

III. NATIONAL COMMISSION ON UNEMPLOYMENT COMPENSATION

The National Commission on Unemployment Compensation was created by the 1976 unemployment compensation amendments approved by the President in October 1976. The Commission consists of 13 members, seven of whom were appointed by the President, and three each by the presiding officers of the two Houses of Congress. Included in the membership are representatives of industry, labor, and the public. Members are: Wilbur J. Cohen, Chairman; Walter Bivins; Beatrice Coleman; Warren L. Cooper; John D. Crosier; Wilbur Daniels; J. Eldred Hill, Jr.; Honorable Alphonse Jackson; Ken Morris; Honorable Mary Rose Oakar; Dolores Gloria Sanchez; Bert Seidman; Edward T. Sullivan. James M. Rosbrow is the Commission's Executive Director and Raymond C. Murts, the Director of Research and Evaluation. Offices are located in Rosslyn Station, Arlington, Virginia; the telephone number is 703-235-2782.

In its initial charge, Congress directed the Commission to "study and evaluate the present unemployment compensation programs, to develop alternatives, and to recommend changes in the programs." There was general agreement among Congressional committees that coverage and financing, as well as major considerations involving the Federal-State relationship in the system, should be given careful study.

In its November 1978, interim report, the Commission addressed issues concerning the debt of Federal accounts, coverage of student farm workers, eligibility of substitute teachers, pension deductions, taxation of benefits, advances to States, and administrative financing. At present, study continues on the above matters as well as the entire level and scope of benefits, the appropriateness of financing mechanisms and the sufficiency of funds for benefit purposes, the desirability of Federal standards, and such other aspects as sex discrimination, the work test, reinsurance, and experience rating. The Commission's final report, due July 1, 1980, will include recommendations related to specific issues and the future direction of the unemployment compensation program.

Following is a listing of the major research projects in process or completed that have been funded by the Commission.

RESEARCH COMMISSIONED BY NATIONAL COMMISSION ON
UNEMPLOYMENT COMPENSATION
AS OF DECEMBER 1979

1) "Principles and Objectives of Unemployment Insurance"

By Saul Blaustein

Reviews basic concepts, the Federal-State structure, financing and experience rating, re-employment objectives, "moral hazards", benefit adequacy concepts, and economic effects.

2) "A Legislative History of Unemployment Insurance in the United States"

By Saul J. Blaustein

Covering both Federal and State legislation in UI since the 1930's, the project will highlight major policy developments, and will analyze the various influences both within and outside the UI system that have affected legislation.

3) "Unemployment Insurance and Other Income Maintenance Benefits"

By Ida C. Merriam

Looks at programs providing benefits for unemployment, sickness, or disability; and programs providing benefits for unemployment and retirement; and focuses on administrative and policy problems raised.

4) "The Canadian Unemployment Insurance System"

By Paul Fisher

The study will compare the Canadian and U.S. systems of unemployment insurance, emphasizing their similarities and differences.

5) "Development of an Annotated Bibliography of Unemployment Benefits Programs and Related Subjects"

By Jack Faucett Associates, Inc.

A comprehensive indexed bibliography, with annotated entries for government, academic, and other research in UI since 1966.

6) ~~"Benefit Adequacy and the Duration of Compensated Unemployment"~~

~~By Jerry Kingston and Paul Burgess, Arizona State University~~

~~Examines the relationship between various levels of benefit adequacy in different kinds of households and the length of time a person receives benefits.~~

(Cancelled)

7) "Social Insurance and Consumption, -- An Empirical Inquiry"

By Daniel S. Hamermesh

An analysis of UI benefits from a theory of consumption, to be followed by an empirical examination. Purpose is to provide a link between recent research on benefit adequacy and recent research on the economics of social insurance.

8) "A Study of the Adequacy of Unemployment Insurance Benefits"

By SRI International

The following tasks will be accomplished:

1. Review of the literature on benefit adequacy.
2. Development of a method of analyzing the components of a benefit adequacy measure.
3. Development of a series of benefit adequacy levels that permit evaluation of relative benefit adequacy by State.
4. Simulation of the effects of alternative UI taxation measures on benefit adequacy, and
5. Simulation of the effects of fringe benefit losses on benefit adequacy.

9) "Taxing Unemployment Compensation"

By Wayne Vroman

Pro and con discussion of the issue by an economist.

10) "Potential Duration of Unemployment Benefits: Implications for Exhaustion Rates, Total Entitlement, Policies, and Research"

By Arnold Katz and Jack Ochs

Reviews experience with potential duration in the 1970's including extended and emergency benefits. Raises policy and research questions about the limits to countercyclical benefits, the integration of regular and countercyclical benefits, and optional payment rules.

11) "Study of Implications of Potential Duration Policies in Unemployment Compensation"

By Arnold Katz and Jack Ochs

Will re-examine estimates of how alternative compensation policies affect both unemployment levels and exhaustion rates, for the purpose of improving on previous analyses of the equity and efficiency implications of potential duration policies.

12) "Coverage of Agriculture Under Unemployment Insurance"

By Philip Booth

To evaluate the recent extension of coverage to agriculture and identify policy problems involved in further extensions, including the problems with migration workers, and workers who are illegal aliens. Will suggest policy options.

13) "The Relationship Between the Unemployment Insurance System and Employee Quits"

By Stephen Marston

Will explore the effect of different disqualification penalties on the rate of voluntary quits.

14) "The Cross-subsidies Among Employees and Industries in Unemployment Compensation"

By Ephraim Asher

Inter-employee and inter-industry cross-subsidization will be quantified, and the impact of these subsidies on employer behavior in employment stabilization and industry location will be examined.

15) "Unemployment Insurance and Employment Stabilization"

By Terrence Halpin, Illinois State University

Examines the impact of wage replacement rates, demographic characteristics and degree of experience rating on the incidence of temporary layoffs.

16) "The Unemployment Insurance System in the United States"

By Institute for Research on Poverty, University of Wisconsin
(Kenneth Burdett and Bryce Hool)

The objectives of the study are:

1. To refine and develop a model describing the relationship between the unemployment insurance system and the magnitude of layoff unemployment in the economy.
2. To subject the predictions of the theoretical study to an extensive empirical examination, and
3. To investigate the policy implications of the results.

- 17) "The Impact of Unemployment Insurance on the United States Economy During the 1974-75 Recession"

By Resources Research Corporation

Develops a theoretical framework of analysis and an empirical method for determining the impact of unemployment insurance on the national economy and applies the method to the 1974-75 recessionary period.

- 18) "The Impact of Unemployment Compensation on the Occupation Decisions of Unemployed Workers"

By Joe Stone

The study will analyze whether or not the provision of UI benefits to unemployed workers reduces the probability that they will abandon their usual occupations to seek employment in other occupations.

- 19) "UI and the Transition from School to Work"

By Steve Hills of Ohio State University Center for Human Resources Research

Uses the National Longitudinal Survey (NLS) data to analyze the stages from school to the labor force.

- 20) "Analysis of Wage Record and Wage Reporting Systems in the Unemployment Compensation Program"

By Management Engineers, Inc.

The study will evaluate alternative approaches for gathering base period information upon which to base claims for unemployment compensation, and to recommend if possible a single approach or specify under what conditions a particular approach would be optimum.

21) "Employer-Provided Health Insurance Plans and the Unemployed"

By Batelled Memorial Institute

The two major objectives are; (1) to provide a summary of practices governing the employer-provided health insurance coverage of unemployed workers and show how these practices affect the coverage of the unemployed under various conditions; and (2) to identify the problems that are likely to arise in adopting an employer-mandated national health insurance scheme and the implications of covering the unemployed.

22) "Survey of Consumer Attitudes Toward Unemployment Compensation"

By Institute for Social Research

Interviews a sample of consumers from the Survey of Consumer Attitudes. Analyzes the incidence of unemployment among households, the job search process, and attitudes towards unemployment compensation.

23) "CWBH Review Project"

By Mathematica Policy Research

Evaluation of CWBH questionnaire to insure collection of valid data and analysis of the benefits and costs of CWBH.

24) "A Study of the Characteristics of the Insured Unemployed"

By SRI International

A catalog of the ES-203 data will be prepared describing both the content and availability of the data. Next, the data will be accumulated into machine-readable form exhaustively described. Finally, a number of statistical analyses will be performed exploiting both the cross-sectional and time-dependent relationships within the ES-203 and perhaps within other data.

25) "Unemployment Insurance and Women"

By Phyllis Fineshriber

Discusses the prohibition of pregnancy disqualifications, quitting for familial obligation, dependent allowances, and extension of coverage to private households employment, to re-entrants and to displaced homemakers.

26) "Policies in Unemployment Insurance of Special Interest to Women"

By Phyllis Fineshriber and Margaret Dahm

Five papers:

- I. Women in the labor force as relevant to unemployment compensation policy.
- II. The issue of part-time employment.
- III. The place of dependents allowances and the definition of "dependent."
- IV. Disqualification for quits related to meeting family obligations.
- V. Administration of the "pregnancy standard."

- 27) "An Analysis of Fraud and Filing Decisions Among Unemployment Insurance Claimants"

By Mathematica Policy Research, Inc.

The study will focus on the incidence of workers and nonworkers who are ineligible to receive UI, but nevertheless receive benefits and conversely, the incidence of eligible workers who do not receive compensation. Assessment will be made of the degree to which the UI system is meeting the needs of all eligible workers. Forecasts will be made of the financial implications of changes in the decision to file and/or delay filing for compensation.

- 28) "The Feasibility of Improving the Post-Audit Method of Overpayment Detection"

The study will compare the fraud detection capabilities of random sampling, Shiqi's probability index, and multiple linear discriminant analysis. The project will also provide an estimate of the number of working violators (beneficiaries with jobs), both detected and undetected.

By Arizona Department of Economic Security (Robert St. Louis, Manager, Research and Reports Section UI Bureau)

- 29) "Multi-state Overpayments Feasibility Study"

By Paul Burgess, Jerry Kingston and Robert St. Louis

A study to determine the feasibility of conducting a large multi-state study of overpayments in the UI program, and to develop a tentative operating plan for the actual conduct of the study.

- 30) "Estimate the Amount and Rate of Overpayments in Unemployment Insurance and to Conduct Other Research Related to the Unemployment Insurance Program"

By Paul Burgess and Jerry Kingston

The study will involve seven cities in six States, and will randomly sample weeks compensated in each city that will be closely scrutinized for possible overpayments. "Selected suspicious" weeks will be examined intensely, including in-depth interviews, and other information gathering activities by trained field investigators. A comparison of the amount and rates of overpayments detected by normal State overpayments control procedures will be made.

The project will also utilize data gathered in the 1975-76 Arizona benefit adequacy study to analyze the effects of benefit taxation on benefit adequacy. In addition the project will attempt to develop cost-effective methods of conducting reliable benefit adequacy studies.

31) "The Impact of Unemployment Insurance Financing"

By Richard S. Toikka and Peter Greenstorn

An abstract of the literature on (1) who pays the tax in the long run, (2) the inflationary impact of payroll taxes, (3) incentive effectiveness of experience rating and the limit on taxable wages, (4) inter-industry subsidies of UI, and (5) the role of UI taxes in stabilizing output and employment.

32) "Major Costs and Benefits Associated with Cost Equalization as Embodied in Recent Bills Before Congress"

By Gerald P. Dwyer

Looks at intra- and inter-state effects of Brodhead and Javitz Bills (1978) and poses issues of potential cost redistribution across State lines and between labor and capital for further research.

33) "Reinsurance and Cost Equalization"

By Joseph M. Becker

Provides background and clarity of definitions for these two topics. Also discusses their economic effects, and some possibilities as well as the limits of further research.

34) "Federal Funding of Unemployment Benefits"

By Frank Brechling

Describes the inflows and outflows of the monies in the unemployment insurance system in the 1970's with particular attention to the injection of general revenues to supplement the shortages in payroll tax monies.

35) "Taxable Wage Base"

By Sherrill Neville

Legislative history; problems created by the lag behind rising wages, and policy options for federal action.

36) "Features of Some State Unemployment Compensation Tax Formulas Contributing to Solvency Problems for their Unemployment Funds"

By Russell L. Hibbard

Discusses solvency problems created by non-charged or insufficiently charged benefits; the tendency of reserves to reach equilibrium too early; and other problems that need to be addressed by State action.

37) "The Development of Fund Adequacy Measures for the Unemployment Insurance System"

By Public Research Institute/CNA (Frank Brechling and Kathleen Classen)

A study of the interrelatedness of benefit and tax flows, with the objective of assessing the usefulness of particular levels of "reserve multiples" and other measures of fund adequacy.

38) "An Analysis of the Behavior of State Unemployment Trust Funds in Response to the 1973-75 Recession and to Long-Run Economic Trends"

By Marc Freiman

The project will analyze the speed of the trust fund system's response to the crisis, and determine how quickly and seriously the tendency to become imbalanced over time manifests itself.

39) "Enhancements of the Unemployment Insurance Financing Model"

By Henry Saffer

Reexamines the unemployment insurance financing model and reestimates and refines the basis of the equations used in the current model.

- 40) "Assess the Feasibility, Costs, and Benefits Associated with Requiring Individual Federal Agency Reimbursement of Unemployment Compensation for Federal Employees (UCFE)

By Booz, Allen and Hamilton

The purpose of the project is to measure, document, analyze and report the cost of requiring each Federal agency to budget, account for and reimburse the Department of Labor, or, under an alternate plan, to reimburse SESAs for benefit payments made to ex-employees, and to pay proportionate administrative costs incurred by SESAs under the UCFE program for processing and paying such claims.

- 41) "Administrative Funding Alternatives for the UI and ES Programs"

By the Interstate Conference of Employment Security Agencies and Macro Systems, Inc.

The study will evaluate alternative budget justification and resource allocation approaches for the UI and ES programs. It will examine logical sharing of funds between Federal and State agencies, equitable allocation of funds between States, and fund flexibility for planning and utilization.