

UNEMPLOYMENT COMPENSATION EXHAUSTEES DURING A RECESSION
A Study of People Who Exhausted Their Unemployment Benefits in the
Lansing Labor Market During the 1957-58 Recession

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A THESIS
Submitted to the School for Advanced Graduate Studies of
Michigan State University of Agriculture and
Applied Science in partial fulfillment of
the requirements for the degree of

DOCTOR OF PHILOSOPHY

Department of Economics
1959

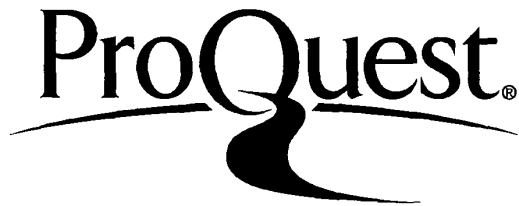
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ABSTRACT

The fundamental objective of this study was to examine the characteristics and post-exhaustion experiences of unemployment compensation claimants who exhausted their benefits in a labor market which was characterized by high levels of unemployment during the 1957-58 recession.

Unemployed workers who received their first payments on new unemployment compensation claims in the Lansing Office of the Michigan Employment Security Commission during the months of June, July, and August 1957 constituted the sample from which the exhaustee study group was derived. Exhaustions from the first-payment population took place over the period August 1957-August 1958. The exhaustees were interviewed three months after they received their final payments, and a follow-up questionnaire was mailed to them six months after exhaustion. In addition, a post-benefit year survey was instituted for the purpose of determining the incidence of unemployment compensation "repeating" and also to measure the impact of the Federal Temporary Unemployment Compensation Program.

The study revealed that slightly more than one-third of the first-payment recipients exhausted their benefits. Substantial recalls in the dominant automobile industry during the fall months of 1957 enabled most of the claimants to avert exhaustion. The survey data also showed that there was a pronounced inverse relationship between age and the propensity to exhaust benefits. This suggests that seniority rights in recall were probably an extremely important factor in the determination of exhaustion tendencies.

The study also revealed that most of the exhaustees had very poor post-exhaustion employment experiences. Over 60 per cent of the exhaustees

were still unemployed three months after exhaustion, and although labor market conditions tended to improve substantially in the latter part of the survey period, nearly one-third were unemployed six-months after exhaustion. An analysis of the survey data indicated that seniority rights in recall and the level of demand for labor in the post-exhaustion period constituted the major determinants of exhaustee reemployment rates.

An important objective of this study was to determine the major sources of income for the exhaustees and their families during periods of non-compensable unemployment. The survey data revealed that the wages of spouses, aid from parents or other relatives, savings, and borrowings accounted for the principal means of support for nearly three-fourths of the exhaustees. Only about 10 per cent of the exhaustees received public welfare assistance.

The exhaustees had an extremely high new claims potential after the expiration of their benefit years. The results of the post-benefit year survey indicated that 66 per cent of the unemployed exhaustees were receiving new state claim benefits within a few months after the expiration of their previous benefit years. However, only about one-half of the exhaustees received federal temporary benefits in the first six months of the TUC program. The high repeating rate on new state claims together with the substantial improvements in local labor market conditions that took place soon after the inception of the TUC program, resulted in a rather low TUC recipience rate for the exhaustees in this survey.

The study results suggest a need for a reevaluation of the adequacy of the present benefit duration provisions in the unemployment insurance program. Although they perhaps provide adequate coverage for seasonal and frictional unemployment, they usually cannot cope with unemployment of a cyclical nature.

PREFACE

American experience with a federal-state system of unemployment compensation now totals over twenty years. During this period various features of the system have been subjects for extensive scholarly research by both academicians and government analysts. Often overlooked in these research efforts has been the subject of exhaustion of benefits. In recent years, however, numerous local and state-wide studies have been made.

Therefore, some data on the characteristics and post-exhaustion employment experience of exhaustees is now available. Unfortunately, this research has been conducted almost invariably in periods characterized by rather vigorous economic activity. Consequently, there now exists a very definite need for intensive investigation into the problem of unemployment compensation exhaustions during periods of substantial labor surplus. It is hoped that this study will at least partly meet this need.

The writer wishes to express his sincere appreciation to the organizations and individuals who contributed to the completion of this study. Financial support was received in the form of two grants from the Ford Foundation. The Senate Labor Committee of the state of Michigan appointed me to their staff thereby affording access to the unemployment insurance records of claimants in the Lansing office. Unreserved cooperation was received from the staff of the Michigan Employment Security Commission at every stage of the study. To all of these groups I am heavily indebted.

Many individuals have assisted in this study in various ways. Melvin Albirte and Robert Averitt gave yeoman service in conducting more than one-half of the post-exhaustion interviews. I also wish to express my

appreciation to Paul Vaughan who did much of the statistical work of the study. I am indebted to Professor Leo Katz and Professor Jack Stieber for their invaluable advice on statistical problems. My greatest debt is to Professor Charles Killingsworth who, as chairman of my Doctoral Committee, supervised the study. His many cogent suggestions and constructive criticisms are deeply appreciated.

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CHAPTER I

INTRODUCTION

Today, there appears to be widespread acceptance of our federal-state unemployment compensation system. Debates still rage, however, over such particular features of the system as methods of financing, benefit levels, and duration of benefits.

Nevertheless, a body of principles has evolved which has general acceptance today. Within the purview of this dominant opinion is the belief that duration of unemployment benefits must be limited. Manifestly, so long as benefit durations are limited, whether it be to 26, or 39, or even 52 weeks, there will continue to be exhaustions of benefit rights.

Thus, the problems posed by unemployment compensation exhaustions very probably will continue to confront society for many years. The initial step in meeting this challenge is the careful gathering and accurate analysis of the relevant facts.

OBJECTIVES OF THE STUDY

Data are now available regarding the characteristics and post-exhaustion employment experience of exhaustees during periods when unemployment was at quite moderate levels. During such periods, labor market analysts invariably have concluded that exhaustees are a highly heterogeneous group. It probably can be quite safely assumed that this

same lack of homogeneity remains characteristic of exhaustees throughout the other phases of the business cycle.

However, many important questions regarding exhaustees during periods of substantial labor surplus remain unanswered: Which groups of claimants, in terms of the personal characteristics of sex, age, skill, etc., are most likely to exhaust unemployment benefits? Do claimants tend to remain unemployed for long or short periods of time subsequent to exhaustion? To what extent is exhaustion of benefits followed by labor market withdrawal? What are the principal means of support for unemployed exhaustees? Do many resort to public assistance? Are working spouses carrying much of the post-exhaustion economic burden? To what extent are exhaustees able to open new unemployment compensation claims soon after the exhaustion of their previous benefit rights? Finally, how are the characteristics and post-exhaustion experience of claimants in periods of substantial labor surplus likely to differ from those of claimants in periods of high employment?

To answer these and related questions is the prime objective of this study.

LIMITATIONS OF THE STUDY

It would be naive indeed to presume that a study of unemployment compensation exhaustees which is restricted to a single labor market and to a limited period of time will result in generalizations that have universal applicability. Substantial differences in the unemployment compensation laws of the various states and wide dissimilarities in the

local characteristics of many labor markets preclude such application. It is quite evident, therefore, that the conclusions of this survey are more suggestive than definitive.

Despite the restrictions noted above, it is hoped that this survey will be of substantial use in defining the problem, testing deductive hypotheses, and providing data and analyses which can be tested by subsequent research efforts in other labor markets characterized by substantial unemployment.

RESULTS OF STUDIES CONDUCTED IN QUITE ACTIVE LABOR MARKETS

It was pointed out earlier in this chapter that one of the primary objectives of this study is to determine whether or not the characteristics and post-exhaustion experiences of exhaustees are likely to differ in a period of substantial labor surplus from those manifested in times of rather vigorous economic activity.

Perhaps most representative of the findings of research conducted in quite active labor markets are those of the seventeen-state survey sponsored by the Bureau of Employment Security.¹ This survey is based on seventeen individual state studies which were conducted from 1954 through 1956.² Most of the participating state agencies made use of two

¹The discussion that follows is based on U.S. Department of Labor, Bureau of Employment Security, Experience of Claimants Exhausting Benefit Rights Under Unemployment Insurance: 17 Selected States (Washington: December 1958).

²Only two of the state surveys were conducted in 1954. Rhode Island was the only state in which the survey was not conducted under highly favorable economic conditions.

questionnaires, mailing one to their former claimants two months after exhaustion and the other four months later. In addition, seven state agencies compared the characteristics of exhaustees with those of claimants in general. The composite results of these surveys were analyzed by the Bureau of Employment Security and yielded many noteworthy conclusions, among which are the following:

1. Exhaustees, as a group, had characteristics different from those of claimants in general; they tended to be older and included a larger proportion of women than other claimants.
2. The labor force withdrawal rate by exhaustees was not large, ranging from 8 to 27 per cent four months after exhaustion. Although women had a higher withdrawal rate than men, in no state did more than 29 per cent of the women withdraw from the labor market.
3. A substantial number of exhaustees remained unemployed after exhaustion. In most states from one-third to one-half of the exhaustees were unemployed four months after exhaustion.
4. Men and younger exhaustees tended to be more successful in finding jobs than women and older exhaustees.

SALIENT FEATURES OF THE MICHIGAN UNEMPLOYMENT COMPENSATION PROGRAM

It is not intended here to present a detailed summary of the Michigan Employment Security Act. Rather, this section is limited to a brief discussion of concepts and features of the program which appear to be particularly germane to the problem of exhaustions.

When an unemployed Michigan worker successfully opens a new unemployment compensation claim against an employer, he establishes two important periods relative to his claim -- a base period and a benefit year. His base period is the 52-week period immediately preceding the week of the claim, and his benefit year is the 52-week period commencing with the week of the claim.

To be eligible for benefits, the claimant must have earned in covered employment more than \$15 in each of 14 calendar weeks during his base period. If the claimant has a total of 39 or more such weeks of employment and these weeks have not been cancelled by the Commission for such reasons as voluntary leaving, discharge for misconduct not attributable to the employer, etc., he is potentially entitled to receive in his benefit year the maximum benefit duration of 26 weeks. If he has at least 14 but less than 39 credit weeks, his potential duration of benefits will be between $9\frac{1}{2}$ and $25\frac{1}{2}$ weeks,³ with the exact potential duration approximating two-thirds the number of credit weeks in his base period.

The claimant's weekly benefit rate will depend upon his average weekly wages in the base period and the number of his dependents. Weekly benefit rates in Michigan range from \$10 to \$55, with an average rate in fiscal 1958 of \$36.29.⁴

³It is possible for a Michigan claimant to be entitled to less than $9\frac{1}{2}$ weeks of benefits. However, such incidents are so infrequent that a discussion of this possibility seems unwarranted.

⁴Michigan Employment Security Commission, Annual Report, (Detroit: December 1958), p. 11.

If a claimant receives all the benefits to which he is entitled during his benefit year, he is classified as an exhaustee. It should be noted here that no claimant may open a new claim until his current benefit year expires. Thus, an exhaustee who has received 26 successive weeks of benefits immediately following the opening of a claim and the serving of a waiting week must wait at least 25 weeks, regardless of the amount of his employment subsequent to exhaustion, before being eligible to initiate a new claim. On the other hand, a claimant who exhausts his benefit rights near the end of his benefit year may be able to successfully establish a new claim relatively soon after exhaustion, depending upon the extent to which he has had employment intervening his benefit weeks.

The foregoing features of the Michigan unemployment compensation program are quite similar to those of most of the state programs.⁵ Under every state unemployment compensation law, a claimant's benefit rights depend on his experience in covered employment in the base period. Also, Michigan is one of the 45 states which have individual benefit years, that is, the beginning of the benefit year for each claimant is related to the date of his unemployment. Regarding duration of benefit rights, Michigan and 28 other states provide for a maximum duration of 26 weeks.⁶

⁵State programs, as used throughout this discussion, include Alaska, Hawaii and the District of Columbia.

⁶For a detailed description of the various features of the individual state unemployment compensation laws, see U.S. Department of Labor, Bureau of Employment Security, Comparisons of State Unemployment Insurance Laws, (Washington: January 1958).

CHAPTER II

METHODOLOGY

Much information concerning the personal characteristics of exhaustees can be secured from the records of the local offices of employment security agencies. A post-exhaustion survey, however, requires a great deal of additional information which can be obtained only by contacting the exhaustees at some stage after exhaustion. In the sections that follow, the sources of information utilized and the particular methods employed in this study are presented in considerable detail.

SELECTION OF THE EXHAUSTEE GROUP

The study began in the late spring of 1957. First-payment recipients in the Lansing Office of the Michigan Employment Security Commission during the months of June, July and August 1957 were chosen as the population from which exhaustees would be derived. There were 2,528 Lansing claimants who successfully opened new claims in this period.¹

¹This figure does not include 108 initial payments on claims filed under the Veterans Readjustment Assistance Act. It was decided to exclude these claimants from the survey for the following reasons: (1) Often, initiating a veteran's claim represents more of a "continuous payment" than a first-payment since many veterans' claims are opened immediately after exhaustion of a claim against an employer; (2) The inclusion of veterans' claims would preclude the determination of a meaningful exhaustion ratio since such claims may be interrupted by a claim against an employer whenever the veteran accumulates sufficient wage credits; (3) The survey results would have been unduly delayed since under present provisions of the law, exhaustions from these veterans' claims can occur as late as January 31, 1960, after which no further veterans' unemployment benefits can be paid.

As claimants from the first-payment population exhausted their benefit rights, their ledgers were obtained, their personal characteristics were recorded, and they were scheduled for interview three months after exhaustion.

THE THREE-MONTH POST-EXHAUSTION INTERVIEW

Exhaustions from the first-payment population occurred over a thirteen-month period, beginning in August 1957 and ending in August 1958. These exhaustions totalled 851, or 34 per cent of the first-payment group.

It was intended, initially, to interview all of the exhaustees who could be located within the interview area (except for exhaustees who opened Veterans' Claims immediately after exhausting claims against employers²). Unfortunately, however, clerical errors, which occurred in the processing of exhaustion ledgers, prevented us from securing all of the exhaustion ledgers from the first-payment population at the time final benefit payments were made. An intensive search through the inactive claims file of the Lansing Office in September, 1958,³ revealed that 277 exhaustions from the first-payment population had occurred for which we had no previous record. Since we had previously received 574 exhaustion ledgers, the 277 not received on schedule amounted to nearly one-third of the total number of exhaustions from the first-payment group. In regard

²The decision to exclude these claimants from the post-exhaustion survey will be discussed later in this chapter.

³Because of benefit year expirations, the last possible date of exhaustion from the first payment population was August 22, 1958.

to the comparison of the personal characteristics of exhaustees with those of first-payment recipients, these 277 additional exhaustees presented no problem; their characteristics merely were added to those of the 574 exhaustees whose ledgers were received on schedule. A problem arose, however, regarding the three-month interview: should the additional exhaustees be included in the post-exhaustion survey or should they be excluded? An examination of their ledgers revealed that more than three-fourths of these additional exhaustees had received their last benefit payments from three to eleven months prior to the time their exhaustion ledgers were discovered. Manifestly, the accuracy of an interviewee's responses to questions concerning employment experiences during any given time period is influenced by the proximity of the interview to the period to which the questions pertain. Consequently interviewing these exhaustees at a variable interval after exhaustion would not result in information which could properly be added to that obtained by the three-month post-exhaustion interviews.

Since it was not feasible to interview the additional exhaustees, they represented a possible source of bias in the study results. In order to test this possibility, it was decided to compare the personal characteristics of the exhaustees whose ledgers were received on schedule with those of the exhaustees whose ledgers were discovered later. A careful examination of percentage distributions for the two groups based on age, sex, customary occupation, and last industrial attachment appeared to show no significant differences. It was decided, therefore, that a formal test would be made of the hypothesis that the two groups exhibit the same

personal characteristics. Chi-square statistics were computed for each of the characteristics and their values failed to lead to the rejection (at the .05 level) of the hypothesis that the personal characteristics of the two groups were the same.

However, one other factor remained to be considered -- time of exhaustion. A comparison of the month-of-exhaustion distributions of the two groups indicated that substantial differences existed. Apparently, the incidence of clerical errors was higher in some months than in others. This conclusion subsequently was supported by a chi-square test at the .05 level. Therefore, it was necessary to determine the extent to which the study conclusions regarding the post-exhaustion employment experiences of exhaustees might have been biased by the existence of a significant difference in the time-pattern of exhaustion between the two groups. This was accomplished by use of the following procedure:

- (1) The group of exhaustees whose ledgers were received on schedule were cross-classified by month of exhaustion and number of weeks of work in the post-exhaustion period.
- (2) The two groups (the exhaustees whose ledgers were received on schedule and those whose ledgers were not discovered until later) were combined and distributed by month of exhaustion.
- (3) The combined total number of exhaustees in each exhaustion month was then multiplied by the percentage distribution of weeks of work in the post-exhaustion period for the exhaustees of that same month whose ledgers were received on schedule.

- (4) The sum of the resultant monthly distributions, therefore, represents an approximation of the distribution of weeks of work which would have been likely if all of the exhaustees had been included in the post-exhaustion phase of the study.
- (5) This weighted (or expected) percentage distribution of weeks of work for all the exhaustees from the first-payment population was then compared with the actual distribution of weeks of work for the exhaustees whose ledgers were received on schedule.
- (6) This comparison revealed that only inconsequential differences existed between the actual post-exhaustion employment experiences of the sample and the expected post-exhaustion employment experiences of the total number of exhaustees.

Therefore, it seems reasonable to assume that the survey results were not significantly affected by the failure to include in the interview group the 277 exhaustees whose ledgers were not received on schedule.

Of the 574 exhaustees whose ledgers were received on schedule, 81 opened veterans' claims immediately after exhausting their claims against employers. It was decided to exclude these claimants from the post-exhaustion phase of the survey on the ground that, since they had benefits remaining under the Veterans' Program,⁴ they therefore had not exhausted all their benefit rights. To have included them in the post-exhaustion phase of the survey not only would have involved a contradiction

⁴Unlike all other types of unemployment compensation claims, a veteran's claim may be opened by an eligible claimant without reference to an established benefit year.

in terms, but also would have biased the survey results in the direction of the experiences of claimants rather than exhaustees. On the other hand, it was decided that in the determination of exhaustee characteristics (including exhaustion ratios), these claimants would be included in the exhaustee group. This decision was based on the following reasoning: Since the primary objective in determining exhaustee characteristics and exhaustion ratios is to discover which claimants are most likely to exhaust benefit rights; and since Veterans' Unemployment Compensation is a temporary program; to have excluded these claimants from the exhaustee group, therefore, would have resulted in a substantial understatement of normal exhaustion tendencies in the younger age groups and in other characteristics which can be associated with veterans' claims recipients.

Thus, 493 exhaustees constituted the group for which interview attempts were made. A vigorous effort was made to locate and interview these exhaustees. If the exhaustee had changed his residence since exhaustion, his neighbors and, whenever possible, relatives and friends were contacted to determine where he could be located. These active efforts resulted in the location and interview of 86 per cent of the exhaustee sample.⁵

⁵ Although every effort was made to interview the exhaustees themselves, it was not always practicable to do so. If, for example, the interviewer had made numerous unsuccessful trips to an out-of-town residence and was unable to find the exhaustee at home, then the spouse or another relative of the exhaustee was sometimes interviewed. However, in no case was interview information accepted unless the spouse or other relative demonstrated substantial familiarity with the information requested. In all, 57 spouses and 8 parents or other relatives of the exhaustees were interviewed.

The reasons for the 69 unsuccessful interview attempts are distributed below:

<u>Reasons for Unsuccessful Interview Attempts</u>	<u>No. of Exhaustees</u>
1. Moved - whereabouts unknown	30
2. Moved out of the interview area ^a	20
3. No contact made after repeated calls to household	11
4. Resides outside the interview area, or residence could not be located	7
5. Deceased	1
Total	69

^aThe "interview area" was defined as the area within a 30-mile radius of Lansing.

It is interesting to note that none of the exhaustees refused to be interviewed. Apparently, there were at least two factors responsible for the achievement of this remarkable response rate: First, all the interviewers used in this survey were university graduate students who were carefully selected not only on the basis of their training in labor-market analysis but also with regard to their proficiency in interviewing techniques; and second, most of the interviewees seemed to be highly appreciative of the need for a study of exhaustees during a period of depressed labor market activity.

Of the 424 interviewees, 64 per cent were interviewed on schedule, i.e. within one day of exactly three months after exhaustion. The remaining interviewees were contacted late. However, in no case was an exhaustee interviewed more than four months after exhaustion.

THE SIX-MONTH MAIL QUESTIONNAIRE

At the time of the three month post-exhaustion interview, the exhaustee was told that a questionnaire would be mailed to him approximately three months later. It was carefully explained that we wished to have a six month post-exhaustion history of the experiences of exhaustees, and he was urged to make every effort to return the questionnaire at his earliest convenience. Almost invariably, the exhaustee assured the interviewer that he would return this mail questionnaire promptly.

One-page questionnaires, which were quite similar to those recommended by the U. S. Bureau of Employment Security⁶ for use in the 17-state survey mentioned earlier, were mailed to the exhaustees six months after they exhausted their benefit rights.

Despite the generally excellent rapport established with the exhaustees by the interviewers, only 211 mail questionnaires were returned within one week of the date they were mailed to the exhaustees. Ten of the questionnaires were returned by the post office as undeliverable. Thus, the mail questionnaire contact rate was 98 per cent (414 contacts ÷ 424 contact-attempts), and the response rate to the initial questionnaire was 51 per cent (211 responses ÷ 414 contacts).

The use of two follow-up questionnaires, which were mailed to non-respondents at one-week intervals, raised the response rate to

⁶See the U. S. Department of Labor, Bureau of Employment Security, A Guide for the Conduct of Post-Exhaustion Studies (Washington: August 1955).

86 per cent. If the exhaustee failed to reply to the second follow-up questionnaire within one week of the date it was mailed to him, we attempted to secure the information by means of interview. Of the 59 exhaustees who failed to respond to the mail questionnaires, 47 were subsequently interviewed.⁷

Thus, six-month post-exhaustion information was obtained for 402 of the 424 exhaustees who were interviewed three months after exhaustion.

POST-BENEFIT YEAR SURVEY

On June 16, 1958, the Governor of the State of Michigan signed an agreement with the U. S. Secretary of Labor which admitted Michigan into full participation in the Federal Temporary Unemployment Compensation Program.⁸ Under this program, an unemployed Michigan worker who exhausted his benefit rights after June 30, 1957 might qualify for extended benefits equal to one-half of his benefit entitlement on his most recent claim. The first payments on TUC claims were made on June 30, 1958.

It will be recalled that exhaustions from the first-payment population selected in the Lansing Office occurred from August 1957 to August 1958. At the time the TUC program began, slightly less than one-half of the expected number of exhaustees from the first-payment population

⁷Reasons for the 12 unsuccessful interview attempts included: movement out of the interview area, inability to locate new residence, and refusal to be interviewed.

⁸Hereafter referred to as TUC. This program was established by the Federal Temporary Unemployment Compensation Act of 1958 (Public Law 441, 85th Congress) which became law on June 19, 1958.

had been interviewed. Manifestly, some of the exhaustees who had not yet been interviewed would be receiving temporary benefits at the time of the interview. In addition, many claimants who exhausted their benefits after June 22, 1958 would open TUC claims immediately after exhausting regular claims. Therefore, a problem arose: Should exhaustees who opened TUC claims soon after the exhaustion of regular benefit rights be considered, for survey purposes, as exhaustees and therefore be interviewed three months after exhaustion? Of crucial importance in deciding this question was the pattern of exhaustion from the first-payment population which was developing at this time. It was becoming increasingly evident that a substantial proportion of the claimants were exhausting their benefits toward the end of their benefit years. Exhaustion patterns of this sort almost invariably indicate that the exhaustee has had a substantial amount of employment intervening his benefit weeks. Consequently, it was quite likely that many of these exhaustees would have enough wage credits to open new state claims⁹ soon after the exhaustion of their prior claims. Since a tendency for unemployed exhaustees to open new claims soon after exhaustion already existed, it was decided, therefore, that exhaustees who opened TUC claims could properly be included in the post-exhaustion phase of the survey.

It was also decided, at this time, to institute a post-benefit year survey of the exhaustees from the first-payment population. This survey

⁹The term "state claims" is used to distinguish regular claims against employers from federal temporary benefits.

would have two objectives: (1) to measure "exhaustee repeating", i.e., to determine to what extent exhaustees are able to open new claims against employers soon after the expiration of their benefit years, and (2) to evaluate the role of the TUC program in the post-exhaustion experiences of the exhaustees in the survey.

The attainment of both of these objectives required that post-benefit year information be secured after the exhaustee's benefit year had been expired for at least three weeks¹⁰ and also after TUC payments had been made for one week, that is, July 6, 1958. The result of this policy was that, at the time of the post-benefit year survey, all of the unemployed exhaustees could have been receiving either regular state benefits (if they had sufficient credit weeks) or TUC benefits.

The general procedure used to obtain post-benefit year information was as follows:

1. The exhaustees whose regular three-month post-exhaustion interviews occurred three or more weeks after their benefit years expired were asked the post-benefit year survey questions at the time of the regular interview.
2. The claims records of the remaining exhaustees were checked in the local office as near to three weeks after the expiration

¹⁰The statutory waiting week requirement and claimant reporting date rules of the Michigan Employment Security Commission together can result in as much as a three-week delay between the expiration of a benefit year and the first payment on a new claim, even though the claimant has sufficient credit weeks to initiate a new claim immediately upon the expiration of his benefit year. Therefore, it was decided that post-exhaustion information should be secured no earlier than three weeks after the expiration of the benefit year.

of their benefit years as the July 6 restriction would permit. If an exhaustee was on a new claim, the post-benefit year information was secured from these records.

3. All other exhaustees, with the exception of 12 who had either moved or refused to be interviewed, were re-interviewed (i.e., interviewed after the regular three-month interview) to secure the needed information.

The survey procedure described above resulted in comparatively few re-interviews. Post-benefit year information was secured by the regular three-month interviews for 242 exhaustees, by recourse to local office records for 86 exhaustees, and by re-interviews for only 84 exhaustees. Thus post-benefit year information was obtained for 412 of the 424 exhaustees in the post-exhaustion survey.

In addition to the survey procedure outlined above, a record was kept of all 1958 TUC payments which were made in the Lansing Office to exhaustees in the survey group.

Every effort was made to conduct the post-benefit year re-interviews as near to three weeks after the expiration of benefit years as the July 6 restriction would permit. However, in order to insure the continuity of the original post-exhaustion survey design, additional restrictions were imposed on the re-interview time schedule. They are the following:

1. No exhaustee was given a post-benefit year interview prior to the regular three-month interview.
2. No three-month interview was delayed over one week for the purpose of incorporating post-benefit year information with

three-month interview information.

3. If the six-month mail questionnaire was scheduled close to the post-benefit year re-interview date, the re-interview was delayed until after the mail questionnaire was returned.

As a result of these restrictions, the post-benefit year information was obtained over a period of time which varied from three to sixteen weeks after the expiration of individual benefit years.

SOME COMMENTS ON EXHAUSTION STUDY PROCEDURES

Since the problem of unemployment compensation exhaustions has been receiving a great deal of research attention from state employment security agencies in recent years, it seems appropriate here to compare the procedures used in this study with those usually employed in exhaustion surveys conducted by state agencies.

In the latter studies, selection of the exhaustee sample invariably has been made without reference to the claimant population. The general method has been to choose the exhaustee sample from a given period of time, e.g., the first calender quarter, and then to mail questionnaires to these former claimants at a constant time-interval after exhaustion. Although adequate for the purpose of securing post-exhaustion employment information, this methodology precludes a precise comparison of the characteristics of exhaustees with those of claimants who did not exhaust their benefit rights. Nevertheless, some studies have attempted to estimate this relationship. In these instances, the characteristics of exhaustees were compared with those of either claimants in general or first-payment recipients chosen

from the same or a slightly earlier period than the exhaustee sample. It should be apparent that all such comparisons are subject to severe limitations. The difficulty involved is that once an exhaustee group is selected on the basis of the time-period in which the exhaustions occurred, it then becomes virtually impossible to determine the parent population from which the exhaustees came and at the same time be certain that all of the exhaustees from this population are within the selected exhaustee group. Perhaps an example may suffice to demonstrate this principle. Assume that we are authorized to conduct a study of unemployment compensation exhaustees in Local Office X of a state employment security agency. Our sample, we decide, will be the claimants who exhausted their benefit rights in the months of June, July, and August, 1959. We wish now to determine the first-payment population from which these exhaustees came. From the exhaustees' benefit ledgers, let us assume we discover that they received the first payments on their claims between September 1958 and June 1959. Now we have the parent group from which these exhaustees came; but are all the exhaustees from this group included in our exhaustee sample? The answer is almost certain to be in the negative since exhaustions from this first-payment group could occur from the fall of 1958 to the summer of 1960!

Since the characteristics of claimants are apt to vary from month to month, it is evident that a precise comparison of the characteristics of exhaustees with those of non-exhausting claimants involves first the selection of a first-payment population and then the observation of exhaustions from this group. Such is the method used in this study of exhaustees in the Lansing labor market.

In nearly all of the previous studies of exhaustees, data regarding post-exhaustion experience has been secured by recourse to mail questionnaires. This method invariably presents the problem of bias occasioned by non-response. As yet, no satisfactory way of correcting this bias has been developed. The use of mail questionnaires also occasions a significant limitation on the extent and type of information which can be secured. There are two aspects to this limitation: (1) the mail questionnaire must be restricted to one page since the use of a multi-page questionnaire would tend to increase both the non-response rate and the number of uncompleted questionnaires returned by respondents; and (2) since questions must be simply phrased and complex question-series avoided in order to avert misinterpretation by the respondent, the use of elaborate definitional concepts is prevented.¹¹

Because of the limitations resulting from the use of mail questionnaires, it was decided in this study that the main body of post-exhaustion information would be obtained by personal interviews with the exhaustees three months after they received their last unemployment compensation payments.

The objective of this discussion has not been to disparage the results of any state agency study. It perhaps is well to note here that the objectives of state agency studies are often limited to the securing of information necessary for the evaluation by the state legislature of the

¹¹An example of this is the definition of labor force status; for a comparison of a definition permitted by use of personal interviews with that permitted by use of mail questionnaires, see pp. 41 and 69.

duration provisions of the state employment security act. The methodology generally employed by the state agencies is usually quite adequate for this purpose. Moreover the scope and methods of this study are probably far too costly for use in any state-wide survey. The methodological comparisons that have been made here, therefore, are presented for the sole purpose of clarifying the general approach to the study of unemployment compensation exhaustees which was used in this survey.

CHAPTER III

THE ECONOMIC SETTING

It is not the purpose of this chapter to present a detailed description and analysis of the Lansing labor market. Such a description is beyond the scope of this study. The objective here, rather, is to afford the reader salient information regarding the general characteristics of the labor market and the economic conditions which prevailed during the survey period.

GENERAL FEATURES OF THE LANSING LABOR MARKET

The Lansing labor market area, which is coterminous with Ingham County, is located in the densely populated southern section of Michigan's lower peninsula. With a labor force of about 92,000, it ranks as the fourth largest labor market area in Michigan.

Employment opportunities in Lansing tend to be extremely varied. Since Lansing is the state capital and since East Lansing is the location of Michigan State University, a high percentage of the labor force is employed by governmental agencies and educational institutions. In addition, Lansing, in terms of employment, is the sixth largest automotive manufacturing center in the nation. The industrial composition of the Lansing labor force is distributed in Table 1.¹

¹It is interesting to compare the industrial composition of the Lansing labor force with that of the nation as a whole. While the nation has less than 14 per cent of its employed labor force working in government,

TABLE 1

INDUSTRIAL COMPOSITION OF THE LANSING
LABOR FORCE, JANUARY 1959^a

Classification	Number	Percentage of Total Employment
Total Labor Force	<u>91,800</u>	--
Unemployment	5,400	--
Total Employment	<u>86,400</u>	<u>100.0</u>
Agricultural Employment	2,500	2.9
Self-employment	4,700	5.4
Total Wage and Salary Workers	79,200	91.7
Manufacturing Industries	28,000	32.4
Non-manufacturing Industries	28,200	32.6
Government (including public educational institutions)	23,000	26.6

^aConstructed from data provided by the Michigan Employment
Security Commission

It is noteworthy that manufacturing, non-manufacturing industries,
and government provide almost equal proportions of the total employment in
the labor market. While government and non-manufacturing industries

over one-fourth of Lansing's workers are in this sector of the economy. In
addition, although the nation has about the same percentage of employment in
manufacturing as Lansing, durable goods account for less than 60 per cent
of the nation's manufacturing employment as compared with nearly 90 per cent
of Lansing's. Since the production of durable goods tends to be more
cyclically sensitive than the production of non-durable goods, it is not
surprising that throughout the 1957-58 recession Lansing's rate of
unemployment was considerably higher than that of the nation as a whole.

constitute important sources of economic stability for the labor market area, manufacturing employment tends to be highly volatile. Of the 28,000 workers engaged in manufacturing, nearly 21,000 (75 per cent) are in the cyclically sensitive motor vehicle industry.

As a result of this heavy concentration of manufacturing employment in automotive production, fluctuations in unemployment levels in Lansing closely follow fluctuations in employment levels in the automotive industry.

It is well-established that much of Michigan's unemployment problem is the result of the pronounced decline in the demand for automobiles in 1957 and 1958. Although Lansing has about twice as large a percentage of employment in the automobile industry as the State as a whole, unemployment levels in Lansing have been substantially below those of the State. There appear to be two reasons for this: First, Lansing's automobile employment is heavily concentrated in a major automobile corporation division which in recent years has experienced higher sales than most of its competitors; second, the economic stability afforded by the relatively large government and non-manufacturing sectors tends to "cushion" manufacturing employment declines in the Lansing labor market.

Unemployment ratios for both Michigan and the Lansing labor market are presented in Table 2. As the table clearly indicates, unemployment has been a severe problem to both Lansing and the State as a whole ever since the high automobile sales year of 1955. The national recession of 1957-58 contributed to reductions in automobile sales which were even more drastic than those experienced in 1956. This sharp decline in automobile production

TABLE 2
UNEMPLOYMENT RATIOS FOR MICHIGAN
AND LANSING, 1954-1958^a

Year	Unemployment as a Percentage of the Labor Force	
	Michigan	Lansing
1954	7.1	3.7
1955	3.7	1.7
1956	6.5	5.4
1957	6.8	5.0
1958	13.8	9.9

^aSource: Michigan Employment Security Commission

substantially contributed to the high levels of unemployment sustained by most Michigan labor markets throughout 1958.

THE LABOR MARKET AND THE SURVEY PERIOD

It will be recalled that the survey began with the selection of the first-payment population from the months of June, July, and August 1957. The last mail questionnaire was returned in February 1959. Thus, the survey was conducted over a twenty-one month period which began in June 1957 and ended in February 1959. Table 3 provides selected employment and unemployment data for the labor market during the survey period.

In the months from which first-payment recipients were selected (June, July and August 1957), unemployment averaged nearly 6.6 per cent of the labor force. About 72 per cent of the first payments of this period were made to workers whose last employment was in the automobile industry. This is not surprising when one notes that automobile employment dropped from 20,700 in May to 17,800 in August.

TABLE 3
SELECTED DATA ON EMPLOYMENT AND UNEMPLOYMENT
IN THE LANSING LABOR MARKET, JUNE 1957 - FEBRUARY 1958^a

Month	Total Labor Force	Total Non-Farm Employment	Employment in Motor Vehicles and Equipment Manufacturing	Unemployment	Unemployment as a Percentage of the Labor Force
<u>1957</u>					
June	85,400	78,000	19,500	4,500	5.3
July	86,200	76,400	18,200	6,600	7.7
Aug.	84,800	75,900	17,800	5,700	6.7
Sept.	84,600	74,300	15,700	7,400	8.7
Oct.	84,100	76,300	17,800	5,000	5.9
Nov.	85,900	79,700	20,900	3,500	4.1
Dec.	86,600	80,500	21,400	3,600	4.2
<u>1958</u>					
Jan.	84,900	77,200	20,300	5,200	6.1
Feb.	84,800	76,300	19,700	6,000	7.1
Mar.	84,600	74,700	18,800	7,300	8.6
Apr.	84,200	72,600	16,300	8,900	10.6
May	84,500	72,000	15,800	9,700	11.5
June	84,800	71,900	15,800	10,000	11.8
July	86,000	71,800	15,500	11,000	12.8
Aug.	85,300	66,200	10,500	15,600	18.4
Sept.	85,300	72,700 ^c	16,800	9,700	11.4
Oct.	84,800	75,500 ^d	19,900 ^d	6,500	7.7
Nov.	84,800	76,100	19,700	6,000	7.1
Dec.	85,800	78,800	20,500	4,500	5.2
<u>1959</u>					
Jan. ^b	91,800	83,900	20,800	5,400	5.9
Feb. ^b	91,400	82,000	20,300	6,100	6.7

^aConstructed from data provided by the Michigan Employment Security Commission.

^bFigures for January and February 1959 are based on a new computation series and therefore cannot be precisely compared with the earlier data.

^cIncludes 300 workers involved in a labor dispute.

^dIncludes 12,700 workers involved in labor disputes.

Exhaustions from the first-payment population took place from August 1957 to August 1958. During this period, unemployment averaged about 8.9 per cent of the labor force. High levels of unemployment also characterized the period in which the three month post-exhaustion interviews were conducted. In this period (November 1957 - November 1958), unemployment as a percentage of the labor force averaged 9.3 per cent. The six-month mail questionnaire information was obtained from March 1958 to February 1959, a period in which the average rate of unemployment was slightly more than 9.8 per cent.

Thus, the most salient characteristic of the Lansing economy during the survey period was the existence of substantial levels of unemployment. As Table 3 clearly indicates, these high levels of unemployment were essentially the result of layoffs in the automobile industry. It perhaps also should be noted here that temporary recoveries in employment were made in the fall months of both 1957 and 1958. This also can be traced directly to the employment pattern in the automobile industry. The enormous task of supplying dealers with new model inventories invariably results in high automobile employment during the fall months. Unfortunately, if subsequent sales do not justify the high level of production attained during these months, substantial layoffs occur. Such was the case in 1958.

Before leaving this discussion of the economic setting, one should be cognizant of the number and magnitude of strikes which occurred in the labor market during the survey period. There were two major strikes (i.e., strikes which involved 50 or more workers), both of which took place in the latter part of 1958. One was a 52-day strike at an agricultural equipment

manufacturing plant. It began in late August and lasted until mid-October. Since the strike involved only about 300 workers and since none of the exhaustees in the post-exhaustion phase of the survey were employees of this company, this strike probably had very little effect on the post-exhaustion experiences recorded in this survey. The other strike occurred in the early part of October at the plants of the two largest automobile employers in the labor market. It involved more than 12,000 workers and, fortunately, lasted only two weeks. The impact of this strike on the post-exhaustion employment experiences of exhaustees will be discussed in Chapters V and VI.

CHAPTER IV

THE CHARACTERISTICS OF EXHAUSTEES

From our discussion in Chapter I of the Bureau of Employment Security's analysis of the 1955-56 seventeen-state survey, the reader will recall that exhaustees in highly active labor markets tend to be older and usually include a higher proportion of women than claimants in general. In this chapter we shall consider the extent to which these same tendencies were operative in the Lansing labor market during a period of substantial labor surplus. In addition, exhaustion tendencies for the claimants in this survey will be examined on the bases of last industrial attachment, customary occupation, and potential duration of benefits.

FIRST-PAYMENT RECIPIENTS

It will be recalled that the claimant population selected for study purposes was the 2,528 first-payment recipients in the Lansing office of the Michigan Employment Security Commission in the months of June, July, and August, 1957.

Since the summer of 1957 was a period of rapidly declining employment in the motor vehicle industry, one of the salient features of the first-payment population is the large proportion whose last employment was in the motor vehicle industry. About 72 per cent of the first-payments made during this period went to workers from this industry. Because of this preponderance of claimants from the automobile industry -- an industry in which layoffs are made mainly on the basis of seniority -- it is not

surprising that the first-payment recipients tended to be concentrated in the younger age groups. More than 40 per cent were under 30 years of age, and nearly 90 per cent were under 50.

Manufacturing industries as a group accounted for almost 87 per cent of the first-payment population. Since this was a period in which most of the area's manufacturing firms were making substantial reductions in their work forces, many of the first-payment recipients in the survey were workers who had a number of years of service with their last employer. Hence, nearly 54 per cent of the claimants were eligible for the 26-week maximum duration of benefits.

EXHAUSTION RATIOS

Of the 2,528 first-payment recipients selected for the study, 851 exhausted their benefits. This resulted in an over-all exhaustion ratio of 33.7 per cent. Exhaustion ratios based on the personal characteristics of the claimants in the survey are presented in the sections that follow.

Last Industrial Attachment

The dominant role of the motor vehicle industry in the industrial composition of both the first-payment population and the exhaustee group has been discussed earlier. Of the 1,815 first-payment recipients from the automotive industry, 601 exhausted their benefits. This resulted in an exhaustion ratio of 33.1 per cent for claimants from this industry. Heavy recalls in the fall months of 1957 together with the relatively high levels of employment sustained by the motor vehicle industry throughout the early winter months permitted most of these claimants to avert exhaustion of benefits on the claims they established in the summer of 1957.

First-payment recipients, exhaustees, and exhaustion ratios are distributed in Table 4 by last industrial attachment prior to initiation of claims.

TABLE 4
FIRST-PAYMENT RECIPIENTS, EXHAUSTEES, AND
EXHAUSTION RATIOS, DISTRIBUTED BY
LAST INDUSTRIAL ATTACHMENT

Last Industrial Attachment	First-Payment Recipients	Exhaustees	Exhaustion Ratio
Total	2,528	851	33.7
Motor Vehicle Manufacturing	1,815	601	33.1
Other Manufacturing	379	151	39.8
Construction	58	23	39.7
Transportation, Communications, and Utilities	20	9	45.0
Wholesale and Retail Trade	154	42	27.3
Finance, Insurance, and Real Estate	18	4	22.2
Service	43	9	20.9
Government	28	12	42.9
Unable to Classify	12	--	----

An examination of Table 4 reveals that exhaustion ratios were high in every industrial category. Claimants from the service industries experienced the lowest exhaustion rate -- 20.9 per cent -- a ratio which certainly must be considered as substantial for an industry in which employment is normally quite stable.

Both the claimants from government and those from transportation, communications, and utilities had extremely high exhaustion ratios. An examination of the survey data, however, indicated that the government group had a much higher percentage of claimants over 64 years of age than claimants in general and also that the transportation, communications, and utilities group had a substantially higher percentage of claimants in the young age brackets than other claimants. Since both the young claimant and the claimant over retirement age tended to experience higher exhaustion rates than other claimants,¹ it is not surprising that workers from these two industrial divisions experienced extremely high exhaustion ratios.

Age and Sex

In Table 5, first-payment recipients, exhaustees, and exhaustion ratios are distributed by age and sex.

TABLE 5

FIRST-PAYMENT RECIPIENTS, EXHAUSTEES, AND EXHAUSTION RATIOS, DISTRIBUTED BY AGE AND SEX

Age	First-Payment Recipients			Exhaustees			Exhaustion Ratio		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	2,253	275	2,528	744	107	851	33.0	38.9	33.7
Under 20	59	7	66	25	3	28	42.4	42.9	42.4
20-29	953	68	1,021	340	30	370	35.7	44.1	36.2
30-39	633	91	724	202	37	239	31.9	40.7	33.0
40-49	356	76	432	100	24	124	28.1	31.6	28.7
50-59	164	22	186	37	6	43	22.6	27.3	23.1
60-64	49	3	52	7	1	8	14.3	33.3	15.4
Over 64	39	8	47	33	6	39	84.6	75.0	82.9

¹See Table 5 below.

It is perhaps quite surprising to note that with the exception of the age group over 64 there was a marked inverse relationship between age groups and exhaustion ratios. This pattern was particularly marked for male claimants.

It seems probable that this inverse relationship between age and exhaustion propensity was the result of the adverse economic conditions that prevailed at the time of the survey. Since most of the manufacturing firms in the labor market had large numbers of unemployed high seniority workers, a claimant's employment opportunities often were restricted to recalls by his last employer. Consequently, insofar as seniority rights are related to age, these economic circumstances tend to suggest the probability of an inverse relationship between age and exhaustion ratios.

The importance of seniority in the determination of exhaustion tendencies is also suggested by an examination of the exhaustion ratios of the age groups 60-64 and over 64. Claimants in the 60-64 age bracket experienced an exhaustion ratio of 15.4 per cent -- the lowest ratio of any age group. Conversely, claimants in the age group over 64 had the extremely high ratio of 82.9 per cent. When one notes the discrimination which exists in the Lansing labor market against the employment of older workers (which will be discussed in Chapter V), the most credible explanation for the low exhaustion ratio experienced by claimants in the age bracket 60-64 is that in the recalls which occurred subsequent to the initiation of their claims these claimants possessed seniority rights which were superior to those of other claimants. On the other hand, most of the claimants in the age bracket 65 and over had been retired by their employers just prior to their claims (a

fact which was uncovered in the course of the three-month interviews) and consequently no longer had job rights with these employers. Therefore, job opportunities for these claimants were restricted to employment by a new employer. In the light of job discrimination against older workers it is not surprising then that claimants over 64 experienced an exhaustion ratio which was far higher than that of any other age group.

An examination of Table 5 also reveals that women had a higher exhaustion ratio than men. Although the difference was not marked (a ratio of 38.9 per cent for women as compared to 33.0 per cent for men), it tends to support the conclusion of the BES survey that women are more likely to exhaust their benefit rights than men.

Manifestly, the examination of exhaustion ratios by age groups for the claimants in this survey suggests the possibility of substantial dissimilarities in exhaustion patterns at different stages of the business cycle. Data gathered in the BES survey indicate that the exhaustion ratio tends to vary directly with age in labor markets which are characterized by high levels of economic activity. However, in this study, which was conducted in a labor market with a substantial amount of unemployment, a pronounced inverse relationship between age and exhaustion propensity was found to be characteristic of the claimants under retirement age. This difference in survey results suggests the following hypothesis: The age pattern of exhaustion is likely to differ over the various phases of the business cycle. This is occasioned by cyclical shifts in the range of potential job opportunities for unemployment compensation claimants.

In a prosperous labor market, layoffs are not likely to include large groups of high seniority workers. Consequently, claimants tend to have

rather weak attachments to their most recent employers. Since employment opportunities usually are extensive, claimants in the younger age brackets are apt to experience little difficulty in finding jobs. The older claimant, however, is faced with widespread employer discrimination against the employment of older workers. Such circumstances result in a tendency toward a direct relationship between age and exhaustion propensity.

In a labor market characterized by high levels of unemployment, however, layoffs often involve workers with many years of seniority. Therefore, many unemployment compensation claimants have strong attachments to their last employers. In addition, large backlogs of unemployed high seniority workers severely limit the claimants' range of job prospects. Consequently, for many claimants job opportunities are often restricted to recalls by their former employers. If such recalls occur and they involve ample numbers of employees, seniority rights become a major determinant of the propensity to exhaust benefits. Since age and seniority tend to vary in the same direction, an inverse relationship between age and exhaustion propensity may often be found in labor markets which have high and fluctuating volumes of unemployment.

Customary Occupation

In Table 6, exhaustion ratios are computed on the basis of customary occupation. A comparison of the manual worker categories reveals that while semi-skilled and unskilled claimants tended to have the same high exhaustion ratio, skilled claimants experienced an exhaustion ratio that was significantly below the average. Since the skilled claimants generally

were considerably older than both the semi-skilled and the unskilled claimants, it seems likely that they had more permanent employer attachments than either of these other groups. Thus, it is probable that there were proportionately fewer marginal workers among the skilled claimants than there were among the claimants in the other manual worker classifications. Therefore, it might be expected that the skilled claimants would tend to have an appreciably lower exhaustion propensity than claimants in general.

TABLE 6
FIRST-PAYMENT RECIPIENTS, EXHAUSTEES, AND EXHAUSTION
RATIOS, DISTRIBUTED BY CUSTOMARY OCCUPATION

Customary	First-Payment Recipients	Exhaustees	Exhaustion Ratios
Total	2,528	851	33.7
Professional and Managerial	41	10	24.4
Clerical and Sales	110	44	40.0
Service	75	25	33.0
Agriculture, Forestry & Fishing	3	2	b
Skilled	230	62	27.0
Semi-skilled	810	341	42.1
Unskilled	845	367	43.4
Unknown ^a	414	---	----

^aThe customary occupation of a first-payment recipient was secured from his employment service registration card. However, the Michigan Employment Security Act permits the Commission to waive the registration for work requirement in cases of temporary layoff in which the employer notifies the Commission that the employee is expected to be recalled within 30 days following the date of the layoff. Because of this provision, customary occupation data for 414 of the first-payment recipients were not available.

^bThe number of first-payments in this occupational category is much too small to result in a meaningful exhaustion ratio.

The relatively low exhaustion ratio experienced by claimants in the professional and managerial group is not surprising, since workers in these occupations usually possess skills for which there is a wide range of labor market demand.

The combined effect of two factors perhaps accounts for the relatively high exhaustion ratio among clerical and sales claimants. First, they were predominantly women; consequently, their labor force attachments probably were not as strong as those of claimants in general. Second, they were separated for the most part from non-union firms. Therefore, they tended to lack the job protection afforded most other claimants by the seniority provisions of union contracts.

Potential Duration of Benefits

As discussed earlier, the duration of benefits which an unemployed Michigan worker is entitled to receive in his benefit year ranges from $9\frac{1}{2}$ to 26 weeks. The exact number of potential benefit weeks depends upon the amount of covered employment the claimant had in his base period.

In Table 7 exhaustion ratios are computed for those claimants who were eligible for the maximum duration of 26 weeks and also for those who were eligible for less than the full 26 weeks.

TABLE 7

FIRST-PAYMENT RECIPIENTS, EXHAUSTEES, AND EXHAUSTION RATIOS, DISTRIBUTED BY POTENTIAL DURATION OF BENEFITS

Potential Duration of Benefits	First-Payment Recipients	Exhaustees	Exhaustion Ratio
Total	2,528	851	33.7
26 weeks	1,366	279	20.4
Less than 26 weeks	1,162	572	49.0

The table shows that the exhaustion ratio for claimants who were eligible for less than 26 weeks of benefits was nearly three times the ratio for those who were entitled to the full 26 weeks.

This comparison, however, may be misleading. It does not really support the conclusion that a uniform benefit duration of 26 weeks would have reduced the exhaustion ratio from 49 per cent to 20 per cent for the shorter duration groups. A uniform duration of 26 weeks probably would have reduced the over-all exhaustion ratio somewhat, but not to that extent. The reason for this is that claimants who were eligible for the maximum duration of benefits probably had considerably more seniority rights than claimants who were entitled to less than the maximum duration. The mass layoffs that took place in the labor market during the summer months of 1957 encompassed a wide range of seniority rights. Those claimants who had substantial seniority rights almost invariably were eligible for 26 weeks of benefits. On the other hand, the low seniority claimants tended to be concentrated in the benefit duration category under 26 weeks. Consequently, it seems probable that the relatively low exhaustion ratio experienced by the claimants entitled to the maximum duration of benefits was not only due to their longer benefit potential, but was also the result of a superior recall rate.

It perhaps should be noted here that the best indication of the effect that any given extension of benefit durations might have on exhaustion patterns can be secured from an examination of post-exhaustion durations of unemployment and post-exhaustion employment experiences. These data are presented in the next two chapters.

CHAPTER V

POST-EXHAUSTION EXPERIENCE: THE FIRST THREE MONTHS

As previously stated, three-month post-exhaustion information was secured for 424 of the exhaustees from the first-payment population. These exhaustees were interviewed approximately three months after the date on which they received their last benefit payments on claims established in June, July and August 1957. Since the exhaustions occurred from August 1957 to August 1958, the three-month interviews, therefore, were conducted over the period November 1957 to November 1958. During the course of the interview, the exhaustee was asked many important questions relative to his post-exhaustion employment experiences, means of support after exhaustion, spouse's labor force status, and other pertinent matters.¹ The results of these interviews are presented in the sections that follow.

EMPLOYMENT EXPERIENCES

One of the major purposes of this study is to determine the post-exhaustion employment experiences of exhaustees in a labor market characterized by high levels of unemployment. In order to accomplish this objective, it is important to determine the labor force status of the exhaustees at some fixed time after exhaustion, their durations of unemployment, and the amount of work obtained in the immediate post-exhaustion period.

¹The three-month post-exhaustion interview questionnaire is reproduced in Appendix C, pp. 119-122.

Labor Force Status

In Table 8, the exhaustees are distributed by labor force status three months after exhaustion.

TABLE 8

LABOR MARKET STATUS OF EXHAUSTEES, THREE MONTHS AFTER EXHAUSTION^a

Labor Market Status	Number	Percentage
Employed	138	32.5
Unemployed	255	60.1
Withdrawn from the Labor Force	20	4.7
On Strike	11	2.6
Total	424	100.0

a

In the determination of labor force status, the following definitions were utilized:

Employed -- those exhaustees who indicated that they had jobs at the time of the survey. Included in this category were those who were not working or looking for work but had a job from which they were temporarily absent because of illness, vacation, or personal reasons, and expected to return to work within 30 days.

Unemployed -- those exhaustees who indicated that they were not working and were looking for work. This category also includes: (1) those who were not looking for work because they either were on a layoff and expected to be recalled within 30 days or were waiting to report to a new job scheduled to begin within 30 days, (2) those who were temporarily disabled or ill but fully expected to be looking for work within 30 days, and (3) those who were on odd jobs.

On Strike -- those exhaustees who were involved in a labor dispute.

Withdrawn from the Labor Force -- those exhaustees who were not classified as employed, unemployed, or on strike.

Because of the highly unfavorable economic conditions which existed at the time of the survey, it is not surprising to find that 60 per cent of the exhaustees were unemployed three months after exhaustion. Slightly less than one third of the exhaustees were employed; but of these,

nearly 13 per cent reported that they were employed part-time.

The importance of seniority as a reemployment factor in this period is indicated by the fact that 43 per cent of the employed exhaustees stated that they had returned to the same jobs they held prior to their claims period.

Duration of Unemployment After Exhaustion

Those who are critical of the unemployment insurance system often advance the tenet that claimants return to work in large numbers soon after the exhaustion of benefit rights. According to this view, any extension of benefit durations tends to be deleterious in that it prolongs unemployment. Manifestly, statistics on duration of unemployment after exhaustion are a useful standard by which to evaluate such a hypothesis. Table 9 sets forth the reemployment pattern experienced by the claimants who were still in the labor force three months after exhaustion.

As the table clearly indicates, more than one half of the exhaustees who were in the labor force did not secure a job which lasted at least one week in the three-month period immediately following exhaustion of benefits. The table also reveals that only about 17 per cent of the exhaustees secured employment in the first month after exhaustion and 28 per cent were reemployed in the second month. It seems reasonable to conclude, therefore, that the employment experiences of exhaustees in this

TABLE 9

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS
AFTER EXHAUSTION, DISTRIBUTED BY DURATION OF
UNEMPLOYMENT AFTER EXHAUSTION^a

Duration of Unemployment After Exhaustion	Number	Percentage
Under 1 month	70	17.3
1 to 3 months	114	28.2
Over 3 months	220	54.5
Total	404	100.0

^aDuration of unemployment as used here is not interrupted by odd jobs or jobs which lasted less than one week. However, it is interrupted by jobs held at the time of the interview for less than one week but which were expected to last at least one week.

survey offer little evidence to support the contention that exhaustees tend to return to work soon after the exhaustion of their benefit rights.²

²As will be discussed later in this chapter, many of the exhaustees in this study received benefits on new claims in the three-month period following exhaustion. Therefore, it might be argued that in order to evaluate the contention that unemployment compensation prolongs unemployment, the exhaustees who received additional unemployment compensation should be excluded from the post-exhaustion duration of unemployment distribution.

The survey data revealed that those exhaustees who did not receive any unemployment compensation in the three-month post-exhaustion period had shorter durations of unemployment following exhaustion than claimants in general. However, this does not mean that those with additional benefits experienced a disincentive to search for work, since the survey data also showed that these new claim recipients exhausted their benefits toward the end of their benefit years, i.e., in the spring and summer months of 1958. Since this was a period in which the labor market was characterized by extremely high and rising levels of unemployment, it should not be concluded that the opportunity to obtain additional benefits accounts for the relatively low reemployment rate of these exhaustees.

Of the exhaustees who received no unemployment compensation in the post-exhaustion period, 29 per cent were reemployed in the first post-exhaustion month and 27 per cent in the second month following exhaustion. Thus, even after excluding the new claims recipients from the post-exhaustion duration of unemployment distribution, the survey data fail to support the belief that the typical exhaustee returns to work soon after exhaustion.

Weeks of Work After Exhaustion

Another measure of post-exhaustion employment experience is the number of weeks of work the exhaustees had in the post-exhaustion period. This standard enables us to determine not only the number of exhaustees who were able to secure jobs but also affords a measurement of their relative employment experiences.

In Table 10, the exhaustees are distributed by weeks of work in the first three months after exhaustion.

TABLE 10
EXHAUSTEES DISTRIBUTED BY NUMBER OF WEEKS OF WORK,
FIRST THREE MONTHS AFTER EXHAUSTION

Weeks of Work	Number	Percentage
No Work Whatsoever	200	47.2
Just Odd Jobs or Jobs Lasting Less Than One Week	45 ^a	10.6
1 - 4 Weeks	79	18.6
5 - 8 Weeks	50	11.8
9 - 13 Weeks	50	11.8
Total	424	100.0

^aIncludes six exhaustees who were on jobs at the time of the interview for less than one week but expected these jobs to last at least one week.

The table indicates that the vast majority of exhaustees had extremely poor employment experiences. Slightly over 47 per cent had no work whatsoever, and nearly 11 per cent had only odd jobs or jobs held less than one week. Only 12 per cent of the exhaustees had as many as nine weeks of employment in the thirteen-week period following exhaustion.

WITHDRAWALS FROM THE LABOR MARKET

It is widely held in some quarters that a great deal of "cheating" exists in the unemployment compensation system. Those who make this contention often suggest that benefits are paid to many claimants who have no firm attachment to the labor force. As evidence, specific examples of individuals who withdraw from the labor market soon after exhaustion are frequently cited. One objective here is to determine the extent to which these alleged tendencies were operative in the Lansing labor market at the time of the survey.

The reader may recall from his examination of Table 8 that of the 424 exhaustees who were interviewed three months after exhaustion, only 20 (4.7 per cent) had withdrawn from the labor market. These exhaustees are distributed in Table 11 by reasons for withdrawal and sex.

TABLE 11

EXHAUSTEES WITHDRAWN FROM THE LABOR MARKET THREE MONTHS AFTER EXHAUSTION, DISTRIBUTED BY REASON FOR WITHDRAWAL AND SEX

Reason for Withdrawal	Men		Women		Total	
	No.	%	No.	%	No.	%
Retired	7	53.8	3	42.8	10	50.0
Discouraged - feels that it is futile to go on seeking work	4	30.8	0	0.0	4	20.0
Sick or Disabled	2	15.4	1	14.3	3	15.0
Pregnancy	-	--	2	28.6	2	10.0
Housekeeping	-	--	1	14.3	1	5.0
Total	13	100.0	7	100.0	20	100.0

The table reveals that retirement accounted for one half of all withdrawals. All of these exhaustees were 65 years of age or older. In addition, the four exhaustees who reported that they were not looking for work because they felt that such a search was futile also were all in the age bracket of 65 and over. Since exhaustees in this age bracket are confronted with a paucity of job opportunities, it is not surprising that they accounted for 75 per cent of all withdrawals.

Although the female exhaustees had a much higher withdrawal rate than the male exhaustees, much of this disparity can be explained by the fact that pregnancy accounted for more than one fourth of the withdrawals by women.

In summary, the low withdrawal rate of the exhaustees in this survey at the three-month post-exhaustion stage together with an analysis of the reasons for withdrawal do not reveal the existence of any substantial tendency toward the fraudulent procurement of benefits by exhaustees during their claims period.

FACTORS AFFECTING EMPLOYMENT EXPERIENCE

It was pointed out earlier in this chapter that slightly less than one third of the exhaustees were employed three months after exhaustion and 60 per cent were still unemployed. It seems appropriate at this point to consider whether or not the employed exhaustees exhibited characteristics different from those of the unemployed. Such a comparison may provide us with some possible explanations for above and below average post-exhaustion employment experiences.

One might expect that the characteristics of sex, age, education, last industrial attachment, customary occupation, and time of exhaustion might differ markedly between the exhaustees employed and those

unemployed at some fixed time after exhaustion. Each of these characteristics will be distributed by the employment status of exhaustees still in the labor force three months after exhaustion. It is fully recognized that a consideration of the effect that any given characteristic may have on employment experience cannot satisfactorily be achieved by treating that characteristic as if it were independent of other characteristics. However, the small number of exhaustees in the study sample resulted in cell sizes which preclude an examination of the combined relationship of two or more characteristics with employment status. One other procedural limitation which needs to be mentioned is that of causality. Although a relationship between a particular characteristic and employment experience may be established, it should be noted that it may not necessarily be a causal relationship. This is true because of the multiplicity of factors which may possibly influence post-exhaustion experience. However, determining the relationship between exhaustee characteristics and post-exhaustion employment experience, even though precise causal correlations cannot be established, still remains important in that it affords us a description of the exhaustees remaining unemployed in the post-exhaustion period.

Before turning to the relationship between particular exhaustee characteristics and post-exhaustion employment experience, it is important to note that there probably was a much-narrower range of seniority rights among the exhaustees than there was among the first-payment population.³ Such circumstances suggest that the exhaustees experienced a much lower

³Cf. pp.38-39 particularly Table 7 which indicates that while more than one half of the first-payment population were eligible for the

recall rate than did the non-exhausting claimants from the first-payment population. Consequently, it seems likely that new jobs were a more important source of employment for exhaustees than they were for other claimants.

Sex

In Table A1⁴, the exhaustees who were still in the labor force three months after exhaustion are distributed by employment status and sex. As the Table indicates, women had a better reemployment experience than men, with 44.2 per cent employed, as compared with 35.8 per cent of the male exhaustees. This might seem somewhat surprising, since the female claimants had a higher exhaustion ratio than the male claimants. However, it must be remembered that new jobs probably were a much more important source of reemployment for the exhaustees than for the claimant population. Consequently, the apparent discrepancy between the exhaustion ratios and reemployment rates of men and women can perhaps be explained by the fact that new job opportunities in occupations in which women are usually engaged (e.g., service, clerical, and sales) tend to be somewhat more

full 26 weeks of benefits, less than one third of the exhaustees were eligible for the maximum duration of benefits. Since claimants with substantial seniority rights almost invariably were eligible for the maximum benefit duration, it seems likely that the exhaustees tended to have substantially lower seniority rights than the non-exhausting claimants.

⁴All Tables in which the number is prefaced with the letter A are in Appendix A.

extensive, during a period of high unemployment, than those in the manufacturing and construction occupations in which men preponderate.

Thus, the predominance of high seniority male factory workers among the claimant population resulted in a higher recall rate and therefore a lower exhaustion ratio for the male claimants than for female claimants, whereas the predominance of low seniority workers in the exhaustee group led to a more important role for new jobs and consequently to a higher post-exhaustion reemployment rate for women than for men.

Age

The exhaustees are distributed in Table A2 by their employment status three months after exhaustion and age. The data reveal that while 42 per cent of the exhaustees under 40 years of age were employed, only 25 per cent of those in the age bracket of 40 and over were working. This finding may appear to be inconsistent with the fact that an inverse relationship existed between age and the propensity to exhaust benefits. However, this apparent discrepancy can be explained by the fact that the claimant population was composed predominately of high seniority workers, whereas the exhaustees tended to be workers with unsubstantial seniority rights. In such circumstances, it is probable that the older claimants had a much higher recall rate than the younger claimants. On the other hand, since neither the older exhaustees nor the younger ones had enough seniority to avert exhaustion, it seems likely, in view of the discrimination that exists against the employment of older workers, that

any recall advantages that might have been enjoyed by the older exhaustees were more than offset by their inferior ability to obtain new jobs. Consequently, it was not inconsistent to find that a direct relationship between age and reemployment rates existed among the claimants, whereas there was an inverse relationship between these two variables among the exhaustees.

Education

An examination of Table A3 discloses a significant relationship between employment status three months after exhaustion and education. The exhaustees with less than a high school education had a much poorer reemployment rate than those who had graduated from high school or college. The survey data reveal that the older exhaustees tended to be concentrated in the educational groups with less than a high school education. Since the older exhaustees had a much lower reemployment rate than the younger ones, it is not surprising, therefore, that those with less than a high school education had a poorer post-exhaustion employment experience than other exhaustees.

Last Industrial Attachment

In Table A4, the exhaustees are distributed by last industrial attachment prior to their unemployment compensation claims and employment status three months after exhaustion. An examination of this table fails to reveal the existence of any significant relationship. Perhaps most striking is the fact that exhaustees from the dominant motor vehicle

industry had about the same reemployment rate as exhaustees in general. This circumstance becomes less surprising, however, when one reflects upon the fact that nearly 90 per cent of the exhaustees interviewed had last industrial attachments in manufacturing. Since almost all manufacturing activity in Lansing is related to the production of motor vehicles, one might expect that exhaustees from the motor industry would have a reemployment rate which closely approximated that of exhaustees as a whole.

Customary Occupation

The exhaustees are set forth in Table A5 by employment status three months after exhaustion and customary occupation. In view of the fact that the skilled claimants experienced a substantially lower exhaustion ratio than either the unskilled or the semi-skilled claimants, it is noteworthy that the post-exhaustion reemployment rate of the skilled exhaustees was slightly lower than that of either the unskilled or the semi-skilled exhaustees. However, since the skilled exhaustees tended to be low seniority older workers, it seems likely that a low recall potential together with the presence of age barriers against the employment of older workers account for the failure of the skilled exhaustees to experience a reemployment rate congruent with that of the skilled claimants.

The only occupational group that had a reemployment rate substantially above the average were the exhaustees in the professional and managerial classification. However, since only three of the exhaustees were in this category, little significance can be attached to their employment experiences.

Time of Exhaustion

An examination of Table A6 reveals that the claimants who exhausted their benefits in the summer and early fall months tended to have substantially better employment rates three months after exhaustion than did other exhaustees. This might have been anticipated since employment during the survey period tended to be much higher in the fall and early winter months than it was during other periods.⁵ Thus, the level of labor demand in the post-exhaustion period appears to have been a major determinant of exhaustee reemployment rates.

The Exhaustee's Explanation for His Unemployment

During the interview the exhaustee was asked to give the most important reason why he was unable to find work during his period of unemployment. It is extremely interesting to note these subjective judgments and to compare them with the objective criteria analyzed above. Table 12 gives the distribution of these reasons.

TABLE 12

MAIN REASONS GIVEN BY EXHAUSTEES FOR THEIR INABILITY TO FIND WORK WHEN UNEMPLOYED		
Main Reason Given	Number	Percent
No jobs available ^a	335	79.0
Age	49	11.6
Partially Disabled or Ill Health	12	2.8
Employer Reluctance to Hire		
Auto Workers	12	2.8
Lack of Skill or Education	11	2.6
Other	5	1.2
Total	424	100.0

^aIncludes such responses as "too many looking", "the recession", and "general economic conditions." However, the vast majority of the responses included in this category were simple statements to the effect that there were no jobs available.

⁵For monthly statistics on employment levels in Lansing during the survey period, see Table 3, p. 27.

The most striking fact revealed by this table is that nearly four fifths of the exhaustees stated that the main reason they were unable to find work during their unemployment period was that there were simply no jobs available. Age was the most important reason for nearly 12 per cent of the exhaustees.

Nearly three per cent stated that their main difficulty in finding jobs was the fact that they were automobile workers and employers wouldn't hire them because they might decide to return to the auto plants when recalls occurred. Some of these workers went on to say that they had refused certain jobs because the employers required as a condition of employment that they submit resignations to the automobile firms in which they had acquired seniority. Since these workers had accumulated a few years of seniority rights, they were reluctant to relinquish this seniority for the purpose of acquiring a job with a new employer. Apparently, they were deeply influenced by the high levels of unemployment which prevailed at the time of the survey. After weighing the short-term economic gain of a new job against the long-term uncertainty in its permanence, they decided to retain their seniority rights with their last employer.

It is also somewhat surprising to find that less than three per cent of the exhaustees mentioned lack of skill or education as the main reason for their inability to find work.

Thus, the vast majority of the exhaustees blamed their unemployment on the lack of job opportunities; this tends to be consistent

with the conclusion, which was arrived at in preceding sections in this chapter, that seniority rights and the level of demand for labor were prime determinants of employment experience in the post-exhaustion period.

MEANS OF SUPPORT IN THE POST-EXHAUSTION PERIOD

Our objective here is to determine the main source of subsistence for the exhaustees and their families during periods of unemployment after exhaustion. In the course of the interview the exhaustee was asked to disclose to the interviewer his principal means of support during such periods.

Some of the exhaustees who were interviewed had returned to work shortly after they exhausted their benefits. In addition, a substantial number had successfully opened either federal TUC claims⁶ or new state unemployment compensation claims soon after exhaustion. Since a consideration of means of support after exhaustion cannot be very meaningfully applied to an exhaustee who has either a highly favorable post-exhaustion employment record or a new claims experience soon after exhaustion, it was decided that the following groups of exhaustees would be excluded from the post-exhaustion means of support distribution:

⁶From the discussion in Chapter II, the reader will recall that at the time the TUC program began (June 30, 1958), more than one half of the exhaustees remained to be interviewed.

<u>Exhaustees Who in the Post-Exhaustion Period</u>	<u>Number of Exhaustees</u>
Had 9 or more weeks of work	50
Received unemployment compensation on a new claim for 9 or more weeks	123
Had a combination of unemployment compensation and employment totalling 9 or more weeks	<u>28</u>
Total	201

Thus, 201 out of the 424 exhaustees interviewed three months after exhaustion were excluded from the means of support distribution. This distribution is presented in Table 13.

TABLE 13

EXHAUSTEES DISTRIBUTED BY THEIR PRINCIPAL
MEANS OF SUPPORT DURING PERIODS OF UNEM-
PLOYMENT IN THE POST-EXHAUSTION PERIOD

<u>Principal Means of Support</u>	<u>Number of Exhaustees</u>	<u>Percentage of Total</u>
Spouse's Wages	57	25.6
Help from Parents or Other Relatives	33	14.8
Savings	38	17.0
Borrowings or Other Forms of Debt	27	12.1
Public Welfare	27	12.1
Pensions	25	11.2
Odd Jobs	7	3.1
Other	9	4.0
Total	<u>223</u>	<u>100.0</u>

As the table indicates, the earnings of spouses were the main source of support for over 25 per cent of the exhaustees. The aid of parents or other relatives accounted for the main source of livelihood for an additional 15 per cent of the respondents. Over 29 per cent stated that they were mainly dependent upon either savings or borrowings.

It is perhaps somewhat surprising, in view of the unfavorable general economic conditions which prevailed at the time of the survey, to find that only 12 per cent of the exhaustees stated that public welfare was their principal means of support.

As was indicated earlier, some of the exhaustees who were included in the means of support distribution had some work and/or unemployment compensation in the three-month post-exhaustion period. Therefore, it seems appropriate at this point to attempt to determine whether or not there were any marked differences in means of support between the group of exhaustees who had some work and/or unemployment compensation (but totalling less than 9 weeks) and the group of exhaustees who had neither. These comparative data are presented in Table A7. This table reveals that there substantial differences between the two groups. Exhaustees with thirteen consecutive weeks of non-compensable unemployment in the post-exhaustion period depended upon savings and borrowings as their principal means of support much less frequently than did other exhaustees. As might be expected, they were far more dependent upon public welfare, with nearly 17 per cent specifying this as their main source of livelihood, as compared with only 9 per cent of those who had some **work or** unemployment compensation.

Of the 223 exhaustees included in the means of support distribution, 186 were men and 37 were women. One might expect that both sex and marital status would substantially influence the means of support

distribution. An examination of Table A8, in which exhaustees are classified by means of support, sex, and marital status, tends to substantiate this presupposition. Over 85 per cent of the married women were dependent upon the incomes of their husbands, while 23 per cent of the married men stated that the wages of their wives were their principal means of support in the post-exhaustion period. Nearly 60 per cent of the single exhaustees depended upon help from their parents or other relatives.

THE ROLE OF PUBLIC WELFARE

A popular view concerning post-exhaustion experiences is that most unemployment compensation exhaustees end up on relief rolls after exhausting their benefits in a period of high unemployment.

It was pointed out in the preceding section that 12 per cent of the exhaustees who were included in the means of support distribution indicated that public welfare payments constituted their main source of support during periods of unemployment in the first three months after exhaustion. It is well to recall here, however, that 201 (47 per cent) of the 424 exhaustees interviewed were excluded from the means of support distribution. One also should be cognizant of the fact that the exhaustee was asked to reveal his main source of income, not all sources.

Therefore, in order to examine properly the question of the role of public welfare in the post-exhaustion experiences of unemployment compensation claimants, it is necessary to determine how many exhaustees

receive such assistance. Accordingly, all of the exhaustees who were interviewed were asked if they had received any welfare payments since exhaustion. Of the 424 exhaustees in the interview group, 41 (9.7 per cent) stated that they had received public welfare assistance. Some of these exhaustees, however, had returned to work by the time of the interview, and others had obtained other sources of income to replace public assistance. Consequently, by the end of the three-month post-exhaustion period, only 23 (5.4 per cent) of the exhaustees were receiving help from public relief agencies.

Thus, the experiences of exhaustees in this survey tend to indicate that, contrary to popular opinion, most exhaustees do not end up on relief rolls. Only about 10 per cent of the exhaustees in the survey received welfare payments in the three-month period following exhaustion.⁷ The survey data also revealed that most of the exhaustees depended primarily upon the wages of spouses, help from parents or other relatives, savings, or borrowing in periods of unemployment following exhaustion.

⁷It might be objected that the decision to include in the post-exhaustion survey those exhaustees who opened new claims shortly after the exhaustion of their initial claims may have substantially understated the incidence of public welfare recipience by "actual" exhaustees. An examination of the survey data reveals that 224 of the exhaustees received some benefits on new claims in the first three months after exhaustion. If we omit all of these exhaustees from the distribution of public welfare recipience, we find that 30 of the remaining 200 exhaustees received public welfare assistance. Thus, 15 per cent of the exhaustees who had no additional unemployment compensation in the three-month period following exhaustion received public welfare payments.

THE ROLE OF NEW UNEMPLOYMENT COMPENSATION CLAIMS

As indicated previously, an unemployment compensation exhaustee is a person who has received, on an established claim, all the unemployment compensation benefits to which he is entitled during his benefit year.

It may be surprising to learn that some exhaustees are able to open new state unemployment compensation claims⁸ quite soon after the exhaustion of previous benefit rights. Such "repeating" occurs in situations in which the claimant has exhausted his benefit rights toward the end of his benefit year. If he has had sufficient employment intervening his benefit weeks to enable him to establish a new claim upon the expiration of the benefit year, he may be eligible to receive unemployment benefits shortly after the exhaustion of a prior claim.⁹

Little information exists on the extent to which such unemployment compensation repeating occurs. Therefore, at the three-month post-exhaustion interview, the exhaustee was asked whether or not he was again receiving unemployment compensation. In addition, his claims record at the Lansing office of the Michigan Employment Security Commission was reviewed. The information thus secured is presented below in Table 14.

⁸The term "state unemployment compensation claim" is used to distinguish regular claims against employers from federal temporary benefits.

⁹For a more detailed discussion of the claims process, see Chapter I, pp. 4-6.

TABLE 14

EXHAUSTEES DISTRIBUTED BY WHETHER OR NOT THEY
WERE RECEIVING UNEMPLOYMENT COMPENSATION THREE
MONTHS AFTER EXHAUSTION AND THE TYPE OF BENEFITS RECEIVED

Receiving or Not Receiving Benefits and the Type Received	Number of Exhaustees	Percentage of Total
Receiving federal TUC benefits	8	1.9
Receiving regular State benefits	148	34.9
Not receiving benefits	268	63.2
Total	424	100.0

As the table indicates, only about two per cent of the exhaustees were receiving federal TUC benefits three months after exhaustion. It will be recalled that exhaustions from the first-payment population occurred over the period August 1957 to August 1958. Consequently, many of the exhaustees were interviewed before the TUC program began. Another reason for the relatively small number of TUC recipients among the interviewees was the fact that a large number of the exhaustees were receiving new state claims against employers.

The most striking fact revealed by Table 14 is that 35 per cent of the exhaustees were again receiving unemployment compensation on regular claims against employers three months after exhaustion.¹⁰ Manifestly, some

¹⁰ It perhaps should be noted here that while 37 per cent of the exhaustees were receiving unemployment compensation at the three-month post-exhaustion stage, an additional 16 per cent had received some new claim benefits prior to the time of the three-month interviews. The incidence of unemployment compensation "repeating" will be dealt with more fully in Chapter VII.

of the exhaustees were employed full-time and therefore were not eligible to receive benefits. Consequently, a better indication of the ability of the exhaustees to open new state claims shortly after exhaustion can be secured from examining the number of unemployed exhaustees receiving such claims. These data are presented in Table A9. An inspection of this table reveals that nearly 56 per cent of the unemployed exhaustees were receiving unemployment compensation on regular state claims three months after exhaustion. Just how can such an astonishingly high new claims potential be explained? And is it likely that exhaustees usually have such a high potential?

It was pointed out in Chapter III that employment in the Lansing labor market fluctuated markedly over the survey period. This was due mainly to production adjustments by the local automobile industry to changing conditions in dealer inventories and market demand. Nearly three fourths of the first-payment recipients in the summer of 1957 were automobile workers. When automobile industry recalls occurred in the fall, most of these workers returned to work. However, mass layoffs in the winter months returned many of these workers to unemployment compensation claims status. Those who exhausted their unemployment benefits, therefore, tended to do so toward the end of their benefit years. Thus, the pattern of discontinuous weeks of benefits¹¹ together with the accumulation of new wage credits through employment which intervened benefit weeks resulted in a tendency for the exhaustees to be able to open new claims soon after exhaustion.

¹¹Out of the 424 exhaustees interviewed, 347 (82 per cent) received their benefits in non-successive weeks.

Let us turn now to the question of whether or not it is likely that exhaustees usually have such a high new claims potential in the short-run post-exhaustion period as did those in this survey. It has already been pointed out that marked fluctuations in employment levels in Lansing during the survey period, which was largely the result of changes in the level of automobile production, created conditions which gave rise to an exhaustion pattern characterized by a large percentage of discontinuous benefit series. In the absence of such economic conditions, it is unlikely that such a high new claims potential would be possessed by unemployment compensation exhaustees. A more regular employment pattern in all probability would tend to result in a smaller percentage of interrupted claims series and consequently in a smaller new claims potential for exhaustees.

THE LABOR FORCE MOVEMENTS OF SPOUSES

As noted earlier, slightly over one fourth of the exhaustees who were included in the means of support distribution stated that their spouses' wages were their main source of support during unemployment periods following exhaustion. At this point, we wish to determine exactly how many of the exhaustees were married and just what percentage of their spouses were in the labor force.

Of the 424 exhaustees who were interviewed, 347 (82 per cent) were married. As indicated below in Table 15, nearly 30 per cent of the married exhaustees had spouses who were employed at the time of the

three-month post-exhaustion interview. As one might expect, there were marked differences between the labor force distributions of spouses based on sex. Over 77 per cent of the female exhaustees had employed husbands, but only 22 per cent of the male exhaustees had wives who were working.

TABLE 15

MARRIED EXHAUSTEES, DISTRIBUTED BY SEX AND
THEIR SPOUSES' LABOR FORCE STATUS THREE
MONTHS AFTER EXHAUSTION

Spouses' Labor Force Status	Male Exhaustees		Female Exhaustees		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Employed	65	21.8	38	77.6	103	29.7
Unemployed	32	10.7	7	14.3	39	11.2
Out-of-the Labor Force	201	67.4	4	8.2	205	59.1
Total	298	100.0	49	100.0	347	100.0

It might be assumed that an extended period of unemployment for a husband creates economic exigencies that often are sufficient to force the housewife into the labor market. In Table 16, the 57 married male exhaustees who had neither employment nor unemployment compensation in the post-exhaustion period are distributed by their wives' labor force status before the exhaustees lost their jobs, and their status three months after exhaustion.

The table shows that there was some tendency for housewives to enter the labor force following an extended period of unemployment for their husbands. The percentage of the exhaustees' wives who were out-of-the labor force fell from 86 per cent prior to their husbands' unemployment

TABLE 16

THE MARRIED MALE EXHAUSTEES WHO HAD NEITHER EMPLOYMENT
NOR UNEMPLOYMENT COMPENSATION IN THE THREE-MONTH
PERIOD FOLLOWING EXHAUSTION, DISTRIBUTED BY THEIR SPOUSES'
LABOR FORCE STATUS BEFORE THEIR CLAIMS PERIOD AND THREE
MONTHS AFTER EXHAUSTION

Labor Force Status of Exhaustees' Wives	Before Exhaustee Lost His Job		Three Months After Exhaustion	
	Number	Percentage	Number	Percentage
Employed	6	10.5	14	24.6
Unemployed	2	3.5	1	1.8
Out-of-the Labor Force	49	86.0	42	73.7
Total	57	100.0	57	100.0

to 74 per cent three months after exhaustion. Also, of the 49 wives who were out-of-the labor force before their husbands lost their jobs, 7 (14 per cent) were in the labor force at the three-month post-exhaustion stage.¹² Thus, the vast majority of the wives remained outside the labor force even after three months of non-compensable unemployment by their husbands. The interviews revealed that most of the exhaustees felt that labor force entrance by their wives was impracticable either because they had small children or because their wives had little skill or work experience.

A NOTE ON JOB DISCRIMINATION AGAINST THE OLDER WORKER

It was pointed out earlier that of the exhaustees who were still in the labor force three months after exhaustion, 42 per cent of

¹²These seven labor force entrants represent total as well as net entrants, i.e., all 42 wives who were out-of-the labor force three months after exhaustion were also in this same status prior to their husbands' unemployment claims period.

those under 40 years of age were working, but only 25 per cent of those in the age brackets over 39 were employed. It is generally recognized that the presence of age barriers is an important obstacle to the employment of older workers.¹³ Therefore, it was decided that the unemployed exhausters in the survey who were 40 years of age or over would be asked if they had ever been told that they were too old when they applied for jobs. These data are presented below in Table 17.

TABLE 17

EXHAUSTEES 40 YEARS OF AGE OR OVER WHO
WERE UNEMPLOYED THREE MONTHS AFTER
EXHAUSTION, DISTRIBUTED BY WHETHER
OR NOT THEY WERE EVEN TOLD THAT
THEY WERE TOO OLD WHEN THEY
APPLIED FOR JOBS

Exhaustees Who When They Applied for Jobs	Number	Percentage
Had been told that they were too old	37	38.9
Had not been told outright that they were too old, but it was implied	10	10.5
Had never been told that they were too old	48	50.5
Total	95	100.0

As the table indicates, nearly 39 per cent of these exhaustees stated that they had been told they were too old to be hired. An additional 10.5 per cent said that although they had never been told outright that they were too old, the course of the hiring agent's remarks indicated

¹³An excellent statement of the problem is presented in U. S. Department of Labor, Bureau of Employment Security, Older Worker Adjustment to Labor Market Practices (Washington: September 1956).

that age was a primary factor involved in their inability to secure the job. Of the 37 exhaustees who had been told that they were too old for a job, 24 (64.9 per cent) also stated that this was their usual experience whenever they applied for work.

In Table A10, the unemployed exhaustees who were 40 years of age or over are distributed by whether or not they were ever told that they were too old to be hired, age and sex. Although the table indicates that proportionately slightly more of the female exhaustees were told that they were too old for a job than were the male exhaustees, the number of women in this distribution is probably too small to permit any generalizations regarding the relative experience of men and women. However, the table does tend to indicate that the older the exhaustee, the more likely it was that he would be told that he was too old for a job.

One might assume that perhaps many of these older exhaustees were "voluntarily" unemployed because the only employment available to them might have been in jobs which pay far below their minimum asking price. To test this hypothesis, the 95 unemployed exhaustees 40 or older were asked if they had ever refused a job because the wage was too low and also what they would consider to be the lowest wage rate they could accept. Only two exhaustees (both men in their forties) stated that they had refused jobs because of low wage rates. Moreover, about 40 per cent of the respondents indicated they would work for \$1.00 per hour, and over 75 per cent indicated minimum asking prices of \$1.50 per hour or less.

Thus, the results of this survey indicate that employer discrimination against the employment of older workers perhaps substantially contributed to the relatively poor reemployment records of the exhaustees in the older age groups. On the other hand, the findings offer little evidence that high minimum asking prices were an important contributing factor to the high unemployment rates experienced by these older exhaustees.

CHAPTER VI

POST-EXHAUSTION EXPERIENCE: THE FOURTH THROUGH THE SIXTH MONTH

In Chapter V we discussed the exhaustees' experiences during the three-month period immediately following exhaustion. This discussion was based on information secured at the three-month post-exhaustion interviews.

In this chapter we shall examine the experiences of the exhaustees over the second quarter following exhaustion. It will be recalled that six months after exhaustion, one-page questionnaires were mailed to the exhaustees who had been interviewed.¹ This mail survey, which was conducted over the period March 1958 to February 1959, afforded six-month post-exhaustion information for 402 of the 424 exhaustees interviewed three months after exhaustion.

EMPLOYMENT EXPERIENCES

Labor Force Status

In Table 18, the exhaustees are distributed by labor force status approximately six months after exhaustion.²

¹The six-month post-exhaustion mail questionnaire is reproduced in Appendix C, p. 123.

²Although initial questionnaires were mailed to the exhaustees six months after exhaustion, some were not returned promptly. The use of follow-up questionnaires resulted in the obtaining of mail survey data over a period ranging from six to seven months after exhaustion. For an exact distribution of response time see Chapter II, pp. 14-15.

TABLE 18
LABOR MARKET STATUS OF EXHAUSTEES,
APPROXIMATELY SIX MONTHS AFTER EXHAUSTION

Labor Market Status ^a	Number	Percentage
Employed	252 ^b	62.7
Unemployed	125	31.1
Withdrawn from the Labor Force	25	6.2
Total	402	100.0

^aThe desirability of restricting the mail questionnaire to one page precluded utilization of the labor force definitions used at the three-month post-exhaustion stage. The classification method employed here involves the use of procedures which have become quite standard in post-exhaustion mail surveys. If the exhaustee indicated he was working, he was classified as employed; if he stated that he was not working but was looking for work, he was listed among the unemployed; if he was neither working nor looking for work, then he was classified as withdrawn from the labor force.

^bIncludes 26 exhaustees who indicated that they were employed part-time and one exhaustee who did not specify whether his job was full-time or part-time.

The table shows that while nearly 63 per cent of the exhaustees were employed six months after exhaustion, more than 31 per cent were still unemployed. It is quite apparent that the exhaustees had a much higher employment ratio six months after exhaustion than they did at the three-month post-exhaustion stage when only about one third were employed. An explanation for this substantially higher employment rate can be found by examining the economic conditions which prevailed at the time the mail survey was made. Of the 377 exhaustees who were in the labor force at the time of the survey, 205 returned their questionnaires in the period November 1958 to February 1959. This period was

characterized by relatively high levels of employment in the automobile industry.³ An examination of the survey data reveals that of the 205 exhaustees who returned their questionnaires during this period, 171 were employed. These 171 exhaustees represented over two thirds of the 252 exhaustees who were employed six months after exhaustion.

Thus, the fact that there were proportionately more exhaustees working six months after exhaustion than there were at the three-month post-exhaustion stage is most probably the result of the improving labor market conditions which characterized the latter part of the survey period.

Number of Weeks of Work

Reference to Table 19 reveals that 21.6 per cent of the exhaustees indicated that they had no work in the second quarter following exhaustion. Since 47.2 per cent of the exhaustees were without employment in the first post-exhaustion quarter, it is readily apparent that employment experiences tended to improve in the second quarter.

Duration of Unemployment After Exhaustion

In the preceding chapter, we found that over one half of the exhaustees had durations of unemployment that were over three months. It is our objective here to determine the duration of unemployment for the first six months following exhaustion. These data for the 377

³See Table 3, p. 27.

TABLE 19

EXHAUSTEES DISTRIBUTED BY NUMBER OF WEEKS
OF WORK, SECOND POST-EXHAUSTION QUARTER^a

Weeks of Work	Number	Percentage
No Work Whatsoever	87	21.6
Less than 1 Week	10	2.5
1-4 Weeks	53	13.2
5-8 Weeks	73	18.2
9-12 Weeks	63	15.7
13-17 Weeks ^a	68	16.9
Didn't Specify ^b	48	11.9
Total	402	100.0

^aBecause of the use of follow-up questionnaires, in some cases the weeks of work data extend beyond the second post-exhaustion quarter.

^bThe exhaustees in this category indicated that they either were working or had some work after the third post-exhaustion month; however, they failed to specify the number of work weeks. The three-month interviews revealed that many of the exhaustees found it difficult to make precise calculations of employment tenures. Consequently, it is not surprising to find that the weeks of employment question was not answered on the mail questionnaires of some of the exhaustees.

exhaustees who were still in the labor force six months after exhaustion are presented in Table 20.

TABLE 20

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS
AFTER EXHAUSTION, DISTRIBUTED BY DURATION
OF UNEMPLOYMENT AFTER EXHAUSTION

Duration of Unemployment After Exhaustion	Number	Percentage
Under 3 months	168	44.6
3-6 months	134	35.5
Over 6 months	75	19.9
Total	377	100.0

The table indicates that although about 36 per cent of the exhaustees were able to secure employment in the second post-exhaustion quarter, nearly 20 per cent of the exhaustees did not obtain a job which lasted at least one week in the six-month period following exhaustion.

WITHDRAWALS FROM THE LABOR FORCE

From his examination of Table 18, the reader will recall that about 6 per cent of the exhaustees were out-of-the labor force six months after exhaustion. In Table 21, these exhaustees are distributed by reason for withdrawal and sex.

TABLE 21

EXHAUSTEES WITHDRAWN FROM THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION, DISTRIBUTED BY REASON FOR WITHDRAWAL AND SEX

Reason for Withdrawal	Men		Women		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Retired	8	61.5	4	33.3	12	48.0
Sick or Disabled	4	30.8	1	8.3	5	20.0
Pregnant	-	--	4	33.3	4	16.0
Housekeeping	-	--	3	25.0	3	12.0
In School	1	7.7	0	0.0	1	4.0
Total	13	100.0	12	100.0	25	100.0

As the table indicates, retirement accounted for almost one half of labor market withdrawals. Other survey data revealed that only 3 of the 13 men who indicated that they were out-of-the labor force were under 65 years of age. The data also show that female exhaustees who had withdrawn tended to be younger than their male counterparts. This was to be expected since pregnancy and housekeeping accounted for over one half of female withdrawals.

FACTORS AFFECTING EMPLOYMENT EXPERIENCE

It is our objective here to determine whether or not any relationship existed between the exhaustees' employment status six months after exhaustion and their personal characteristics. Such an analysis should afford a useful comparison for the conclusions arrived at in the preceding chapter when we related personal characteristics with employment status at the three-month post-exhaustion stage.

Sex

In Table All, the exhaustees who were still in the labor force six months after exhaustion are distributed by employment status and sex. The table shows that there was no significant difference between the employment rates of men and women. The reader will recall that three months after exhaustion women had a higher employment rate than men. Manifestly, over the second post-exhaustion quarter the reemployment rate of the male exhaustees tended to improve relative to that of the women. This is not surprising when one is cognizant of the fact that the substantial employment recoveries that took place in the local labor market over the latter part of the survey period were largely the result of recalls in the motor vehicle industry. Since this industry was a more important source of reemployment for the male exhaustees than the female, it is to be expected that the reemployment rate of the men would tend to improve relative to that of the women.

Age

It will be recalled that the exhaustees under 40 years of age had an employment rate three months after exhaustion which was markedly

higher than that of the older exhaustees. An examination of Table A12 reveals that this relationship also tended to be characteristic of employment rates six months after exhaustion. The table indicates that of the 255 exhaustees under 40 years of age, 185 (72.5 per cent) were employed. On the other hand, only 67 (54.9 per cent) of the 122 exhaustees in age brackets over 39 were working six months after exhaustion.

Education

In Table A13 the exhaustees are distributed by employment status six months after exhaustion and education. The table indicates a relationship that is strikingly similar to that uncovered by the three-month interviews. While there was little difference in employment rates between groups with less than a completed high school education, the exhaustees who were high school graduates exhibited a markedly higher employment rate than those with less education.

Last Industrial Attachment

The reader will recall that exhaustees from the dominant automobile industry had about the same employment rate three months after exhaustion as exhaustees in general. The data set forth in Table A14, however, indicate that at the six-month post-exhaustion stage, exhaustees from the automobile industry had a superior employment rate. This is doubtless a reflection of the rapid expansion in motor vehicle production that occurred during the latter part of the survey period.

Customary Occupation

Table A15 shows the relationship between customary occupation and employment status six months after exhaustion. The same general

relationship that existed among the employment rates of the manual worker categories three months after exhaustion also was found to exist at the six-month post-exhaustion stage; that is, the skilled exhaustees had a lower employment rate than both the semi-skilled and unskilled groups.

It is noteworthy that six months after exhaustion the skilled, semi-skilled, and unskilled exhaustees all had employment rates considerably higher than those of the service and clerical and sales groups, whereas three months after exhaustion there were no substantial differences among the employment rates of these groups. The reason that the employment rates of the exhaustees in the manual worker categories improved vis-a-vis those of the other occupational groups is that proportionately more of these exhaustees were attached to the motor vehicle industry. The exhaustees from this industry had an employment rate three months after exhaustion that was about the same as that of exhaustees in general; at the six-month post-exhaustion stage, however, these same exhaustees had an employment rate that was much higher than that of any other industrial group. Consequently, it is not surprising that the exhaustees in the manual worker categories had in the second post-exhaustion quarter a rate of reemployment that was substantially higher than that of other exhaustees.

Time of the Survey

In Table A16, the exhaustees are distributed by employment status and the month that they filled out and returned their mail

questionnaires. The data reveal that the exhaustees who were contacted in the fall and early winter months, when employment levels in the labor market were relatively high, tended to have substantially higher employment rates than other exhaustees. This tends to corroborate our tentative conclusion, which was based on employment status three months after exhaustion, that a major determinant of post-exhaustion employment rates was the level of labor demand in the post-exhaustion period.

PUBLIC WELFARE RECIPIENTS

From our discussion in the preceding chapter, it will be recalled that slightly less than 10 per cent of the exhaustees received public welfare payments sometime during the three-month post-exhaustion period. However, at the time of the three-month interview, only 5.4 per cent of the exhaustees were on welfare rolls.

It is to be expected that as the employment rate of exhaustees increases, the number of exhaustees on welfare rolls will tend to decrease. Such was the experience of the exhaustees in this survey. The mail survey revealed that at the six-month post-exhaustion stage only 2.6 per cent of the respondents were on welfare. This decline in the number of exhaustees receiving welfare payments is perhaps a reflection of the increase in the employment rate from 36.9 per cent three months after exhaustion to 66.8 per cent at the six-month post-exhaustion stage.

CHAPTER VII

AFTER BENEFIT YEARS EXPIRE

As was indicated in Chapter V, the three-month post-exhaustion interviews revealed that about 35 per cent of the exhaustees were receiving unemployment compensation on new state claims against employers three months after exhaustion. These new claim recipients represented over one half of the unemployed exhaustees. An analysis of the causes of this high new claims potential three months after exhaustion was presented earlier and therefore will not be discussed here.

Although most of the claimants in the survey who exhausted their benefits did so toward the end of their benefit years, many others exhausted relatively soon after the initiation of their claims. Consequently, many of the three-month post-exhaustion interviews took place prior to the expiration of the exhaustees' benefit years. Thus, some of the unemployed exhaustees in the survey were ineligible for benefits during the three-month period following exhaustion simply because their benefit years had not yet expired. Therefore, in order to determine the extent of unemployment compensation "repeating" by the exhaustees after their benefit years expired, i.e. the number of exhaustees who were able to open new state claims against employers soon after the expiration of their benefit years, it was necessary to institute

a post-benefit year survey. The methodology established was designed not only to provide the needed new state claim information but also to afford data necessary for the evaluation of the impact of the TUC program.¹

THE SURVEY PERIOD

Since all of the exhaustees in the survey were from the first-payment population of June, July and August 1957, it is to be expected that their benefit year expiration dates would be in the summer of 1958. An examination of the records of the 424 exhaustees who were included in the post-exhaustion phase of the study revealed that they had benefit years ending in the period May through August of 1958. As was indicated in Chapter II, certain methodological restrictions, which were necessary to preserve the continuity of the original survey design, precluded the obtaining of post-benefit year information at a fixed time interval after the termination of benefit years. Therefore, the data were obtained at a variable interval which ranged from 3 to 16 weeks after the expiration of the exhaustees' benefit years. The median interval was 8 weeks, and the survey period extended from early July through late November of 1958.

¹ The methodology employed in the post-benefit year survey is presented in Chapter II.

LABOR FORCE STATUS

In order to evaluate properly the extent of unemployment compensation repeating by the exhaustees and also to appraise their potential for such repeating, it is necessary to determine the exhaustees' labor force status at the time the post-benefit year information was obtained. Such data are presented in Table 22.

TABLE 22

EXHAUSTEES DISTRIBUTED BY LABOR FORCE STATUS AT THE TIME OF THE POST-BENEFIT YEAR SURVEY

Labor Force Status	Number	Percentage
Employed - full-time	106 ^a	25.7
Employed - part-time	25 ^b	6.1
Unemployed	263	63.8
Withdrawn from Labor Force	18	4.4
Total	412	100.0

^aIncludes 16 strikers who were temporarily separated from full-time jobs.

^bIncludes 86 exhaustees who were not reinterviewed because they were on unemployment compensation claims at the time their local office records were checked. It is assumed here that they were unemployed, although some may have been employed part-time and earning less than their weekly benefit rates.

The table shows that nearly two thirds of the exhaustees were unemployed at the time of the survey, slightly over one fourth were employed full-time, and an additional six per cent were employed part-time.

UNEMPLOYMENT COMPENSATION REPEATING

An examination of the post-benefit year data revealed that of the 412 exhaustees in the survey group, 181 (nearly 44 per cent)

were receiving unemployment benefits on new state claims at the time of the post-benefit year survey. The data also showed that 68 other exhaustees had received payments on new state claims, although they were not receiving such benefits at the time of the survey. Thus, 249 of the exhaustees opened new state claims during the post-benefit year period. This represents a repeating rate of 60.4 per cent.

Manifestly, a person cannot be employed full-time and still be eligible for unemployment benefits on a new state claim. Therefore, the only estimate we have of the repeating potential of the exhaustees as a group is to determine how many of the unemployed exhaustees were receiving benefits on new state claims. The survey data indicated that 173 out of the 263 exhaustees unemployed at the time of the survey were receiving payments on such claims.² Thus, the probable repeating potential of the exhaustees as a group was about 66 per cent.

Since duration of unemployment benefits is a function of the number of weeks of covered employment in the base period, it is to be expected that exhaustees during a recession would tend to have substantially shorter potential benefit durations on a second round of claims than they had on the initial round. The survey findings tended to support this hypothesis. The data revealed that the 249

² The reader may have noted at this point an apparent inconsistency between the fact that 173 of the unemployed exhaustees were receiving new state claim benefits and the fact that there was a total of 181 new state claim recipients. The reason for this disparity is that 8 of the exhaustees employed part-time were earning less than their weekly benefit rates and therefore were receiving benefits.

exhaustees who opened new state claims in the post-benefit year period had an average potential duration of over 22 weeks on their initial claims, but only 15 weeks on their later ones.

FACTORS AFFECTING REPEATING

As has been discussed earlier, the predominance of workers from the automobile industry in the exhaustee group together with the extreme fluctuations in automobile employment that characterized the labor market over the survey period resulted in an exhaustion pattern typified by discontinuous benefit payment series. Such circumstances, insofar as they result in the accumulation of wage credits necessary for the opening of new claims, can lead to a high repeating potential among exhaustees.

An examination of the post-benefit year data revealed that of the 172 unemployed exhaustees whose last industrial attachment prior to their initial claims period was the motor vehicle industry, 134 (nearly 78 per cent) were able to open new state claims, as compared with only 43 per cent of the exhaustees from other industries. The data also indicated that over three fourths of the unemployed exhaustees who received their unemployment benefits in discontinuous payment series were able to open new state claims, whereas only 17 per cent of the continuous payment recipients were able to do so.

Thus, it seems probable that the preponderance of exhaustees from the motor vehicle industry together with the marked fluctuations in

employment levels during the survey period gave rise to an exhaustion pattern characterized by discontinuous payment series and to a high repeating potential in the post-benefit year period.

It is important to note here that the high repeating potential of the exhaustees in this survey may well be atypical. Employment fluctuations in most labor markets are not dominated by industries that are as cyclically sensitive as motor vehicle manufacturing. Consequently, it seems likely that employment fluctuations in Lansing during the 1957-58 recession were much more severe than those in most other labor markets. Thus, the high proportion of discontinuous-payment exhaustees and the resultant high repeating potential of the exhaustees in the survey were probably unrepresentative of the experiences of exhaustees in most labor markets.

THE IMPACT OF THE FEDERAL TUC PROGRAM

The post-benefit year survey took place after the federal TUC program was instituted. Therefore, at the time of the survey all of the unemployed exhaustees who lacked sufficient credit weeks to open new state claims and who were not disqualified from receiving further benefits were eligible for TUC. In Table 23, both the unemployed exhaustees and those who were employed part-time are distributed by whether or not they were receiving unemployment benefits and the type of claim established.³

³The Michigan Employment Security Act provides that a worker who is employed part-time and earning less than his weekly benefit rate may be eligible for benefits.

TABLE 23

EXHAUSTEES UNEMPLOYED OR EMPLOYED PART-TIME
AT THE TIME OF THE POST-BENEFIT YEAR SURVEY, DISTRIBUTED
BY WHETHER OR NOT THEY WERE RECEIVING UNEMPLOYMENT
COMPENSATION AND TYPE OF BENEFITS RECEIVED

Benefit Status	Unemployed Exhaustees		Exhaustees Employed Part-Time	
	No.	%	No.	%
Receiving regular State Benefits	173	65.8	8	32.0
Receiving federal TUC Benefits	64	24.3	0	0.0
Not Receiving Benefits	26	9.9	17	68.0
Total	263	100.0	25	100.0

The table shows that while nearly one fourth of the unemployed exhaustees were receiving federal TUC benefits, the majority had sufficient wage credits to be receiving new state claims against employers. The table also indicates that nearly 10 per cent of the unemployed exhaustees and 68 per cent of those employed part-time were not receiving any benefits whatsoever at the time of the survey. It is appropriate at this point to inquire into the reasons why these exhaustees were not receiving benefits. Such data are presented in Table 24.

It was to be expected that most of the exhaustees who were employed part-time and not receiving unemployment benefits would have weekly earnings in excess of their weekly benefit rates on established (or potential) new claims. This expectation is verified by the data in Table 24 which show that over 82 per cent of these exhaustees were not receiving benefits for this reason.

TABLE 24

EXHAUSTEES UNEMPLOYED OR EMPLOYED PART-TIME
AND NOT RECEIVING UNEMPLOYMENT BENEFITS AT
THE TIME OF THE POST-BENEFIT YEAR SURVEY,
DISTRIBUTED BY REASON BENEFITS WERE NOT
RECEIVED

Reason Benefits Were Not Received	Unemployed Exhaustees		Exhaustees Employed Part-Time	
	No.	%	No.	%
Is employed part-time and earning more than his weekly benefit rate	--	--	14	82.4
Has been disqualified for the duration of his unemployment	2	7.7	0	0.0
Just laid off - will apply for benefits	6	23.1	0	0.0
Has exhausted TUC	2	7.7	0	0.0
Did not know about TUC	2	7.7	1	5.9
Knew about TUC, but did not think that it applied to him	9	34.6	1	5.9
Other ^a	5	19.3	1	5.9
Total	26	100.0	17	100.0

^aIncludes such reasons as "going to move out of the area", "don't need it", and "saving these new benefits for the winter".

The most striking fact indicated by Table 24 is that 13 of the exhaustees were not receiving benefits because they either did not know about the TUC program or they were confused regarding its applicability. The interviews revealed that most of these exhaustees either thought that the TUC program was solely for factory workers or believed that only families with children were eligible. The survey data, however, also indicated that almost all of these exhaustees had received their

last benefit payments many months before the TUC program was instituted. Consequently, it is probable that they had not visited the local employment security office after the TUC program was established and therefore had not been informed of the details of the program. The claimants who exhausted their benefits after the TUC program was established experienced no such problem since instructions and applications for TUC were presented to them when they received their last benefit payments on regular state claims.

One final question concerning the impact of the federal TUC program remains to be answered -- namely, how many of the exhaustees in the survey received these benefits? From our examination of Table 23 it will be recalled that 64 of the exhaustees were receiving TUC payments at the time of the post-benefit year survey. The survey data also revealed that an additional 41 exhaustees had received some TUC payments prior to the time of the survey, but they were no longer receiving such benefits when the post-benefit year survey was conducted. Thus, only 105 of the 412 exhaustees had received any TUC payments up to the time of the survey.

In addition to the information regarding TUC recipience that was gathered at the post-benefit year survey, a complete record was kept of all 1958 TUC payments that were made in the local employment security office to the exhaustees in the survey group. These data revealed that 195 (47.3 per cent) of the 412 exhaustees received TUC payments in 1958. Since the TUC program did not expire until April 1, 1959, it should not

be inferred that the TUC recipience rate was exactly 47.3 per cent. Manifestly, some of the exhaustees may have moved out of the labor market and may have been receiving TUC payments elsewhere. Moreover, some of those who in the latter part of 1958 were either employed or receiving benefits on new state claims may have become unemployed or exhausted their new state benefits early in 1959 and thus been eligible to open a TUC claim. However, in view of the improved economic conditions in the labor market during the latter part of 1958 and in early 1959, it appears unlikely that many of the exhaustees opened TUC claims in the first quarter of 1959.

Therefore, it seems reasonable to conclude that only about one half of the exhaustees received benefits under the federal TUC program. The existence of a high repeating rate on new state claims together with the substantial expansion in employment opportunities that took place soon after the initiation of the TUC program led to a rather low TUC recipience rate for the exhaustees in this survey.

CHAPTER VIII

SUMMARY AND CONCLUSIONS

The preceding chapters have examined the characteristics and post-exhaustion experiences of people who exhausted their unemployment compensation benefits in a labor market characterized by high levels of unemployment.

Although long overlooked as a subject for research, the unemployment compensation exhaustee has received a great deal of research attention in recent years.¹ Unfortunately, these studies almost invariably have been conducted in periods of quite vigorous economic activity. Therefore, the broad objective of this study was to fill at least part of the void that exists in our knowledge of claimants who exhaust their benefits during a period of high unemployment.

It is fully recognized that a study such as this which is restricted to a single labor market and to a specific time period is greatly limited in its applicability. In such circumstances, the study findings and conclusions must necessarily be more suggestive

¹Nearly all of these studies have been conducted by state employment security agencies. The most recent study is the seven-teen-state survey sponsored by the Bureau of Employment Security. The findings of this survey are summarized in Experience of Claimants Exhausting Benefit Rights Under Unemployment Insurance: 17 Selected States (Washington: December 1958).

than definitive. Nevertheless, it is hoped that this study will make a substantial contribution by describing the problem, providing new methods of survey procedure, and affording data and analyses for the formulation of hypotheses which can be tested by future studies in other labor markets.

The methodology used in this study and the economic conditions that prevailed at the various stages of the survey (which are the subject matters of Chapters II and III) were as follows: The first-payment recipients of June, July and August 1957 were chosen as the population from which the exhaustee group would be derived. This procedure was adopted to permit a precise comparison of the characteristics of the exhaustees with those of claimants in general. It perhaps should be noted here that in the summer of 1957 the national recession was just beginning to affect the Lansing labor market. Layoffs in the dominant automobile industry were occurring in magnitudes far above normal for that time of the year, and unemployment averaged nearly 6.6 per cent of the labor force.

Exhaustions from the first-payment population took place over the period August 1957 - August 1958. Employment adjustments in the local automobile industry, which were necessitated by declining consumer demand, were mirrored in a persistent rise in unemployment levels. About 8.9 per cent of the labor force were unemployed during the exhaustion period.

The main segment of post-exhaustion information obtained in the study was secured by personal interviews with the exhaustees three months after they exhausted their benefits. Additional information was obtained by the use of mail questionnaires that were sent to the exhaustees six months after exhaustion. Although unemployment averaged over 9 per cent of the labor force during the periods in which the interview and mail questionnaire information was obtained, there were substantial reductions in unemployment during the latter part of the survey period.²

The final phase of the study consisted of an attempt to determine (1) the extent of unemployment compensation repeating by the exhaustees, and (2) the incidence of the federal TUC program on the exhaustees in the survey. To accomplish these objectives a post-benefit year survey was instituted.³ This survey took place from early July through late November of 1958 -- a period which was characterized by large volumes of unemployment in the local labor market.

As pointed out in Chapter IV, workers from the automobile industry -- an industry which supplies jobs for over 20 per cent of the labor force in the local labor market -- were preponderant in both the first-payment population and the exhaustees from this population. They accounted for over 70 per cent of the total in each of

²See Table 3, p. 27.

³The methodology used in the post-benefit year survey is much too involved to be summarized here. For a description and discussion of the techniques employed, see Chapter II, pp. 15-19.

these groups. The survey data also revealed that one third of the first-payment population exhausted their benefit rights. Rather heavy recalls in the motor vehicle industry in the fall months of 1957 together with the relatively high levels of employment that were sustained in this industry throughout the early winter months permitted most of the claimants to avert exhaustion.

Chapter V examined the experiences of the exhaustees over the first three post-exhaustion months. The survey data indicated that slightly over 60 per cent of the exhaustees were still unemployed three months after exhaustion. The importance of seniority as a reemployment factor is perhaps shown by the fact that 43 per cent of the reemployed exhaustees were working on the same jobs they had held prior to their claims period.

The post-exhaustion data fail to support the contention that most unemployment compensation claimants are unemployed because of the existence of unemployment benefits and that when these benefits are terminated they soon find jobs. The data revealed that of the exhaustees who received no unemployment compensation in the three-month post-exhaustion period, only 29 per cent secured employment in the first month following exhaustion and 27 per cent were reemployed in the second month. Moreover, a substantial number of these exhaustees were reemployed as a result of recalls by their employers. Consequently most of the exhaustees in this survey failed to "find" jobs shortly after the termination of their benefit rights.

To be eligible for unemployment compensation a person must be actively seeking employment. It is sometimes charged that benefits are paid to many individuals who are not actually looking for work. The results of this survey offer little evidence to support this supposition. Less than 5 per cent of the exhaustees were withdrawn from the labor force at the three-month post-exhaustion stage, and only slightly over 6 per cent were no longer in the labor force six months after exhaustion. The data also indicated that well over half of the withdrawals were made by exhaustees who were 65 years of age or older. When one reflects upon the fact that workers in this age bracket tend to have an extremely narrow range of new job opportunities, it seems likely that many of these exhaustees withdrew involuntarily from the labor force and probably would have been willing to accept suitable work during their unemployment claims period.

From the evidence presented in Chapters V and VI, it was concluded that seniority rights in recall and the level of demand for labor in the post-exhaustion period constituted the major determinants of exhaustee reemployment rates in the Lansing labor market during the study period. Although unemployment tended to be at high levels throughout the survey period, substantial recalls and layoffs, of both a seasonal and cyclical nature, frequently occurred in the major manufacturing establishments of the labor market. Thus, high and fluctuating volumes of unemployment resulted in major roles for seniority rights and labor demand in the post-exhaustion employment experiences of the exhaustees in this survey.

An important objective of this study was to determine the major sources of income for the exhaustees and their families during periods of non-compensable unemployment. The survey data revealed that the wages of spouses constituted the principal means of support for over 25 per cent of the exhaustees. Aid from parents or other relatives accounted for the main source of livelihood for an additional 15 per cent of the exhaustees, and over 29 per cent stated that they depended primarily upon savings or borrowings. As might be expected, the means of support distribution was substantially influenced by both marital status and sex. It was found that over 85 per cent of the married female exhaustees were dependent upon the wages of their husbands, while 23 per cent of the married male exhaustees stated that their wives' wages had been their principal means of support. Nearly 60 per cent of the single exhaustees depended upon help from parents or relatives, whereas only 5 per cent of the married exhaustees stated this as their principal means of support.

The experiences of the exhaustees in this survey tend to indicate that, contrary to public opinion, most exhaustees do not end up on relief rolls. Only about 10 per cent of the exhaustees received welfare payments in the three-month period following exhaustion. As indicated above, most of the exhaustees either had or were able to secure other sources of support to tide them over short periods of unemployment.

The survey data revealed that nearly 30 per cent of the exhaustees had spouses who were employed at the time of the three-month post-exhaustion interviews. An analysis on the basis of sex indicated that over 77 per cent of the female exhaustees and nearly 22 per cent of the male exhaustees had working spouses. It perhaps might be assumed a priori that an extended period of unemployment for a husband often creates economic exigencies sufficient to compel the housewife to enter the labor market. An examination of the labor force movements of the wives of exhaustees who had at least 13 weeks of non-compensable unemployment following exhaustion showed that 14 per cent of the wives who had been out of the labor force prior to the time their husbands became unemployed were working or seeking work three months after their husbands exhausted their benefit rights. The interviews indicated that the vast majority of the wives remained outside the labor force either because they had small children to care for or because they believed that they had insufficient skill or work experience for successful labor force entrance.

It is generally recognized that the presence of age barriers constitutes an important obstacle to the employment of older workers. The results of this study tend to indicate that discrimination against the employment of older workers perhaps substantially contribute to the relatively poor reemployment rates of exhaustees in the older age groups. Nearly 39 per cent of the exhaustees who were 40 years of age or older and were unemployed three months after exhaustion said that they had

been told they were too old when they applied for jobs. An additional 11 per cent stated that although they had never been told outright that they were over the age limit, there were tacit indications that age was a decisive barrier to their employment. It might be assumed that high and unrealistic asking prices perhaps substantially contributed to the high unemployment rates experienced by the older exhaustees. To test this hypothesis, all of the unemployed exhaustees who were 40 years of age or older were asked if they had refused any job because the wage rate was too low. Less than two per cent answered this question in the affirmative. Moreover, 40 per cent of the respondents stated that they would work for \$1.00 per hour, and over 75 per cent indicated minimum asking prices of \$1.50 per hour or less.

The mail questionnaire information, which was secured six months after exhaustion and is discussed in Chapter VI, indicated that the exhaustees had a much better employment experience in the second post-exhaustion quarter than in the first quarter. Nearly two thirds of the exhaustees were employed six months after exhaustion, as compared with an employment ratio of about one third at the three-month post-exhaustion stage. This substantial improvement in the employment rate was essentially the result of the rise in employment in the automobile industry during the latter part of the survey period.

One of the chief goals of this study was to determine the incidence of unemployment compensation repeating among the exhaustees in the survey. The interview data revealed that about 35 per cent of

the exhaustees were again receiving unemployment compensation on regular state claims three months after exhaustion. Since some of the exhaustees were employed full-time or were out-of-the labor force, a better indication of the ability of exhaustees to open new state claims soon after exhaustion can be obtained by determining the percentage of unemployed exhaustees who were able to open such claims. The data showed that 56 per cent of the unemployed exhaustees were receiving new state claim benefits three months after exhaustion.

Since many of the three-month interviews occurred prior to the expiration of the exhaustees' benefit years, some of the unemployed exhaustees were ineligible for benefits at the time of the interview simply because of the existence of an established benefit year. Therefore, in order to determine just how many of the exhaustees had accumulated enough wage credits to be eligible for a new state claim after the expiration of their benefit years, it was necessary to institute a post-benefit year survey. The results of this survey, which are presented in Chapter VII, indicated that over 60 per cent of the exhaustees received unemployment benefits on new state claims soon after their benefit years expired. It was also found that 66 per cent of the unemployed exhaustees were receiving new state claim benefits at the time of the survey.

The explanation for the high repeating potential at both the three-month post-exhaustion and the post-benefit year stages lies in

the fact that most of the exhaustees were workers from the dominant automobile industry. This industry experienced marked fluctuations in employment levels during the survey period. These fluctuations resulted in an exhaustion pattern that was typified by unemployment compensation series which were interrupted by reemployment. The resultant accumulation of wage credits enabled most of the unemployed exhaustees to open new state claims against employers after the expiration of their benefit years.

One objective of this study was to determine how many of the exhaustees received federal TUC benefits. The survey data revealed that only about one-half of the exhaustees received TUC benefits in the first six months of the program. It seems readily apparent that the high repeating rate on new state claims together with the marked improvements in local labor market conditions that occurred soon after the inception of the TUC program resulted in a surprisingly low TUC recipience rate for the exhaustees in this survey.

The findings of this study suggest that the characteristics and post-exhaustion experiences of exhaustees during a recession are likely to differ substantially from those manifested in more prosperous periods. It is apparent that both the exhaustion ratio and the post-exhaustion unemployment rate tend to be much higher during a recession than they are during prosperity. It is also evident that in a labor market characterized by high levels of unemployment both the claimant population and the exhaustee group are likely to include a

large proportion of high seniority workers, whereas in a prosperous labor market most unemployment compensation recipients are workers who do not possess substantial seniority rights. Because of these circumstances, the age pattern of exhaustion is likely to differ over the various phases of the business cycle:

In a prosperous labor market, employment opportunities are extensive, and claimants in the younger age groups are apt to experience little difficulty in finding jobs. The older claimant, however, is confronted with widespread employer discrimination against the employment of older workers. Such circumstances result in a tendency for both the older claimants and the older exhaustees to have lower re-employment rates than their younger counterparts. Consequently, it is not surprising that in prosperous labor markets there tends to be a direct relationship not only between age and exhaustion propensity but also between age and the post-exhaustion unemployment rate.

In a labor market characterized by high levels of unemployment, however, employment opportunities are quite limited. Many industrial firms have large backlogs of unemployed high seniority workers; consequently, for many claimants employment opportunities are often restricted to recalls by their former employers. If heavy recalls occur, seniority rights become a prime determinant of the ability of claimants to avert exhaustion. Since seniority and age tend to vary in the same direction, it is not surprising to find an inverse relationship between age and exhaustion propensity in a labor market characterized by high and fluctuating volumes of unemployment. In such a labor

market, however, there may be a direct relationship between age and post-exhaustion unemployment rates. If recalls enable the majority of exhaustees to avert exhaustion, it is likely that there will be a much wider range of seniority rights among claimants than among exhaustees. Therefore, new jobs may well be a much more important source of reemployment for exhaustees than for the non-exhausting claimants. In such circumstances the superior ability of the younger exhaustees to secure new jobs often may more than offset any recall advantages that might be held by the older exhaustees.

No study of unemployment compensation exhaustees would be complete without an evaluation of the adequacy of the present duration provisions of the state unemployment insurance programs. At the time of this writing (August 1959) Michigan and 25 other states had maximum benefit durations of 26 weeks. Only 14 states allow more than 26 weeks of benefits.⁴ Manifestly, a benefit duration of 26 weeks will usually afford quite adequate coverage for unemployment that is of a frictional or seasonal nature. It is also evident, however, that 26 weeks of unemployment benefits cannot cope with the problems of structural or cyclical unemployment. Since the vast majority of the

⁴ Eight of these states (Colorado, Louisiana, New Mexico, Oklahoma, Pennsylvania, Utah, Washington, and Wisconsin) have fixed maximum durations, varying from 28 weeks in Louisiana to 39 weeks in Oklahoma. The six other states (California, Connecticut, Idaho, Illinois, North Carolina, and Vermont) allow up to 13 weeks of temporary benefits, in addition to 26 weeks of regular benefits, whenever unemployment in the state reaches a specified level. All of these temporary benefit provisions were established during or after the recession of 1957-58.

unemployment compensation exhaustees in this survey were unemployed as a result of the recession of 1957-58, we are concerned here with the adequacy of the present duration provisions during a cyclical downturn.

The results of this study, which indicated an exhaustion ratio of one-third and a post-exhaustion duration of unemployment that was over three months for more than 50 per cent of the exhaustees and over six months for 20 per cent, point up the need, at least in Michigan, for a reevaluation of the present benefit structure. That economic hardship is often a concomitant to unemployment without compensation is revealed by the fact that of those exhaustees who had no work or additional unemployment compensation in the three-month period following exhaustion, nearly 17 per cent were dependent upon public welfare payments. In addition, many other exhaustees underwent hardships that, although they were severe, did not culminate in public welfare recipience. Manifestly, the problems of exhaustees are much too varied, too numerous, and too personal to be reduced to a single statistic.

There can be little doubt that the present duration provisions of most state acts are not adequate during a recession. It is equally evident that a prolonged economic slump would cast grave doubts over the adequacy of even a 39-week duration provision. Whether this challenge should be met by simply lengthening the duration of benefits, or by establishing cyclically variable durations, or by some other means is beyond the scope of this study. But that the challenge should be met -- seems unquestionable.

APPENDICES

APPENDIX A
SUPPLEMENTARY TABLES

TABLE A-1

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND SEX

Sex	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Male	126	35.8	226	64.2	352	100.0
Female	23	44.2	29	55.8	52	100.0
Total	149 ^a	36.9	255	63.1	404	100.0

^a Includes 11 exhaustees on strike.

TABLE A-2

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND AGE

Age Group	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Under 20	4	28.6	10	71.4	14	100.0
20 - 29	56	39.4	86	60.6	142	100.0
30 - 39	57	47.1	64	52.9	121	100.0
40 - 49	20	24.1	63	75.9	83	100.0
50 - 59	9	32.1	19	67.9	28	100.0
60 - 64	1	20.0	4	80.0	5	100.0
Over 64	2	18.2	9	81.8	11	100.0
Total	149	36.9	255	63.1	404	100.0

TABLE A-3

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND EDUCATION

Education	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Less than 8 years of Elementary	19	31.7	41	68.3	60	100.0
Elementary Completed	32	32.0	68	68.0	100	100.0
Less than 4 years of High School	36	34.3	69	65.7	105	100.0
High School Graduate	54	45.0	66	55.0	120	100.0
Less than 4 years of College	5	35.7	9	64.3	14	100.0
College Graduate	3	60.0	2	40.0	5	100.0
Total	149	36.9	255	63.1	404	100.0

TABLE A-4

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND LAST INDUSTRIAL ATTACHMENT

Last Industrial Attachment	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Motor Vehicle Manufacturing	105	37.1	178	62.9	283	100.0
Other Manufacturing	29	37.2	49	62.8	78	100.0
Wholesale and Retail Trade	10	45.5	12	54.5	22	100.0
All Other	5	23.8	16	76.2	21	100.0
Total	149	36.9	255	63.1	404	100.0

TABLE A-5

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND CUSTOMARY OCCUPATION

Customary Occupation	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Professional and Managerial	2	66.7	1	33.3	3	100.0
Clerical and Sales	7	33.3	14	66.7	21	100.0
Service	4	36.3	7	63.6	11	100.0
Skilled	12	32.4	25	67.6	37	100.0
Semi-skilled	59	36.6	102	63.4	161	100.0
Unskilled	65	38.0	106	62.0	171	100.0
Total	149	36.9	255	63.1	404	100.0

TABLE A-6

EXHAUSTEES STILL IN THE LABOR FORCE THREE MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND EXHAUSTION MONTH

Exhaustion Month	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
1957						
August	3	100.0	0	0.0	3	100.0
September	12	85.7	2	14.3	14	100.0
October	6	42.9	8	57.1	14	100.0
November	6	28.6	15	71.4	21	100.0
December	7	31.8	15	68.2	22	100.0
1958						
January	8	29.6	19	70.4	27	100.0
February	8	29.6	19	70.4	27	100.0
March	13	35.1	24	64.9	37	100.0
April	8	28.6	20	71.4	28	100.0
May	23	21.9	82	78.1	105	100.0
June	30	41.1	43	58.9	73	100.0
July	25	80.6	6	19.4	31	100.0
August	0	0.0	2	100.0	2	100.0
Total	149	36.9	255	63.1	404	100.0

TABLE A-7

EXHAUSTEES DISTRIBUTED BY THEIR PRINCIPAL MEANS OF SUPPORT IN THE POST-EXHAUSTION PERIOD
AND BY WHETHER OR NOT THEY HAD EMPLOYMENT AND/OR UNEMPLOYMENT COMPENSATION

Principal Means of Support	Exhaustees Who Had No Work or Unemployment Compensation		Exhaustees Who Had Work and/or Unemployment Compensation Totalling Less Than 9 Weeks	
	No.	%	No.	%
Spouse's Wages	20	22.2	37	27.8
Help from Parents or Other Relatives	13	14.4	20	15.0
Savings	7	7.8	31	23.3
Borrowing or Other Forms of Debt	7	7.8	20	15.0
Public Welfare	15	16.7	12	9.0
Pensions	25	27.8	0	0.0
Odd Jobs	0	0.0	7	5.3
Other	3	3.3	6	4.5
Total	90	100.0	133	100.0

TABLE A-8

EXHAUSTEES DISTRIBUTED BY THEIR PRINCIPAL MEANS OF SUPPORT
IN THE POST-EXHAUSTION PERIOD, SEX, AND MARITAL STATUS

Principal Means of Support	Male Exhaustees						Female Exhaustees					
	Married			Single			Total			Married		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Spouses Wages	32	23.0	0	0.0	0	0.0	32	17.2	24	85.7	0	0.0
Help from Parents or Other Relatives	8	5.8	19	59.4	5	33.3	32	17.2	1	3.6	0	0.0
Savings	25	18.0	8	25.0	4	26.7	37	19.9	0	0.0	1	11.1
Borrowings or Other Forms of Debt	19	13.7	3	9.4	4	26.7	26	14.0	0	0.0	1	11.1
Public Welfare	25	18.0	0	0.0	0	0.0	25	13.4	1	3.6	1	11.1
Pensions	20	14.4	0	0.0	1	6.7	21	11.3	0	0.0	4	44.4
Odd Jobs	7	5.0	0	0.0	0	0.0	7	3.8	0	0.0	0	0.0
Other	3	2.2	2	6.3	1	6.7	6	3.2	2	7.1	1	11.1
Total	139	100.0	32	100.0	15	100.0	186	100.0	28	100.0	9	100.0

TABLE A-9

EXHAUSTEES DISTRIBUTED BY WHETHER OR NOT THEY WERE RECEIVING
UNEMPLOYMENT COMPENSATION THREE MONTHS AFTER EXHAUSTION,
THE TYPE OF BENEFITS RECEIVED, AND LABOR FORCE STATUS

Receiving or Not Receiving Benefits and the Type Received	Labor Force Status					
	Employed		Unemployed		Withdrawn from the Labor Force	
	No.	%	No.	%	No.	%
Receiving Federal TUC Benefits	0	0.0	8	3.1	0	0.0
Receiving Regular State Benefits	6 ^a	4.0	142	55.7	0	0.0
Not Receiving Benefits	143	96.0	105	41.2	20	100.0
Total	149	100.0	255	100.0	20	100.0
					424	100.0

^a These 6 exhaustees were employed part-time and earning less than their weekly unemployment benefit rates. The Michigan Employment Security Act permits such claimants to be eligible for benefits.

TABLE A-10

EXHAUSTEES 40 YEARS OF AGE OR OVER WHO WERE UNEMPLOYED THREE MONTHS AFTER EXHAUSTION, DISTRIBUTED BY WHETHER OR NOT THEY WERE EVER TOLD THAT THEY WERE TOO OLD WHEN THEY APPLIED FOR JOBS, AGE AND SEX

Age and Sex	Were Told That They Were Too Old		Were Not Told Outright That They Were Too Old But It Was Implied		Were Not Told That They Were Too Old		Total	
	No.	%	No.	%	No.	%	No.	%
Men								
40 - 49	13	23.6	5	9.1	37	67.3	55	100.0
50 - 59	11	61.1	2	11.1	5	27.8	18	100.0
60 - 64	1	33.3	0	0.0	2	66.7	3	100.0
Over 64	8	88.9	1	11.1	0	0.0	9	100.0
Total	33	38.8	8	9.4	44	51.8	85	100.0
Women								
40 - 49	3	33.3	2	22.2	4	44.4	9	100.0
50 - 59	0	0.0	0	0.0	0	0.0	0	0.0
60 - 64	1	100.0	0	0.0	0	0.0	1	100.0
Over 64	0	0.0	0	0.0	0	0.0	0	0.0
Total	4	40.0	2	20.0	4	40.0	10	100.0

TABLE A-11

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND SEX

Sex	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Male	221	66.6	111	33.5	332	100.0
Female	31	68.9	14	31.1	45	100.0
Total	252	66.8	125	33.2	377	100.0

TABLE A-12

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND AGE

Age Group	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Under 20	9	69.2	4	30.8	13	100.0
20 - 29	95	73.6	34	26.4	129	100.0
30 - 39	81	71.7	32	28.3	113	100.0
40 - 49	50	62.5	30	37.5	80	100.0
50 - 59	14	53.8	12	46.2	26	100.0
60 - 64	2	50.0	2	50.0	4	100.0
Over 64	1	8.3	11	91.7	12	100.0
Total	252	66.8	125	33.2	377	100.0

TABLE A-13

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND EDUCATION

Education	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Less than 8 years of Elementary	33	58.9	23	41.1	56	100.0
Elementary Completed	56	58.9	39	41.1	95	100.0
Less than 4 years of High School	61	62.9	36	37.1	97	100.0
High School Graduate	89	80.9	21	19.1	110	100.0
Less than 4 years of College	10	71.4	4	28.6	14	100.0
College Graduate	3	60.0	2	40.0	5	100.0
Total	252	66.8	125	33.2	377	100.0

TABLE A-14

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND LAST INDUSTRIAL ATTACHMENT

Last Industrial Attachment	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Motor Vehicle Manufacturing	202	76.8	61	23.2	263	100.0
Other Manufacturing	37	48.7	39	51.3	76	100.0
Wholesale and Retail Trade	8	40.0	12	60.0	20	100.0
All Other	5	27.8	13	76.8	18	100.0
Total	252	66.8	125	33.2	377	100.0

TABLE A-15

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND CUSTOMARY OCCUPATION

Customary Occupation	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
Professional and Managerial	1	33.3	2	66.7	3	100.0
Clerical and Sales	10	52.6	9	47.4	19	100.0
Service	6	54.5	5	45.5	11	100.0
Skilled	22	61.1	14	38.9	36	100.0
Semi-skilled	102	67.1	50	32.9	152	100.0
Unskilled	111	71.2	45	28.8	156	100.0
Total	252	66.8	125	33.2	377	100.0

TABLE A-16

EXHAUSTEES STILL IN THE LABOR FORCE SIX MONTHS AFTER EXHAUSTION,
DISTRIBUTED BY EMPLOYMENT STATUS AND MONTH MAIL QUESTIONNAIRE WAS RECEIVED

Month Mail Questionnaire Was Received	Employed		Unemployed		Total	
	No.	%	No.	%	No.	%
1958						
March	6	50.0	6	50.0	12	100.0
April	2	50.0	2	50.0	4	100.0
May	9	36.0	16	64.0	25	100.0
June	6	33.3	12	66.7	18	100.0
July	6	28.6	15	71.4	21	100.0
August	7	24.1	22	75.9	29	100.0
September	20	64.5	11	35.5	31	100.0
October	14	56.0	11	44.0	25	100.0
November	47	85.5	8	14.5	55	100.0
December	97	85.1	17	14.9	114	100.0
1959						
January	36	92.3	3	7.7	39	100.0
February	2	50.0	2	50.0	4	100.0
Total	252	66.8	125	33.2	377	100.0

APPENDIX B

GLOSSARY

Base Period -- The 52 calendar weeks immediately preceding the week in which a valid new claim is filed.

Benefit Year -- The 52-week period commencing with the week in which a valid new claim is filed.

Claimant -- A person who establishes and receives payment on an unemployment compensation claim. To establish a valid claim in Michigan, a person must have earned in covered employment over \$15.00 in each of 14 calendar weeks during his base period.

Credit week -- A week within a claimant's base period during which the claimant earned over \$15.00 with a liable employer.

Exhaustee -- A person who has received all the unemployment benefits to which he is entitled on an established claim.

Exhaustion Ratio -- The number of exhaustees divided by the number of first-payment recipients.

First-payment population -- Those exhaustees who received their first unemployment compensation payments on new claims in the months of June, July, and August 1957. The exhaustees from this population constituted the survey group.

Post-benefit year survey -- A survey of the claims status of the exhaustees after their initial benefit years expired. This survey was conducted over a period that varied from three to sixteen weeks after the termination of individual benefit years.

Six-month mail survey -- A survey of the post-exhaustion experiences of the exhaustees during the second quarter following exhaustion. The information was secured by questionnaires, which were mailed to the exhaustees six months after they exhausted their benefits.

State benefits -- Payments on claims against employers. (This term has been used in this study to distinguish regular benefits from federal temporary benefits.)

Temporary Unemployment Compensation -- Benefits paid under the federal Temporary Unemployment Compensation Act of 1958. Under this program, an unemployed worker who exhausted his benefits after June 30, 1957 might qualify for benefits equal to one-half of his benefit entitlement on his most recent claim.

Three-month interviews -- Personal interviews with the exhaustees three months after they exhausted their benefits.

Unemployment Compensation repeater -- An unemployed exhaustee who had accumulated enough uncharged wage credits to receive benefits on a new state claim shortly after the expiration of his initial benefit year.

APPENDIX C

THE THREE-MONTH INTERVIEW FORM

Labor and Industrial Relations Center
Michigan State University

CONFIDENTIAL

This survey is part of a study being made of people in the Lansing area who have exhausted their unemployment compensation benefits. It is hoped that the results of this study will be of aid to the Michigan Legislature, the Michigan Employment Security Commission, and the general public in understanding and further improving their unemployment compensation service. You may be sure that your answers will be kept confidential and that your name never will be revealed. Your cooperation will be of great service in carrying out the objectives of this study.

You received your last unemployment insurance check on _____
(date entered prior to interview)

1. Have you had any work since then? Yes ☐ No ☐

If yes:

(a) How many weeks of work have you had since you received your last check? _____ weeks

(b) When did you start your first job which lasted at least one week?
_____ (date)

2. Are you now working? Yes ☐ No ☐

If yes:

(a) Is your present job full-time or part-time?
Full-time ☐ Part-time ☐

(b) Where are you working? _____
(firm) (industry)

(c) Do you consider your present job to be better or worse than the job you had prior to the period when you started receiving unemployment checks? Consider not only the pay, but also the hours, working conditions and other factors important to you.

_____ Better
_____ Worse
_____ About the same
_____ Returned to the same job
_____ Unable to determine

- 2 -

(d) Is the pay better?

_____ Yes, pay is better
 _____ No, pay is lower
 _____ Pay is about the same

If No:

(e) Are you looking for work? Yes ☒ No ☐

(f) Why are you no longer seeking a job?

 Retired
 Sick
 Housekeeping
 Discouraged - feel that it is futile to go
 on seeking work
 Expects to be called back to previous job
 In school
 Other _____

3. What do you consider to be the most important reason why you were unable to find work during your period of unemployment?

4. (If respondent is over 39 years of age and is unemployed)

(a) In applying for a job, have you ever been told that you were too old to be hired? Yes ☐ No ☐

If yes:

(1) Are you usually told that you are over the age limit when you apply for jobs? Yes ☒ No ☐

(b) During your period of unemployment, did you ever refuse a job because the wage was too low? Yes ☐ No ☐

If yes:

(1) How many jobs did you refuse for this reason? _____ jobs

(2) Can you remember what the wage rate(s) was (were) and the type(s) of work? Wage Rate Occupation

- 3 -

(c) What would you consider to be the lowest wage rate you would accept?

5. Are you married? Yes ☐ No ☐

If yes:

(a) Is your wife (husband) now employed? Yes ☐ No ☐

If no: Is she (he) looking for work? Yes ☐ No ☐

(b) Was she (he) working during the period you were receiving unemployment checks? Yes ☐ No ☐

If no: Was she (he) looking for work during that period?
Yes ☐ No ☐

(c) Was she (he) employed at the time you lost your job and registered for unemployment compensation? Yes ☐ No ☐

If no: Was she (he) looking for work before you lost your job?
Yes ☐ No ☐

6. How did you support yourself after you received your last unemployment insurance check? (Specify major source of income and others mentioned)

_____ Got a job immediately
_____ Wife's (husband's) wages
_____ Other wage-earners in family, excluding spouse
_____ Used savings
_____ Borrowed or ran up bills
_____ Pension
_____ Odd jobs
_____ Public Welfare
_____ Other: _____

7. After you received your last unemployment check, did you receive any public welfare payments? Yes ☐ No ☐

If yes: Are you still on welfare? Yes ☐ No ☐

8. (If unemployed or employed part-time)
Are you now receiving unemployment compensation?
Yes ☐ No ☐

If yes:

(a) Interviewer: attempt to determine whether it is a regular state claim in a new benefit year or Temporary Unemployment Compensation (TUC)

_____ State Claim
_____ TUC
_____ Cannot determine

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(b) Also attempt to determine:

Number of benefit weeks allowed _____
 Weekly benefit rate _____
 Date of first payment _____

If no:

(a) Determine why

☐ has exhausted TUC☐ didn't know about the extension of benefits☐ however, is now going to file a claim☐ but will not file a claim because _____☐ other comments _____☐ employed part-time and earning more than his weekly benefit rate☐ has been disqualified for the duration of his unemployment by the MESCC because _____☐ other _____

9. (If employed or withdrawn from the labor force)

Have you received any unemployment compensation since _____

Yes ☐ No ☐

(date benefit year
 expired or July 6
 whichever is earlier)?

If yes;

(a) Interviewer: attempt to determine whether State or TUC

_____ State

_____ TUC

_____ Cannot determine

(b) Also attempt to determine

Number of benefit weeks allowed _____
 Weekly benefit rate _____
 Date of first payment _____

Interviewer _____

Date of interview _____

Comments _____

THE SIX-MONTH MAIL QUESTIONNAIRE FORM

Labor and Industrial Relations Center
Michigan State University

CONFIDENTIAL

A few months ago you were kind enough to answer our questions pertaining to your recent unemployment period. At that time you were told that soon you would receive this final questionnaire which is necessary to complete our study. Please answer the questions listed below and return this form in the enclosed stamped envelope as soon as possible. You may be sure that your answers will be held strictly confidential.

William S. Devino, Agent, Michigan Senate
Labor Committee and Research Associate,
Labor and Industrial Relations Center, MSU

You were interviewed on _____

1. Have you had any work since then? Yes ☐ No ☐
2. If you had work since _____, please answer the following:
 - (a) How many weeks of work have you had since that date? _____ weeks
 - (b) When did you start your first job which lasted at least one week?
_____ (date)
3. Are you now working? Yes ☐ No ☐
 - (a) If "yes", is your present job full-time or part-time?
Full-time ☐ Part-time ☐
4. If you are not working, are you looking for work? Yes ☐ No ☐
 - (a) If "no", why are you no longer seeking work?
☐ Retired ☐ Sick ☐ Housekeeping ☐ In school
☐ Expect to return to previous job
☐ Other, Explain: _____
5. Are you married? Yes ☐ No ☐
 - (a) If "yes", is your wife (husband) now working? Yes ☐ No ☐
6. Are you on public welfare? Yes ☐ No ☐
7. Please enter the date when you filled out this form _____
(date)

THE POST-BENEFIT YEAR INTERVIEW FORM

Labor and Industrial Relations Center
Michigan State University

CONFIDENTIAL

A short time ago you were kind enough to answer our questions regarding your recent period of unemployment. At this time we are attempting to measure the effects of the recent extension of unemployment compensation benefits upon those people who were so unfortunate as to exhaust their benefits during their benefit years. Your cooperation in answering the following questions will be of great service in carrying out this objective.

1. Are you now working? Yes ☐ No ☐

If yes:

(a) Is it full-time ☐ or part-time ☐?

If no:

(b) Are you looking for work? Yes ☐ No ☐

If no:

(c) Why are you no longer seeking a job?

- ☐ Retired
- ☐ Sick
- ☐ Housekeeping
- ☐ Discouraged - feel that it is futile to go on seeking work
- ☐ Expects to be called back to previous job
- ☐ In school
- ☐ Other (specify) _____

2. (If not employed or employed part-time)

Are you now receiving unemployment compensation? Yes ☐ No ☐

If yes:

(a) Interviewer: attempt to determine whether it is a regular state claim in a new benefit year or Temporary Unemployment Compensation (T U C)

- ☐ State Claim
- ☐ T U C
- ☐ Cannot determine

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(b) Also attempt to determine:

Number of benefit weeks allowed _____
 Weekly benefit rate _____
 Date of first payment _____

If no:

(a) Determine why.

☐ has exhausted T U C☐ didn't know about the extension of benefits☐ however, is now going to file a claim☐ but will not file a claim because:

 _____☐ Other comments _____

 _____☐ employed part-time and earning more than his
 weekly benefit rate☐ has been disqualified for the duration of his
 unemployment by the MESC because _____

 _____☐ Other _____

3. (If employed or withdrawn from the labor force)

Have you received any unemployment compensation since _____
 Yes ☐ No ☐ (date benefit year
 expired or July 6,
 whichever is earlier)

If yes:

(a) Interviewer: attempt to determine whether State or T U C.

☐ State☐ T U C☐ Cannot determine

- 3 -

(b) Attempt to determine

Number of benefit weeks allowed _____

Weekly benefit rate _____

Date of first payment _____

Interviewer _____

Date of interview _____

Comments _____
