unemployment insurance benefits paid (including regular State UI, UCFE, and UCX) and 94,574,372 weeks compensated during the same period.

As one would expect, the extent of TAA program activities in absolute as well as in relative terms varies greatly among States ranging from nil in North Dakota and Oklahoma to almost 52 percent of UI activities in Arizona during 1978. Such interstate variation is in large part due to the variation in the industry mix of States. Table 2 presents the comparison by State between UI program and TAA activities.

Compared to UI program activities, other programs are even more modest than TAA. For example, the

Disaster Unemployment Assistance paid about \$4.3 million in benefits compensating 58,023 weeks of unemployment during calendar year 1978. These are .05 percent and .06 percent respectively of UI benefits paid and weeks compensated. Obviously, DUA activities greatly vary among the States. 15/

The Redwood Employee Protection Program (REPP) paid, between September 13, 1978 and August 4, 1979, approximately \$4.6 million in weekly benefits compensating 26,031 weeks of unemployment. In addition, this program paid about \$5.5 million in severance payments and \$14,885 for relocation allowances. 16/

These relative amounts of benefits paid and number of weeks compensated in the TAA, DUA, and REPP programs may be compared with the administrative cost of each program relative to that of the UI program. Between October 1, 1978 and March 31, 1979, the administrative costs of TAA and REPP were about \$5.6 million and \$169,956 respectively which were about 1.3 percent and .04 percent of the UI administrative cost for the same period. For the same two-quarter period, TAA and REPP paid benefits amounting to almost \$132 million and about \$5.9 million respectively. With total benefits of about \$4.8 billion paid for State UI, UCFE, and UCX combined for the same period, TRA and REPP benefits were about 2.8 percent and 0.1 percent respectively of the combined UI benefits. 17/

#### IV. CORRESPONDENCE BETWEEN THE DEDUCED AND ACTUAL CHARACTERISTICS OF THE PROGRAMS

Let us in this section reiterate briefly the points made in earlier sections and examine how the actual characteristics of the programs match the conceptual portrayal deduced from the objectives of loss compensation programs with reference, whenever relevant, to UI program.

Table 3: Comparison of Benefits under Various Income Protection Programs

|                             | <u>TRA</u>  | <u>Redwood</u>   | <u>Amtrak</u>  | <u>Conrail</u>  |
|-----------------------------|---|--|--|---|
| Maximum Amount              | 70% of avg. wkly. wage (not to exceed avg. wkly. manufacturing wage)          | 100% of highest wage rate paid (less taxes and social security contributions)            | 100% of compensation in past 12 months                                   | same as Amtrak - 100% of avg. compensation over past 12 months  |
| Reductions                  | UI; 50% earnings  | UI; 100% of earnings in industry; 50% of earnings outside of industry                    | UI; 100% of earnings   |   |
| Maximum Duration            | 52 weeks of benefits within a 2-year period. <sup>1</sup>                     | Period equal to length of creditable service; age 65; or September 30, 1984 <sup>2</sup> | Up to 72 months  | to age 65 for all employees with 5 years service  |
| Payment Interval            | Weekly  | Weekly   | Monthly  | Monthly   |
| Lump-Sum Payment (Optional) | No  | Up to 72 weekly amount   | Up to 12 monthly amount  | Yes - up to 72 weeks, pay for employees with 3 years services; up to 36 wks. pay for employees with less than 3 years |
| Training                    | Yes (Total of 78 wkly. allowance payments)                                    | Yes (No limit of wkly benefit payments within period of protection)                      | Yes (No limit of monthly benefit payments within protection period.)     | no statutory provision  |
| Job Search                  | Yes (80% of expenses, not to exceed \$500)                                    | Yes (80% of expenses, not to exceed \$500)   | No   | no statutory provision  |
| Relocation                  | Yes (80% of expenses, plus lump sum of 3 x Ave. Weekly Wage limited to \$500) | Yes (100% of expenses, plus reimbursement for loss in sale of residence)                 | Yes (100% of expenses, plus reimbursement for loss in sale of residence) | yes - same as Amtrak  |
| Fringe Benefits             | None  | Health/Welfare and pension benefit coverage; seniority and recall rights.                | Some benefits provided to workers not furloughed.                        | yes - same as Amtrak  |
| Source of Funding           | General Revenue   | General Revenue  | General Revenue  | General Revenue   |

<sup>1</sup> Payments for 26 additional weeks (1) To assist worker to complete approved training, or (2) To worker who reaches age 60 on or before the date of separation. In no case may payments exceed 78 weeks.

<sup>2</sup> Employee who reaches age 60 on or before September 30, 1984, may receive benefits until age 65.

Source: Unemployment Insurance Service

A. Income Loss Replacement.

When the cause of unemployment is clearly traced to government actions or to major disasters, there is a strong basis for compensating 100 percent of the income lost by the adversely affected workers. Thus, while these workers are jobless, weekly benefits should replace 100 percent of their weekly wages; and, when they are reemployed, compensation should be provided for the difference in the expected life-time incomes of the old and new careers.

Under the present systems, the loss replacement formulas vary among various loss compensation programs ranging from 100 percent or near 100 percent loss compensation under the railroad income protection plans to a usual 50 percent wage loss replacement under DUA, in which WBA's are determined according to the State UI provisions.

Aside from the inequity problem that arises due to this variation in loss compensation ratios among various loss compensation programs, the provision to these workers of benefits less than 100 percent of income lost itself seems inequitable.

B. Duration of Weekly Benefits.

For the same reason that the weekly benefits under loss compensation programs should replace 100 percent of weekly wages, these benefits should be paid as long as the workers are willing and able to work at suitable jobs and unable to find employment. In comparison, a program such as UI is designed to provide temporary income protection hence, by definition, is restricted from providing indefinite duration of benefits.

The duration of loss compensation benefits, where they are paid weekly or monthly, also varies among the programs. Some of the programs provide a limited duration of benefits without regard to whether a beneficiary can find employment at a suitable job, or even any job. An extreme case is that of DUA in which the benefit duration is the same as that of UI -- an incongruous provision since the nature of unemployment covered under the two programs is quite different. It is obvious from the preceding discussion that there is

little basis for limiting the duration of weekly (or, monthly) benefits.

C. Benefit Period.

For the same reason that the duration should not be limited, there is little basis for arguing that the period during which loss compensation may be obtained should be limited to a specified length, assuming continued labor force attachment of the claimant.

D. Base Period.

Since a prospective claimant for loss compensation benefits may in fact have merely been attached marginally to the adversely affected employer, there is a need to assess the degree of such attachment. In this sense, for practical purposes, a requirement such as a minimum number of hours worked for the referenced employer in a given period, say, one year, is necessary. The certification under the TAA program serves such purpose. However, once a claimant is certified as to attachment to the adversely affected employer, an additional requirement for monetary qualification (i.e., evidence of sufficient wage credit in the base period) has little basis in loss compensation programs.

E. "Work Test".

The so-called work test which in the UI context, actually consists of two facets, appears equally necessary under loss compensation programs as in UI. These two facets are: (1) current attachment of a claimant to the labor force and (2) definition of suitable jobs for a claimant at a given point of time during his/her unemployment.

The objectives of both the temporary income support and the loss compensation programs dictate that the claimants be attached to the labor force every week for which benefits are to be drawn. Thus, the test of their willingness and availability to accept a suitable job is an integral part of either type of program. At the same time, however, because of the objective of protecting the customary standard of workers' living, in the case of UI, and of minimizing the disruption of workers' income level, in the case of loss compensation, the "able-and-available" test is made against suitable offered jobs. It follows, then, that in either program the evaluation of what is a suitable job for a claimant at a point of time is crucial. From the standpoint of human resource utilization, for the claimants of loss compensation benefits whose cause of unemployment is basically unrelated to temporary slack in demand, this evaluation of suitable work is important. These unemployed workers should be returned to productive status as expeditiously as possible with adequate compensation for any attending loss in the expected life-time income.

The existing loss compensation programs in general seem to contain such "work test". Perhaps, the main problem in actuality is the difficulty of proper administration of the test including that arising from the question of who administers the test. This test, however, is especially vital when, as this writer argues here, ample and adequate benefits are to be provided to truly eligible workers.

#### F. Funding.

Once an unemployed worker is determined indeed to have been displaced due to government policies or a major disaster, hence eligible for loss compensation, the entirety of his/her benefits should be financed by general revenue funds. Thus, the existing arrangement of supplementing the UI benefits of those who are eligible for UI, by loss compensation payments, to bring the total benefits to the level specified by the respective loss compensation programs, seems to make little sense, and to be inequitable.

V. CONSEQUENCE OF COMBINING UI AND LOSS COMPENSATION PROGRAMS, AS ILLUSTRATED BY TRA

A. Payment of State UI Benefits to Claimants of Other Programs.

Detailed published data on the program activities and the beneficiaries are scarce for these programs. For the TAA program, data are available for the average weekly benefit amount, the average total benefit per claimant and the average number of weeks paid by States (Table 5). The data covering the program activities between April 1975 and December 1978 indicate that for individual claimants on the average the amount of TRA benefits per se are rather modest with the mean average weekly benefit amount for the U.S. being \$59.83 as compared, for example, with an average State UI weekly benefit amount of \$83.51 for the U.S. in calendar year 1978. This seemingly low benefit amount under the TRA program reflects the fact that TRA benefits are paid in addition to UI benefits, whenever the claimants are eligible for the latter in order to bring the combined benefit to the required 70 percent wage loss replacement.

Obviously, the amount of weekly benefits replacing 70 percent of weekly wages lost paid directly by the TRA program depends on a beneficiary's eligibility for UI benefits, his/her UI weekly benefit amount as well as his/her potential benefit duration and his/her average weekly wage relative to the State maximum weekly benefit amount. In other words, the factors that determine an individual's TRA weekly benefit amount are: (1) the UI coverage of the employer; (2) the monetary and non-monetary eligibility of the claimant for UI - i.e., the extent of covered employment in the base period and the reason for separation; (3) the State's benefit formula including the determination of the WBA as well as the maximum WBA; (4) the potential benefit duration; and, (5) the individual claimant's average weekly wage.



Table 4: Selected Indicators of UI Program Activities  
1976

| STATE               | Taxable and Reimbursable |  |                               |           |                             |                       |      |                           |                         | Average weekly benefit |                                    |
|---------------------|--------------------------|--|-------------------------------|-----------|-----------------------------|-----------------------|------|---------------------------|-------------------------|------------------------|------------------------------------|
|                     | Claims data              |  |                               |           |                             |                       |      | Weekly insured unemployed |                         | Amount                 | Ratio to average weekly total wage |
|                     | Number of first payments | Weeks compensated for all unemployment | Claimants exhausting benefits |           | Average duration (in weeks) |                       |      | Average number            | Percent of cov. employ. |                        |                                    |
| Number              |                          |  | Percent of first payments     | Potential | Actual                      | Actual for exhaustees |      |                           |                         |                        |                                    |
| (01)                | (23)                     | (24)                                   | (25)                          | (26)      | (27)                        | (28)                  | (29) | (30)                      | (31)                    | (32)                   | (33)                               |
| UNITED STATES ..... | 8,560,107                | 127,424,765.                           | 3,270,042                     | 37.8      | 24.0                        | 14.9                  | 21.2 | 2,991,487                 | 4.4                     | \$75.16                | .371                               |
| ALABAMA .....       | 150,523                  | 1,741,173                              | 46,226                        | 32.1      | 22.7                        | 11.6                  | 21.0 | 41,344                    | 4.3                     | 66.50                  | .370                               |
| ALASKA .....        | 44,321                   | 655,267                                | 7,321                         | 20.9      | 27.7                        | 14.8                  | 27.3 | 9,732                     | 7.6                     | 81.82                  | .169                               |
| ARIZONA .....       | 65,987                   | 1,001,217                              | 30,025                        | 39.5      | 23.7                        | 15.2                  | 22.2 | 26,740                    | 4.3                     | 72.63                  | .383                               |
| ARKANSAS .....      | 79,888                   | 955,913                                | 25,322                        | 33.6      | 22.1                        | 12.0                  | 20.5 | 26,192                    | 4.7                     | 63.29                  | .391                               |
| CALIFORNIA .....    | 1,100,807                | 16,264,113                             | 391,204                       | 35.3      | 23.4                        | 14.8                  | 22.8 | 357,972                   | 5.0                     | 71.11                  | .335                               |
| COLORADO .....      | 69,515                   | 741,124                                | 33,774                        | 53.4      | 20.5                        | 10.7                  | 19.6 | 21,844                    | 2.7                     | 84.58                  | .429                               |
| CONNECTICUT .....   | 201,859                  | 3,343,950                              | 70,827                        | 32.5      | 26.0                        | 11.6                  | 26.0 | 67,864                    | 5.7                     | 79.18                  | .375                               |
| DELAWARE .....      | 27,451                   | 444,835                                | 10,762                        | 42.2      | 24.7                        | 16.2                  | 24.9 | 8,387                     | 3.9                     | 83.89                  | .389                               |
| DIST. OF COL. ....  | 31,695                   | 678,110                                | 16,190                        | 48.3      | 30.5                        | 21.4                  | 28.2 | 11,981                    | 3.4                     | 99.17                  | .429                               |
| FLORIDA .....       | 233,945                  | 3,443,613                              | 131,528                       | 49.9      | 16.6                        | 14.7                  | 19.1 | 98,399                    | 3.8                     | 64.04                  | .351                               |
| GEORGIA .....       | 202,806                  | 2,100,740                              | 88,223                        | 42.8      | 18.8                        | 10.4                  | 18.0 | 48,770                    | 3.3                     | 68.52                  | .378                               |
| HAWAII .....        | 40,182                   | 753,969                                | 19,078                        | 43.7      | 26.0                        | 18.8                  | 26.0 | 16,040                    | 4.9                     | 85.23                  | .448                               |
| IDAHO .....         | 33,755                   | 361,185                                | 9,579                         | 28.1      | 19.0                        | 10.7                  | 16.4 | 10,191                    | 4.4                     | 70.13                  | .388                               |
| ILLINOIS .....      | 455,332                  | 7,945,506                              | 205,665                       | 42.7      | 26.0                        | 17.4                  | 25.1 | 197,926                   | 5.2                     | 91.64                  | .412                               |
| INDIANA .....       | 132,621                  | 1,779,049                              | 60,590                        | 36.4      | 15.8                        | 13.4                  | 14.4 | 41,201                    | 2.4                     | 63.57                  | .305                               |
| IOWA .....          | 79,200                   | 1,120,118                              | 28,927                        | 35.7      | 29.5                        | 14.1                  | 22.3 | 24,634                    | 2.9                     | 87.23                  | .470                               |
| KANSAS .....        | 60,114                   | 762,935                                | 19,539                        | 33.1      | 22.7                        | 12.7                  | 21.6 | 16,913                    | 2.6                     | 70.49                  | .389                               |
| KENTUCKY .....      | 119,998                  | 1,508,020                              | 38,862                        | 32.8      | 22.6                        | 12.6                  | 21.4 | 34,814                    | 4.0                     | 67.42                  | .360                               |
| LOUISIANA .....     | 104,050                  | 1,535,165                              | 36,603                        | 36.7      | 23.8                        | 14.8                  | 22.6 | 38,112                    | 3.5                     | 69.14                  | .355                               |
| MAINE .....         | 70,023                   | 755,342                                | 21,631                        | 31.4      | 20.4                        | 10.8                  | 17.8 | 17,877                    | 6.0                     | 63.02                  | .380                               |
| MARYLAND .....      | 126,027                  | 1,777,324                              | 25,099                        | 19.3      | 26.0                        | 14.1                  | 26.0 | 43,533                    | 3.8                     | 73.21                  | .363                               |
| MASSACHUSETTS ...   | 270,157                  | 4,689,818                              | 121,413                       | 43.4      | 26.1                        | 17.4                  | 25.2 | 106,597                   | 5.5                     | 76.76                  | .392                               |
| MICHIGAN .....      | 460,121                  | 6,079,566                              | 185,015                       | 38.9      | 22.2                        | 13.2                  | 16.1 | 161,439                   | 5.4                     | 87.82                  | .366                               |
| MINNESOTA .....     | 147,836                  | 2,181,399                              | 64,937                        | 41.9      | 22.9                        | 14.8                  | 20.7 | 49,720                    | 3.5                     | 80.82                  | .410                               |
| MISSISSIPPI .....   | 54,609                   | 667,501                                | 15,223                        | 28.9      | 22.8                        | 12.2                  | 22.2 | 18,596                    | 3.3                     | 50.81                  | .319                               |
| MISSOURI .....      | 176,229                  | 2,275,766                              | 67,806                        | 37.2      | 20.8                        | 12.9                  | 19.4 | 57,324                    | 3.9                     | 73.07                  | .374                               |
| MONTANA .....       | 27,662                   | 389,155                                | 10,217                        | 38.5      | 22.0                        | 14.1                  | 21.0 | 9,840                     | 4.5                     | 66.19                  | .381                               |
| NEBRASKA .....      | 35,916                   | 474,941                                | 16,315                        | 39.2      | 21.9                        | 13.2                  | 17.9 | 10,898                    | 2.4                     | 68.12                  | .391                               |
| NEVADA .....        | 39,567                   | 539,453                                | 19,266                        | 49.2      | 22.8                        | 13.6                  | 20.5 | 11,945                    | 5.1                     | 73.71                  | .372                               |
| NEW HAMPSHIRE....   | 59,416                   | 362,975                                | 4,224                         | 10.7      | 26.0                        | 9.2                   | 26.0 | 8,927                     | 3.3                     | 65.19                  | .387                               |
| NEW JERSEY .....    | 414,036                  | 6,934,800                              | 198,924                       | 49.6      | 24.5                        | 16.7                  | 21.8 | 141,037                   | 6.3                     | 77.72                  | .354                               |
| NEW MEXICO .....    | 24,982                   | 428,826                                | 8,570                         | 32.8      | 29.0                        | 17.2                  | 27.9 | 11,887                    | 4.2                     | 59.66                  | .346                               |
| NEW YORK .....      | 691,191                  | 14,706,249                             | 315,873                       | 45.1      | 26.0                        | 21.3                  | 26.0 | 316,064                   | 5.6                     | 73.53                  | .323                               |
| NORTH CAROLINA...   | 303,569                  | 2,894,141                              | 71,183                        | 26.2      | 23.1                        | 9.5                   | 20.3 | 61,561                    | 3.5                     | 63.92                  | .381                               |
| NORTH DAKOTA .....  | 15,967                   | 209,177                                | 3,844                         | 27.4      | 23.5                        | 13.1                  | 22.2 | 5,148                     | 3.3                     | 70.38                  | .413                               |
| OHIO .....          | 331,575                  | 4,768,262                              | 104,235                       | 31.3      | 25.5                        | 14.4                  | 25.4 | 114,626                   | 3.0                     | 84.60                  | .392                               |
| OKLAHOMA .....      | 65,629                   | 988,532                                | 32,580                        | 46.8      | 20.9                        | 15.1                  | 19.9 | 24,276                    | 3.2                     | 60.82                  | .334                               |
| OREGON .....        | 112,005                  | 1,675,424                              | 34,164                        | 27.1      | 25.4                        | 15.0                  | 25.3 | 43,103                    | 5.4                     | 69.06                  | .340                               |
| PENNSYLVANIA .....  | 650,188                  | 10,444,972                             | 177,394                       | 28.6      | 30.0                        | 16.1                  | 30.0 | 228,971                   | 6.0                     | 87.37                  | .423                               |
| PUERTO RICO .....   | 140,885                  | 2,046,304                              | 98,536                        | 77.7      | 20.0                        | 14.5                  | 20.0 | 69,084                    | 15.1                    | 43.29                  | .339                               |
| RHODE ISLAND .....  | 60,628                   | 895,684                                | 24,959                        | 42.3      | 22.5                        | 14.8                  | 20.8 | 19,603                    | 6.0                     | 72.38                  | .413                               |
| SOUTH CAROLINA...   | 118,199                  | 1,312,746                              | 35,847                        | 30.3      | 23.4                        | 11.1                  | 22.4 | 30,992                    | 3.7                     | 64.43                  | .387                               |
| SOUTH DAKOTA .....  | 13,356                   | 154,580                                | 3,572                         | 30.0      | 21.0                        | 11.6                  | 18.1 | 4,094                     | 2.4                     | 66.14                  | .433                               |
| TENNESSEE .....     | 162,716                  | 1,974,332                              | 54,666                        | 35.5      | 23.4                        | 12.1                  | 22.9 | 52,179                    | 4.1                     | 61.47                  | .351                               |
| TEXAS .....         | 190,687                  | 2,419,626                              | 77,436                        | 39.0      | 21.7                        | 12.7                  | 18.4 | 62,563                    | 1.6                     | 55.35                  | .284                               |
| UTAH .....          | 39,757                   | 544,095                                | 12,675                        | 31.6      | 24.3                        | 13.7                  | 21.2 | 13,079                    | 3.6                     | 74.24                  | .406                               |
| VERMONT .....       | 21,474                   | 344,900                                | 6,785                         | 31.5      | 26.0                        | 16.1                  | 26.0 | 8,304                     | 6.1                     | 68.97                  | .408                               |
| VIRGINIA .....      | 105,208                  | 1,306,487                              | 35,237                        | 33.1      | 22.5                        | 12.4                  | 21.1 | 29,661                    | 2.0                     | 68.99                  | .381                               |
| WASHINGTON .....    | 169,233                  | 2,709,950                              | 70,028                        | 39.6      | 25.0                        | 16.0                  | 22.6 | 73,787                    | 7.0                     | 76.28                  | .350                               |
| WEST VIRGINIA ..... | 75,304                   | 834,625                                | 15,390                        | 21.5      | 26.0                        | 11.1                  | 24.3 | 20,133                    | 4.2                     | 58.76                  | .282                               |
| WISCONSIN .....     | 163,518                  | 2,407,023                              | 64,300                        | 40.1      | 22.8                        | 14.7                  | 24.2 | 63,422                    | 3.9                     | 85.32                  | .435                               |
| WYOMING .....       | 8,388                    | 94,788                                 | 2,453                         | 24.0      | 18.1                        | 11.3                  | 16.2 | 2,161                     | 1.8                     | 71.89                  | .258                               |

i Includes dependents' allowances for Alaska, Connecticut, District of Columbia, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, Ohio, Pennsylvania and Rhode Island.

Table 5: Selected TAA Program Statistics

TRADE READJUSTMENT ALLOWANCE ACTIVITIES  
AND EMPLOYABILITY SERVICES  
(4/75 - 12/78)

| REGION/STATE     | AVERAGE WEEKLY<br>BENEFIT AMOUNT(1) | AVERAGE AMOUNT<br>PER CLAIMANT(2) | AVERAGE # OF<br>WEEKS PAID(3) | % 1ST PAY MADE<br>WITHIN 21 DAYS(4) | % DETER OF ENT<br>UNEMP TO TOTAL(5) |
|------------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-------------------------------------|
| REGION I         |                                     |                                   |                               |                                     |                                     |
| CONNECTICUT      | 28.07                               | 2,003.71                          | 71.4                          | 29.6                                | 38.3                                |
| MAINE            | 41.00                               | 950.46                            | 23.4                          | 31.5                                | 43.4                                |
| MASSACHUSETTS    | 48.83                               | 1,308.89                          | 26.8                          | 58.9                                | 46.1                                |
| NEW HAMPSHIRE    | 51.98                               | 780.43                            | 15.2                          | 85.1                                | 25.5                                |
| RHODE ISLAND     | 53.58                               | 1,477.48                          | 27.6                          | 75.9                                | 19.0                                |
| VERMONT          | 34.64                               | 917.96                            | 26.5                          | 95.3                                | 84.5                                |
| REGION I TOTAL   | 40.19                               | 1,368.01                          | 34.0                          | 52.7                                | 41.5                                |
| REGION II        |                                     |                                   |                               |                                     |                                     |
| NEW JERSEY       | 62.42                               | 1,779.71                          | 28.5                          | 47.9                                | 42.8                                |
| NEW YORK         | 65.85                               | 1,835.44                          | 27.9                          | 56.7                                | 46.3                                |
| PUERTO RICO      | 27.63                               | 869.51                            | 31.5                          | 42.5                                | 70.0                                |
| REGION II TOTAL  | 62.69                               | 1,769.88                          | 28.2                          | 53.6                                | 47.3                                |
| REGION III       |                                     |                                   |                               |                                     |                                     |
| DELAWARE         | 71.27                               | 1,490.31                          | 20.9                          | 80.0                                | 18.7                                |
| DCHA             | 79.62                               | 736.50                            | 9.3                           | 75.0                                | 100.0                               |
| MARYLAND         | 68.15                               | 1,227.33                          | 18.0                          | 22.9                                | 2.8                                 |
| PENNSYLVANIA     | 43.54                               | 1,110.83                          | 25.5                          | 51.4                                | 5.3                                 |
| VIRGINIA         | 32.24                               | 689.53                            | 21.4                          | 32.8                                | 11.7                                |
| WEST VIRGINIA    | 65.72                               | 1,637.49                          | 24.9                          | 73.0                                | 25.2                                |
| REGION III TOTAL | 46.10                               | 1,116.71                          | 24.2                          | 49.1                                | 6.6                                 |
| REGION IV        |                                     |                                   |                               |                                     |                                     |
| ALABAMA          | 53.62                               | 825.49                            | 15.4                          | 89.4                                | 16.5                                |
| FLORIDA          | 58.93                               | 1,034.94                          | 17.6                          | 96.4                                | 97.1                                |
| GEORGIA          | 43.10                               | 612.62                            | 14.2                          | 98.6                                | 21.8                                |
| KENTUCKY         | 40.55                               | 1,086.90                          | 26.8                          | 80.2                                | 9.2                                 |
| MISSISSIPPI      | 62.54                               | 1,416.61                          | 22.6                          | 63.0                                | 4.3                                 |
| NORTH CAROLINA   | 33.05                               | 711.83                            | 21.5                          | 90.4                                | 24.2                                |
| SOUTH CAROLINA   | 63.15                               | 1,107.23                          | 17.5                          | 88.0                                | 26.7                                |
| TENNESSEE        | 45.16                               | 1,839.72                          | 40.7                          | 62.8                                | 34.8                                |
| REGION IV TOTAL  | 48.68                               | 1,030.95                          | 21.2                          | 84.7                                | 19.6                                |

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TRADE READJUSTMENT ALLOWANCE ACTIVITIES  
AND EMPLOYABILITY SERVICES

| REGION/STATE      | AVERAGE WEEKLY<br>BENEFIT AMOUNT(1) | AVERAGE AMOUNT<br>PER CLAIMANT(2) | AVERAGE # OF<br>WEEKS PAID(3) | % 1ST PAY MADE<br>WITHIN 21 DAYS(4) | % DETER OF ENT<br>UNEMP TC TOTAL(5) |
|-------------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-------------------------------------|
| REGION V          |                                     |                                   |                               |                                     |                                     |
| ILLINOIS          | 49.92                               | 1,388.26                          | 27.8                          | 20.0                                | 16.6                                |
| INDIANA           | 78.29                               | 1,749.40                          | 22.3                          | 27.8                                | 22.7                                |
| MICHIGAN          | 89.75                               | 1,673.68                          | 18.6                          | 5.9                                 | 16.7                                |
| MINNESOTA         | 84.78                               | 1,230.09                          | 14.5                          | 88.6                                | 86.0                                |
| OHIO              | 72.68                               | 2,078.38                          | 28.6                          | 30.7                                | 44.5                                |
| WISCONSIN         | 71.56                               | 1,715.57                          | 24.0                          | 23.8                                | 26.0                                |
| REGION V TOTAL    | 72.84                               | 1,793.57                          | 24.6                          | 23.6                                | 30.2                                |
| REGION VI         |                                     |                                   |                               |                                     |                                     |
| ARKANSAS          | 42.65                               | 1,111.55                          | 26.1                          | 36.9                                | 46.2                                |
| LOUISIANA         | 33.79                               | 1,089.99                          | 32.3                          | 45.8                                | 37.5                                |
| NEW MEXICO        | 132.16                              | 2,870.37                          | 21.7                          | 68.6                                | 69.0                                |
| OKLAHOMA          | 0.00                                | 0.00                              | 0.0                           | 0.0                                 | 100.0                               |
| TEXAS             | 77.53                               | 1,670.78                          | 21.5                          | 53.9                                | 26.5                                |
| REGION VI TOTAL   | 53.03                               | 1,337.87                          | 25.2                          | 44.9                                | 35.4                                |
| REGION VII        |                                     |                                   |                               |                                     |                                     |
| IOWA              | 27.74                               | 776.90                            | 28.0                          | 45.5                                | 100.0                               |
| KANSAS            | 85.29                               | 3,184.33                          | 37.3                          | 66.7                                | 0.0                                 |
| MISSOURI          | 62.43                               | 1,598.77                          | 25.6                          | 46.5                                | 86.5                                |
| NEBRASKA          | 47.11                               | 822.22                            | 17.5                          | 73.8                                | 89.0                                |
| REGION VII TOTAL  | 59.25                               | 1,510.11                          | 25.5                          | 47.4                                | 88.9                                |
| REGION VIII       |                                     |                                   |                               |                                     |                                     |
| COLORADO          | 107.62                              | 1,623.75                          | 15.1                          | 65.1                                | 90.1                                |
| MONTANA           | 109.46                              | 3,022.82                          | 27.6                          | 64.6                                | 15.7                                |
| SOUTH DAKOTA      | 32.24                               | 1,062.13                          | 32.9                          | 19.9                                | 50.0                                |
| UTAH              | 83.65                               | 1,883.09                          | 22.5                          | 96.3                                | 33.3                                |
| WYOMING           | 31.26                               | 1,193.91                          | 38.2                          | 0.0                                 | 80.0                                |
| REGION VIII TOTAL | 97.63                               | 2,105.67                          | 21.6                          | 63.6                                | 69.9                                |

TRADE READJUSTMENT ALLOWANCE ACTIVITIES  
AND EMPLOYABILITY SERVICES

| REGION/STATE    | AVERAGE WEEKLY<br>BENEFIT AMOUNT(1) | AVERAGE AMOUNT<br>PER CLAIMANT(2) | AVERAGE # OF<br>WEEKS PAID(3) | % 1ST PAY MADE<br>WITHIN 21 DAYS(4) | % DETER OF ENT<br>UNEHP TC TOTAL(5) |
|-----------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-------------------------------------|
| REGION IX       |                                     |                                   |                               |                                     |                                     |
| ARIZONA         | 99.27                               | 2,283.99                          | 23.0                          | 61.7                                | 26.3                                |
| CALIFORNIA      | 74.20                               | 2,063.97                          | 27.8                          | 42.2                                | 32.2                                |
| HAWAII          | 99.48                               | 4,967.03                          | 49.9                          | 34.7                                | 93.5                                |
| NEVADA          | 124.71                              | 3,661.77                          | 29.4                          | 66.9                                | 83.8                                |
| REGION IX TOTAL | 83.99                               | 2,212.11                          | 26.3                          | 49.8                                | 33.1                                |
| REGION X        |                                     |                                   |                               |                                     |                                     |
| ALASKA          | 77.91                               | 2,805.00                          | 36.0                          | 0.0                                 | 0.0                                 |
| IDAHO           | 115.02                              | 2,540.16                          | 22.1                          | 91.7                                | 50.0                                |
| OREGON          | 73.90                               | 1,123.85                          | 15.2                          | 98.5                                | 25.7                                |
| WASHINGTON      | 75.38                               | 1,425.96                          | 18.9                          | 79.6                                | 28.4                                |
| REGION X TOTAL  | 75.51                               | 1,364.53                          | 18.1                          | 84.1                                | 28.1                                |
| U.S. TOTAL      | 59.83                               | 1,531.78                          | 25.6                          | 45.7                                | 27.9                                |

Thus, the impact on UI of TRA benefit payments varies from State to State depending not only on the type of industries that are adversely affected hence the State's industry mix but also by the State's UI provisions. The industry mix is relevant obviously because the concentration of employers in adversely affected industries tends to produce a large number of UI claimants. At the same time, among the adversely affected industries, those that pay high wages, either because of high skill mix or of long average worker experience on the job may dominate a State's industry mix in which case the individual UI benefits tend to be large.

State UI provisions can determine the effect of TRA benefits on UI, especially on the UI trust funds and on the experience rated UI taxes, because:

(1) Variation in the monetary qualifying requirements among States can qualify or disqualify a claimant of a given wage credit or employment experience in the base period depending on State. The minimum requirement for qualification for TRA is that the claimant had worked 26 weeks at weekly wages of \$30 or more in the adversely affected firm in the 52-week period immediately preceding filing for the claim and was laid off due to lack of work. Once a worker establishes his/her attachment to an adversely affected employer in this manner, eligibility for UI benefit is determined by examining UI base period employment experience, normally the experience in the first four of the 5 quarters preceding the filing for a claim. Depending on the qualifying formula, this process may involve calculation of the WBA the claimant would receive if determined eligible for UI benefits. If the claimant is determined not qualified for UI benefits due to insufficient employment or wage credits in this stage, he/she still is eligible to receive TRA benefits financed entirely outside of the UI trust fund. This implies that, among workers who are similarly qualified for TRA, the proportion of their income protection costs (i.e., UI benefits plus TRA) financed by the UI employer tax is inversely related with the stringency of State monetary qualifying requirements.

As an example, take a case of a claimant with 26 weeks of employment with an adversely affected employer in the base period, with \$3,328 of wages in one quarter and additional wages of \$30 per week in other quarters, thus earning a base period wage of \$4,498. In light of the UI provisions in effect as of July 1, 1979, this worker's eligibility for UI benefits was tested for California, Connecticut, Nevada, and New York. As the following table shows, among these four States only California would qualify this worker for regular State UI benefits.

| State       | Qualifying Wage or Employment | WBA Formula   | Sample Claimant WBA | Claimant Qualified? |
|-------------|-------------------------------|---------------|---------------------|---------------------|
| California  | \$750                         | 1/24 of HQE   | \$104               | yes                 |
| Connecticut | 40 x WBA                      | 1/26 of HQE   | \$128               | no                  |
| Nevada      | 1.5 x HQE                     | 1/25 of HQE   | \$115               | no                  |
| New York    | 20 weeks at \$40 per week     | 67-50% of AWW | --                  | no                  |

In Connecticut where the qualifying wage is determined in terms of a multiple of the weekly benefit amount, the test of the claimant's degree of labor force attachment intended by the qualifying requirement is more rigorous the higher the WBA and the high quarter average weekly wage. Thus, workers with an erratic earnings pattern tend to need more weeks of work in the base period than those with a stable earnings pattern. This tendency becomes even more pronounced under the multiple of high quarter earnings requirement as that in Nevada since this qualifying formula is not limited by the maximum WBA which limits the base in the case of the multiple of WBA formula. The erratic earnings pattern which may be pervasive among workers in adversely affected industries, therefore, is likely to disqualify many workers from UI benefits in States that have these two types of

qualifying formulas together with the high quarter earnings benefit formula. In New York, the worker in this particular case is disqualified for UI benefits because of the \$40 minimum required for a week to be counted as a week worked. With only 13 weeks with weekly earnings over \$40, this worker would not qualify either on the basis of the 52 week base period or the 104 week base period.

The result of the above described variation in qualifying requirements is that the source of funds for benefits paid to workers displaced in adversely affected firms is determined by the degree of rigor in UI qualifying requirements, with the weight of non-UI trust fund financing inversely correlated with the rigor.

(2) The interstate variation in the treatment of "leaving with good cause", misconduct and labor disputes with respect to whether and how long a claimant is disqualified clearly impacts on individual States' UI benefit activities. An individual is qualified for TRA only if the reason for separation from the adversely affected employer is lack of work, thus ruling out his/her eligibility for TRA when the initial separation was for reasons, such as "leaving with good cause", which may qualify him/her for UI benefits. However, when a TRA claimant is reemployed and subsequently separated, reestablishment of eligibility for TRA depends on the State UI provisions on qualifying reasons for separation. Thus, the States with stringent provisions would requalify fewer TRA claimants than other States and, further, the benefit costs of UI as well as TRA in these States would be smaller than in others.

(3) Because of the nationally uniform wage loss replacement rate of 70 percent and the maximum weekly benefit at the national average weekly manufacturing wage in determining the weekly payments under TRA, the variation among States in formulas to determine the UI weekly benefit amount and maximum WBAs directly reflects in the variation in the shares of TRA claimants' benefits that individual State UI systems pay as UI benefits. For the claimants who are eligible for UI benefits below the maximum WBA, the amount of benefits paid from the State UI program is determined by the individual State benefit formula. Since the benefit formulas vary from State to State, it is likely that a claimant of given base period and high quarter wages receives a different weekly benefit depending on where he/she happens to have worked.

For example, a claimant with \$3,450 of high quarter earnings would receive a WBA of \$150 in the District of Columbia whereas a worker with same high quarter earnings would receive a \$133 WBA in Delaware. In Delaware, therefore, the difference of \$17 together with the supplemental amount, that makes the total weekly payment 70 percent of the claimant's average weekly wage, would be paid by the non-UI fund source. This situation is illustrated below:

|             | <u>District of<br/>Columbia</u> | <u>Delaware</u> |
|-------------|---------------------------------|-----------------|
| HQE         | \$3,450                         | \$3,450         |
| WBA Formula | 1/23 of HQE                     | 1/26 of HQE     |
| UI WBA      | \$150                           | \$133           |
| TRA WBA*    | \$186                           | \$186           |
| TRA Benefit | \$ 36                           | \$ 56           |

(\* Under the Trade Act of 1974, the claimant's average weekly wage is calculated as the high quarter wage divided by 13.)

From the standpoint of the unemployment insurance system, the generous weekly benefit formula of the District of Columbia results in a larger portion of the claimant's total weekly benefit under the TRA program financed by the UI trust fund.

The presence of interstate variation in the maximum weekly benefit amounts (MWBA) compounds this seeming inequality in the impact on State UI funds. As of July 1979, the MWBAs varied, ranging from \$72 in Puerto Rico to \$172 in the District of Columbia. To show the differing effects of the TRA program, compare North Carolina and Tennessee. The UI WBA of a claimant with \$3,094 of high quarter earnings just equals North Carolina's MWBA of \$119 under its 1/26 HQE benefit formula. But, a claimant with the same HQE in Tennessee would receive a \$100 WBA, the State's MWBA, and not \$119, 1/26 of HQE. Thus, as shown below, \$48 of a claimant's total weekly benefit would be paid by a non-UI fund in North



Carolina while \$67 of a similar claimant's total weekly benefit would come out of a non-UI fund in Tennessee.

|                    | <u>North Carolina</u> | <u>Tennessee</u> |
|--------------------|-----------------------|------------------|
| MWBA               | \$119                 | \$100            |
| WBA Formula        | 1/26 of HQE           | 1/26 of HQE      |
| Claimant's HQE     | \$3,094               | \$3,094          |
| 1/26 of HQE        | \$119                 | \$119            |
| UI WBA Received    | \$119                 | \$100            |
| Total Benefit Paid | \$167                 | \$167            |
| TRA Payment        | \$ 48                 | \$ 67            |

With the MWBA under the TRA program set at 50 percent of the national average manufacturing wage, the variation in the amount of the benefit financed outside of the UI trust fund, due to the variation in the States' maximum WBAs, is traced to the following sources:

(a) Varying Fixed MWBAs:

(b) Flexible MWBAs --

(i) MWBA set at the same percent of statewide average weekly wage but the statewide average weekly wage varying among the States.

(ii) MWBAs set at varying percents of statewide average weekly wage ---

- Same statewide average weekly wage.
- Varying statewide average weekly wage.

As of July 1979, there are 16 States with fixed maximum WBAs ranging from \$80 in Mississippi to \$125 in New York, not counting the dependents' allowances where they exist, such as in Michigan with a MWBA of \$136 if dependents' allowance is included. The remaining States have flexible MWBAs expressed as percents of

the statewide average weekly wage (AWW) in covered employment. The distribution of the percentages is shown below:

| <u>Percent of<br/>Statewide AWW</u> | <u>Number of States*</u> |
|-------------------------------------|--------------------------|
| 50                                  | 5                        |
| 52                                  | 1                        |
| 55                                  | 4                        |
| 57.5                                | 1                        |
| 60                                  | 8                        |
| 62                                  | 1                        |
| 63                                  | 1                        |
| 65                                  | 1                        |
| 66 2/3                              | 11                       |
|                                     | <hr/>                    |
|                                     | 34                       |

(\*In Ohio the percentage is not specified by law.)

With a wide variation in the parameters that determine the MWBA, therefore, it is clear that a considerable interstate variation exists in the extent of State UI systems' responsibility for the income support of the adversely affected workers relative to the total benefits they receive.

(4) Among States with similar benefit formulas, variation in duration provisions is an important source of variation in the extent to which the UI financial resources are utilized for income support of claimants. This variation emanates from any of the following dimensions of the duration issue:

- (a) Uniform vs. Variable Duration.
- (b) Variation in the Duration in the Uniform Duration States.
- (c) Variable Duration Formulas --
  - (i) Duration fraction.
  - (ii) WBA formula.
  - (iii) Minimum duration.
  - (iv) Maximum duration.

Any of these facets of the duration issue pertains to the determination of potential benefit duration. Given that potential duration defines the outer limit of the duration of income support afforded to an individual claimant by unemployment insurance, it is directly related to the relative share of UI benefits in the total income support of a TRA claimant.

(a) Uniform vs. Variable Duration: The uniform duration formula, which is in effect in 8 States, provides UI benefits to all beneficiaries for a fixed uniform number of weeks, for 26 weeks with two exceptions. In contrast, the variable duration formula provides for differing weeks of protection to beneficiaries depending on their base period work experience usually measured in terms of the earnings or number of weeks employed.

Since the maximum potential duration in most variable duration States is 26 weeks, the claimants in variable duration States in general have a shorter period of income protection under UI than those in the uniform duration States. Then, with the possibility of persistent joblessness of TRA claimants who, as other structurally unemployed workers, are likely to have difficulty in finding alternative suitable employment, claimants in the variable duration States would tend to switch to full TRA benefits upon exhaustion of UI benefits sooner than claimants in uniform duration States.

(b) Variation Among the Uniform Duration States: While in most uniform duration States the potential duration is 26 weeks, there are a few deviations. They are 20 weeks in Puerto Rico, 28 weeks in West Virginia, and

30 weeks in Pennsylvania. Clearly, the longer the protection afforded to the potentially long-term unemployed workers under the State UI program, the greater the share of UI benefits in the total income protection provided the TRA claimants.

(c) Variable Duration Formulas: Potential benefit duration under variable duration formulas is determined in most States by a fraction (most prevalently  $1/3$ ) of a claimant's base period wages divided by his/her WBA up to the State's maximum duration and at least its minimum duration. Thus, variation in any of these four parameters would result in variation in the relative share of UI benefits in the total benefits paid to TRA claimants.

For those below the maximum WBA, a given duration fraction would yield the same total entitlement for UI benefits, limited by the maximum duration, regardless of the State in which a claimant draws benefits. But, the potential benefit duration can differ depending on the State's weekly benefit formula. For example, with the WBA as  $1/20$  and  $1/26$  of high quarter wages in Missouri and North Carolina respectively and a  $1/3$  duration fraction in both States, a claimant with \$4,600 of base period wages and \$1,600 of high quarter earnings would have a potential duration of 19 weeks in Missouri and 24 weeks in North Carolina. Then, a claimant who underwent joblessness of over 19 weeks and less than 24 weeks would exhaust UI benefits in Missouri thus fully utilizing UI resources before going on to receive the TRA benefits for the entire 70 percent of the average weekly wage. In North Carolina a similar claimant would not exhaust his/her UI benefit.

This comparison illustrates the interaction between the duration provisions and benefit formula. With other conditions equal, stringency in UI benefit determination reduces the relative UI share of income support of TRA claimants. It is, further, obvious that an increased duration fraction would increase the UI share within the constraint of the maximum potential duration. The effect of varying maximum WBAs and maximum durations can readily be grasped. (See Significant Provisions of State Unemployment Insurance Laws, July 1, 1979, for the variation in benefit and duration provisions.)

|                       | <u>North Carolina</u> | <u>Missouri</u> |
|-----------------------|-----------------------|-----------------|
| Base Period Wages     | \$4,600               | \$4,600         |
| High Quarter Earnings | \$1,600               | \$1,600         |
| WBA Under UI          | \$ 62                 | \$ 80           |
| Potential UI Benefit  |                       |                 |
| Duration              | 19 Weeks              | 23 Weeks        |
| Total WBA under TRA   | \$ 86                 | \$ 86           |
| TRA Benefit           | \$ 24                 | \$ 6            |
| Actual Unemployment   |                       |                 |
| Assumed               | 22 Weeks              | 22 Weeks        |
| TRA Benefits Received | \$ 528                | \$ 372          |
| UI Benefits Received  | \$1,364               | \$1,520         |

The above analysis of the impact of TRA program activities on the UI system would similarly be applicable in considering the potential effect of the Airline Employee Protection Program in which the claimants are first to avail themselves of UI benefits whenever they are eligible for them.

In summary, with respect to income support programs such as TAA, DUA, and Airlines Employees Protection Program in which the claimants are to draw UI benefits whenever they are eligible, State UI systems with varying provisions make it inevitable that the burden of financing the UI share of the total cost of the claimants' income protection can vary widely among the States. In the final analysis, the real question appears to be: "What is the objective of these programs?" Whether the existing unevenness of the shares of the State UI systems' responsibility in providing income support to adversely affected workers is acceptable or even desirable depends on the answer to this question.

B. Administrative Problems With UI as the Delivery System.

The unemployment insurance system operates as the delivery mechanism of TRA, DUA, and REPP benefits. The discussion of the administrative problems here will focus on those with respect to TRA, by far the largest of the three programs.

With the years of experience in paying benefits to unemployed workers, the UI system possesses the capability of a delivery system for other weekly benefit programs for experienced workers. Thus, its network of benefit payment activities appears to be a well-suited vehicle by which to deliver the benefit payments of other income protection programs. However, some major problems exist in the present arrangement which seem to stem from the attempt to conceptually integrate UI and TRA (and UI and DUA or REPP), which are inherently heterogeneous programs. The solution, it appears, is to set up an independent and parallel benefit program for TRA, DUA, and REPP claimants for all of their weekly benefits so that the responsibility of the UI system would only be to deliver the payments.

A major administrative problem in the present arrangement is the complexity (and, large administrative cost) that results from the difference in the method of determining weekly benefits between UI and TRA. The weekly benefit under TRA is determined as "70 percent of ... average weekly wage ..." <sup>19/</sup> with average weekly wage defined as one-thirteenth of the high quarter wage. The crucial points are: (1) The TRA benefits are to be reduced by "any amount of unemployment insurance which he receives ..." <sup>20/</sup> (2) The high quarter is defined as "that quarter in which the individual's total wages were highest among the first 4 of the last 5 completed calendar quarters immediately before the quarter in which occurs the week with respect to which the computation is is made." (underscore added) <sup>21/</sup>

The implications are as follows:

1. In many States, the definition of average weekly wage differs from that under the TAA program. In the high quarter formula States, the 1/26 benefit fraction is consistent with the TRA definition of average weekly wage in combination with the 50 percent wage loss replacement principle of UI, whereas any other fraction would be inconsistent with this combination. In the annual wage or average weekly wage formula States, the TRA definition of average weekly wage differs even more drastically from the UI definition. Operationally, this means that, in States other than those with a 1/26

high quarter wage formula, the computation of the total weekly benefits accruable to TRA claimants is an added task; and, it can be an especially cumbersome procedure for the annual wage or average weekly wage States which may even not have the claimants' high quarter earnings in their records.

2. The process of computing the TRA benefit by subtracting the UI WBA from the total weekly benefit accruable to a TRA claimant is made highly complex and time consuming by the requirement prescribed in the second of the points stated above. This requirement means that, for each claimant who has had intermittent employment in adversely affected firms, after he/she had been certified for TRA benefits, a new TRA average weekly wage has to be computed if the intermittent employment added one or more quarters of employment and, as a consequence, his/her high quarter has shifted.<sup>24/</sup> This recomputation of TRA benefits is at present the major administrative problem claiming 1/5 to 1/4 of the budget allocated to UI for TRA administration. 23/

## CONCLUSION

This paper, in this writer's view, has only scratched the surface of the profound issue of diverse income protection for experienced workers. It is hoped that the discussion presented in this paper will serve as a point of departure in provoking structured thinking about governmental efforts to provide income protection to workers under various unique circumstances. By way of summarizing the logical conclusions that flow from the preceding discussion, the following recommendations emerge:

A. Clear Definition of the Objectives of Individual Income Protection Programs:

B. Separation of the Unemployment Insurance Program from Loss Compensation Programs.

C. Consolidation of All Loss Compensation Programs in a Single Comprehensive Program.

D. Identification of the Commonalities between the Unemployment Insurance Program and Loss Compensation Program for Ease of Administration by the Unemployment Insurance System as the Delivery Mechanism of Loss Compensation Benefits.

E. Establishment of a Study Group to Examine Indepth the Problem of Loss Compensation.

The last point was not explicitly discussed in the paper; however, it is clear that every facet of the issue that was dealt with in the paper deserves a more incisive and careful examination than the cursory treatment that was given here. Upon a detailed examination of the issue, it is possible that entirely different conclusions may emerge.

The question that such a study group would consider in formulating a concrete structure of loss compensation programs include:

1. Almost any government policy inevitably affects some sectors of the economy. How do we determine which policies should be accompanied by loss compensation for the adversely affected workers?
2. Among the workers who are affected by a government policy, there are those directly affected as well as those indirectly affected. To what extent should the indirectly affected workers be covered by loss compensation programs? And, what formulas should be used to determine the indirectly affected workers' benefits?
3. In calculating the amount of loss compensation for affected workers, their expected life-time income must be estimated both for their hypothetical continued original career and for their new career after reemployment. How can expected life-time income be evaluated?
4. If loss compensation payments are to be made periodically, considering the need for minimizing disincentive effects, what are the appropriate weekly (or, monthly) benefit amounts sufficient to cover workers'



expenditure need prior to compensation for life-time earnings losses after reemployment?

5. Given delays in employer and worker certification and claims processing, what can be done to provide income maintenance for adversely affected workers in the period immediately following displacement?

6. For those adversely affected workers who experience difficulty in finding reemployment, to what extent should the loss compensation program require retraining, relocation, and any other job services?

7. In order to facilitate an intensive effort to resituate displaced workers, what type of job matching program should be instituted?

Finally, based on the development of the argument in this paper, the following outline of a possible loss compensation program may be suggested, if for no other reason, to stimulate further thinking on the subject.

The basic principle of loss compensation should be 100 percent compensation for the difference between the life-time income a worker would have earned, had he/she been able to continue his/her career in the absence of the adverse government policy (or, major disasters) and the anticipated life-time income in a new career which is presumably less. The mode of payment should be a combination of lump sum and weekly benefits. Because of the loss compensation nature of the benefits, the weekly payments should ideally replace 100 percent of wage lost; but, because of the potential disincentive effect, they may be less with a provision that the remainder be paid later. The lump sum should be paid, where applicable, at the time a claimant obtains a new job. In order for this adequate compensation scheme to be effective, it is vital that the program(s) identify workers who are truly eligible. This would involve a clear-cut definition of adversely affected employers and of the workers' attachment to such employers. Further, week-to-week attachment to the labor force should be a basic requirement; but, such attachment must be tested

only against a worker's suitable job. Determination of a suitable job for a claimant is an important part of the program. Finally, the loss compensation benefits should be determined entirely independent of UI benefits; and, while the UI system may serve as the delivery vehicle, the fund source should be separated with loss compensation to be financed entirely by general revenue.

Footnote:

1/ The difficulty of accurately determining the loss to be compensated is demonstrated by the reasons some recipients of the Redwood Employee Protection Program lump sum payments gave for their preference. Some of these recipients opted for a lump sum benefit which, in turn, was invested because they felt as a consequence their financial position would be improved.

2/ According to a UI source, such determination is being made in the case of Disaster Unemployment Assistance with provisions for variations among individual beneficiaries.

3/ William Haber and Merrill G. Murray, Unemployment Insurance in the American Economy, Richard D. Irwin, Inc., 1966, p. 224.

4/ "Public Policy and Economic Dislocation of Employees", U.S. Department of Labor, Office of the Assistant Secretary for Policy, Evaluation and Research, October 1978, p. 25.

5/ op. cit., p. 26.

6/ For the most recent proposed changes in the TRA benefit provisions, see H.R. 1543.

7/ Public Law 93-618, Sec. 245(a).

8/ Disaster Unemployment Assistance, Final Regulations, Federal Register, Friday, September 16, 1977, Part IV, Department of Labor, Employment and Training Administration, p. 46714.

9/ For an excellent discussion of the evolution of railroad employee income protection and other income protection plans of workers from the labor-management relationship aspect, see the previously cited Department of labor paper, "Public Policy and Economic Dislocation of Employees".

10/ Sec. 505, Title V, Regional Rail Reorganization Act of 1973.

11/ loc. cit.

12/ Urban Mass Transportation Act of 1963, as amended by the Federal Public Transportation Assistance Act of 1978, Section 13(c).

13/ op. cit., Section 4.

14/ "Creditable Service" is defined as:  
"(1) a period equal to the length of an employee's seniority or continuous service with the employee's last affected employer; plus  
(2) a period equal to the sum of all prior periods during which the employee had seniority or continuous service with the same affected employer and with other industry employers." From Redwood Employee Protection Program (REPP), U.S. Department of Labor, Labor-Management Services Administration, Employment and Training Administration, p. II-6.

15/ Unemployment Insurance Statistics, U.S. Department of Labor, January-March 1979, p. 21.

16/ States Report, Redwood Employee Protection Program (REPP), Unemployment Insurance Service, Employment and Training Administration, U.S. Department of Labor.

17/ Unemployment Insurance Service, Employment and Training Administration, U.S. Department of Labor.

18/ Source: Labor-Management Services Administration, U.S. Department of Labor.

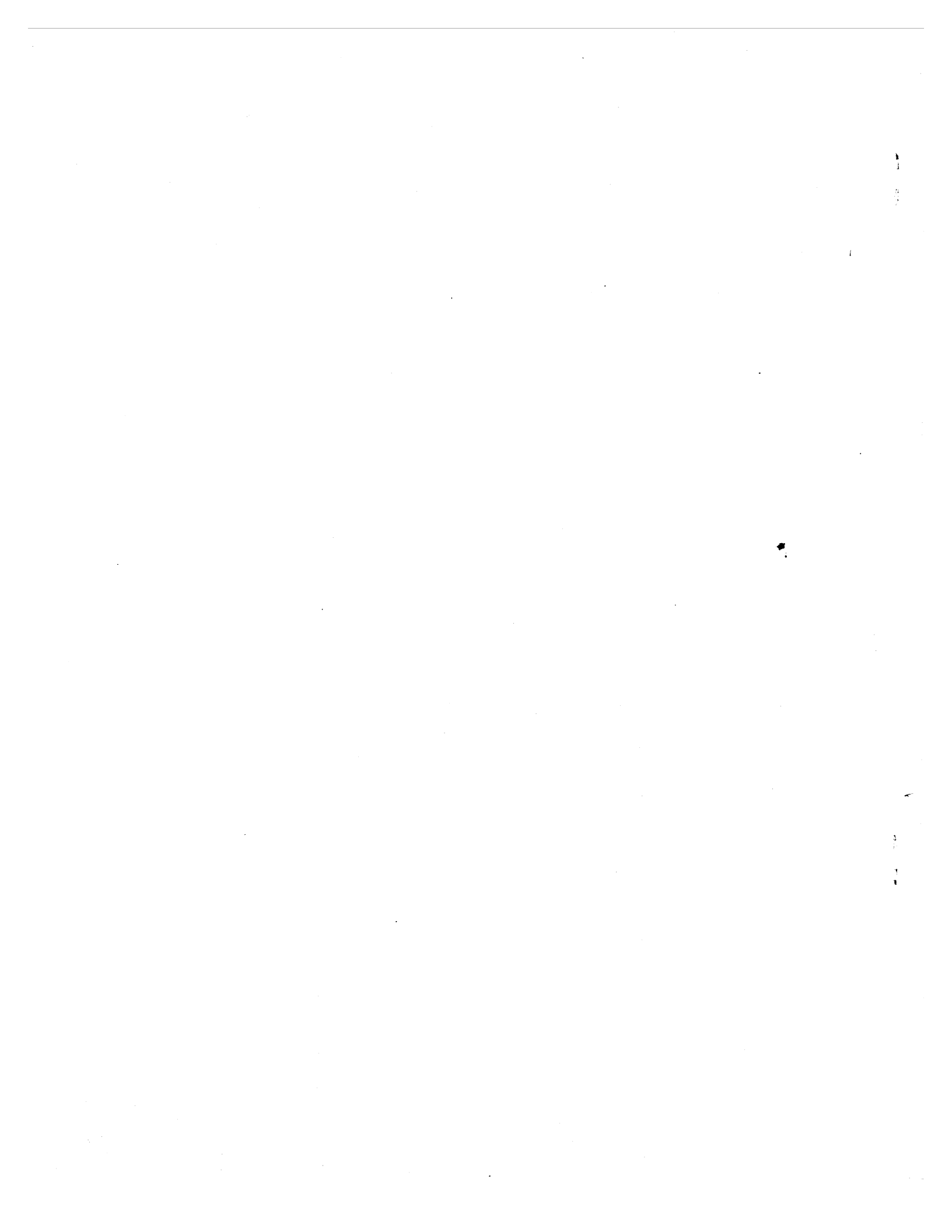
19/ The Trade Act of 1974, Sec. 232.

20/ loc. cit.

21/ op. cit., Sec. 247.

22/ Unemployment Insurance Program Letter (UIPL), No. 8-78, Dec. 27, 1977; UIPL, No. 8-78, March 10, 1978; and, UIPL No. 52-78, Sept., 15, 1978.

23/ Source: Unemployment Insurance Service, Employment and Training Administration, U.S. Department of Labor.



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