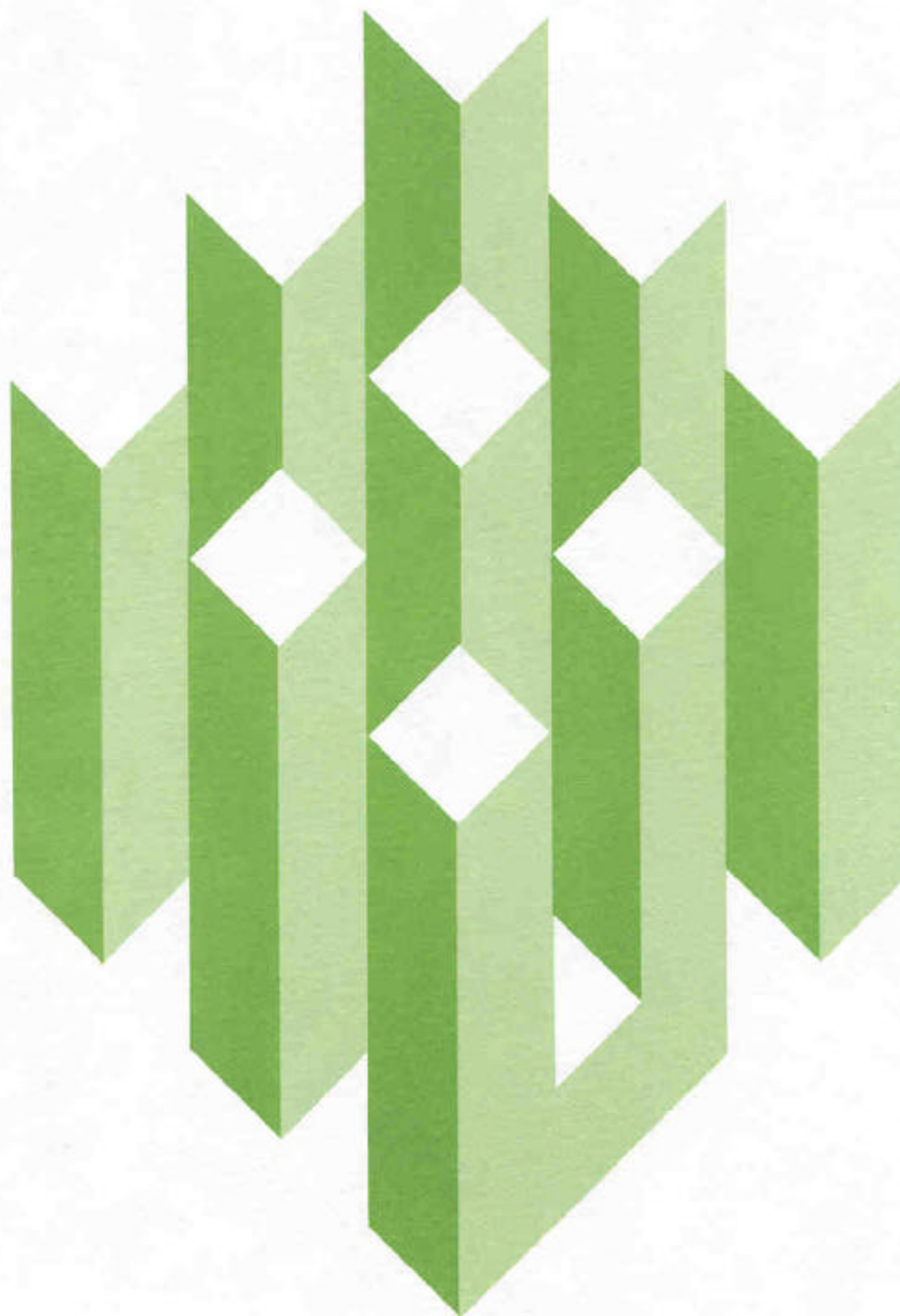


Impact of PL 94-566 on Agricultural Employers and UI Trust Funds In Selected States



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U.S. Department of Labor

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This is the first of two reports prepared by G. Joachim Elterich and Linda Graham of the Department of Agricultural and Food Economics, University of Delaware, under contract No. 99-7-887-04-06 with Employment and Training Administration, U.S. Department of Labor. Researchers undertaking government sponsored projects are encouraged to express their own judgment. The interpretations and viewpoints stated in this document do not necessarily represent the official position or policy of the U.S. Department of Labor.

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INTRODUCTION

In October 1976 President Ford signed into law PL 94-566, the "Unemployment Compensation Amendment of 1976" (henceforth, the law), which among other items extends unemployment insurance (UI) coverage to the employment of workers in agricultural establishments employing '10 or more workers for 20 weeks or more or a high quarter payroll of at least \$20,000,' (henceforth, the '10 in 20 or \$20,000' provision). Since the law provides for agricultural coverage under its terms by January 1978, lawmakers of individual states will have to pass legislation during 1977. Because previous studies (Bauder, et al., Seaver, et al., Elterich and Bieker 1975) did not consider the provision of the law as it was finally enacted, it seems imperative to provide some answers to the impact it may have on agricultural employers, workers and states' UI funds.

The objectives of the study are:

- (a) To estimate the proportion of agricultural employers affected by the legislation and to present the characteristics of these employers such as proportion of covered workers, employment in man-weeks, and total payroll.
- (b) To calculate the cost rates of the unemployment insurance for agriculture.
- (c) To analyze the impact of the agricultural portion of the legislation on the individual state UI trust funds.

METHODS

Workers' actual employment histories from 1969/70 were obtained for the Northeastern states and Ohio, Florida and Texas. That survey consisted of a stratified (by payroll) random sample of agricultural employers. In a second frame, workers were completely or randomly selected from all workers of sample employers. These sample data were subsequently expanded to population estimates of the surveyed states. For more detail on the survey procedures and methodology, see Bauder, Elterich, Farrish, Holt (1976, Chapter I and Appendix I-V).

The classification of farms, according to type and class used in this cross-section study, corresponds to Agricultural Census criteria. The types of farms selected are in accordance with predominant sales; cash grain, tobacco, other field crops, vegetable, fruit and nut (henceforth fruit farms), poultry, dairy, livestock, general, miscellaneous, cotton farms and livestock ranches. The classification of farms by size corresponds to the Agricultural Census criteria by economic class based on the total value of sales of agricultural products, i.e., (I) sales of at least \$40,000, (II) \$20,000 - \$39,999, (III) \$10,000 - \$19,999 and (IV) less than \$10,000. Since the proportion of covered employers for economic class II-IV are very small and statistically unreliable they were generally disregarded here.

Each worker's benefits were determined, based on each state's qualifying and benefit determination statutes in effect July 1971. Similarly, taxable wages were obtained from the same sample of workers and were defined--in accordance with the law--as the first \$6,000 paid during 1970 to the worker by each covered employer. The benefits and taxable wages of interstate workers

are then allocated to a state in proportion to the wages earned. The total benefits and taxable wages for all workers within a state determine the specific cost rate for that state.

The tabulations and analyses of the law's estimated impact on employers will show the coverage relative to universal coverage of employers¹, their workers, employment and total payroll under the assumption that the law became effective in 1971. The absolute numbers are given in the tables, so that the reader may obtain a better perspective of the magnitudes involved.

This study assumes the same employment and work history of farm employers and their employees in 1971 and 1978 since the survey has not been updated. However, it is believed that any change which may have occurred since then would change the findings of this study only slightly. Both taxable wages and UI benefits have increased approximately proportionately. At the same time, the level of employment has increased and the number of employers with sufficient employment to qualify for coverage has remained constant in most states. Thus, the factors involved tend to offset each other. The seasonal employment pattern is judged to have remained essentially similar. Since it is impossible with existing data to determine the exact changes in employment behavior by both employers and employees in a state, the estimates of coverage by characteristics are the best possible at this time.

The study will also discuss the agricultural cost rates by survey state and the expected impact of including agriculture on individual state funds. Finally, Appendix A reports the estimated employers contributions per worker under experience rating in effect 1975.

¹Employers who hired at least one worker in one week are covered. Also called all-inclusive coverage or '1 in 1'.

Assumptions and Limitations

Most of the following assumptions had to be made due to data limitations, however, it is believed that they will not render the ensuing analyses invalid.

- (1) Seasonality provisions were disregarded. Some states identify some industries as seasonal, and do not pay benefits to workers outside the season so defined, if he should be laid off. Considering this provision would tend to lower the cost of the program in the states involved, and decrease also the beneficiaries and benefit level.
- (2) A number of states pay dependency allowances which would tend to increase the cost to the state funds and the benefits to the workers.
- (3) Partial unemployment was assumed to be total which would increase the cost of the program.
- (4) No attempt was made to consider interstate differences in non-monetary disqualifications for UI benefits.
- (5) It is recognized that the labor force participation of workers will be influenced by extending UI coverage to agriculture. Studies by Chiswick on the national scale reports tentative results that would suggest that the work incentive is diminished especially during the off-season. Chiswick (p. 602) shows that this leads to an increase of the average monthly unemployment rate of agricultural workers by one percentage point (or ten percent).

IMPACT OF PL 94-566 ON AGRICULTURAL EMPLOYERS

This section discusses the impact of the '10 in 20 or \$20,000' provision on employers and workers. Absolute estimates and the proportions of coverage as they relate to the all-inclusive coverage are given for economic class, ownership and farm type by state and study area.

Variation in Coverage by Employer Classification

For the study area only a little more than six and five percent respectively, of all agricultural² and farm employers³ are covered by the '10 in 20 or \$20,000' provision, while the coverage is nearly 69 percent for crew leaders⁴ (Table 1). However, wide variations exist among states. For instance, nearly 29 percent of the agricultural employers in Florida are covered while less than one percent are covered in Vermont. In most of the states, only three to nine percent of all agricultural employers are covered. Usually the proportion of coverage for all agricultural employers is higher than that for farm employers, indicating that agricultural establishments hire more workers for longer periods or have a larger high quarter payroll. The proportion of covered crew leaders for most of the states is in the 50-75 percent range. Corporation coverage--here including only those with more than ten stockholders--ranges from 26 percent (in Maryland) to 100 percent (in New Jersey, Maine and Vermont). While more than half of the corporations are

²Includes farm employers and nonfarm agricultural employers like custom operators, labor contractors and processors.

³Employers whose establishments involve farm operations.

⁴Crew leaders or labor contractors employ workers and perform services such as harvesting or cultivating crops, for agricultural establishments.

Table 1. Number and Percent of Employers Covered by '10 in 20 or \$20,000' Provision, by Type of Employer, Ownership, Economic Class One and State.

State	Type of Employer						Type of Ownership				Economic Class	
	All Agricultural Employers		Farm Employers		Crew Leaders		Corporation with > 10 Stockholders		All Others		One Farms	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)
Total	4,428	(6)	3,589	(5)	588	(69)	235	(50)	4,190	(6)	3,429	(14)
Mid-Atlantic												
DE	49	(7)	39	(6)	7	(52)	1	(49)	48	(7)	39	(12)
MD	123	(4)	108	(4)	9	(48)	1	(26)	122	(4)	104	(11)
NJ	270	(11)	270	(11)	<u>1/</u>	(<u>1/</u>)	2	(100)	266	(11)	266	(22)
NY	470	(5)	429	(4)	41	(72)	23	(90)	448	(5)	416	(10)
PA	281	(4)	259	(4)	22	(100)	12	(55)	269	(4)	246	(9)
WV	45	(4)	37	(3)	8	(70)	4	(73)	41	(3)	37	(20)
New England												
CT	99	(9)	97	(9)	0		5	(70)	92	(9)	92	(18)
ME	96	(5)	80	(4)	15	(100)	2	(100)	94	(5)	80	(13)
MA	104	(8)	98	(8)	<u>1/</u>		3	(60)	101	(8)	87	(16)
NH	21	(4)	21	(4)	<u>1/</u>		<u>1/</u>		21	(4)	21	(11)
RI	10	(8)	10	(8)	<u>1/</u>		<u>1/</u>		10	(8)	8	(17)
VT	11	(1)	11	(1)	<u>1/</u>		<u>1/</u>	(100)	10	(1)	11	(2)
FL	1,519	(29)	1,107	(24)	343	(75)	82	(93)	1,437	(28)	1,041	(43)
OH	308	(5)	306	(5)	3	(25)	21	(69)	287	(4)	293	(14)
TX	1,022	(4)	717	(3)	140	(57)	78	(28)	944	(3)	688	(9)

1/ No employer classified in this group.

covered in most states, the other ownership arrangements show a much smaller proportion covered. The variation of coverage among states is especially large for Economic Class I farms. Coverage ranges from 43 percent in Florida to less than ten percent in four states. In Florida, New Jersey and West Virginia more than twenty percent of the Class I employers are covered. Coverage of farmers in all other economic classes is usually less than three percent, and involves very few farmers.

In most states, an overwhelming proportion of employers of many types of farms other than tobacco, vegetable, fruit and miscellaneous farms are excluded from coverage under the '10 in 20 or \$20,000' provision (Table 2). But even the coverage of the vegetable, fruit and miscellaneous farms in most states ranges from ten to thirty percent, while thirty to fifty percent of employers in the few states with tobacco farms are covered. Very small proportions of dairy and cash-grain farms are covered in most states and this proportion usually does not exceed eight percent for poultry, other field crops, livestock farms and livestock ranches. Some general farms tend to be covered in all states, with a coverage ranging from seven to fourteen percent in the majority of states. It should be stressed that generally with the exception of Florida, vegetable, fruit and miscellaneous farms few farm types will be influenced by the legislation. There are only four entries in Table 2 with eleven or more employers indicating coverage in excess of one out of three and only another five cells are added if employer coverage for one out of four is considered.

Variation in Coverage of Employment Characteristics

Comparison of coverage in terms of the proportion of workers by different employer type will further illustrate the impact of the law. The coverage for the study area is about fifty percent but variations are large among states (Table 3). Approximately 44 percent of the workers of all farm employers are covered. Relatively larger proportions of employees (over ninety percent) working for crew leaders and corporations are covered, while this coverage for class I farms is 64 percent.

Table 2. Number and Percent of Employers Covered by '10 in 20 or \$20,000' Provision, by Type of Farm and State.

State	Type of Farm									
	Cash Grain	Tobacco	Other Field Crops	Vegetable	Fruit & Nut	Poultry	Dairy	Live- stock	General	Misc.
	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)
Total	112 (1)	97 (12)	208 (9)	483 (13)	708 (14)	187 (7)	316 (8)	64 (2)	207 (14)	(19)
Mid-Atlantic										
DE	2 (1)	<u>1/</u>	3 (7)	11 (23)	3 (50)	3 (4)	3 (3)	0	3 (7)	10 (29)
MD	5 (2)	0	0	10 (9)	8 (21)	7 (5)	8 (1)	1 (0)	26 (14)	42 (25)
NJ	0	0	0	101 (15)	51 (21)	8 (5)	11 (2)	2 (6)	10 (8)	87 (19)
NY	2 (2)	<u>1/</u>	30 (8)	89 (12)	99 (7)	35 (10)	50 (1)	1 (0)	8 (6)	114 (21)
PA	10 (2)	0	4 (3)	3 (3)	73 (15)	20 (5)	20 (1)	<u>1/</u>	0	120 (14)
WV	0	<u>1/</u>	0	1 (42)	24 (26)	2 (3)	3 (1)	3 (0)	0	4 (6)
New England										
CT	<u>1/</u>	18 (36)	1 (3)	3 (3)	19 (21)	9 (6)	4 (1)	1 (10)	5 (20)	32 (36)
ME	<u>1/</u>	<u>1/</u>	0	24 (3)	19 (22)	15 (7)	5 (1)	<u>1/</u>	2 (10)	15 (18)
MA	<u>1/</u>	5 (46)	<u>1/</u>	14 (9)	26 (11)	10 (11)	19 (4)	<u>2/</u> (3)	<u>1/</u>	19 (10)
NH	<u>1/</u>	<u>1/</u>	0	2 (7)	10 (16)	6 (8)	0	1 (7)	<u>1/</u> (9)	1 (3)
RI	<u>1/</u>	<u>1/</u>	<u>1/</u>	3 (21)	0	1 (4)	0	<u>1/</u>	<u>1/</u>	6 (44)
VT	1 (50)	<u>1/</u>	0	0	4 (14)	1 (3)	4 (0)	0	<u>1/</u> (13)	0
FL	22 (32)	74 (33)	150 (62)	82 (27)	314 (21)	22 (9)	66 (24)	24 (3)	103 (36)	249 (32)
OH	5 (1)	0	4 (7)	63 (19)	17 (6)	13 (6)	10 (1)	15 (1)	46 (11)	132 (17)
TX <u>2/</u>	65 (1)	0	16 (1)	77 (29)	41 (11)	35 (10)	113 (12)	14 (5)	2 (1)	61 (12)

1/ No employer classified in this category.

2/ The number and proportion of covered employers on cotton farms and livestock ranches are 109 (2 percent) and 185 (2 percent), respectively.

Table 3. Number and Percent of Workers of Agricultural Employers Covered Under the '10 in 20 or \$20,000' Provision by Type of Employer, Ownership, Economic Class One and State.

State	Type of Employer						Type of Ownership				Economic Class One Farms	
	All Agricultural Employers		Farm Employers		Crew Leaders		Corporation with > 10 Stockholders		All Others		No.	(%)
	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)	No.	(%)
Total	502,701	(50)	362,936	(44)	114,959	(90)	83,047	(94)	419,383	(46)	351,283	(64)
Mid-Atlantic												
DE	4,347	(52)	3,458	(48)	859	(82)*	1,120	(99)*	3,227	(45)	3,458	(63)
MD	7,709	(31)	6,906	(30)	562	(52)*	782	(98)*	6,927	(29)	6,753	(55)
NJ	20,193	(48)	20,193	(49)	1/		284	(100)*	19,775	(48)	20,148	(64)
NY	25,151	(27)	21,863	(24)	3,288	(88)	2,012	(99)	23,139	(25)	21,556	(37)
PA	18,418	(32)	16,738	(30)	1,664	(100)	2,802	(98)	15,616	(28)	16,257	(47)
WV	3,511	(31)	2,268	(22)	1,243	(94)*	68	(5)*	3,442	(34)	2,268	(63)
New England												
CT	20,781	(74)	20,733	(75)	0		11,773	(100)*	8,824	(56)	20,608	(87)
ME	6,257	(20)	5,563	(18)	615	(100)	200	(100)*	6,057	(20)	5,563	(36)
MA	6,000	(37)	5,755	(37)	1/		370	(88)*	5,630	(36)	5,441	(54)
NH	1,594	(30)	1,594	(30)	1/		1/		1,594	(30)	1,594	(51)
RI	502	(41)*	502	(42)*	1/		1/		502	(41)*	399	(54)*
VT	921	(13)	921	(13)	1/		45	(100)*	876	(12)*	921	(23)
FL	309,450	(88)	195,722	(85)	99,065	(95)	51,353	(100)	258,097	(86)	188,298	(91)
OH	21,803	(32)	21,701	(32)	102	(29)*	5,920	(99)	15,882	(25)	21,134	(56)
TX	56,064	(22)	39,019	(18)	7,561	(55)	6,318	(64)	49,745	(21)	36,885	(35)

1/ No employer classified in this category.

* Based on 10 or fewer employers.

Between thirteen percent in Vermont and 88 percent in Florida of all workers of agricultural employers are covered. These two states constitute usually the lower and upper boundary for all types of employers and ownership and for class of farm. In most states, the proportion of covered workers of farm employers is slightly less than that of all agricultural employers.

With the exception of West Virginia and Texas, more than 88 percent of the workers on corporate farms are covered. Only 25-50 percent of the workers on all other agricultural farm organizations are covered in most of the states. In the majority of states, Economic Class I farms cover 35 to 65 percent of their workers. Only in Florida significant proportions of workers are covered in Class II (29 percent), Class III (27 percent), and Class IV (33 percent).

Considering types of farms in a majority of states, employers cover between 40 and 73 percent of their workers on poultry, other field crops, general, vegetable, tobacco, and miscellaneous farms (Table 4). On the remaining types of farms less than fifteen percent of their workers are covered reflecting the much higher seasonal employment of the former types of farms. In Florida the predominant types in terms of number of workers hired (fruit, vegetable, miscellaneous, other field crops and tobacco farms) have sixteen percent of all agricultural employers subject to coverage covering more than half of all farm workers. But in Texas the predominant types (vegetable, cash grain, livestock ranches, cotton and dairy farms) account for less than two percent of all the employers and twelve percent of all agricultural workers.

The proportions of covered employment (measured in man-weeks)⁵ and

⁵ A worker working for one week or part thereof for a covered employer.

Table 4. Number and Percent of Workers of Farm Employers Covered Under the '10 in 20 or \$20,000' Provision by Type of Farm and State.

State	Type of Farm										
	Cash Grain	Tobacco	Other Field Crops	Vegetable	Fruit & Nut	Poultry	Dairy	Live-stock	General	Misc.	
	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	No. (%)	
Total	6,314 (10)	25,871 (73)	15,673 (46)	70,042 (54)	136,547 (66)	10,239 (40)	11,442 (14)	3,878 (15)	14,966 (50)	54,808 (66)	
Mid-Atlantic											
DE	61 (6)*	1/	171 (26)*	2,083 (76)	217 (76)*	101 (22)*	131 (18)*	0	135 (27)*	560 (84)*	
MD	124 (9)*	0	0	616 (33)*	1,479 (67)*	271 (31)*	111 (3)*	15 (1)*	1,008 (43)	3,240 (81)	
NJ	0	0	0	7,149 (51)	5,223 (55)	84 (9)*	303 (7)	21 (11)*	237 (17)*	7,176 (78)	
NY	92 (23)*	1/	1,105 (22)	4,831 (33)	8,445 (25)	1,464 (27)	930 (4)	18 (2)*	403 (23)*	4,574 (63)	
PA	257 (14)*	0	37 (3)*	169 (10)*	7,025 (46)	1,073 (41)	466 (4)	1/	0	7,217 (46)	
WV	0	1/	0	15 (27)*	2,017 (44)	71 (14)*	69 (7)*	49 (1)*	0	47 (12)*	
New England											
CT	1/	14,931 (95)	21 (13)*	76 (6)*	1,377 (59)	963 (57)*	113 (5)*	18 (46)*	435 (52)*	2,703 (88)	
ME	1/	1/	0	1,248 (7)	1,877 (37)	1,792 (57)	177 (6)*	1/	69 (35)*	399 (62)	
MA	1/	848 (74)*	1/	346 (16)	2,163 (40)	349 (36)*	700 (27)	44 (11)*	1/	1,126 (42)	
NH	1/	1/	0	67 (19)*	970 (42)*	325 (45)*	0	106 (71)*	16 (26)*	110 (36)*	
RI	1/	1/	1/	75 (34)*	0	76 (34)*	0	1/	1/	351 (90)*	
VT	50 (40)*	1/	0	0	678 (50)*	45 (27)*	120 (2)*	0	28 (78)*	0	
FL	3,626 (93)	10,092 (77)	13,089 (95)	36,375 (89)	100,686 (91)	1,850 (55)	4,527 (67)	2,541 (34)	7,462 (69)	15,563 (75)	
OH	159 (4)*	0	204 (15)*	5,277 (48)	2,101 (25)	504 (29)	145 (2)*	428 (5)	5,019 (48)	7,724 (62)	
TX 2/	1,945 (4)	0	1,046 (11)	11,715 (60)	2,289 (30)	1,271 (40)	3,650 (40)	728 (25)	154 (11)*	4,018 (68)	

1/ No employer classified in this category.

2/ The number and proportion of covered workers on cotton farms and livestock ranches are 5,725 (10 percent) and 6,477 (13 percent), respectively.

* Based on 10 or fewer employers.

payroll⁶ for employer classifications resemble the figures for their covered workers (Appendix Table 1 to 4). The proportion of included payroll for corporate farms is often double that for other farms. In the majority of the states, Economic Class I farms cover more than fifty percent of the payroll up to the maximum of 88 percent in Florida. The payroll coverage for the study area averages 65 percent for Class I and less than nine percent for the other classes (Appendix Table 3). Variations of the proportion of covered employment in man-weeks among types of farms follow a very similar pattern to that of the proportion of covered workers (Appendix Table 2). The proportion of covered payroll tends to be more than fifty percent in most states for miscellaneous and fruit farms, while it tends to be less than fifty percent for dairy and livestock farms (Appendix Table 4). The range of relative payroll coverage among states is widest for vegetable, general and poultry farms.

⁶Gross annual payroll of a covered employer.

COST RATES AND IMPACT ON STATES' UI FUND

Agricultural Cost Rates

The cost rate is defined as the ratio of benefits paid to hired agricultural workers to the taxable payroll of covered agricultural employers in a state, i.e., we assume that agricultural employers pay all the costs of their UI coverage except administrative overhead. Thus, the cost rate depends upon the state's qualifying requirements, benefit payment schedule and on labor force variables, such as earning levels and employment patterns. The average taxable payroll by employer classification and state is given in Appendix Table 5 and 6.

For the first one to three years any newly covered employer pays the tax rate existing in the state at that time on his workers' taxable wages. After this initial period, his tax rate is individualized based on the employer's experience. He will pay the minimum statutory tax if his experience is one without layoffs, but pay the maximum tax established by the state if he has a history of many prolonged layoff periods in relation to his covered employment and his taxable payroll.

The agricultural cost rate under the '10 in 20 or \$20,000' provision--calculated for all agricultural employers--ranged from 1.4 percent in West Virginia to 8.8 percent in Rhode Island (Table 5)⁷. The majority of the states' cost rates vary between about two and 3.1 percent. It is concluded that the rather exclusive coverage provision of the '10 in 20 or \$20,000' for agriculture vs. '1 in 20 or \$1,500' for all other industries will increase the costs of agricultural coverage in Maryland, New Hampshire, New York, Rhode Island and Vermont. At the same time, the cost will decrease in Massachusetts and remain essentially unchanged in the remaining survey states

⁷ Private communications indicate that an increasing proportion of the migrants, who used to work in seasonal operations (eg., shade tobacco) especially in Connecticut and Rhode Island are being replaced by temporary local help, which in effect could reduce drastically the cost rate for these states if the housewives and pupils do not subsequently qualify for UI benefits.

Table 5. Agricultural Cost Rates and Impact on 1971 and 1975 Trust Funds of Extending UI to Agriculture Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by State.

State	Cost Rate	Ratio of Agricultural Deficit or Surplus to Total UI Fund		
		1971 Tax Rate for Newly Covered Employers		1975 Experience Rating
		1971 Trust Fund	1975 Trust Fund	1975 Trust Fund
- percent -				
Mid-Atlantic				
DE	5.43	-0.218	-0.650	-0.413
MD	2.35	0.013	0.073	0
NJ	5.64	-0.174	-8.683	0
NY	2.09	0.026	0.060	0
PA	1.83	0.027	0.230	0
WV	1.44	0.033	0.046	0
New England				
CT	6.57	-0.886	-3.069	-0.517
ME	1.98	0.149	0.798	0
MA	2.02	0.040	0.216	0.593
NH	3.04	-0.009	-0.015	0
RI	8.76	-0.109	-1.048	-0.821
VT	2.34	0.026	0.138	0
FL	2.90	-0.119	-0.392	0
OH	3.10	0	0	0
TX	1.85	0.184	0.236	0

(compare Seaver, Elterich, Bauder, Holt, et al., 1976, p. 48). The increased cost of the law--compared to less restrictive coverage provisions--is due to exclusion from coverage of employers with a stable but smaller work force such as dairy, poultry, cash-grain, cotton, livestock farms and ranches. However, a preponderance of employers with highly seasonal operations--such as vegetable, fruit, tobacco, general and miscellaneous farmers--may pay larger but still insufficient contributions to the fund to pay for the benefits received by their workers. From the comparison of the statutory tax rates and the agricultural cost rates under the coverage provision of the law and other provisions it would appear that Delaware, West Virginia, and Ohio may minimize the impact of agricultural coverage on employer's contributions or state funds by considering a more inclusive provision; eg. Delaware and West Virginia may consider the '4 workers in 20 weeks or \$5,000' coverage, while Ohio the '2 in 13' provision.

Impact on States' UI Trust Funds

A covered employer can generate a net surplus or drain on a state's fund. Those who opposed agricultural coverage expect that inter alia the coverage will result in a net drain on the state funds. In order to analyze the impact on the state trust funds, one may estimate the size of a surplus or deficit in the fund generated by agricultural coverage.

The use of the 1971 tax rate for newly covered employers is justified on the basis that it is the one which would have applied to the survey population. Since the 1975 fund balances were very low, the tax rate under experience rating was applied for that year after a sufficient employment history had been established for each of the covered survey agricultural employer.

In nine survey states under the rate of assessment for newly covered employers, payments by agricultural employers into the state fund would equal or exceed the benefits paid out to agricultural employees (Table 5). Some of the costs of agricultural coverage would have to be borne by non-agricultural employers in six states. The share of benefits relative to the fund balance of 1971 that would have to be supported by nonagricultural employers ranges from an insignificant amount in New Hampshire to 0.89 percent in Connecticut. This proportion equals 0.17 percent in New Jersey, 0.22 percent in Delaware and .12 percent in Florida.

These relationships between agricultural benefits and fund balances are for the single year 1971. Of course fund balances vary from year to year with the rate of unemployment among insured workers. During years of relatively high unemployment the fund balance is drawn down while during periods of relatively low unemployment, the fund balance is built up. When the lowest fund level between the years 1967-75 was substituted for the 1971 fund balance, the relationships between the agricultural benefits that would have to be borne by nonagricultural employers and the fund balance changed appreciably for a number of states, but especially for New Jersey, Pennsylvania and Rhode Island (Table 5). From the fund levels of 1975, which is usually the lowest for the period considered--the percentage of the agricultural deficit that would have to be paid by nonagricultural employers would exceed eight percent and three percent of the respective state funds in New Jersey and Connecticut. The agriculturally caused deficit is about one percent in Rhode Island but much smaller for the remaining three states. Compared to 1971 fund balances, both the deficit and surplus are greatly inflated for all states due to the inclusion of agriculture.

Assuming 1975 experience rates, fund balances and our estimated cost rates, after agricultural employers are taxed according to their experience rating, the cost of agricultural coverage will have to be borne by non-agricultural employers in only three states. States in which the estimated cost rates exceed the maximum statutory rates, the proportion of worker benefits that would have to be supported by nonagricultural employers ranges from 0.4 percent in Delaware to 0.8 percent in Rhode Island. In eleven survey states, the estimated cost rate is less than the statutory maximum rate under experience rating and payments into the 1975 state funds by agricultural employers would surpass the benefits paid out to agricultural workers by .06 percent in Massachusetts, due to its high minimum rate.

It appears that covering agriculture under the proposed provision will not constitute a severe drain on any state's fund in the intermediate run. When the 1975 fund balances are considered, Connecticut and Rhode Island only show about one percent deficit. It may have a short run impact in Connecticut, Delaware, Florida, New Jersey and Rhode Island under either 1971 or 1975 fund balances. In the short run, only New Jersey and Connecticut are most affected under low fund balances.

SUMMARY AND CONCLUSIONS

Based on 1970 survey data, the proportions of agricultural employers, workers, employment and payroll covered under UI by state and study area were estimated. Only about 6 percent of all agricultural (5 percent of the farm) employers will be affected by the law and these employers hire about half of all covered agricultural (44 percent of all farm) workers. A somewhat smaller proportion of all hired agricultural employment in man-weeks will be included by the UI law while between 1/3 to 1/2 of the payroll will be covered in most states. It should be stressed that wide variations exist in all the employment characteristics among states and types of farm and ownership. A relatively small proportion (10-20 percent) constituting a small number of employers comprised predominately of farms with high sales volume and highly seasonal operations (such as vegetable, fruit, tobacco, general and miscellaneous farmers), would still cover in excess of half of the hired work force on these types of farms. In the study area less than 2 percent of the cash grain, dairy, livestock and cotton farmers in each case will include less than 15 percent of the hired workers on these farms.

The likelihood of Class I farms, corporations, crew leaders, or miscellaneous, fruit, vegetable, general and tobacco farms to be covered is distinctly higher than for other classes and types. In most states, less than five percent of the employers, while more than 25 percent of the workers, are covered in these predominant types.

If agriculture is completely financing the costs of the benefits received by its workers - excluding administrative cost - then contributions of 1.4 percent of the taxable payroll (first \$6,000 per year and employer) will be suffi-

cient in West Virginia, while contributions in excess of 5 percent are needed in Rhode Island, Connecticut, New Jersey and Delaware. However, most states would need to charge only a 2-3 percent tax. The cost differences of the UI program among states are due to work force and program related determinants (Elterich and Bieker, 1975). Since these two major determinants were analyzed there, it may suffice to contrast the two extremes here. In a state with a large proportion of farm workers employed year-round and not likely to be eligible for UI benefits which may also be very low, the program cost rate should be much lower than for another state tending to have a large proportion of seasonal workers, who in addition, qualify for large UI benefits as well.

As an illustration of an alternative strategy the rate could be lowered in a number of states if a more inclusive provision would be passed by the state's legislature. The burden of UI benefits would be spread over a larger number of agricultural employers with fewer workers claiming benefits, i.e., employers approaching year-round employment or paying higher taxes than needed to finance the benefits of their laid-off workers, plus lowering per employer costs. This is subject of another study.

Before experience rating takes effect, non-agricultural employment stands to subsidize, in 6 out of 15 states, the benefit payments to agricultural workers on a very modest scale. Even considering the low 1975 trust fund levels the deficit caused by the extension of UI to agriculture is estimated to be significant only in New Jersey (8.7 percent) and Connecticut (3.1 percent). After experience rating, the cost of agricultural coverage will be borne by agricultural employers in all but three states. The estimated deficit originating from agricultural inclusion will constitute less than 1 percent of the 1975 trust funds involved.

While the actual impact of PL 94-566 will have to be judged aposteriori, the estimates presented here are the best approximations after the law goes into effect in January 1978. Any drastic changes in the employment behavior of employers and workers and in the UI statutes will obviously influence the values of the estimates and ultimately the costs of the program. Deviations from the state averages may be rather large for individual farmers.

Appendix

Table 1 Proportion of Employment in Man-Weeks of Agricultural Employers Covered Under the 10 in 20 or \$20,000' Provision by Type of Employer, Ownership, Economic Class and State.

State	All Agricultural Employers	All Farm Employers	Crew Leaders	Type of Ownership		Economic Class of Farm I
				Corporation with > 10 Stockholders	All Others	
Percent						
Study area	47.2	44.6	87.1	95.4	43.1	61.3
Mid-Atlantic						
Delaware	47.5	44.9	74.8 <u>2/</u>	96.0 <u>2/</u>	43.6	56.9
Maryland	35.5	32.0	87.7 <u>2/</u>	85.2 <u>2/</u>	34.8	51.1
New Jersey	50.0	50.3	<u>1/</u>	100.0 <u>2/</u>	48.8	62.1
New York	31.5	29.1	92.4	98.0	29.8	40.4
Pennsylvania	38.1	35.9	100.0	97.6	32.6	52.6
West Virginia	28.6	24.5	87.7 <u>2/</u>	18.6 <u>2/</u>	29.1	56.8
New England						
Connecticut	68.6	68.8	0	99.8 <u>2/</u>	55.9	80.3
Maine	29.2	27.7	100.0	100.0 <u>2/</u>	28.0	44.6
Massachusetts	42.4	42.1	<u>1/</u>	92.1 <u>2/</u>	40.3	54.6
New Hampshire	32.3	32.4	<u>1/</u>	<u>1/</u>	32.3	49.2
Rhode Island	43.6 <u>2/</u>	44.3 <u>2/</u>	<u>1/</u>	<u>1/</u>	43.6 <u>2/</u>	55.3 <u>2/</u>
Vermont	9.5	9.6	<u>1/</u>	100.0 <u>2/</u>	8.4 <u>2/</u>	15.9
Florida	83.3	81.7	93.3	99.7	80.3	88.3
Ohio	37.0	37.1	43.7 <u>2/</u>	98.7	31.2	56.2
Texas	28.0	25.1	86.4	73.5	26.4	42.1

1/ No employer classified in this group.2/ Based on 10 or fewer employers.

Appendix

Table 2 Proportion of Employment in Man-weeks of Farm Employers Covered Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by Type of Farm and State.

State	Type of Farm											
	Cash Grain	Tobacco	Other Field Crops	Vegetable	Fruit & Nut	Poultry	Dairy	Live- stock	General	Misc.	Live- stock Ranches	Cotton
	Percent											
Study area	13.9	76.8	58.9	61.7	67.5	46.7	16.4	17.2	54.0	69.6	19.6	15.9
Mid-Atlantic												
Delaware	7.8 <u>2/</u>	<u>1/</u>	25.8 <u>2/</u>	74.0	74.1 <u>2/</u>	28.4 <u>2/</u>	18.6 <u>2/</u>	0	28.7 <u>2/</u>	83.4 <u>2/</u>	<u>1/</u>	<u>1/</u>
Maryland	11.8 <u>2/</u>	0	0	33.1 <u>2/</u>	68.4 <u>2/</u>	49.5 <u>2/</u>	4.7 <u>2/</u>	3.4 <u>2/</u>	34.0	78.4	100.0 <u>2/</u>	<u>1/</u>
New Jersey	0	0	0	51.7	68.7	17.5 <u>2/</u>	18.8	13.3 <u>2/</u>	17.0 <u>2/</u>	70.9	<u>1/</u>	<u>1/</u>
New York	26.4 <u>2/</u>	<u>1/</u>	26.2	44.4	31.7	43.3	7.8	2.4 <u>2/</u>	19.3 <u>2/</u>	67.8	<u>1/</u>	<u>1/</u>
Pennsylvania	17.5 <u>2/</u>	0	9.8 <u>2/</u>	12.1 <u>2/</u>	68.4	33.0	5.1	<u>1/</u>	0	62.5	10.7 <u>2/</u>	<u>1/</u>
West Virginia	0	<u>1/</u>	0	52.9 <u>2/</u>	57.3	21.5 <u>2/</u>	7.3 <u>2/</u>	3.3 <u>2/</u>	0	16.5 <u>2/</u>	<u>1/</u>	<u>1/</u>
New England												
Connecticut	<u>1/</u>	94.8	20.5 <u>2/</u>	7.9 <u>2/</u>	68.9	62.1 <u>2/</u>	7.5 <u>2/</u>	41.2 <u>2/</u>	67.4 <u>2/</u>	86.8	33.8 <u>2/</u>	<u>1/</u>
Maine	<u>1/</u>	<u>1/</u>	0	13.7	39.3	65.6	9.5 <u>2/</u>	<u>1/</u>	31.4 <u>2/</u>	63.8	0	<u>1/</u>
Massachusetts	<u>1/</u>	87.5 <u>2/</u>	<u>1/</u>	25.1	50.9	60.7 <u>2/</u>	23.1	20.6 <u>2/</u>	<u>1/</u>	49.7	54.2 <u>2/</u>	0
New Hampshire	<u>1/</u>	<u>1/</u>	0	20.6 <u>2/</u>	58.7 <u>2/</u>	44.0 <u>2/</u>	0	36.0 <u>2/</u>	39.3 <u>2/</u>	48.9 <u>2/</u>	0	<u>1/</u>
Rhode Island	<u>1/</u>	<u>1/</u>	<u>1/</u>	34.0 <u>2/</u>	0	32.0 <u>2/</u>	0	<u>1/</u>	<u>1/</u>	88.6 <u>2/</u>	0	<u>1/</u>
Vermont	48.9 <u>2/</u>	<u>1/</u>	0	0	49.0 <u>2/</u>	26.8 <u>2/</u>	3.7 <u>2/</u>	0	99.0 <u>2/</u>	0	<u>1/</u>	<u>1/</u>
Florida	94.2	86.3	96.1	86.4	85.9	61.9	62.0	34.5	71.4	79.0	<u>1/</u>	<u>1/</u>
Ohio	4.1 <u>2/</u>	0	17.2 <u>2/</u>	59.8	26.2	35.5	4.2 <u>2/</u>	7.7	59.0	65.3	<u>1/</u>	<u>1/</u>
Texas	7.0	0	17.9	79.1	36.2	44.7	46.6	36.2	18.0 <u>2/</u>	67.6	20.3	15.9

1/ No employer classified in this category.2/ Based on 10 or fewer employers.

Appendix

Table 3 Total and Percent of Covered Payroll Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by Type of Employer, Ownership, Economic Class and State.

State	Type of Employer						Type of Ownership				Economic Class	
	All Agricultural Employers		Farm Employers		Crew Leaders		Corporation with > 10 Stockholders		All Others		One Farms	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Total	466,120	(54)	416,445	(52)	29,938	(90)	81,840	(96)	383,823	(49)	405,428	(65)
Mid-Atlantic												
DE	4,195	(50)	3,771	(48)	321	(72)*	557	(94)*	3,638	(47)	3,771	(57)
MD	13,140	(46)	11,493	(44)	981	(95)*	472	(86)*	12,668	(46)	11,219	(60)
NJ	23,192	(54)	23,192	(54)	<u>1/</u>		1,096	(100)*	21,747	(52)	22,990	(65)
NY	35,285	(38)	33,769	(37)	1,516	(84)	2,761	(98)	32,524	(36)	33,455	(46)
PA	33,725	(47)	31,688	(46)	1,933	(100)	9,127	(99)	24,598	(40)	30,976	(59)
WV	2,807	(38)	2,450	(35)	367	(82)*	263	(93)*	2,544	(36)	2,450	(59)
New England												
CT	19,039	(72)	18,930	(73)	0		7,143	(100)*	11,788	(62)	18,810	(80)
ME	8,445	(40)	7,748	(38)	520	(100)	623	(100)*	7,822	(39)	7,748	(53)
MA	9,479	(48)	9,187	(48)	<u>1/</u>		870	(92)*	8,610	(46)	8,760	(57)
NH	1,833	(39)	1,834	(39)	<u>1/</u>		<u>1/</u>		1,834	(39)	1,834	(52)
RI	1,067	(50)*	1,067	(51)*	<u>1/</u>		<u>1/</u>		1,067	(50)*	967	(61)*
VT	851	(11)	851	(11)	<u>1/</u>		70	(100)*	781	(10)	851	(16)
FL	209,372	(84)	177,194	(83)	23,357	(92)	43,417	(100)	165,955	(81)	171,199	(88)
OH	28,424	(48)	28,364	(48)	60	(36)*	7,412	(99)	21,012	(41)	27,367	(62)
TX	75,265	(34)	64,908	(32)	1,893	(72)	8,030	(76)	67,235	(32)	63,033	(47)

1/ No employer classified in this category.

* Based on 10 or fewer employers.

Appendix

Table 4 Total and Percent of Covered Payroll Under the 10 in 20 or \$20,000 High Quarter Payroll¹ Provision, by Type of Farm and State.

State	Type of Farm									
	Cash Grain	Tobacco	Other Field Crops	Vegetable	Fruit & Nut	Poultry	Dairy	Livestock	General	Misc.
	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)	(\$000) (%)
Total	9,620 (16)	15,136 (80)	26,296 (64)	57,348 (64)	101,770 (73)	21,471 (56)	26,730 (23)	7,209 (27)	15,605 (62)	103,919 (74)
Mid-Atlantic										
DE	89 (8)*	1/	49 (24)*	1,645 (77)	176 (78)*	249 (27)*	130 (17)*	0	178 (39)*	1,156 (85)*
MD	326 (22)*	0	0	612 (41)*	1,057 (73)*	1,221 (56)*	348 (6)*	52 (4)*	976 (51)	6,803 (82)
NJ	0	0	0	6,049 (53)	4,753 (71)	284 (18)*	1,411 (28)	199 (38)*	264 (16)*	10,232 (72)
NY	115 (40)*	1/	401 (30)	6,226 (49)	7,891 (43)	3,348 (50)	3,545 (12)	53 (3)*	383 (24)*	10,807 (73)
PA	727 (29)*	0	137 (10)*	101 (14)*	8,415 (76)	1,924 (42)	1,242 (7)	1/	0	17,922 (71)
WV	0	1/	0	50 (60)*	1,723 (66)	194 (32)*	137 (10)*	118 (7)*	0	228 (43)*
New England										
CT	1/	9,337 (97)	104 (40)*	139 (14)*	1,619 (81)	2,267 (70)*	358 (10)*	65 (44)*	483 (67)*	4,391 (87)
ME	1/	1/	0	1,728 (20)	1,366 (59)	3,296 (79)	306 (10)*	1/	43 (16)*	1,008 (77)
MA	1/	420 (95)*	1/	771 (35)	2,267 (58)	1,454 (72)*	852 (20)	187 (23)*	1/	3,055 (58)
NH	1/	1/	0	62 (20)*	966 (70)*	413 (50)*	0	65 (54)*	62 (55)*	265 (54)*
RI	1/	1/	1/	112 (42)*	0	34 (17)*	0	1/	1/	921 (91)*
VT	49 (54)*	1/	0	0	271 (47)*	70 (20)*	347 (6)*	0	114 (99)*	0
FL	4,114 (95)	5,378 (83)	23,509 (97)	26,878 (86)	68,294 (87)	2,513 (64)	9,201 (67)	3,851 (42)	8,819 (75)	24,637 (81)
OH	256 (7)*	0	262 (36)*	4,387 (64)	852 (38)	1,396 (53)	327 (5)*	850 (11)	4,503 (74)	15,744 (72)
TX ^{2/}	3,944 (9)	0	1,833 (23)	8,588 (84)	3,351 (48)	2,807 (50)	8,525 (57)	1,768 (57)	228 (26)*	6,751 (67)

^{1/} No employer classified in this category.

^{2/} The total covered payroll and the corresponding proportion for cotton farms and livestock ranches are \$7.2 million (18 percent) and \$9.9 million (17 percent), respectively.

* Based on 10 or fewer employers.

Appendix

Table 5 Average Taxable Payroll per Employer Covered Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by Type of Employer, Ownership, Economic Class and State. (Taxable Wage Base = \$6,000)

State	All Agricultural Employers	Farm Employers	Crew Leaders	Type of Ownership		Economic Class of Farm I
				Corporation with > 10 Stockholders	All Others	
-dollars-						
Study area total	102,444	112,872	49,691	338,751	89,157	115,012
Mid-Atlantic						
Delaware	83,087	93,838	44,490 ^{3/}	540,022 ^{3/}	73,567	93,838
Maryland	103,341	102,946	105,411 ^{3/}	456,153 ^{3/}	100,449	104,353
New Jersey	83,697	83,697	1 ^{1/}	533,812 ^{3/}	79,663	84,212
New York	72,253	75,758	35,581	115,512	69,871	77,397
Pennsylvania	115,052	117,285	84,217	728,895	87,668	120,711
West Virginia	61,347	65,123	43,884 ^{3/}	64,649 ^{3/}	61,025	65,123
New England						
Connecticut	187,054	189,819	2 ^{2/}	1,389,613 ^{3/}	124,620	198,865
Maine	86,399	95,123	34,041	305,918 ^{3/}	81,729	95,123
Massachusetts	86,484	88,939	1 ^{1/}	274,940 ^{3/}	80,887	95,524
New Hampshire	84,325	84,325	1 ^{1/}	1 ^{1/}	84,325	84,325
Rhode Island	101,183 ^{3/}	101,183 ^{3/}	1 ^{1/}	1 ^{1/}	101,183 ^{3/}	114,617 ^{3/}
Vermont	76,772	76,772	1 ^{1/}	69,486 ^{3/}	77,501 ^{3/}	76,772
Florida	134,842	156,591	63,764	517,975	112,979	160,885
Ohio	88,180	88,568	19,231 ^{3/}	337,219	69,958	89,247
Texas	72,184	88,732	13,256	100,906	69,811	89,801

^{1/} No employer classified

^{2/} No covered employer

^{3/} Based on 10 or fewer employers.

Appendix

Table 6 Average Taxable Payroll per Employer Covered Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by Type of Farm and State. (Taxable Wage Base = \$6,000)

State	Type of Farm											
	Cash Grain	Tobacco	Other Field Crops	Vegetable	Fruit & Nut	Poultry	Dairy	Live-stock	General	Misc.	Live-stock Ranches	Cotton
-dollars-												
Study area total	83,873	151,985	128,712	115,635	141,741	111,371	82,449	109,829	73,199	112,697	105,707	64,668
Mid-Atlantic												
Delaware	43,183 ^{3/}	<u>1/</u>	48,165 ^{3/}	145,135 ^{3/}	56,878 ^{3/}	80,613 ^{3/}	41,918 ^{3/}	<u>2/</u>	57,424 ^{3/}	112,183 ^{3/}	<u>1/</u>	<u>1/</u>
Maryland	63,211 ^{3/}	<u>2/</u>	<u>2/</u>	59,170	127,789 ^{3/}	168,755 ^{3/}	42,105 ^{3/}	50,706 ^{3/}	36,315	156,672	94,853 ^{3/}	<u>1/</u>
New Jersey	<u>2/</u>	<u>2/</u>	<u>2/</u>	58,347	90,797	34,628 ^{3/}	125,093	97,300 ^{3/}	25,717 ^{3/}	114,593	<u>1/</u>	<u>1/</u>
New York	55,193 ^{3/}	<u>1/</u>	44,961	67,311	76,698	92,044	68,306	51,423 ^{3/}	46,102 ^{3/}	91,229	<u>1/</u>	<u>1/</u>
Pennsylvania	69,736 ^{3/}	<u>2/</u>	33,147 ^{3/}	32,380 ^{3/}	110,472	92,285	59,585	<u>1/</u>	<u>2/</u>	143,157	146,832	<u>1/</u>
West Virginia	<u>2/</u>	<u>1/</u>	<u>2/</u>	49,247 ^{3/}	70,585	95,312 ^{3/}	44,913 ^{3/}	38,656 ^{3/}	<u>2/</u>	56,233 ^{3/}	<u>1/</u>	<u>1/</u>
New England												
Connecticut	<u>1/</u>	504,564	100,809 ^{3/}	45,100 ^{3/}	82,872	245,057 ^{3/}	87,139 ^{3/}	63,139 ^{3/}	94,045 ^{3/}	133,462	46,441 ^{3/}	<u>1/</u>
Maine	<u>1/</u>	<u>1/</u>	<u>2/</u>	70,705	70,601	215,827	60,097 ^{3/}	<u>1/</u>	21,291	66,067	<u>2/</u>	<u>1/</u>
Massachusetts	<u>1/</u>	79,796 ^{3/}	<u>1/</u>	52,307	82,686	137,959 ^{3/}	42,584	88,762 ^{3/}	<u>1/</u>	152,512	41,744 ^{3/}	<u>1/</u>
New Hampshire	<u>1/</u>	<u>1/</u>	<u>2/</u>	29,793 ^{3/}	93,299 ^{3/}	66,533 ^{3/}	<u>2/</u>	62,768 ^{3/}	60,390 ^{3/}	255,900 ^{3/}	<u>2/</u>	<u>1/</u>
Rhode Island	<u>1/</u>	<u>1/</u>	<u>1/</u>	35,453 ^{3/}	<u>2/</u>	32,212 ^{3/}	<u>2/</u>	<u>1/</u>	<u>1/</u>	145,542 ^{3/}	<u>2/</u>	<u>1/</u>
Vermont	48,565 ^{3/}	<u>1/</u>	<u>2/</u>	<u>2/</u>	67,207 ^{3/}	69,486 ^{3/}	86,087 ^{3/}	<u>2/</u>	113,266 ^{3/}	<u>2/</u>	<u>1/</u>	<u>1/</u>
Florida	182,923	71,100	153,326	320,664	212,773	111,742	136,385	156,960	83,758	96,795	<u>1/</u>	<u>1/</u>
Ohio	48,913 ^{3/}	<u>2/</u>	62,535 ^{3/}	66,534	47,859	102,690	31,297 ^{3/}	54,168	84,183	113,959	<u>1/</u>	<u>1/</u>
Texas	59,480	<u>2/</u>	112,275	109,307	80,122	78,619	73,953	123,813	111,839 ^{3/}	108,473	105,542	64,668

^{1/} No employer classified

^{2/} No covered employer

^{3/} Based on 10 or fewer employers.

Contributions Per Worker

This appendix is designed to convey a measure of employer's tax burden per worker for different types of employers and farmers in the states.

An employer can compute his UI tax obligations if he multiplies the first \$6,000 of each worker's gross payroll by the appropriate state tax rate. In the short run, i.e. for the first one to three years of coverage, newly covered employers pay a special tax rate. Thereafter, employers are merit rated and they would multiply their taxable payroll by the merit (or experience rated) tax rate in effect at that time in a particular state to arrive at his UI contribution per year.

Under experience rating average contributions of farmers of a particular type in a state measure roughly his tax obligation (Appendix Table 7 & 8). It is recognized that the aggregate figures do not necessarily represent the tax burden of a particular farmer but it will serve to illustrate the differences that exist between states and among types of farms. In reality, the contributions are a function of the average length of employment of workers, the level of earnings during that time and the farm specific tax rate. The latter is, in turn, dependent upon the benefit payments to the workers involved and hence related to the qualifying requirements and benefit schedule of the state.

The contributions of employers per worker--predicated on the \$6,000 taxable wage base and 1975 experience tax rates--are lower for all agricultural than for farm employers, \$30 vs. \$38 per worker (Appendix Table 7). Large variations occur among states for all subclassifications due to length of employment, earning levels and state UI laws. For instance, agricultural employers in West Virginia and Florida pay much less per worker than employers pay in Rhode Island, Massachusetts and New Jersey. Short seasonal employment influences also the low contributions per

worker by crew leaders who pay only a fraction of the amount of other agricultural employers. For the survey area, the average contribution per worker does not differ significantly by type of ownership even though there are great intrastate and interstate differences, which may be explained by the differences in the characteristics of these establishments. There appears to be a tendency for broadly owned corporations to pay more than the other type. Economic Class I employers pay the highest contribution per worker compared to all other economic classes, (\$38).

Average dollar contributions per worker in the study area range from \$30 or less for tobacco, vegetable and fruit farms to more than \$64 for poultry, dairy and miscellaneous farms and livestock ranches (Appendix Table 8). The difference can probably be explained by the number of weeks of employment per employer during the year. However, wide variations exist among states within a type which can be explained by tax and earning differences. For instance, vegetable farmers in New England pay an average of several times as much per worker as in Florida and Texas. Dairy farmers pay about \$51 in Massachusetts and \$279 per worker in New Jersey and Miscellaneous farmers \$85 in New Jersey and \$70 in Ohio. Ohio and Florida are states with comparatively restrictive qualifying requirements and low average entitlements, while Massachusetts and New Jersey are on the opposite end of the scale, i.e. a larger proportion of workers qualifies and the entitlements are higher (Elterich & Graham).

These differences indicate that a farmer in a state with a nonrestrictive qualifying requirements and benefit schedule does not necessarily pay more per worker than in a state with restrictive conditions, since the employment patterns of farm workers influence these figures as well. In some states where high proportions of workers are covered, the average contributions per worker increase

since employers tend to have longer term employment of their work force. The influence of the states' UI qualifying requirements and benefit schedules as reflected in the tax rate seem to be mitigated.

Appendix

Table 7 Average Contributions per Worker Based on Experience Rating * for Employers Covered Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by Type of Employer, Ownership, Economic Class & State. (Taxable Wage Base = \$6,000).

State	All Employers	Farm Employers	Crew Leaders	Type of Ownership		Economic Class One Farms
				Corporation with > 10 Stockholders	All Others	
Study Area	30	38	8	33	30	38
Mid-Atlantic						
Delaware	44	50	17 <u>3/</u>	23 <u>3/</u>	51	50
Maryland	47	46	48 <u>3/</u>	17 <u>3/</u>	50	46
New Jersey	69	69	<u>1/</u>	231 <u>3/</u>	66	68
New York	35	39	12	34	35	39
Pennsylvania	41	42	26	73	35	43
West Virginia	15	21	6 <u>3/</u>	74 <u>3/</u>	14	21
New England						
Connecticut	57	57	<u>2/</u>	38 <u>3/</u>	83	57
Maine	33	34	21	76 <u>3/</u>	32	34
Massachusetts	66	67	<u>1/</u>	98 <u>3/</u>	64	67
New Hampshire	39	39	<u>1/</u>	<u>1/</u>	39	39
Rhode Island	91 <u>3/</u>	91 <u>3/</u>	<u>1/</u>	<u>1/</u>	91 <u>3/</u>	103 <u>3/</u>
Vermont	26	26	<u>1/</u>	44 <u>3/</u>	25 <u>3/</u>	26
Florida	23	30	8	28	21	30
Ohio	45	45	20 <u>3/</u>	43	46	45
Texas	31	38	6	29	31	39

* Based on 1975 States' UI statutes with respect to maximum and minimum tax rates under experience rating including federal tax of 0.5 percent.

1/ No employer classified in this category.

2/ No employer covered.

3/ Based on 10 or fewer employers.

Appendix

Table 8 Average Contributions per Worker Based on Experience Rating * for Employers Covered Under the '10 in 20 or \$20,000 High Quarter Payroll' Provision by Type of Farm and State. (Taxable Wage Base = \$6,000).

State	Type of Farm											
	Cash Grain	Tobacco	Other Field Crops	Vegetable	Fruit & Nut	Poultry	Dairy	Live- stock	General	Misc.	Live stock Ranches	Cotton
Study area total	43	30	56	28	25	67	71	59	36	64	72	23
Mid-Atlantic												
Delaware	67 <u>3/</u>	<u>1/</u>	40 <u>3/</u>	36 <u>3/</u>	37 <u>3/</u>	113 <u>3/</u>	45 <u>3/</u>	<u>2/</u>	60 <u>3/</u>	94 <u>3/</u>	<u>1/</u>	<u>1/</u>
Maryland	73 <u>3/</u>	<u>2/</u>	<u>2/</u>	27 <u>3/</u>	20 <u>3/</u>	124 <u>3/</u>	87 <u>3/</u>	96 <u>3/</u>	27	58	66 <u>3/</u>	<u>1/</u>
New Jersey	<u>2/</u>	<u>2/</u>	<u>2/</u>	51	54	203 <u>3/</u>	279	569 <u>3/</u>	67 <u>3/</u>	85	<u>1/</u>	<u>1/</u>
New York	31 <u>3/</u>	<u>1/</u>	32	32	23	57	95	74 <u>3/</u>	24 <u>3/</u>	59	<u>1/</u>	<u>1/</u>
Pennsylvania	63 <u>3/</u>	<u>2/</u>	83 <u>3/</u>	13 <u>3/</u>	27	40	60	<u>1/</u>	<u>2/</u>	56	79 <u>3/</u>	<u>1/</u>
West Virginia	<u>2/</u>	<u>1/</u>	<u>2/</u>	64 <u>3/</u>	16	52 <u>3/</u>	38 <u>3/</u>	46 <u>3/</u>	<u>2/</u>	93 <u>3/</u>	<u>1/</u>	<u>1/</u>
New England												
Connecticut	<u>1/</u>	39	307 <u>3/</u>	114 <u>3/</u>	73	147 <u>3/</u>	197 <u>3/</u>	225 <u>3/</u>	69 <u>3/</u>	101	112 <u>3/</u>	<u>1/</u>
Maine	<u>1/</u>	<u>1/</u>	<u>2/</u>	34	18	45	42 <u>3/</u>	<u>1/</u>	15	62	<u>2/</u>	<u>1/</u>
Massachusetts	<u>1/</u>	21 <u>3/</u>	<u>1/</u>	93	44	174 <u>3/</u>	51	178 <u>3/</u>	<u>1/</u>	113	78 <u>3/</u>	<u>1/</u>
New Hampshire	<u>1/</u>	<u>1/</u>	<u>2/</u>	32 <u>3/</u>	34 <u>3/</u>	44 <u>3/</u>	<u>2/</u>	21 <u>3/</u>	134 <u>3/</u>	82 <u>3/</u>	<u>2/</u>	<u>1/</u>
Rhode Island	<u>1/</u>	<u>1/</u>	<u>1/</u>	64 <u>3/</u>	<u>2/</u>	19 <u>3/</u>	<u>2/</u>	<u>1/</u>	<u>1/</u>	112 <u>3/</u>	<u>2/</u>	<u>1/</u>
Vermont	28 <u>3/</u>	<u>1/</u>	<u>2/</u>	<u>2/</u>	11 <u>3/</u>	44 <u>3/</u>	82 <u>3/</u>	<u>2/</u>	115 <u>3/</u>	<u>2/</u>	<u>1/</u>	<u>1/</u>
Florida	38	18	60	25	23	45	68	52	39	53	<u>1/</u>	<u>1/</u>
Ohio	55 <u>3/</u>	<u>2/</u>	44 <u>3/</u>	29	14	95	78 <u>3/</u>	68	28	70	<u>1/</u>	<u>1/</u>
Texas	47	<u>2/</u>	40	17	34	51	54	56	34 <u>3/</u>	39	71	29

* Based on 1975 States' UI statutes with respect to maximum and minimum tax rates under experience rating including federal tax of 0.5 percent.

1/ No employer classified in this category.

2/ No employer covered.

3/ Based on 10 or

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